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Interest coverage ratios on new loans remain well below year-ago levels

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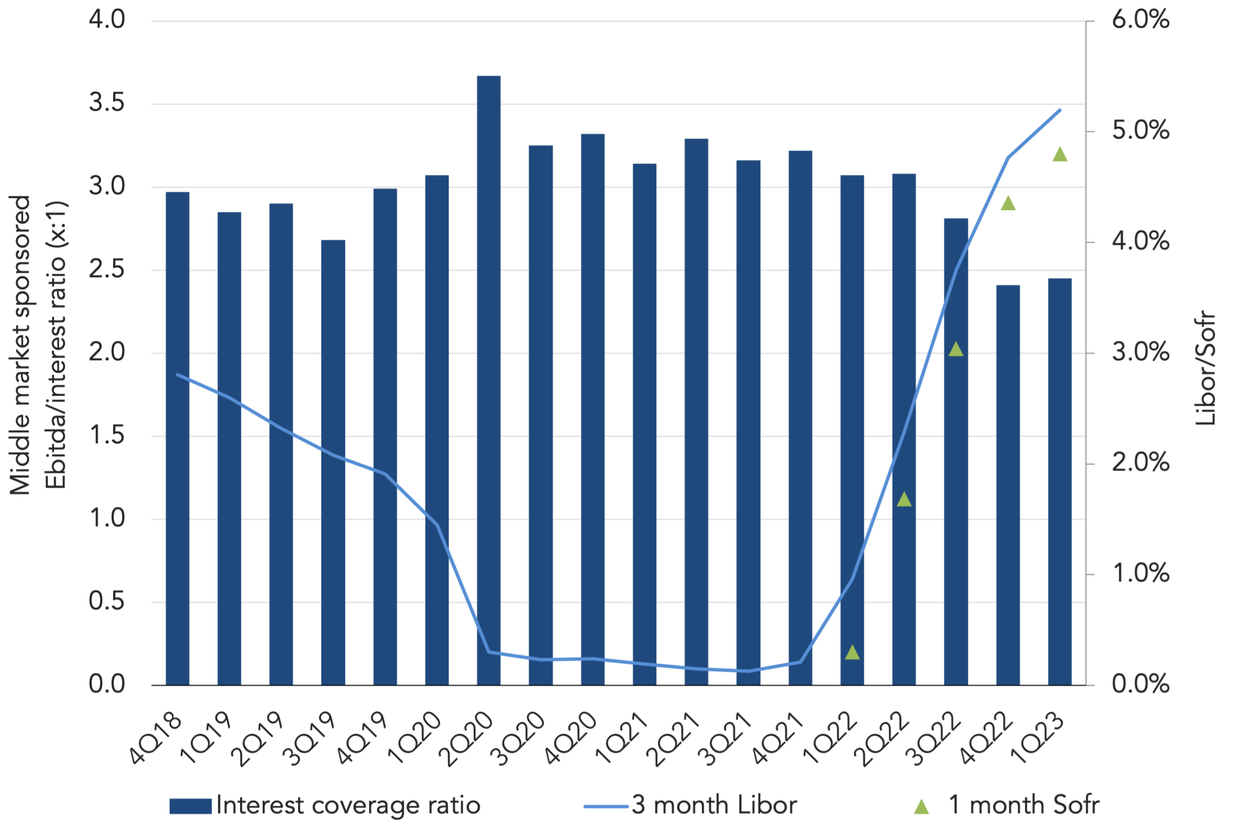

Against a backdrop of sharply higher interest rates in the last year, interest coverage ratios have moved lower. The average interest coverage ratio of 2.45x on new middle market sponsored deals in 1Q23 was well below the 3.07x posted a year earlier, though it did tick up from 2.41x in 4Q22. Interest coverage on new loans in 1Q23 was at 3.41x for issuers levered less than 4 times, 2.05x for companies levered 4 to 6 times, and 1.80x for borrowers levered more than 6 times. Looking at direct lending deals specifically, interest coverage slipped to 2.33x in 1Q23 from 2.40x in the prior quarter and was down from 3.04x in the same quarter a year ago.

(Past performance is no guarantee of future results.)