

Loan Market Themes for 2026

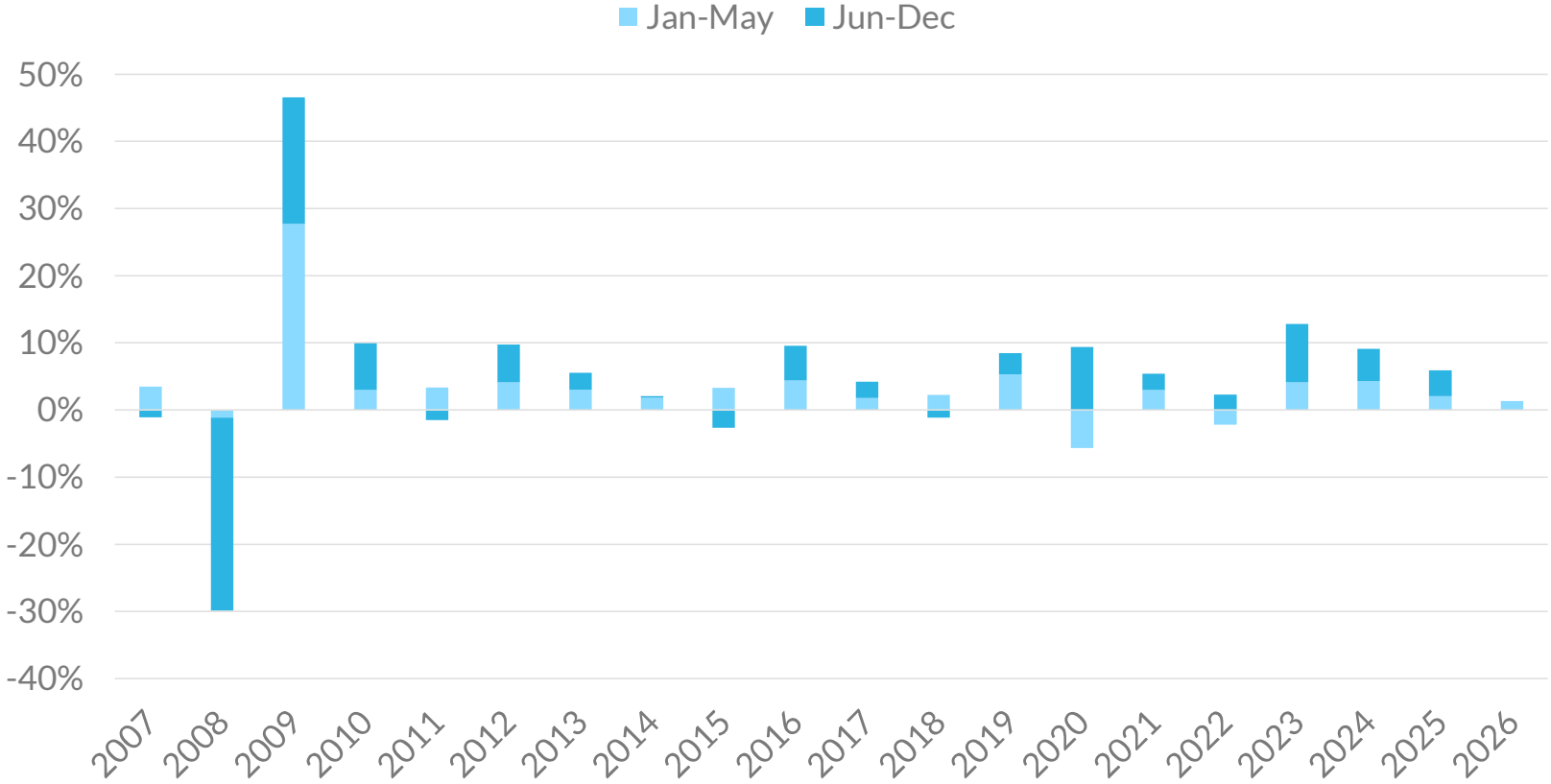
NYSSA 36th Annual High-Yield Bond Conference

