Private Credit: Our Proprietary Non-Accrual Indices



aranca

November 2026

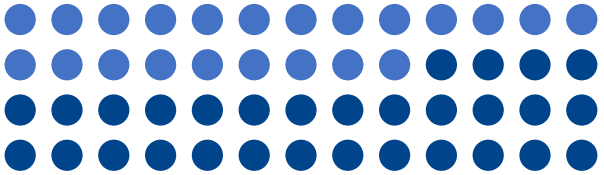
Non-accrual Indices: Coverage and Weighting

Two weighting bases separate the breadth of stress across the market from its concentration among larger funds

THE UNIVERSE

52 **US BDCs**

22 exchange-listed | 30 non-traded



Quarterly SEC filings

The series begins in Q3'23, when reporting coverage across public and non-traded vehicles first became broad enough for consistent weighting.

REPORTING DISCIPLINE

- ✓ Include only BDCs reporting a ratio for the quarter
- ✗ Exclude pre-inception and unfunded vehicles

COMMON METRIC

$$\frac{\text{Non-accruals at fair value}}{\text{Total investments at fair value}} \times 100$$

Total investments at fair value serves as the AUM proxy

Each quarter produces all, public and non-traded indices under two weightings

01 Equal weighted



Simple average of reporting BDC ratios. Every reporting fund carries the same weight.

→ *Reveals the breadth of reported credit stress*

02 Total investments-weighted



Weights each BDC ratio by its total investments at fair value in the same quarter.

→ *Captures stress across the investment base*

Source: Aranca Research, SEC filings

A Single Quarter's Easing Does Not Reverse the Rise in Non-accruals

Q2'26 fell back from the Q1'26 peak, yet the four-quarter average is at a series high across every cohort

