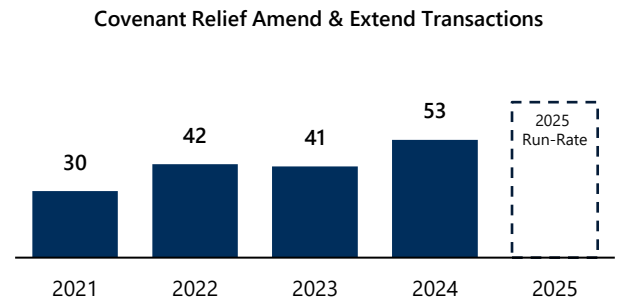
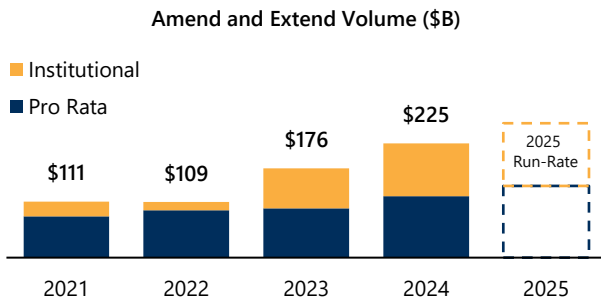


With Memorial Day weekend approaching, beachgoers are not the only ones seeking shelter from the sun. Notwithstanding a seemingly de-escalating trade war, corporate borrowers continue to feel the impact of tariff-related cost pressures, diminishing cash flows, and ever-thinning covenant compliance margins. Thus far, lenders seem willing to help, as structural accommodations are increasingly common in a market looking to beat the heat:

- **Amend and Extend** – mutual agreement to extend a loan’s maturity in exchange for more borrower-friendly terms (often interest rates), allowing borrowers to kick the bucket down the sand
- **Covenant Relief** – suspension of certain covenant testing for near-term periods, providing borrowers with much needed shade to avoid heat stroke and an event of default
- **Temporary Carve-Out** – temporary definitional adjustments to EBITDA for “one-time” incremental costs – a quick dip in the ocean to provide relief from tariff-induced margin compression

## Beating the Heat through the Increased Use of Loan Amendments

### Amendment Volumes Continue to Rise as Borrowers Face Supply Chain Disruption

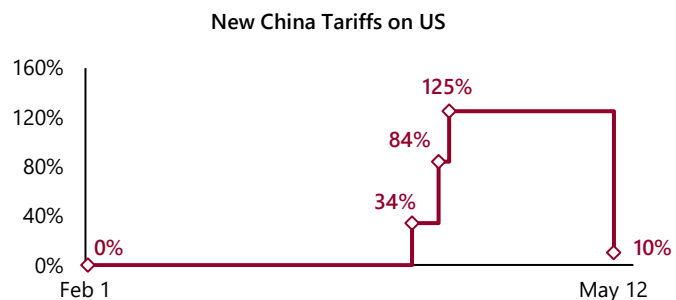
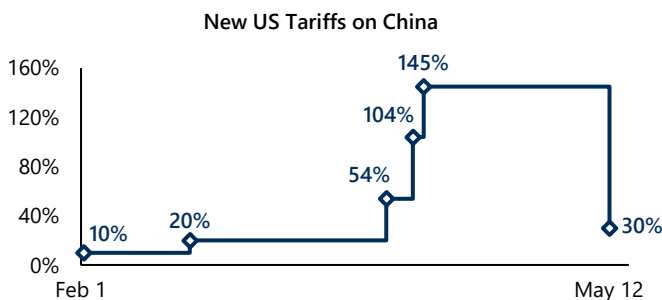


Source: PitchBook LCD

## Key Insights from Our Colleagues at MUFG

*“Following four days of discussions in Geneva, the US will temporarily lower 145% tariffs on most Chinese products to 30%, while China will reduce tariffs on US goods from 125% to 10%. Both sides have also signaled that the 90-day pause could be extended through good faith discussions.”*

### 90-Day Relief on Asymmetric US-China Escalation



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