Steve Miller
Managing Director
Fitch Solution's CreditSights Team

CreditSights
a FitchSolutions Company

Research
CovenantReview
LevFinInsights

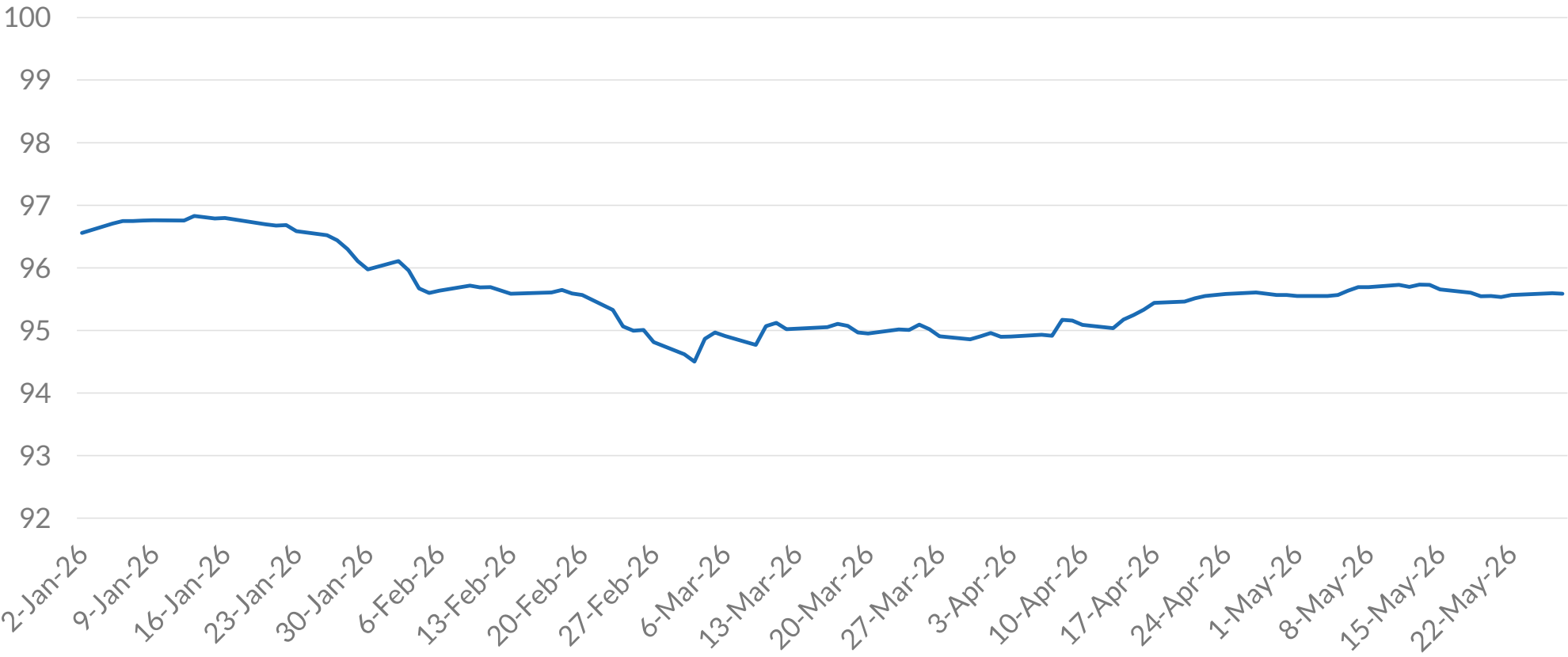
JP Morgan BSL Index Total Returns by Year