EQUAL WEIGHTED

0.76%

▲ 18 bps above FY23–24 average

INVESTMENT WEIGHTED

0.73%

4-qtr average near series high

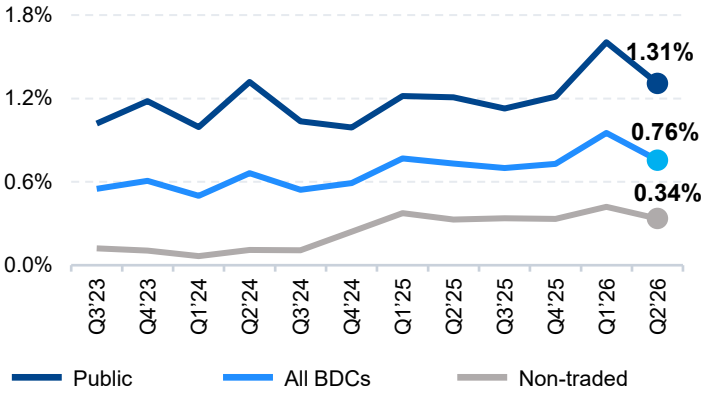
4-QUARTER AVG

0.78%

▲ Series high · +13 bps YoY

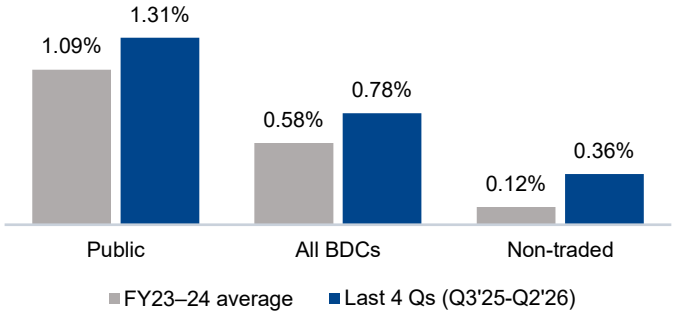
Equal-weighted index

Equal weighted, breadth of stress by cohort



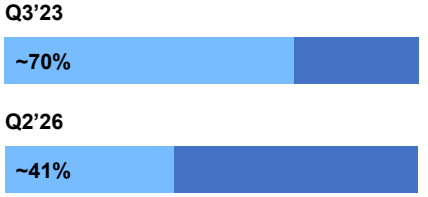
Versus the historical base

FY23-24 average vs latest four quarters



Investment Mix

Public BDCs' share of total investments



-29 pts

Lifts non-traded vehicles' influence on the investment weighted index

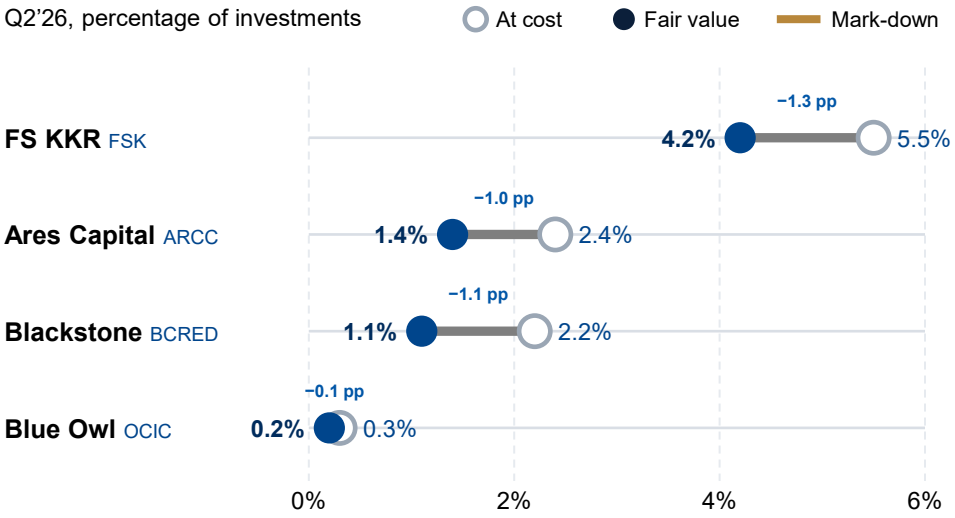
Source: Aranca Research, SEC filings
Note: Non-accruals at fair value / total investments at fair value. FY23-24 average covers Q3'23-Q4'24.

Credit Stress Remains Highly Uneven Across Managers

Non-accruals span 0.1% - 4.2% among BDCs with more than US$10bn in total investments in Q2'26

Selected manager non-accruals

Q2'26, percentage of investments



Fair-value marks can compress the reported ratio

The cost-to-fair-value gap adds context to recognized stress and existing markdowns.

Signals that test the improvement

01 Cash interest and PIK

Cash collection tests borrower resilience. PIK and amendments can postpone recognition of stress.

02 Refinancing and maturities

Refinancing can expose weak cash flow. Borrower maturity profiles remain critical.

03 Loan vintages and sector exposure

2021–22 loans are seasoning. Technology disruption and healthcare stress warrant closer review.

04 Cost ratios and fair-value marks

Both measures matter. Valuation discounts can reduce the fair-value non-accrual ratio.

THE IMPLICATION

Portfolio surveillance and manager selection require both index views and borrower-level diligence.

Source: Aranca Research, SEC filings



2500+
Global clients

500+
Strong, professional team across multi-disciplinary domains

120+
Sectors and sub-sectors researched by our analysis

80+
Countries where we have delivered projects

ABOUT ARANCA

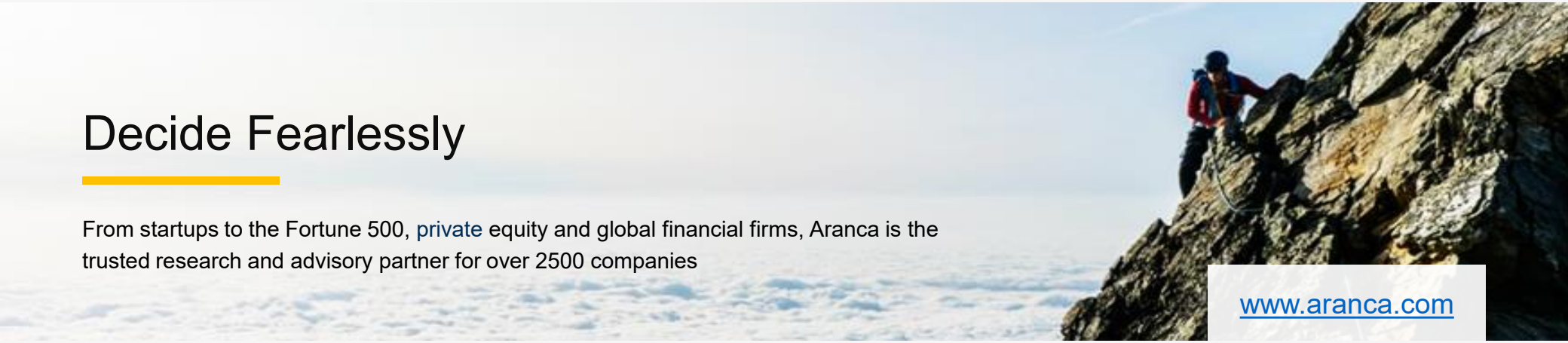
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