

German Bond Standard

(as of November2026)

„German SMEs need an efficient bond market as a complement to traditional bank financing. To achieve this, investors must be able to rely on a dependable framework. With the German Bond Standard, we have developed – together with a group of capital market experts that is probably unique in its breadth – a concrete catalogue of criteria that is based largely on the requirements of national and international bond investors. In doing so, we aim to regain trust and strengthen the financing options of sound medium-sized companies. My sincere thanks go to everyone involved. Without their commitment, the development of this independent, cross-sector bond market standard would not have been possible.“

Ingo Wegerich,
President of the Interessenverband Kapitalmarkt KMU (Association of Capital-Market-Oriented SMEs)





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The following criteria for a German Bond Standard have been established by the Interessenverband kapitalmarktorientierter kleiner und mittlerer Unternehmen e.V. (Association of Capital-Market-Oriented Small and Medium-Sized Enterprises) and apply to bond issues in Germany in the SME segment that wish to bear the title 'German Bond Standard'.

The aim of the German Bond Standard is to establish uniform quality standards for bond issues by small and medium-sized enterprises in Germany.

Bond issues under the German Bond Standard should be accompanied by an arranging bank or financial institution.

The following criteria are mandatory for compliance with the Standard:

Minimum Thresholds

To ensure adequate economic substance and creditworthiness, the issuer must demonstrate a minimum size or minimum issue volume at group level. For this purpose, at least two of the following three criteria must be met:

- Turnover > EUR 100 million
- Total assets > EUR 75 million
- Minimum bond volume EUR 50 million (target volume)

Appointment of a Trustee / Joint Representative of the Bondholders

For the term of the bond, the terms and conditions of the bond must provide for the appointment of a trustee or a joint representative of the bondholders who represents their interests vis-à-vis the issuer. Suitable trustees or joint representatives include, in particular, well-known larger trust companies, audit firms, law firms or comparable professional service providers.

The trustee / joint representative of the bondholders monitors, to the extent specified in the terms and conditions of the bond, the issuer's compliance with its material obligations, in particular compliance with the agreed covenants, and may request the necessary information and documents from the issuer for this purpose. In the event of breaches of duty or potential events of default, it informs the bondholders and exercises the rights conferred upon it under the terms and conditions and the German Bond Act (Schuldverschreibungsgesetz).

Mandatory Financial Ratios at the Time of the Bond Issue

At the time of the bond issue, companies must meet at least 3 of the following 5 financial ratios, based on the most recent audited consolidated financial statements or the most recent consolidated half-yearly financial statements, whichever is more recent.

If the company is not required to prepare consolidated financial statements, the requirements apply to the individual company or its single-entity financial statements.

In principle, the following financial ratios need only be met at the time of issue. During the term of the bond, however, the financial ratios must be disclosed in the consolidated or annual financial statements and in the (consolidated) half-yearly financial statements, or in a separate letter from management to the trustee / joint representative. The audited consolidated or annual financial statements must be published no later than six months after the end of the financial year, and the (consolidated) half-yearly financial statements no later than four months after the end of the half-year. The trustee / joint representative verifies whether the financial ratios have been disclosed and informs the bondholders accordingly.

Balance-sheet equity ratio (defined as equity / total assets)	greater than 25%
EBIT interest coverage (defined as EBIT / interest expense)	at least 3x
EBITDA interest coverage (defined as EBITDA / interest expense)	at least 4x
Net financial debt / EBITDA (defined as interest-bearing on-balance-sheet liabilities less cash and cash equivalents / EBITDA)	equal to/less than 4.75x
Debt Service Coverage Ratio (DSCR) (defined as free cash flow / debt service)	greater than 1.25x

The financial ratios are calculated on the basis of the most recent audited consolidated or annual financial statements or the unaudited (consolidated) half-yearly financial statements. Period-based figures included in the calculation refer on a rolling basis to the 12-month period preceding the balance sheet date (LTM).



Minimum Covenants to Be Agreed in the Bond Documentation

The following **minimum covenants** must be agreed as part of the bond documentation:

1. Inclusion of an obligation to limit distributions or payments to shareholders (target value: max. 50% of net income for the year). Legal consequence of breach: event of default (termination right). Deviations from the target value are permitted but must be disclosed and justified upon issuance of the bond.
2. Inclusion of an obligation to publish the audited consolidated or annual financial statements within six months after the end of the financial year and the unaudited (consolidated) half-yearly financial statements within four months after the end of the financial half-year. Legal consequence of breach: event of default (termination right). An exception for a delay of up to 3 months in submitting audited annual figures is possible if this is sanctioned by an interest step-up of at least 0.5% for one year in each case, beginning with the interest period following the trustee‘s / joint representative‘s determination of the breach. If less than a full annual period remains until maturity, the redemption price must be increased accordingly.
3. Obligation to hold public investor calls after the end of the financial year, and recommendation to hold corresponding investor calls after publication of the half-year figures (no later than 4 weeks after publication). Legal consequence of breach of the mandatory investor calls: event of default (termination right).
4. Agreement on a negative pledge, i.e. a restriction on the granting of security, at least for capital market indebtedness. Legal consequence of breach: event of default (termination right).
5. Agreement on a cross-default clause. Legal consequence of breach: event of default (termination right).
6. Agreement on a change-of-control clause (with customary exceptions for specific situations named in advance). Legal consequence of breach: event of default (termination right).
7. Agreement on an obligation to enter into transactions with related parties and group companies only in the ordinary course of business and on arm‘s-length market terms (i.e. terms that would withstand a third-party comparison). Legal consequence of breach: event of default (termination right).
8. A credit research report should be prepared upon issuance and maintained throughout the term. Inclusion of a statement indicating whether or not this service will be provided during the term of the bond. The trustee / joint representative verifies annually whether a credit research report has been prepared and reports to the bondholders.

KAPITALMARKT KMU



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