YT-May
 2025: +2.1%
 2026: +1.3%

¹ Source: JP Morgan Leveraged Loan Index

JP Morgan BSL Index: Average Daily Bid 2026



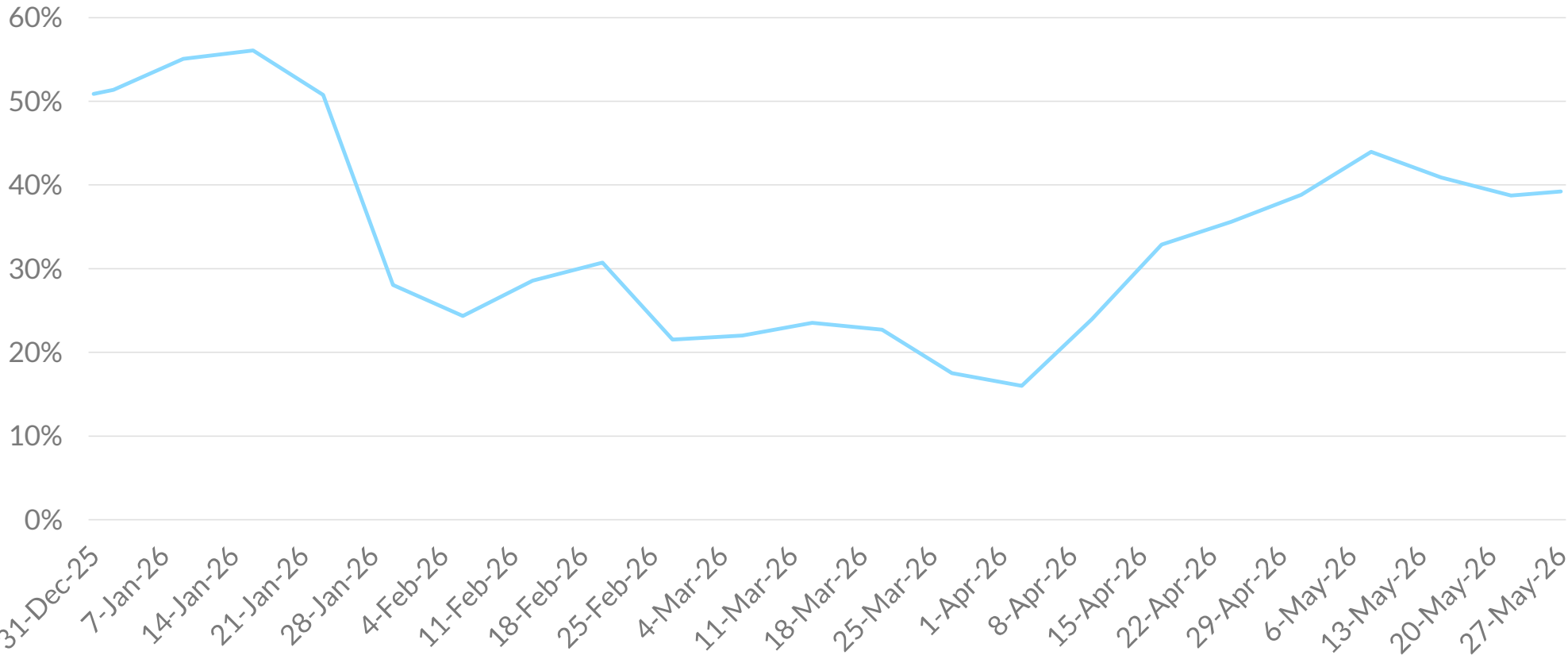
2 Source: JP Morgan Leveraged Loan Index

Software & Tech Services Effect on JP Morgan BSL Index Levels

Average Bid Change of JP Morgan BSL Index			
	Software/Tech Services	Ex-Software/Tech Services	Overall
May-26	0.12	-0.04	0.02
YTD	-6.21	-0.17	-0.96

