Private Credit Radar
created by Sascha Steffen

IMPACT, INSIGHTS AND INNOVATION AT FRANKFURT SCHOOL

Facts, Myths, and Missing Data: What We Really Know About Private Credit

Facts | Myths | Missing data

Prof. Dr. Sascha Steffen
Centre for European Transformation · Frankfurt School of Finance & Management · s.steffen@fs.de

Wednesday 25 November 2026 · Room S 302, Frankfurt and online

Supervisors now ask about links and opacity, not about size

Andrew Bailey FSB chair · 13 November 2026

"The absence of visible stress should not be mistaken for the absence of risk."

Concern: valuations, leverage, liquidity, and links among funds, banks and insurers.

Claudia Buch ECB supervision · 19 November 2026

~12

banks with material exposures

2027 to 2029: new on-site inspections of **fund finance** and **asset-based lending**.

Sources: Bailey, FSB keynote, 13 Nov 2026 · Buch, ECB supervisory press conference, 19 Nov 2026 · SSM supervisory priorities 2027–29

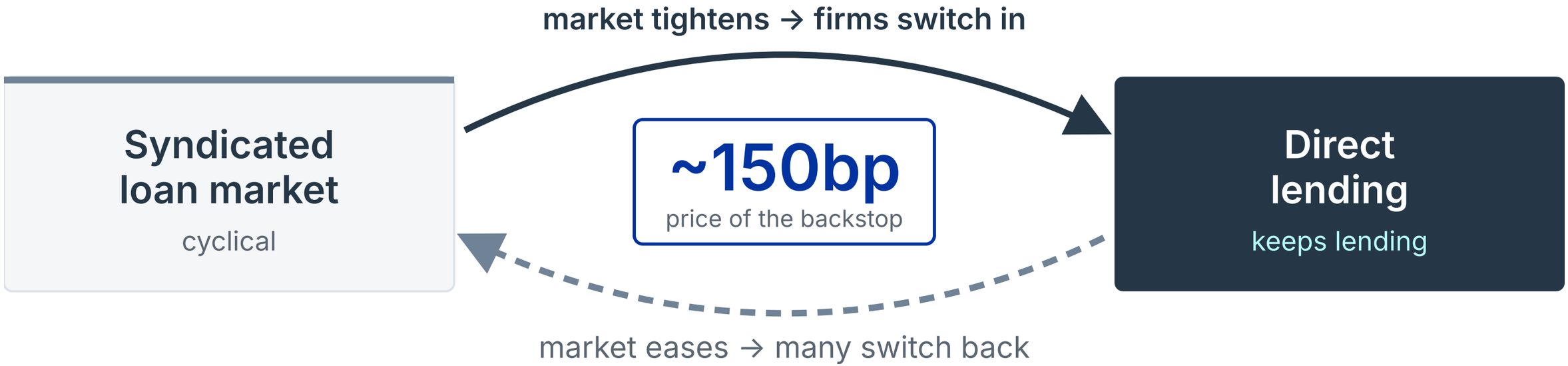
→ References

PART 1

Facts

Three results the data supports: direct lending is a backstop, banks are still lending, and stress shows up long before default.

When the syndicated market tightens, firms switch into direct lending, and many switch back once it eases: a backstop priced at about 150bp

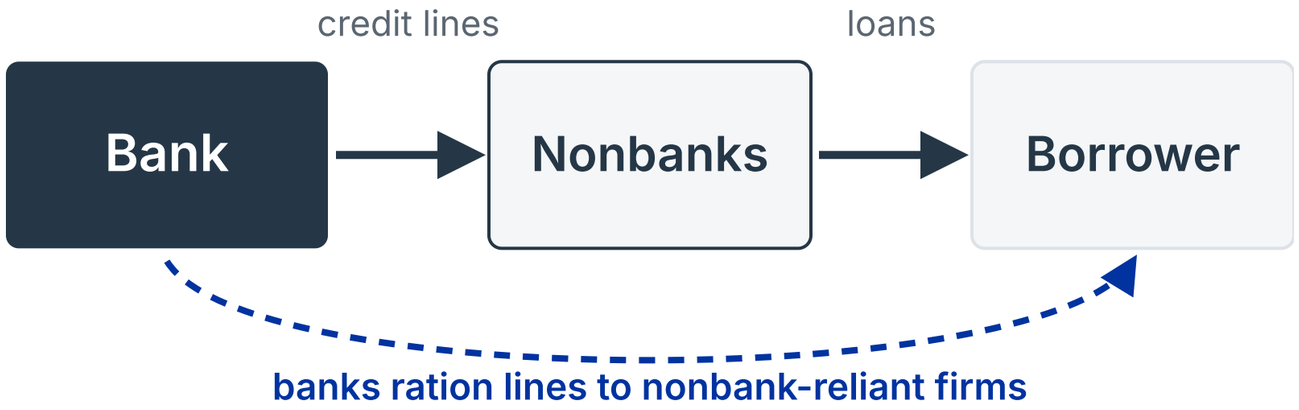


Funded with capital committed in advance · weaker, sponsor-backed firms switch most · **also holds in Europe**

Source: Hinzen, Mondini, Rintamäki & Steffen, *The Cyclicality of Direct Lending*, version 18 Nov 2026

→ References

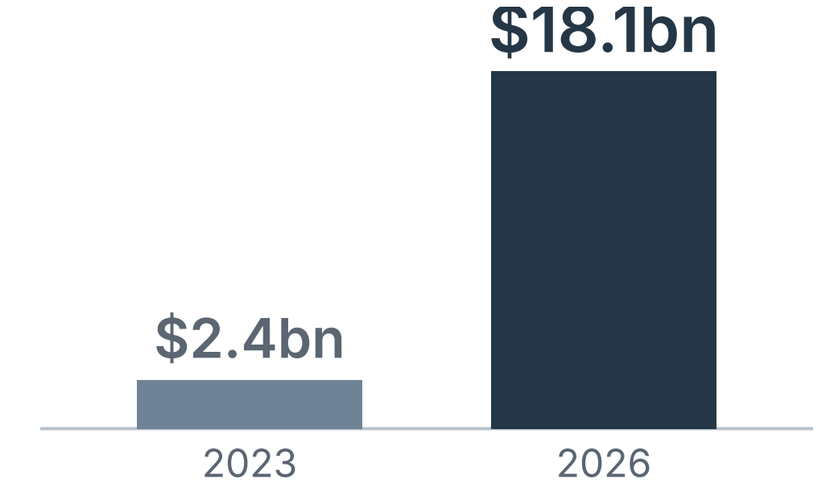
Banks are still in the chain: they fund the lenders, and they ration credit lines to firms that lean on nonbanks



Fragile Financing? Acharya, Gopal & Steffen

After the 2014–16 oil collapse, firms relying on nonbanks faced **cut credit lines and wider spreads**, and performed worse.

Listed BDCs' unsecured maturity wall



Listing a BDC: **+17 ppt** unsecured funding, **−14 ppt** bank credit lines

Sources: Mistopoulou, Rotermund & Steffen, *Funding Fragility in Direct Lending*, 18 Nov 2026 · Acharya, Gopal & Steffen, *Fragile Financing?*, NBER w33760

→ References

Stress shows up in the loan book long before a default: marks first, then payment relief, then non-accrual



Once PIK is switched on, loans keep deteriorating: flexibility looks like forbearance.

Source: Rintamäki & Steffen, *When Flexibility Becomes Forbearance: Payment-in-Kind in Private Credit*, rev. 31 Oct 2026

→ Data: the six indicators → References

PART 2

Myths

Five claims you hear often, against our evidence.

MYTH 1

~~"Private credit has replaced the banks."~~

EVIDENCE

Banks still fund the lenders, and ration lines to firms that lean on nonbanks.

~12
euro-area banks with material exposures

−14 ppt
bank lines after a BDC lists

MYTH 2

~~"Private credit will amplify the next bust."~~

EVIDENCE

In the data, direct lending is the *less* cyclical market. It may dampen the cycle, at a price.

