CCIR · COMPUTE CREDIT INDEX RESEARCH
ILLUSTRATIVE — FOR DISCUSSION

GPU-Backed Credit
Illustrative Applications of CRI Rates in Credit Structures
March 2026

Hypothetical Borrower	GPU Co., LLC — $50M Senior Secured
Collateral	1,500 × NVIDIA H100 SXM GPUs
Term	36 months · Quarterly calculation dates
Reference Rate	CRI-H100 · ccir.io
Covenant Count	Four covenants (§7.01–§7.04)

CCIR does not participate in or structure credit transactions referencing CRI rates, and does not provide advice regarding any such transaction. This document illustrates how CRI-H100 and related CCIR reference rates may be referenced in GPU-backed credit structures. All borrower details, rates, trigger levels, and covenant structures are hypothetical and non-prescriptive. CCIR does not recommend, endorse, or prescribe any particular covenant structure, trigger level, or enforcement mechanism. Any illustrative provisions are provided solely to demonstrate how CRI rates may function as a reference in financial contracts. This is not legal advice.

1. Three Gaps in Current GPU-Backed Credit Documentation

GPU-backed credit has grown rapidly, but the documentation frameworks lenders are using were built for a simpler asset class. Three structural gaps leave lenders exposed — particularly on transactions with 24–36 month terms.

Gap 1 — Collateral Is Marked to Depreciation Schedules, Not the Market

Most GPU-backed loan agreements value collateral using standard depreciation schedules — the same approach used for office equipment. The problem: GPU rental rates are set by supply and demand, and they move independently of book value. H100 rental rates fell 60–70% over 18 months while book depreciation showed the collateral largely intact. A lender relying on depreciation schedules received no covenant signal while the market moved past them.

What's needed is a collateral coverage covenant that marks the GPU fleet to the current on-demand rental market daily, so the lender's LTV calculation reflects what the hardware would actually earn if redeployed today.

Gap 2 — No Reference Rate Standard

When a covenant does reference rental rates, it typically relies on internal analyst estimates — numbers no counterparty can independently verify, and that every deal prices differently. This creates interpretive friction at the worst possible moment: when a covenant is about to breach.

A credit agreement that says "the Borrower's revenue must exceed 2.50 times the prevailing spot rental rate as determined by the Lender" gives the lender discretion in a way that will be challenged in any workout. A named, independent reference rate removes that ambiguity — the same structural demand that produced SOFR after LIBOR.

Gap 3 — Current Covenants Cannot See Two Active Risks

The GPU rental market is undergoing two transitions that current covenant structures are blind to:

- The training-to-inference shift. Most H100-backed credit was underwritten when these GPUs commanded a premium for large-model training work. That market is shifting: newer hardware is taking over training, and H100s are migrating toward lower-revenue inference workloads. A standard revenue covenant cannot distinguish between a borrower running a high-value training operation and the same borrower quietly migrating to lower-value inference work at a similar headline utilization rate.
- The Blackwell cascade. As next-generation NVIDIA hardware (the B200) reaches the market and its price falls toward H100 levels, the premium that justified H100 collateral valuations erodes. The risk is not one-directional: H100 rates have shown resilience as inference demand absorbs capacity displaced from training. Over a 36-month facility term, convergence and re-rating are both live exposures — and no current deal structure responds to either as it is happening.

This framework addresses all three gaps through four covenants that work together across the life of a GPU-backed facility.

2. The Four-Covenant Framework

The following table summarizes the four covenants and their functions. Each is drafted with CRI-H100 — the on-demand spot rate published by Compute Credit Index Research — as the named reference rate.

Section	Covenant	What It Measures	What Triggers It
§7.01	Maintenance Test	Borrower revenue ≥ 2.50× the on-demand spot rate	Contracted revenue falls below 2.50× CRI-H100 (Rate Cap protects locked-contract borrowers)
§7.02	Collateral Coverage	Loan principal ≤ 80% of independently-valued GPU fleet	On-demand rate falls far enough that capitalized GPU value no longer covers the loan
§7.03	Workload Composition	Training workloads ≥ 50% of GPU hours over two consecutive quarters	Borrower migrates fleet to lower-revenue inference work without lender visibility
§7.04	Generation Spread	H100 on-demand rate stays ≥ 15% above B200 on-demand rate	Newer hardware converges on H100 pricing, eliminating the training premium that justified the collateral value

Key asymmetry lenders should understand

Falling on-demand rates improve the maintenance test (a borrower with locked contracts earns more than the falling floor) while simultaneously tightening the collateral coverage test (the GPU fleet marks down). Rising rates do the opposite. These two covenants move in opposite directions by design. Monitoring both is essential.

