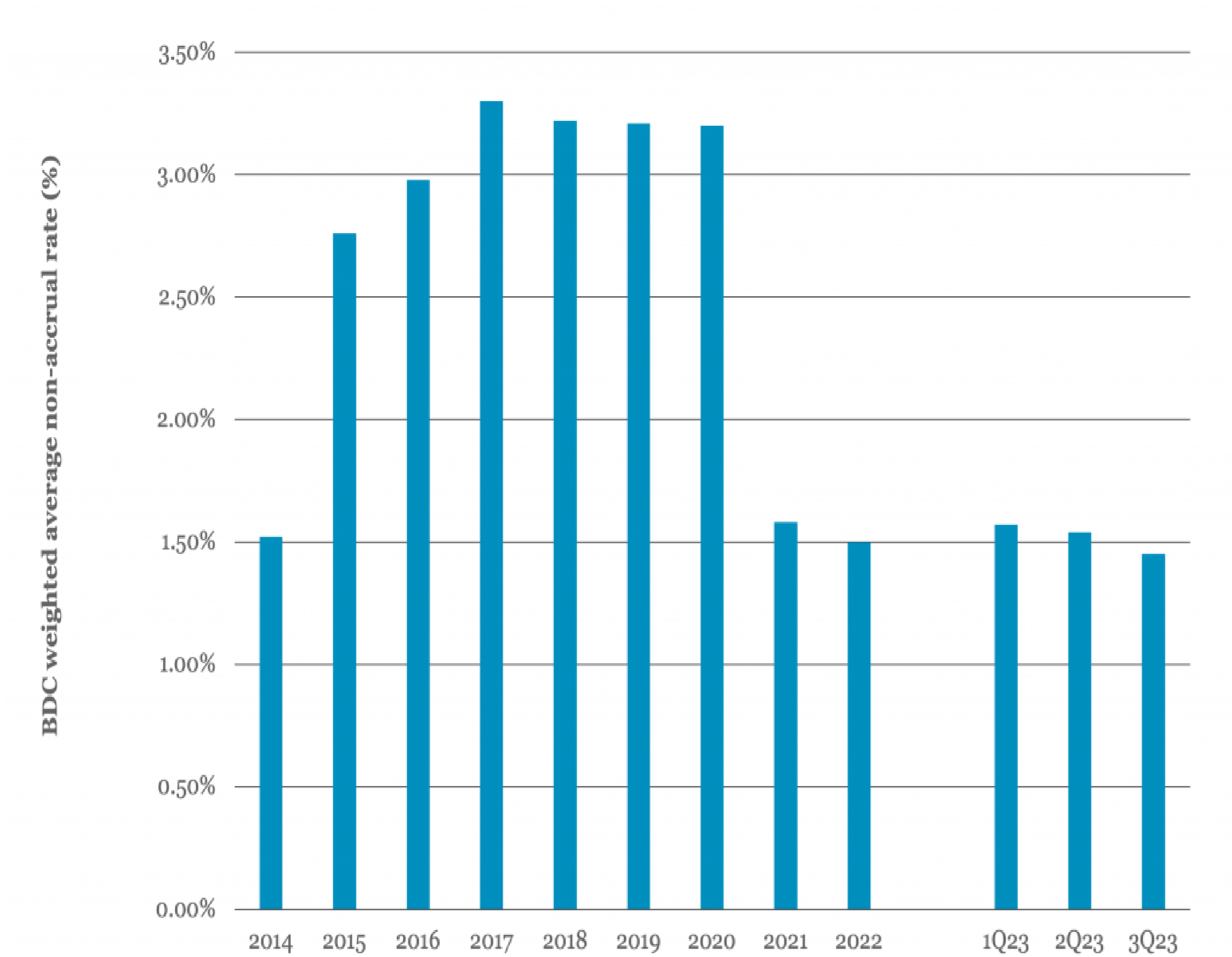
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-11-27-2023/

BDC credit quality continues to hold up

LSEG | November 29, 2023



BDC credit quality held up well across different metrics in the most recent quarter. The weighted average non-accrual rate for public and private BDCs combined slipped to 1.45% in 3Q23 from 1.54% in the prior quarter. Breaking it down further, first-lien non-accruals held steady at 1.23%, while second-liens slipped to 3.87% from 4.32%. The trends do, however, vary across individual BDCs. Looking across a grouping of 47 public BDCs, 28 posted an increase in non-accrual rates in 3Q23, 13 posted a decline and 6 were unchanged. On a dollar basis, a total of US$773m of loans were added to non-accrual status in 3Q23 (as of November 21). The sectors which saw the most loans placed on non-accrual status in the most recent quarter were technology (US$226m), healthcare (US$190m) and services (US$113m). Looking at another metric, 3Q23 BDC net realized losses declined from the prior two quarters, falling to US$535m in 3Q23, down from US$853m in 2Q23 and US$687m in 1Q23.

(Past performance is no guarantee of future results.)