~150 bp
extra spread on entry

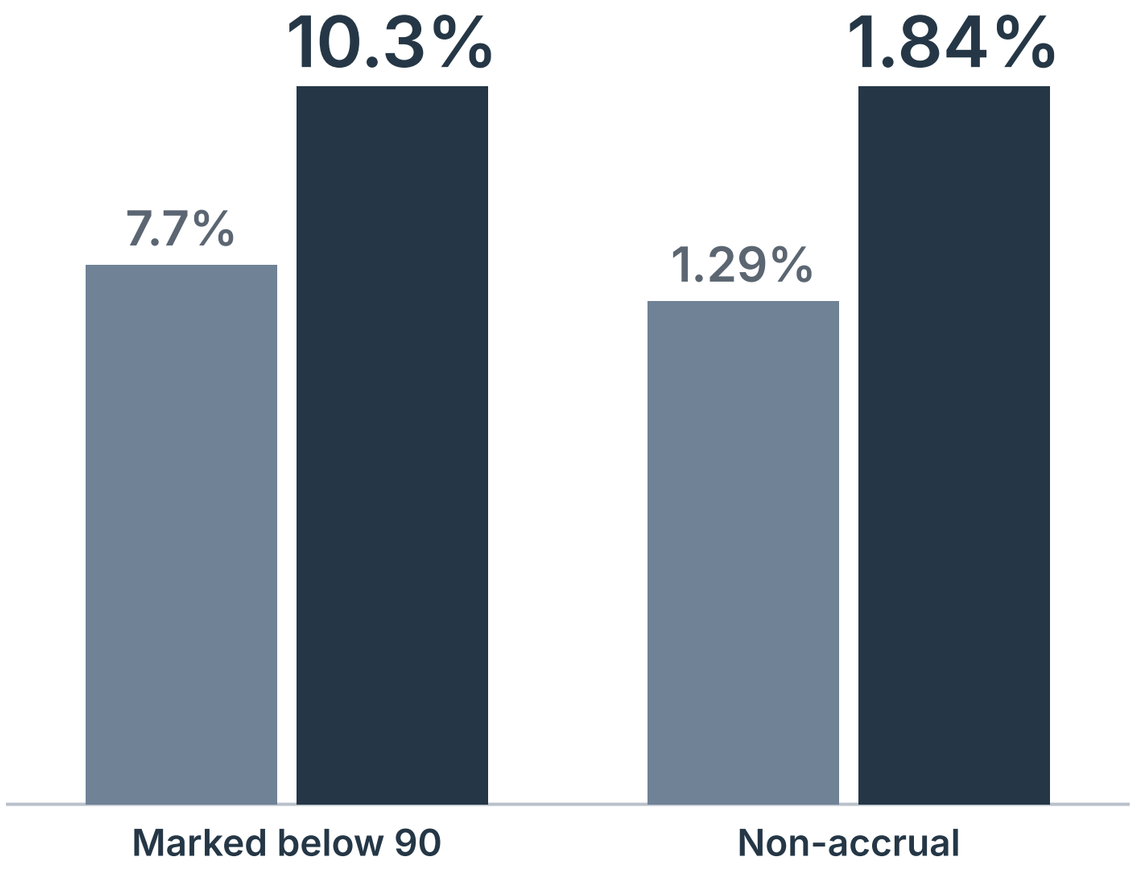
"May", not "will": not yet tested in a full crisis.

Sources: Buch, 19 Nov 2026 · *Funding Fragility in Direct Lending* · *Fragile Financing?* · *The Cyclicality of Direct Lending*

→ References

MYTH 3

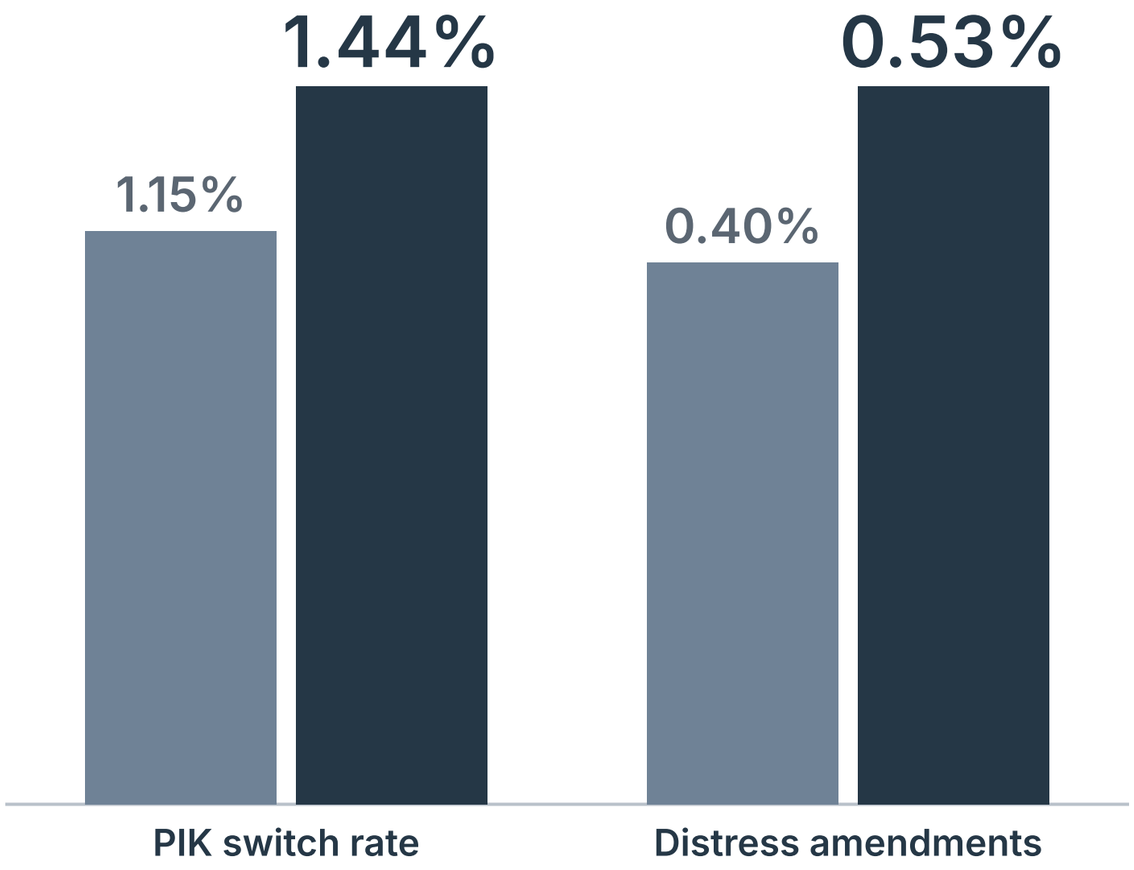
~~"Defaults are low, so the books are fine."~~



Loans get marked down long before they stop paying.

MYTH 4

~~"PIK is just flexibility for a good borrower."~~



Once PIK is switched on, loans do not recover.

2025 Q2 2026 Q2 Private Credit Radar v1.0, all funds. Each indicator on its own scale. PIK paper: Rintamäki & Steffen.

→ Losses: research note → Data: the quarter

MYTH 5

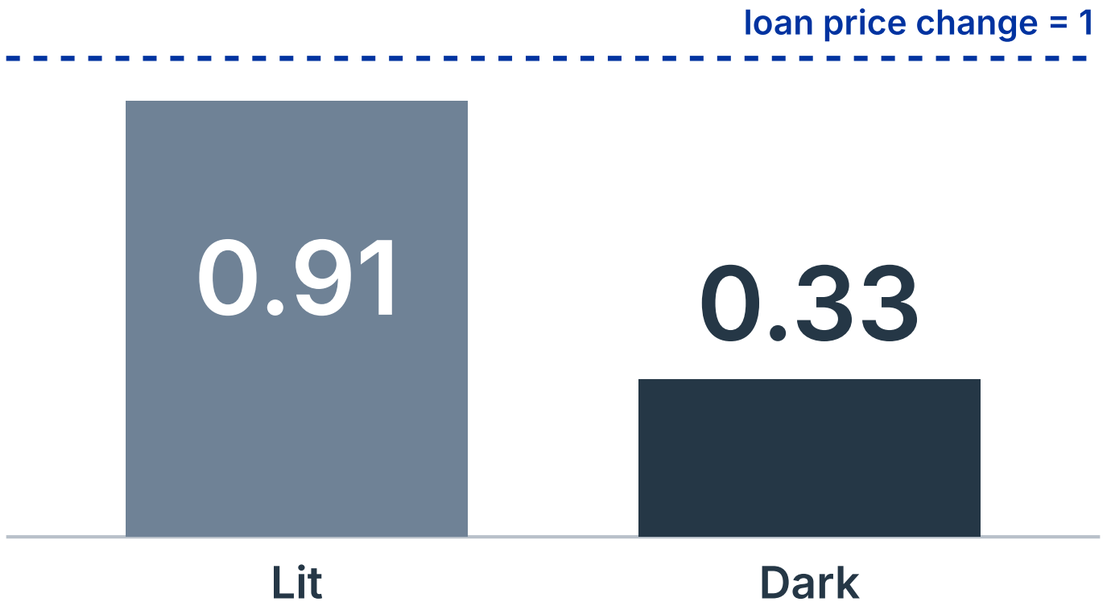
~~"The quarterly marks are as good as a market price."~~

Only where there *is* a market.