3. How the Covenants Behave Under Market Stress

The following scenarios illustrate how each covenant responds across five market conditions. The hypothetical borrower has contracted revenue of $2.80/GPU/hr on a three-year locked contract and $50M in outstanding principal on 1,500 H100 GPUs.

Scenario	CRI-H100 (on-demand)	CRI-B200	§7.01 Maintenance	§7.02 Collateral LTV	§7.03 Workload
Baseline	$4.40/hr	$4.80/hr	**PASS** 1.88×	**PASS** 42% LTV	**PASS** 80% training
Spot Decline (inference pressure)	$2.00/hr	$4.40/hr	**PASS** locked contracts	**WARN** collateral marks down	**WATCH** training at 65%
Spot Rise (demand surge)	$6.20/hr	$6.20/hr	**WARN** Rate Cap engaged	**PASS** marks up	**PASS** 75% training
Training Collapse (workload migration)	$1.40/hr	$3.10/hr	**PASS** locked contracts	**BREACH** LTV >85%	**BREACH** training at 35%
Blackwell Cascade (B200 converges)	$1.20/hr	$1.10/hr	**PASS** contracts intact	**BREACH** Gen Spread fires	**BREACH** training migrates

Key observations:

- Locked contracts decouple the maintenance test from spot price movements. A falling on-demand rate benefits the borrower on §7.01 while simultaneously triggering pressure on §7.02. Lenders must monitor both simultaneously.
- The Rate Cap matters most in a rising market. Without it, a borrower earning a contracted rate below the prevailing on-demand market rate would show a below-threshold coverage ratio and breach, despite performing on contract.
- The Training Collapse and Blackwell Cascade scenarios both fire §7.02 and §7.03 together — by design, since workload migration and generation convergence are both ultimately reflected in the on-demand rate.
- No single scenario causes all covenants to breach simultaneously. The framework provides graduated signals, not a binary trigger.

4. §7.01 — Maintenance Test

The maintenance test measures whether the borrower's actual rental revenue per GPU remains adequate relative to what the on-demand spot market would currently bear for equivalent hardware.

4.1 Drafted Covenant Language

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SECTION 7.01 — GPU REVENUE MAINTENANCE TEST — Financial Covenant

Borrower shall not permit the Maintenance Test Coverage Ratio, as of any
Calculation Date, to be less than 2.50 to 1.00.

"Maintenance Test Coverage Ratio" means, as of any Calculation Date, the
ratio of (a) GPU Rental Revenue Per Pledged GPU for the most recently
completed Calculation Period to (b) the Capped CRI-H100 Reference Rate.

"Capped CRI-H100 Reference Rate" means, as of any Calculation Date, the
lesser of (i) the CRI-H100 Reference Rate and (ii) the Rate Cap
($2.80/GPU/hr). For the avoidance of doubt, the Rate Cap applies solely
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to this Section 7.01.

If CRI-H100 is not published on a Calculation Date, the most recently
published rate within the prior five Business Days shall be used. If no
publication is available within such period, the fallback provisions set forth in
the credit agreement shall apply.
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4.2 How It Works

The Rate Cap ($2.80/hr in this example, set at the underwritten spot rate) prevents a borrower with locked multi-year contracts from breaching solely because the spot market has risen above their contracted rate. That scenario reflects market appreciation, not borrower deterioration.

A rate cap of this type may be set at underwriting to reflect the on-demand spot rate at which the facility was sized. A cap materially above the underwritten rate provides the borrower more protection than may be intended; a cap below the underwritten rate creates immediate breach risk in normal market conditions. Credit agreements referencing CRI rates should include fallback provisions addressing benchmark unavailability — see the CCIR Fallback Language Guidance for considerations relevant to counsel.

