

	Bank Loans	Public Market Financing*		Private Credit	Bespoke instruments (public or private)
Typical instruments	<input type="checkbox"/> Revolving Credit Facilities ("RCF") <input type="checkbox"/> Term Loans (TLA or TLB, usually the former)	<input type="checkbox"/> High Yield Bonds ("HYB")	<input type="checkbox"/> Broadly Syndicated Loans ("BSL")	<input type="checkbox"/> Unitranche/ Term Loans(TLB)	<input type="checkbox"/> Loans or Bonds <input type="checkbox"/> PIK, PIYC, Convertible, Preferred, other hybrid instruments, 2nd Lien
Providers	<input type="checkbox"/> Banks	<input type="checkbox"/> Institutional investors (high yield funds, asset managers, insurance/pension funds, hedge funds, etc)	<input type="checkbox"/> Institutional lenders (primarily CLOs, followed by other asset managers, separately managed funds, sometimes banks)	<input type="checkbox"/> Institutional dedicated private credit funds	<input type="checkbox"/> Institutional lenders/investors, asset managers, providing financing from dedicated junior or opportunistic / higher yielding funds
Typical size	<input type="checkbox"/> <b>Minimum:</b> None <input type="checkbox"/> <b>Maximum:</b> Limited by sector, geography, leverage, overall bank lending capacity; It could be difficult to raise significantly in excess of \$/€400m bank financing for sub-investment grade companies, particularly given bank capital requirements	<input type="checkbox"/> <b>Minimum:</b> €250-300m Europe / \$500m US, to ensure secondary market liquidity and index eligibility <input type="checkbox"/> <b>Maximum:</b> Dictated by market conditions, but in the multiple billion area	<input type="checkbox"/> <b>Minimum:</b> €200-250m Europe / \$400-500m US, to ensure secondary market liquidity <input type="checkbox"/> <b>Maximum:</b> Dictated by the market / CLO formation dynamics, in the multiple billion area (slightly lower for a single name vs the HYB equivalent capacity)	<input type="checkbox"/> <b>Minimum:</b> None <input type="checkbox"/> <b>Maximum:</b> Can reach \$1bn+ although there is a wide diversity across funds and highly dependent on credit fundamentals(see examples of <u>Ardonagh</u> or <u>AthenaHealth</u> )	<input type="checkbox"/> <b>Minimum:</b> None <input type="checkbox"/> <b>Maximum:</b> Bespoke, driven by credit fundamentals
Typical tenor	<input type="checkbox"/> 5-7 years	<input type="checkbox"/> 5-10 years	<input type="checkbox"/> 5-7 years	<input type="checkbox"/> 5-7 years	<input type="checkbox"/> 3-5 years
Seniority / Position in the capital structure	<input type="checkbox"/> Senior secured <input type="checkbox"/> RCF sometimes Super Senior	<input type="checkbox"/> Senior secured <input type="checkbox"/> Senior unsecured <input type="checkbox"/> 2nd Lien/ Subordinated	<input type="checkbox"/> Senior secured	<input type="checkbox"/> Senior secured	<input type="checkbox"/> Junior / Subordinated
Interest / coupon	<input type="checkbox"/> Floating rate	<input type="checkbox"/> Fixed rate <input type="checkbox"/> Floating Rate Notes ("FRNs") are a growing but still smaller portion of the market	<input type="checkbox"/> Floating rate	<input type="checkbox"/> Floating rate	<input type="checkbox"/> Fixed rate <input type="checkbox"/> Floating rate
Documentation terms	<input type="checkbox"/> Generally restrictive terms <input type="checkbox"/> Typically one or more financial covenants	<input type="checkbox"/> Very flexible <input type="checkbox"/> Covenant-lite	<input type="checkbox"/> Very flexible <input type="checkbox"/> Typically covenant-lite(or otherwise covenant-loose)	<input type="checkbox"/> More restrictive vs public markets <input type="checkbox"/> Typically one financial covenant, but can also be covenant-lite in certain situations	<input type="checkbox"/> Bespoke terms for each transaction <input type="checkbox"/> Generally covenant-lite
Prepayment considerations	<input type="checkbox"/> Prepayable at par at anytime	<input type="checkbox"/> First 2-3 years "non-call" period <input type="checkbox"/> Then gradually declining early prepayment premium	<input type="checkbox"/> Prepayable at par at any time <input type="checkbox"/> 6-12 months "soft" call involving a small premium for repricings	<input type="checkbox"/> First 1-2 years either a "non-call" period or a prepayment premium	<input type="checkbox"/> Bespoke (either prepayable at any time or subject to an initial non-call period and/or call premium)

\* Please refer to our article "The choice of a debt instrument" for more details.