- **Lit:** the borrower also has a loan with daily dealer quotes
- **Dark:** no quote: **92%** of BDC borrowers

Lenders still price risk well at origination. The quarterly mark does not pass it on.

How much the BDC mark changes when the loan market changes



Source: Spina, Steffen & Streitz, *When Credit Goes Private*, November 2026, as reported in the Private Credit Radar research note of 24 Nov 2026: mark change per point of loan price change.

→ Research note → References

Stale marks transfer wealth between investors: up to $1.25bn in non-traded BDCs, 2017 to 2026

Dark marks still trail the market a year later

- ↓ **Sell-off:** redeemers leave at too high a NAV, and those who stay pay.
- ↑ **Recovery:** new subscribers overpay.

Estimated wealth transfer

up to

$1.25bn

between investors in non-traded BDCs, 2017 to 2026, concentrated in stress periods

Source: Spina, Steffen & Streitz, *When Credit Goes Private*, November 2026. Working paper, not yet posted.

→ References

PART 3

Missing data

What we still cannot see, and what we can already measure.

Four things we still cannot see

1 Most loans are never priced daily

The information exists. Outsiders get it late and incomplete.

2 Outside US BDCs: a dark room

690 European borrowers, visible only through US BDCs. **No European lender data.**

3 Filings do not contain contract details

Waivers, covenant resets, equity cures, amendment fees: not in the schedules.

4 Opacity is itself a risk

Bailey's list: valuations, leverage, liquidity, links among funds, banks and insurers.

Sources: *When Credit Goes Private* · Private Credit Radar coverage at 30 June 2026 · Bailey, FSB, 13 Nov 2026

→ Data: coverage and limits

All six stress signals read higher than a year earlier: 10.3% of loans are marked below 90, but only 1.84% of debt is on non-accrual

1 Marked below 90

10.26%

▲ **+2.55 pts** on the year · 2025 Q2: 7.71%
2026 Q1: 10.33% · −0.07 pts on the quarter

Positions valued under 90% of principal

→ Series

2 Markdown breadth

4.01%

▲ **+0.88 pts** on the year · 2025 Q2: 3.13%
2026 Q1: 6.57% · −2.56 pts on the quarter

Marked down 5+ points in the quarter

→ Series

3 Cross-manager mark gap

12.29%

▲ **+2.99 pts** on the year · 2025 Q2: 9.30%
2026 Q1: 11.64% · +0.65 pts on the quarter

Shared borrowers marked 5+ points apart

→ Series

4 PIK switch rate

1.44%

▲ **+0.29 pts** on the year · 2025 Q2: 1.15%
2026 Q1: 1.52% · −0.08 pts on the quarter

Loans moving from cash to PIK interest

→ Series

5 Distress amendments (Tier 2)

0.53%

▲ **+0.13 pts** on the year · 2025 Q2: 0.40%
2026 Q1: 0.46% · +0.07 pts on the quarter

PIK, spread step-up or extension under stress

→ Series

6 Non-accrual rate

1.84%

▲ **+0.55 pts** on the year · 2025 Q2: 1.29%
2026 Q1: 1.95% · −0.11 pts on the quarter

Debt at cost no longer accruing interest

→ Series

162 funds · **88** managers · **36,687** loan positions · **USD 499bn** principal · **7,139** borrowers

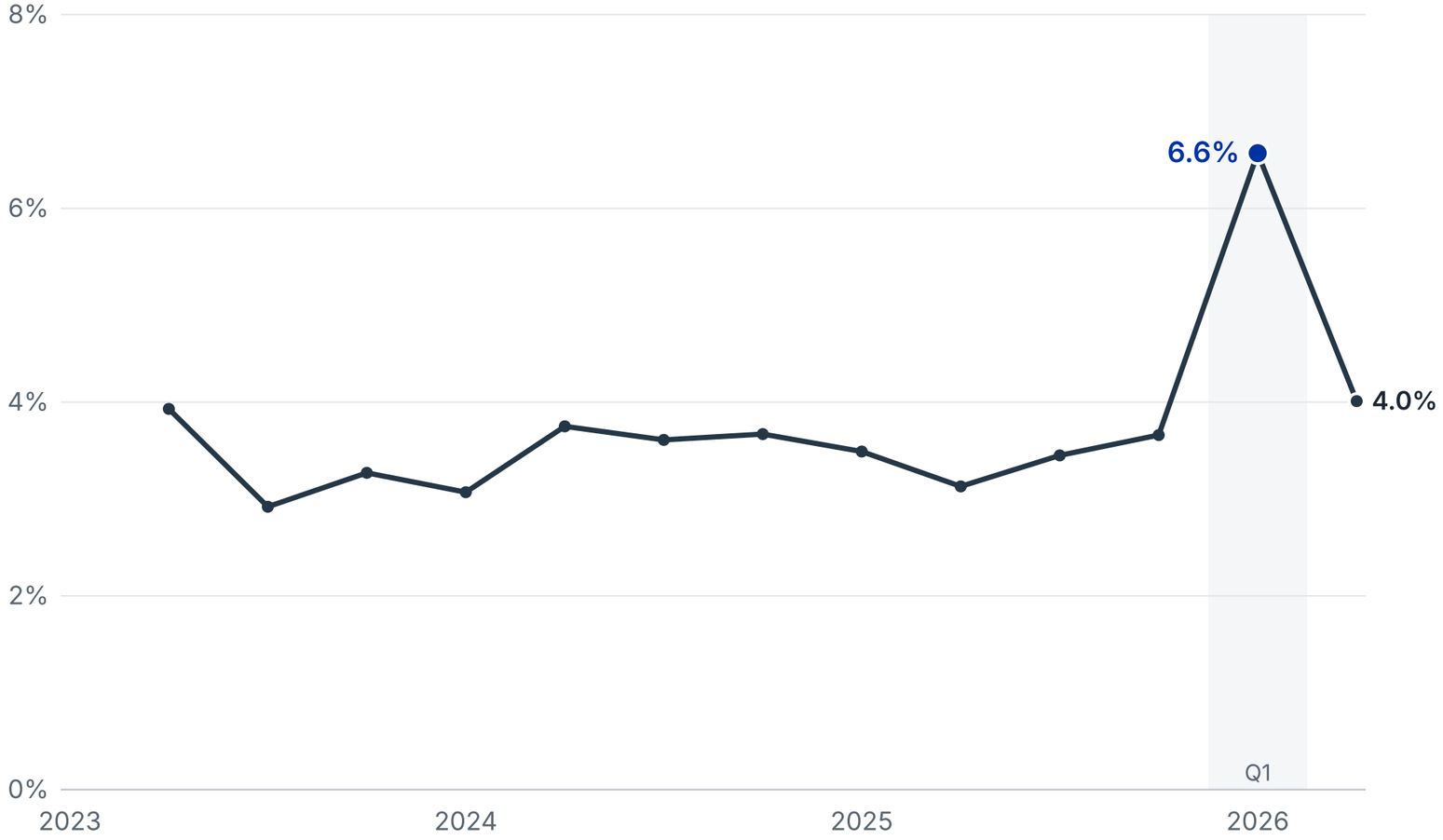
v1.0 · 2023 Q1 to 2026 Q2
loan by loan, SEC 10-Q and 10-K schedules

Private Credit Radar v1.0, all funds, book at 30 June 2026. Tier 3 amendments recorded, not counted as stress.