5. §7.02 — Collateral Coverage / LTV

The collateral coverage covenant marks the pledged GPU fleet to the current on-demand spot rental market using CRI-H100 — not the borrower's contracted price and not book depreciation. This ensures the lender's LTV reflects what the hardware would actually earn on redeployment, independent of any single borrower's contracted revenue.

5.1 Drafted Covenant Language

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SECTION 7.02 — COLLATERAL COVERAGE RATIO — Financial Covenant

Borrower shall not permit the Collateral Coverage Ratio, as of any
Calculation Date, to be less than 1.25 to 1.00 (equivalent to a maximum
loan-to-value of 80%).

"Collateral Coverage Ratio" means the ratio of (a) Collateral Value to
(b) outstanding principal.

"Collateral Value" means: (Pledged GPUs) × (CRI-H100 Reference Rate) ×
8,760 annual hours × 0.72 Utilization Assumption ÷ 0.28 Capitalization Rate.

"Utilization Assumption" means 0.72 (72%), representing a conservative
estimate of productive utilization in an on-demand spot deployment.
The Administrative Agent may adjust this downward (but not upward) if
market data supports a lower figure, acting in good faith and in a commercially
reasonable manner.

"Capitalization Rate" means 0.28 (28%), representing the agreed yield rate
applied to annualized spot GPU rental income to derive capitalized collateral
value. Reviewed annually; may be adjusted by mutual agreement.

Upon any Collateral Coverage Ratio Breach, Borrower shall, within 30 days
of notice, either (a) prepay Loans in an amount sufficient to restore
compliance, or (b) pledge additional collateral acceptable to the
Administrative Agent, acting in good faith and in a commercially reasonable manner.
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5.2 How It Works

The Collateral Value formula applies a cap rate methodology — the same approach used in real estate and infrastructure finance. Annual rental income (marked to the live CRI-H100 on-demand rate, not the borrower's contracted price) is divided by an agreed yield rate to produce a capitalized asset value.

The Capitalization Rate is the most negotiated variable. A lower cap rate (20%) produces higher Collateral Value and more favorable LTV; a higher cap rate (35%) is more conservative. As the GPU rental market matures and transaction comparables accumulate, market consensus cap rates will emerge. CCIR's published rate history is designed to support that development.

The Utilization Assumption of 72% reflects the gap between theoretical maximum GPU hours and realistic on-demand spot deployment — accounting for scheduling gaps, platform downtime, and the conditions of on-demand spot market deployment.

6. §7.03 — Workload Composition Trigger

This covenant addresses the training-to-inference migration risk directly. Because H100 training revenue per GPU is materially higher than inference revenue per GPU, a borrower can quietly migrate their fleet from training to inference workloads while a standard revenue covenant sees no change — the revenue stack the facility was underwritten against has fundamentally changed, but no covenant has fired.

A borrower running training workloads at 80% utilization and then migrating to inference at 80% utilization looks identical on a simple revenue-per-GPU test. This covenant distinguishes between the two.

6.1 Drafted Covenant Language

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SECTION 7.03 — WORKLOAD COMPOSITION COVENANT — Operational Covenant

Borrower shall not permit the Training Workload Percentage, as of any two
consecutive Calculation Dates, to be less than 50%.

If the Training Workload Percentage falls below 50% for any single period
(a "Workload Migration Event"), Borrower shall deliver written notice
within 10 Business Days including: (i) description of replacement workloads;
(ii) contracted rate and term; and (iii) revised revenue forecast for the
next two periods.

If the Training Workload Percentage falls below 50% for two consecutive
periods (a "Workload Migration Breach"), Collateral Value under Section 7.02
shall be computed using a Blended Utilization Rate: weighted average of 0.72
(training) and 0.65 (inference), weighted by the respective workload
percentages.

For the avoidance of doubt, a Workload Migration Breach is not itself an
Event of Default; it operates solely to adjust the Collateral Value
calculation. An Event of Default arising from a subsequent Collateral
Coverage Ratio Breach shall be governed by Section 8.01.
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6.2 How It Works

This covenant functions as an information covenant as much as a financial one. The Workload Migration Event notice requirement surfaces the transition before it becomes a breach — giving the lender visibility into the revenue stack change in real time, not at the point of a collateral coverage breach.