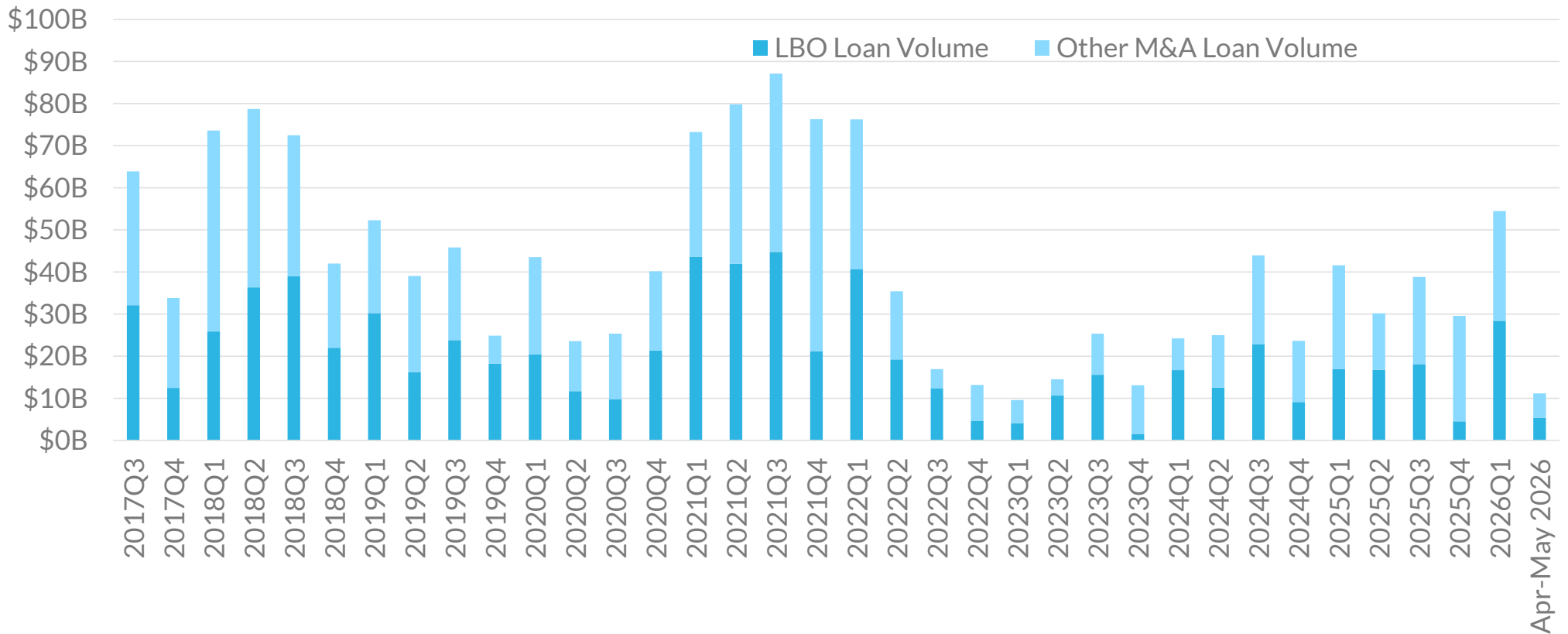
3 Source: JP Morgan Leveraged Loan Index

Share of JP Morgan BSL Index Bid at 100+



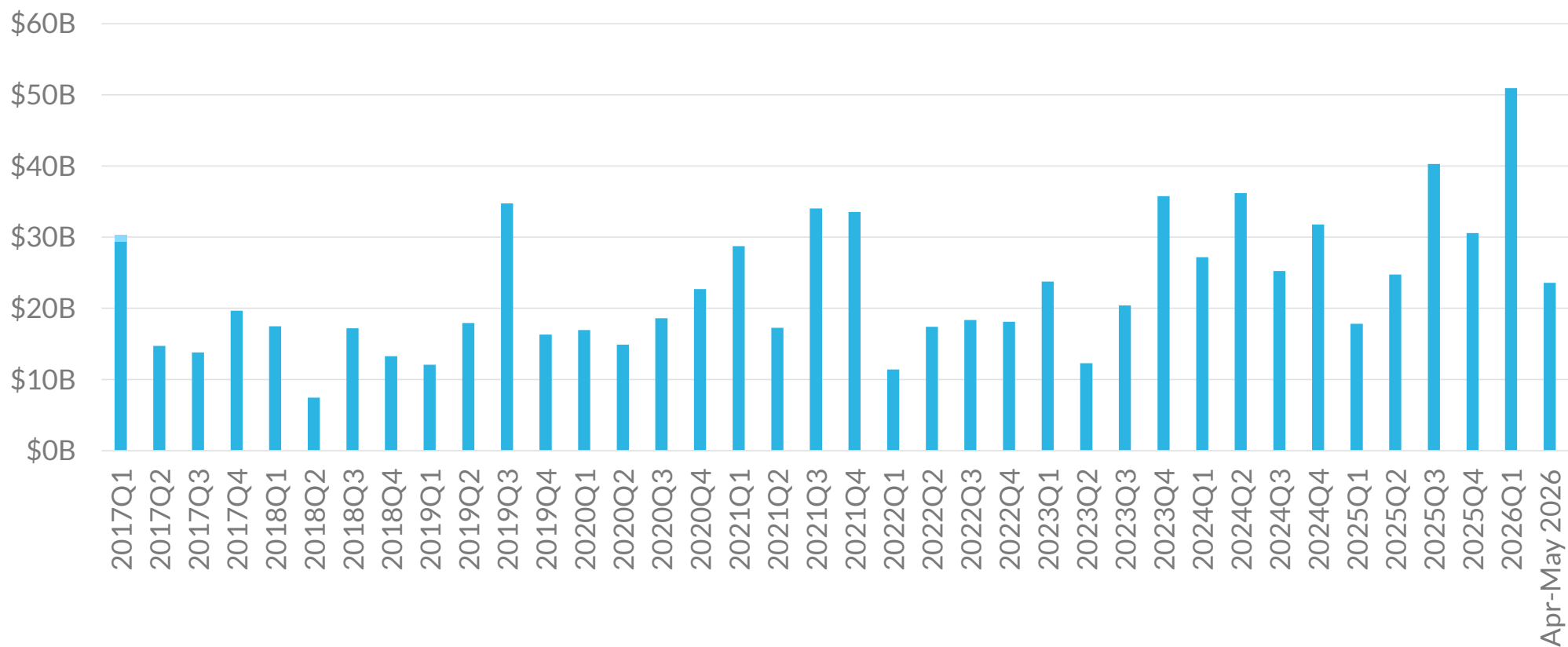
4 Source: JP Morgan Leveraged Loan Index