→ Fourteen quarters → The quarter → Full series

The break came in 2026 Q1: 6.6% of positions were marked down 5 points or more in one quarter, the broadest in the series

Positions marked down 5 points or more in the quarter, % of followed positions, all funds



2026 Q1, marked down 5+ points

6.57%

the broadest markdown in the series

2026 Q2, marked down 5+ points

4.01%

back toward the 3.5% average of 2023 Q2 to 2025 Q4

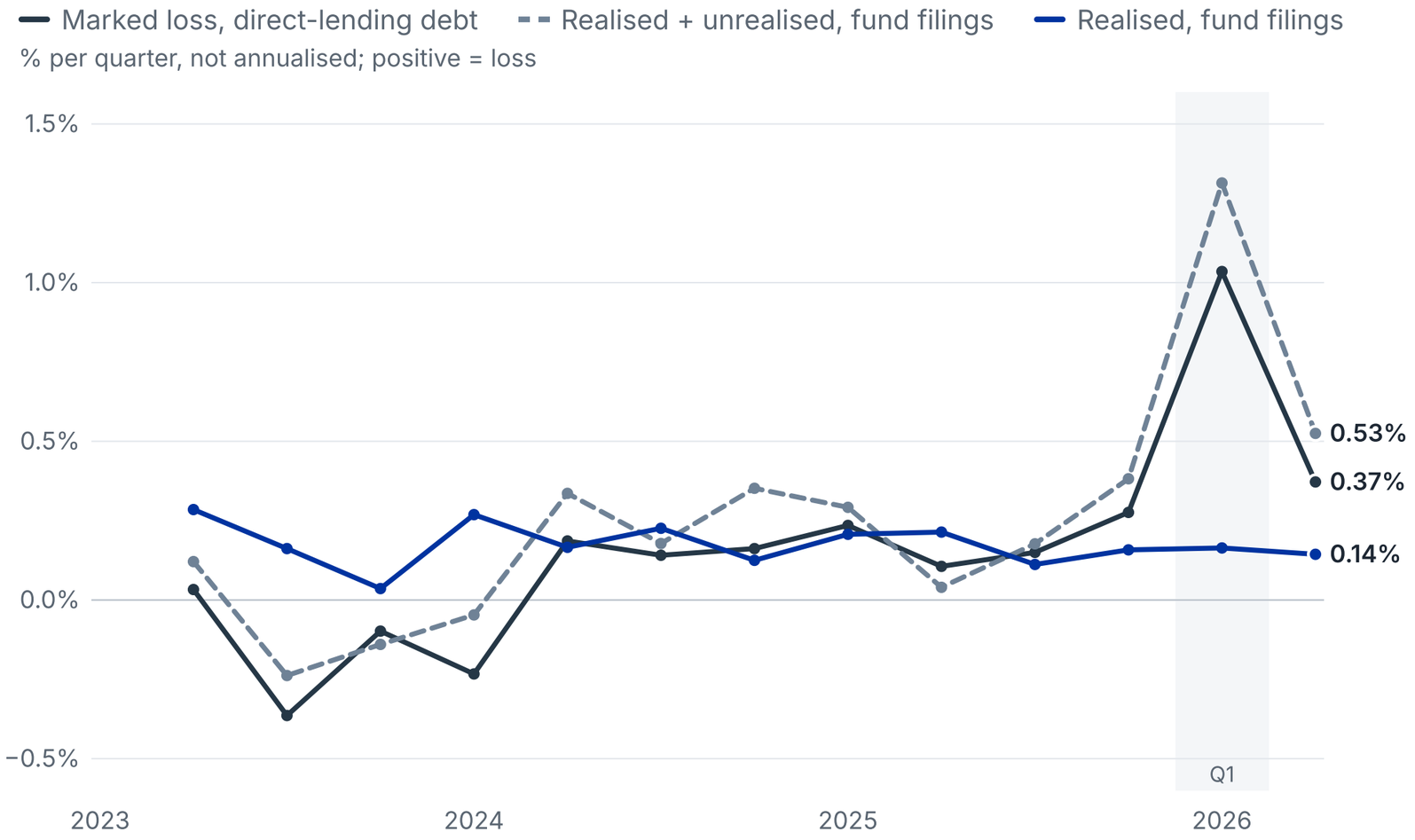
No rebound in the marks

The below-90 share was 10.33% in 2026 Q1 and 10.26% in 2026 Q2: fewer new markdowns, but the marked-down loans stayed down.

→ All six indicators → Full series

Private Credit Radar v1.0; SEC EDGAR schedules of investments, filings pulled 19 Sep 2026. Indicator 2 compares a position with itself a quarter earlier and starts in 2023 Q2.

Losses are in the valuations, but not in the books (yet): 0.58% realised in the year to June 2026, against 2.40% realised and unrealised



Marks lead realised losses

0.5 pp

realised loss per point of marked loss, within four quarters (140 BDCs, t = 5.2)

First-lien recovery on impaired exits

45–48%

of cost, swaps followed into what the lender holds afterwards

European borrowers of US BDCs

28–33%

first-lien recovery, on 19 to 31 exits, against 46 to 49% for other borrowers

Source: Steffen, *Losses are in the valuations, but not in the books (yet)*, Private Credit Radar research note, 24 Nov 2026. SEC filings to 2026 Q2; radar build of 21 Nov 2026. Fund flows on opening whole-portfolio cost (80 to 134 BDCs); marks on opening par of linked direct-lending debt.

→ **Data: losses and recovery**

3 Facts

01 **Direct lending can dampen the cycle, at a price**

02 **Banks are still in the funding chain**

03 **Stress shows in marks, PIK and amendments before default**

Questions

Moderated by Frank

What's next

14 Dec 2026

Q3 book and the **first European book** (European borrowers in US BDC books)

19 Jan 2027

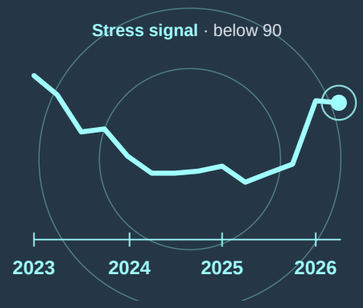
Liquidity flash: undrawn commitments to borrowers already under stress

Private Credit Radar

Quarterly · US and European books

privatecreditradar.eu

New: research note *Losses are in the valuations, but not in the books (yet)*, 24 Nov 2026