A 50% training threshold of this type would typically be a starting point for negotiation. A borrower with a pure training operation at origination may warrant a higher threshold (65–70%); a borrower with a mixed book at origination may negotiate a lower level.

> **Important: workload migration is not penalized per se**
>
> The covenant adjusts the collateral mark to reflect the changed revenue profile. It does not declare an Event of Default. A borrower who migrates to inference but maintains high utilization and adequate contracted revenue may still satisfy the collateral coverage test under the Blended Utilization Rate.

7. §7.04 — Generation Spread Covenant

This covenant addresses the forward risk that next-generation hardware (NVIDIA B200) reaches price parity with the H100, eliminating the training premium that justifies H100 collateral valuations. Over a 36-month facility term, this is a material tail scenario.

CCIR publishes CRI-B200 alongside CRI-H100. The Generation Spread is the percentage difference between the two on-demand spot rates. When B200 supply expands and its price falls toward H100 levels, the H100 training premium erodes and the collateral is effectively repriced as inference-tier hardware.

7.1 Drafted Covenant Language

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SECTION 7.04 — GENERATION SPREAD COVENANT — Structural Protection

If, as of any Calculation Date, the Generation Spread (defined as (CRI-H100
minus CRI-B200) divided by CRI-H100) is less than 15% (the "Generation
Spread Threshold"), Borrower shall deliver written notice within 10 Business
Days (a "Generation Convergence Notice").

If the Generation Spread remains below the Threshold for two consecutive
periods (a "Generation Convergence Event"):

(a) Accelerated Amortization: Borrower shall prepay Loans at not less than
10% of original principal per Calculation Period until the Generation Spread
returns to or above the Threshold for two consecutive periods; and

(b) Collateral Remarking: the Capitalization Rate in Section 7.02 shall
increase from 28% to 35%, reflecting the higher yield required for collateral
that no longer commands a training-tier revenue premium.

The Generation Spread Threshold shall be reviewed annually and may be
adjusted by mutual written agreement.
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7.2 How It Works

Accelerated amortization is preferable to an immediate Event of Default because generation convergence is a market-driven event, not a borrower performance failure. A performing borrower whose collateral is being commoditized by market forces should be given time to amortize the facility down, not immediately accelerated.

The Capitalization Rate step-up from 28% to 35% adjusts the collateral mark to reflect a higher required yield on inference-tier hardware — consistent with how infrastructure investors price assets with shorter effective economic lives or higher obsolescence risk.

8. Why a Named Reference Rate

All four covenants above reference CRI-H100 as the on-demand spot rate. The question credit counsel naturally asks is: why cite a specific external rate rather than defining the rate in the agreement itself?

Three structural reasons:

- A rate defined by the lender favors the lender. A rate defined by the borrower favors the borrower. Covenants require a neutral reference — the same structural demand that produced SOFR after LIBOR, and AVITAS aircraft appraisals in aircraft financing.
- Syndicated loans require a rate all lenders can independently verify. A proprietary methodology held by one party cannot serve as the reference for a multi-lender facility.
- Post-LIBOR, bank compliance functions have developed institutional resistance to reference rates that lack independent governance. A rate published by a party with a financial interest in the GPU market it measures creates documentation risk.

CRI-H100 is published daily by Compute Credit Index Research LLC, which holds no position in the GPU compute market it measures. The index is derived from seller-posted prices on public GPU rental marketplaces — no submissions from market participants, and no discretion in the calculation. The methodology is published and the rate is reproducible by any party with access to the underlying sources.

9. CCIR Covenant Structuring Consultation

Structured finance counsel and credit analysts with questions about CRI rate methodology, index definitions, or the application of CRI indices in credit agreements may contact CCIR at research@ccir.io. CCIR will respond to written inquiries within 10 business days. CCIR does not provide legal advice, review or approve credit agreement language, or advise on the regulatory treatment of CRI rate references in any jurisdiction.

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