M&A-Driven Syndicated Institutional Volume



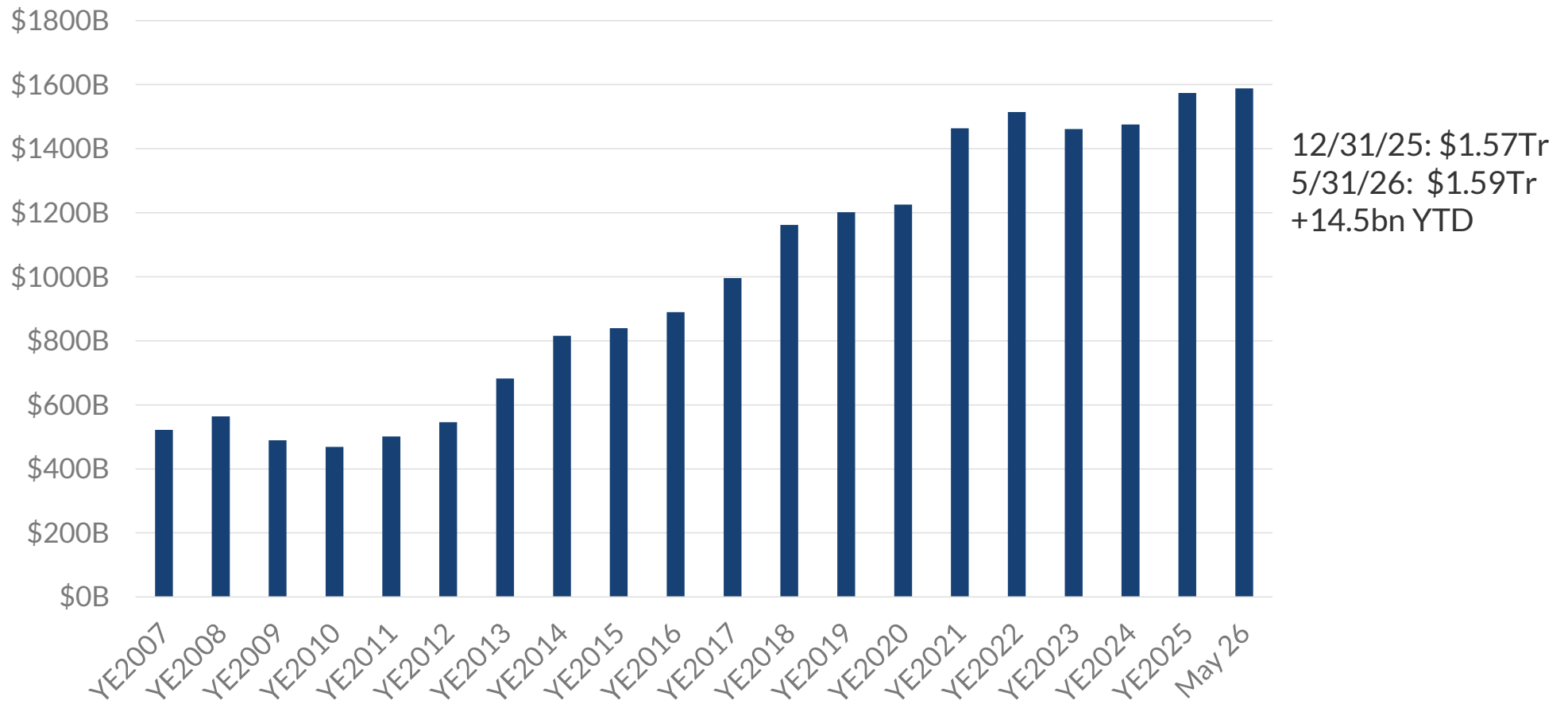
5 Source: LevFin Insights, a Fitch Solutions Company