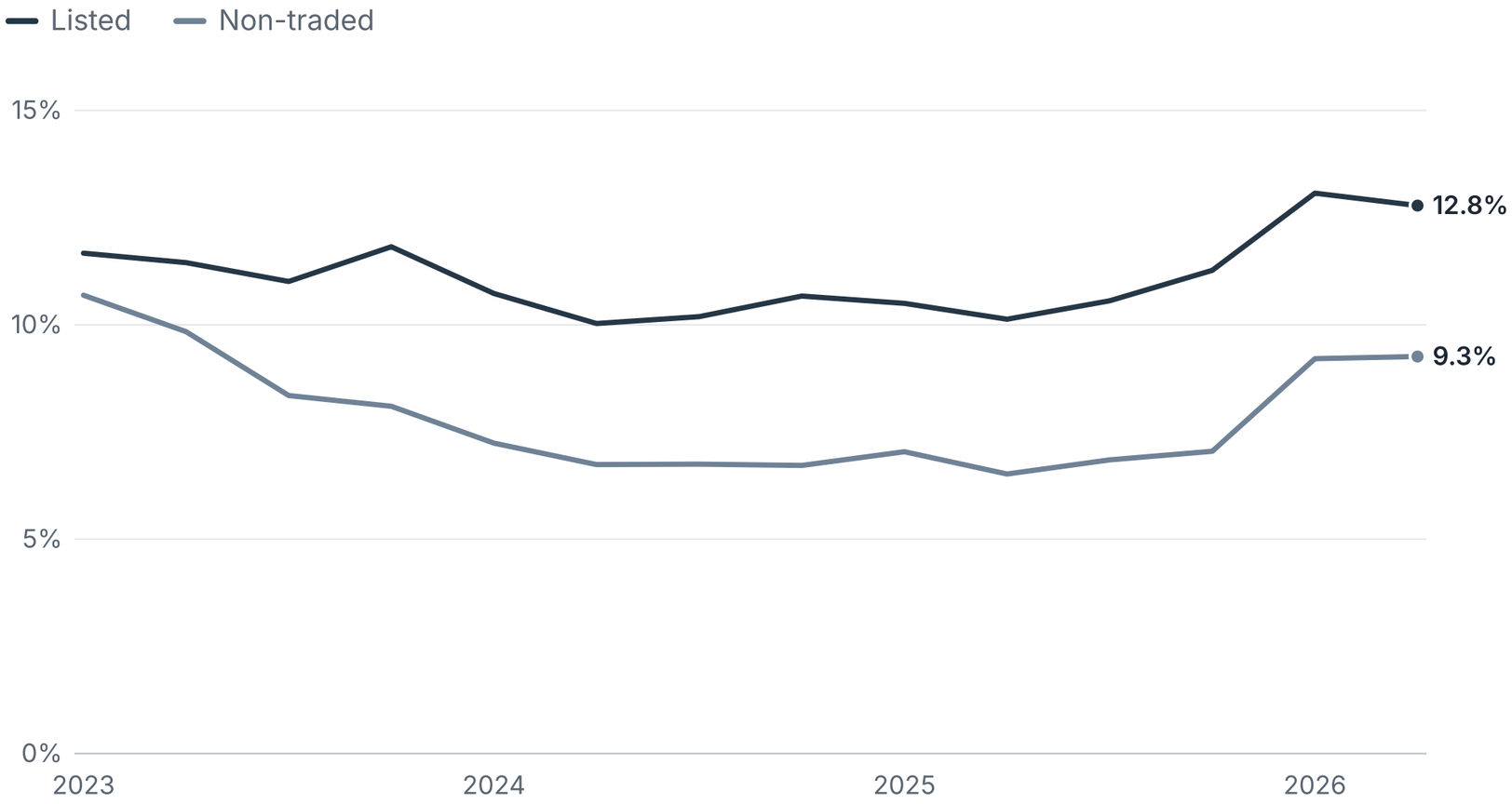


Sources as on the preceding slides · Private Credit Radar v1.0, all funds; SEC schedules of investments, filings pulled 19 Sep 2026.

→ Research note → Backups → Data appendix

Listed BDCs carry more stress: 12.8% of loans below 90 and 3.75% on non-accrual, against 9.3% and 1.13% at non-traded funds

1 Below 90 | 2 Markdown breadth | 4 PIK switch | 5 Tier 2 | 5 Tier 3 | 6 Non-accrual



Listed, 2026 Q2

12.8% below 90

+2.6 pts on the year (2025 Q2: 10.1%)

Non-traded, 2026 Q2

9.3% below 90

+2.7 pts on the year (2025 Q2: 6.5%)

On the **same borrower**, listed and non-traded funds mark alike: the gap is book age and mix, not the valuation rule.

Listed: common stock on NYSE or Nasdaq at the quarter-end (44 funds). Non-traded: every other BDC in scope (118 funds), mostly perpetual-life funds issuing at NAV with limited quarterly buy-backs.

Private Credit Radar v1.0, book at 30 June 2026. Buttons switch the indicator.

→ Constant panel → Full series

MYTH

~~"It is too small to matter for stability."~~

> **"If markets can imagine that possibility and lack facts to counter it, they will act on the concern."**
>
> Andrew Bailey, FSB, 13 Nov 2026: private credit as one domino in a chain reaction

$18.1bn

listed BDCs' unsecured maturity wall, 2026 (from $2.4bn in 2023)

11%

revolver debt due within a year, uncertified non-traded BDCs

0.5%

listed BDCs

Sources: Bailey, FSB keynote, 13 Nov 2026 · Mistopoulou, Rotermund & Steffen, *Funding Fragility in Direct Lending*

→ References

Prices move before the covenant breach is public: −6.39% in the window 80 to 60 days before a violation

−6.39%

cumulative abnormal return
80 to 60 days before a violation

- **Constrained CLOs** (near OC or CCC limits) sell in advance
- Unconstrained CLOs absorb the positions
- Worst for loans later amended or left in technical default

Source: Saunders, Steffen & Verhoff, *Do Institutional Investors Trade on Covenant Violations?*, 27 Feb 2026

→ References

APPENDIX

Data

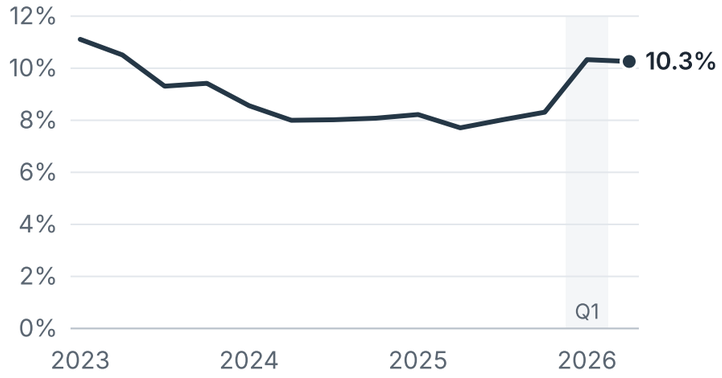
The Radar numbers behind the talk, held in this file. Hover the charts for each quarter. Every “→” button in the deck jumps here; Back returns you to where you were.

→ Fourteen quarters → The quarter → Full series → Constant panel → Across funds → Losses → Coverage → References

Marks turned in 2026 Q1: 6.6% of loans were marked down 5 points or more in one quarter, and they have not recovered since

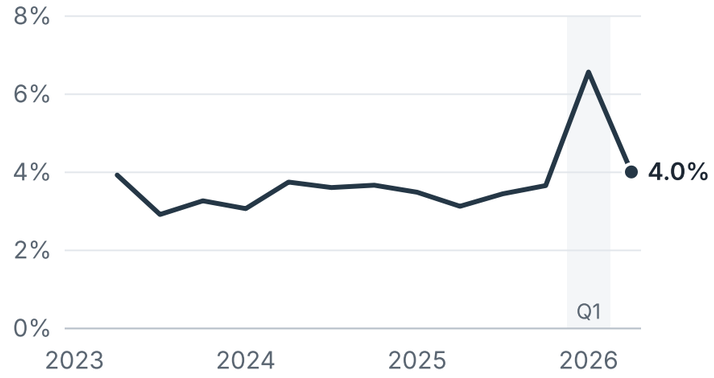
1 Marked below 90

% of positions, all funds



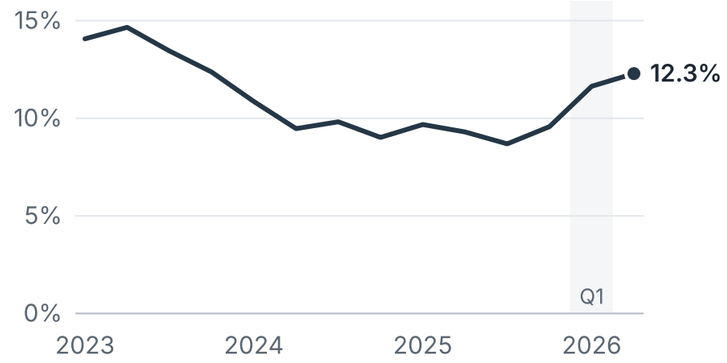
2 Markdown breadth

% of followed positions down 5+ points



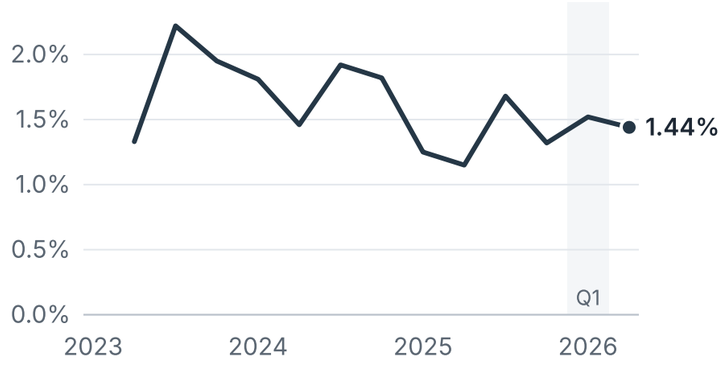
3 Cross-manager mark gap

% of multi-manager borrowers, gap 5+ points



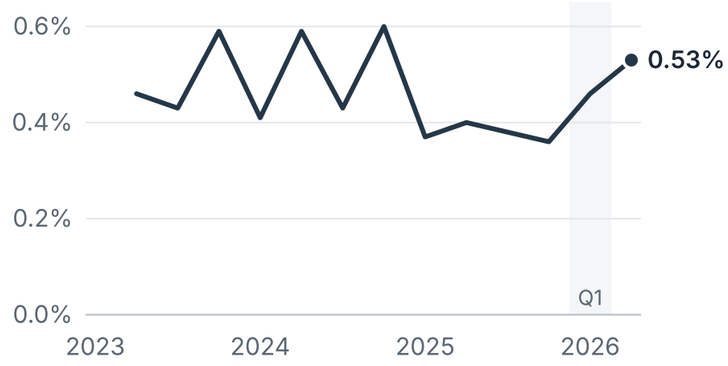
4 PIK switch rate

% of followed positions



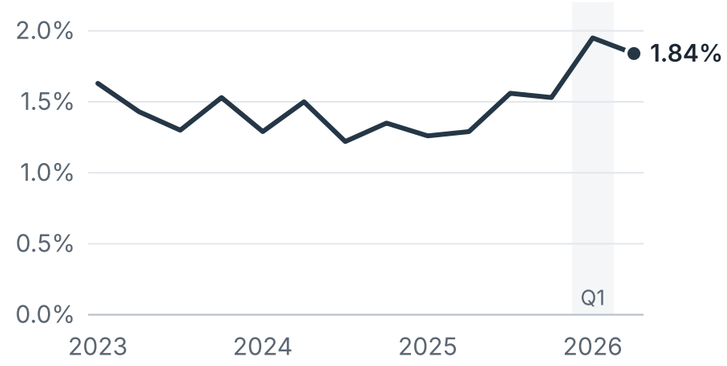
5 Distress amendments (Tier 2)

% of followed positions



6 Non-accrual rate

% of debt at cost



Each panel has its own scale. Indicators 2, 4 and 5 compare a position with itself a quarter earlier and start in 2023 Q2. Thresholds (90, 5 points) are parameters.

→ The quarter → Full series

In 2026 Q2 marks steadied while amendments rose: four of six indicators eased on the quarter, but Tier 2 reached 0.53%, the highest since 2024 Q4

	2025 Q2	2026 Q1	2026 Q2	On the quarter
MARKS				
1 Marked below 90	7.71%	10.33%	**10.26%**	▼ −0.07
1 Marked below 80	4.35%	6.06%	**5.91%**	▼ −0.15
2 Markdown breadth	3.13%	6.57%	**4.01%**	▼ −2.56
3 Cross-manager mark gap	9.30%	11.64%	**12.29%**	▲ +0.65
AMENDMENTS				
4 PIK switch rate	1.15%	1.52%	**1.44%**	▼ −0.08
5 Distress amendments (Tier 2)	0.40%	0.46%	**0.53%**	▲ +0.07
Amendments without distress marker (Tier 3)	2.11%	2.17%	**2.74%**	▲ +0.57
DEFAULT				
6 Non-accrual rate	1.29%	1.95%	**1.84%**	▼ −0.11

All funds, %. ▲ higher than the quarter before, ▼ lower. Tier 3 is recorded and not counted in the six indicators.

Three lender decisions

Marks: the lender writes the loan down. **Amendments**: PIK, spread step-ups, extensions. **Non-accrual**: the fund stops accruing interest.

Tier 3 to Tier 2

Amendments without a distress marker (Tier 3) are not counted as stress. A rise in Tier 3 that later turns into Tier 2 is itself a signal.

Managers disagreed more on the same borrower: the cross-manager mark gap rose from 11.6% to 12.3% in 2026 Q2.

→ Full series

All indicators, every quarter: 2023 Q1 to 2026 Q2

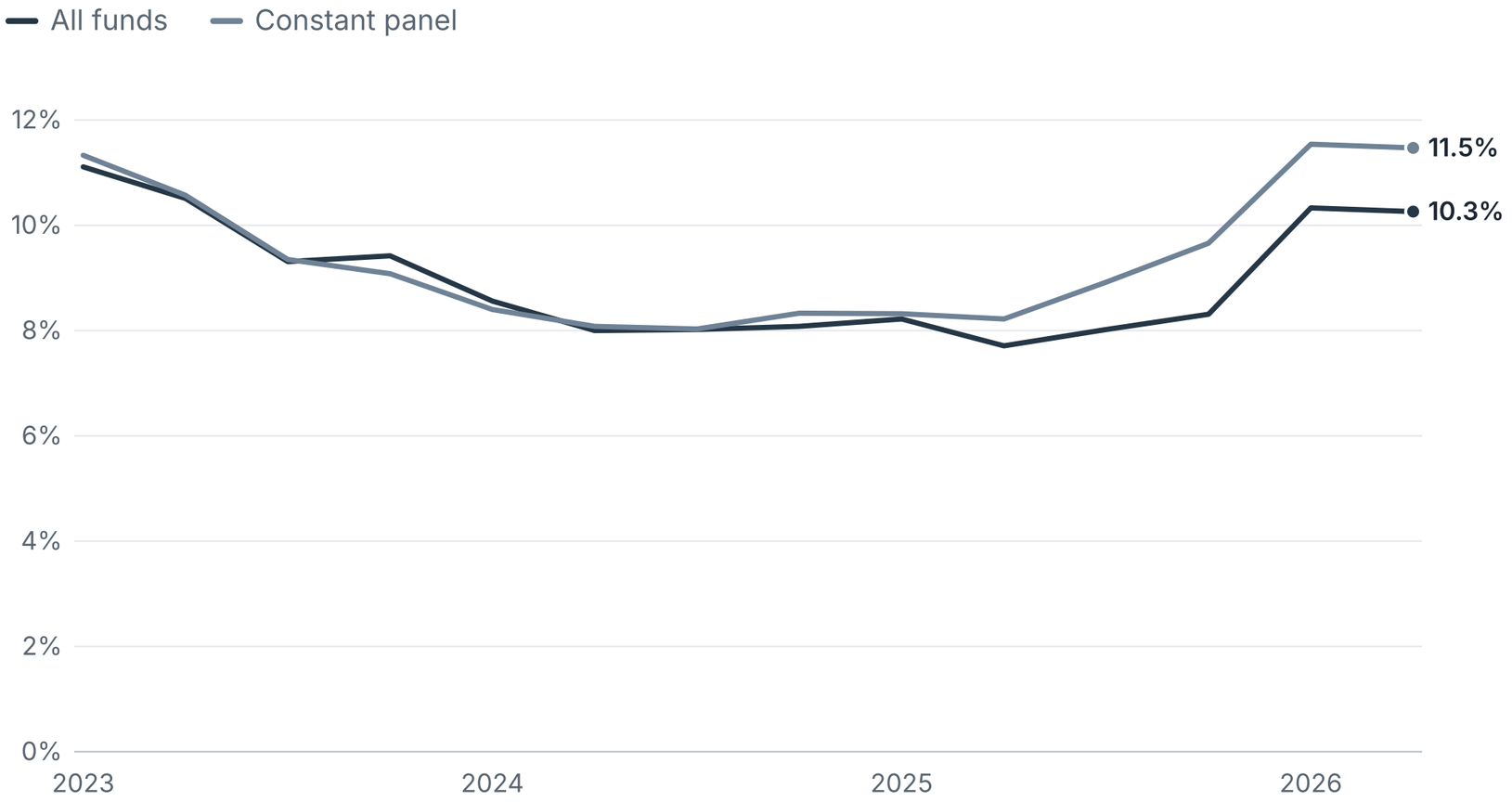
Quarter	Below 90	Below 80	Markdown breadth	Mark gap	PIK switch	Tier 2	Tier 3	Non-accrual	Positions	Funds	Link rate
2023 Q1	11.11	5.15	—	14.07	—	—	—	1.63	15,523	105	—
2023 Q2	10.51	4.93	3.93	14.66	1.33	0.46	3.31	1.43	16,484	114	85.2%
2023 Q3	9.31	4.59	2.92	13.45	2.22	0.43	3.73	1.30	19,053	127	78.5%
2023 Q4	9.42	4.89	3.27	12.37	1.95	0.59	3.41	1.53	20,563	134	83.1%
2024 Q1	8.56	4.57	3.07	10.86	1.81	0.41	3.10	1.29	22,516	139	82.6%
2024 Q2	8.00	4.65	3.75	9.47	1.46	0.59	3.21	1.50	23,646	143	80.3%
2024 Q3	8.02	4.55	3.61	9.82	1.92	0.43	2.77	1.22	25,089	142	83.5%
2024 Q4	8.08	4.71	3.67	9.02	1.82	0.60	2.61	1.35	26,888	146	81.0%
2025 Q1	8.22	4.69	3.49	9.68	1.25	0.37	2.60	1.26	28,841	153	84.3%
2025 Q2	7.71	4.35	3.13	9.30	1.15	0.40	2.11	1.29	30,408	155	84.6%
2025 Q3	8.02	4.32	3.45	8.69	1.68	0.38	2.26	1.56	32,276	157	84.8%
2025 Q4	8.31	4.61	3.66	9.57	1.32	0.36	2.12	1.53	34,487	162	83.1%
2026 Q1	10.33	6.06	6.57	11.64	1.52	0.46	2.17	1.95	35,622	164	86.2%
2026 Q2	10.26	5.91	4.01	12.29	1.44	0.53	2.74	1.84	36,687	162	86.6%

Private Credit Radar v1.0, all funds, %. Positions and funds counted at each quarter-end. Link rate: share of positions followed from the previous quarter. — : indicator not defined for that quarter.

→ As charts

Funds present since 2023 Q1 mark 11.5% of loans below 90, against 10.3% for all funds: new entrants hold the headline down

1 Below 90 | 2 Markdown breadth | 4 PIK switch | 5 Tier 2 | 5 Tier 3 | 6 Non-accrual



All funds, 2026 Q2

10.3% below 90

+2.5 pts on the year (2025 Q2: 7.7%)

Constant panel, 2026 Q2

11.5% below 90

+3.3 pts on the year (2025 Q2: 8.2%)

The constant panel holds the 87 funds present at every quarter-end since 2023 Q1. Funds that entered later hold younger loans marked higher, so the all-fund line falls when new funds arrive without any loan improving.

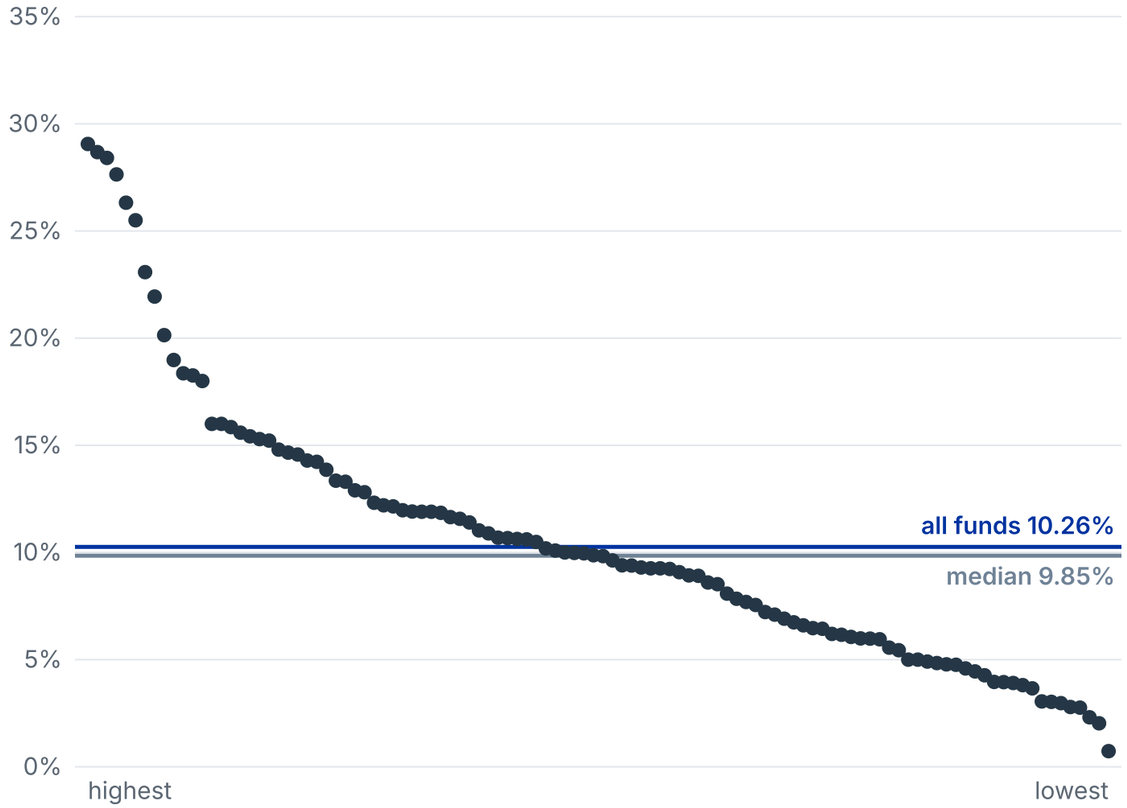
Indicator 3 is computed across managers and has no panel line.

Non-accruals concentrate: 29 of 108 funds with 100+ positions carry none; the median fund is at 0.85%, the highest 9.89%

One fund (100-plus positions), ranked highest to lowest · Median fund · All funds together

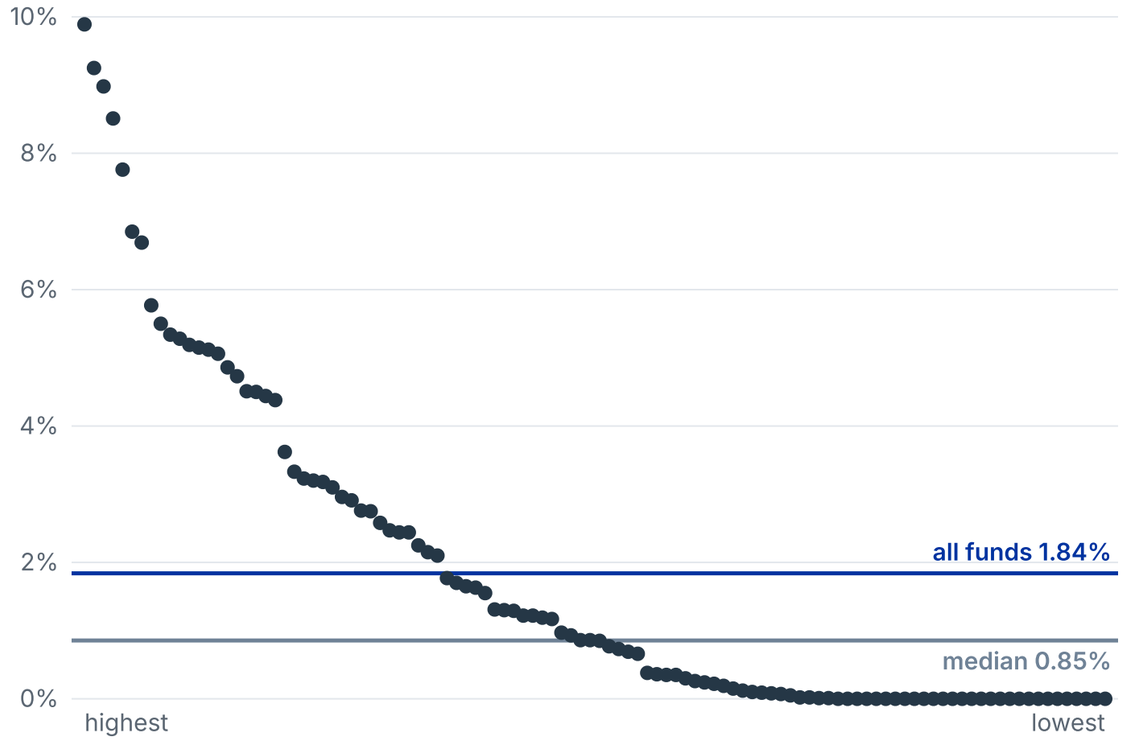
1 Marked below 90

108 funds · median 9.85% · all funds 10.26% · highest 29.06% · 0 at zero



6 Non-accrual rate

108 funds · median 0.85% · all funds 1.84% · highest 9.89% · 29 at zero



Each dot is one fund at 2026 Q2. Funds are not named. Non-accruals reported only in running text are not seen.

Realised losses stayed between 0.04% and 0.29% a quarter while marks fell 1.04% in 2026 Q1

Quarter	Marked	Realised + unrealised	Realised
2023 Q2	0.03%	0.12%	0.28%
2023 Q3	−0.36%	−0.24%	0.16%
2023 Q4	−0.10%	−0.14%	0.04%
2024 Q1	−0.23%	−0.05%	0.27%
2024 Q2	0.19%	0.34%	0.17%
2024 Q3	0.14%	0.18%	0.23%
2024 Q4	0.16%	0.35%	0.13%
2025 Q1	0.23%	0.29%	0.21%
2025 Q2	0.11%	0.04%	0.21%
2025 Q3	0.15%	0.18%	0.11%
2025 Q4	0.28%	0.38%	0.16%
2026 Q1	1.03%	1.31%	0.16%
2026 Q2	0.37%	0.53%	0.14%
Year to 2026 Q2	**1.83%**	**2.40%**	**0.58%**

First-lien recovery on exits, % of cost

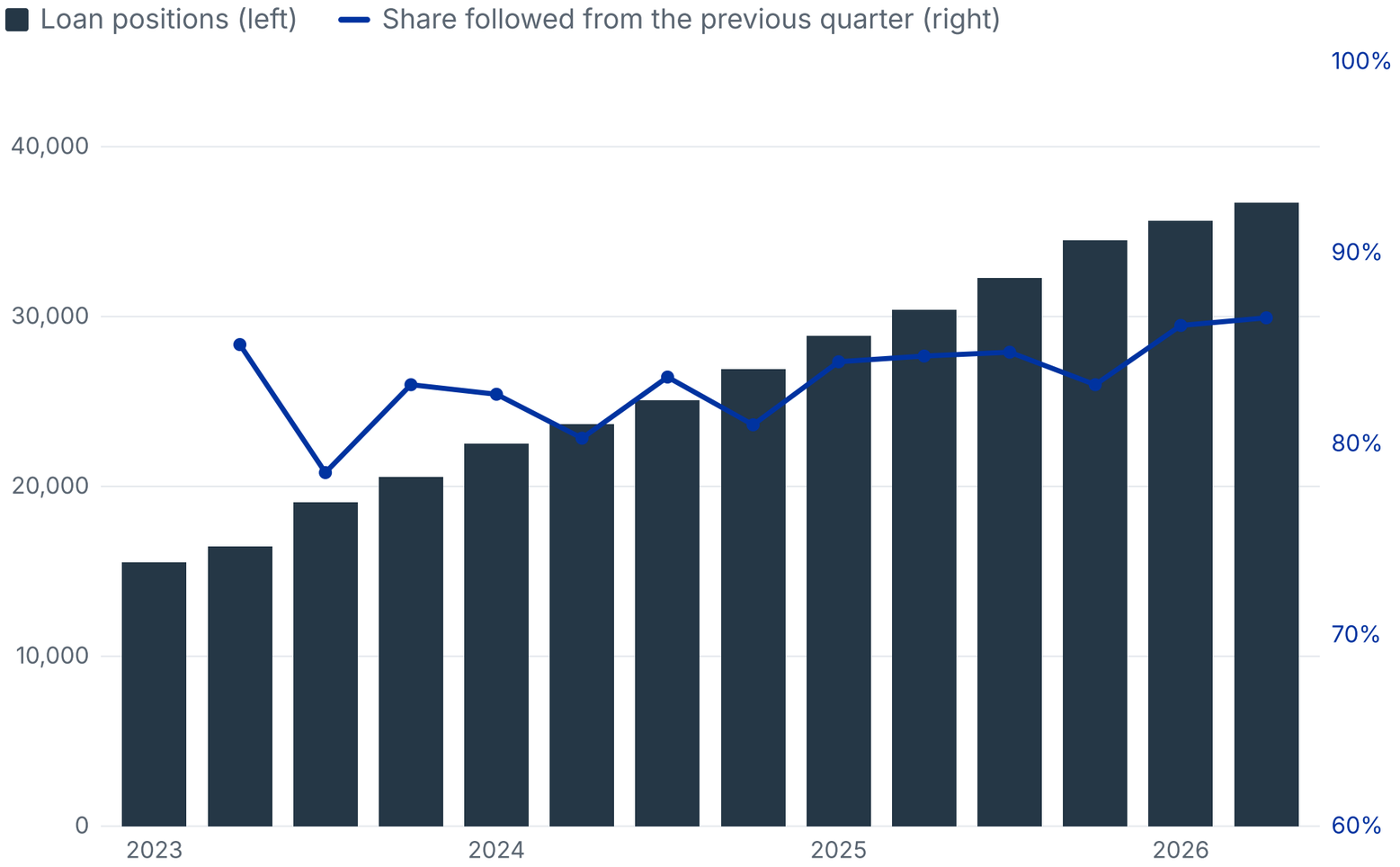
Radar, 2023 Q2 to 2026 Q2	Swaps followed	At last mark	Exits
Non-accrual or written-off exits	**44.6%**	46.9%	246
Impaired-exit rule	**48.1%**	55.8%	484
Debt-for-equity swap exits (USD 866m cost)	**26%**	77%	75
European borrowers	**28–33%**		19–31
Other borrowers	**46–49%**		

Comparable outside measures: KBRA DLD 45 cents (direct lending, 2025, at restructuring); Fitch 43% (first lien, 2025 bankruptcy emergences); S&P 66.5% dollar-weighted (US first-lien term loans, emerged 1987 to Sep 2025). Figures differ in cohort, weighting, denominator and distress definition.

Source: Private Credit Radar research note, 24 Nov 2026; radar build of 21 Nov 2026. Realised and realised + unrealised: fund XBRL flows, % of opening whole-portfolio cost. Marked: linked direct-lending debt positions, % of opening par. Recovery: cost-weighted, pooled.

→ Back to the chart

36,687 loan positions in 162 funds at 2026 Q2, from 15,523 in 105 funds in 2023 Q1



Book at 30 June 2026

162 BDCs, **88** managers, **36,687** positions, **7,139** borrowers, USD **499**bn principal, USD **480**bn fair value.

What the data does not see

European lenders (690 European borrowers are seen through US BDCs) · amendments other than PIK, spread step-ups and extensions · realised losses loan by loan (fund-level flows only) · non-accruals reported only in running text.

Private Credit Radar v1.0, all funds.

References

FACT 1 · MYTH 2

Hinzen, Mondini, Rintamäki and Steffen (2026). **The Cyclicality of Direct Lending.** Working paper, version 18 November 2026. SSRN 6490423.

FACT 2 · MYTH 1

Acharya, Gopal and Steffen. **Fragile Financing? How Corporate Reliance on Shadow Banking Affects their Access to Bank Liquidity.** NBER Working Paper w33760.

RESEARCH NOTE · MYTH 5 NUMBERS

Steffen (2026). **Losses are in the valuations, but not in the books (yet): Realised and marked credit losses in US BDCs, 2023 to 2026.** Private Credit Radar research note, 24 November 2026.

BACKUP

Saunders, Steffen and Verhoff (2026). **Do Institutional Investors Trade on Covenant Violations?** Conference version, 27 February 2026.

OPENING · MYTH 1

Buch (2026). **ECB supervisory press conference**, 19 November 2026; SSM supervisory priorities 2027–29.

FACT 2 · MYTH 1 · BACKUP

Mistopoulou, Rotermund and Steffen (2026). **Funding Fragility in Direct Lending.** Working paper, 18 November 2026. SSRN 7729964.

FACT 3 · MYTH 4

Rintamäki and Steffen (2026). **When Flexibility Becomes Forbearance: Payment-in-Kind in Private Credit.** Working paper, rev. 31 October 2026. SSRN 5341145.

MYTH 5 · CURRENT STUDY

Spina, Steffen and Streitz (2026). **When Credit Goes Private.** Working paper, November 2026.

OPENING · GAPS

Bailey (2026). **Financial stability in a rapidly changing world.** FSB keynote, 13 November 2026.

RADAR SLIDES · DATA APPENDIX

Steffen (2026). **Private Credit Radar**, version 1.0. Book at 30 June 2026, series v21, SEC 10-Q and 10-K schedules of investments, filings pulled 19 September 2026.

Contact: Prof. Dr. Sascha Steffen · s.steffen@fs.de