BSL Repayments

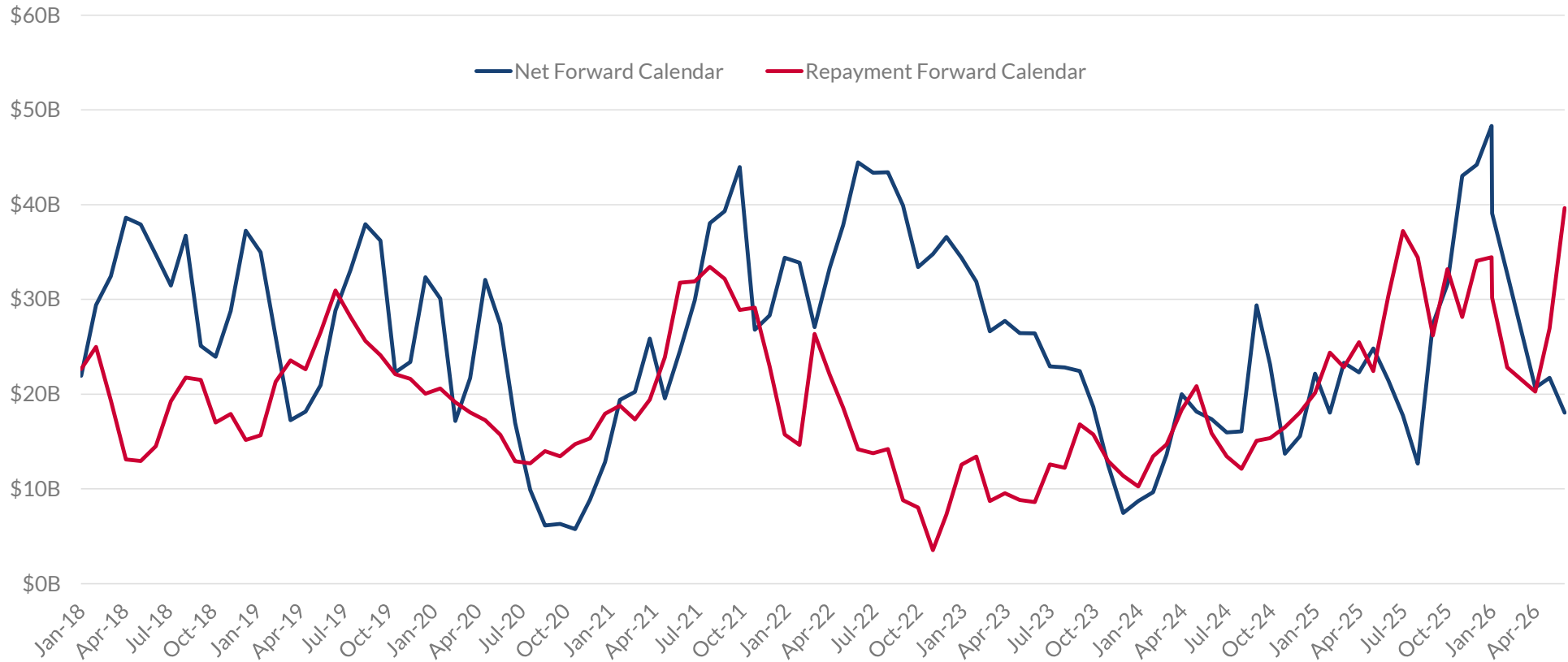


6 Source: LevFin Insights, a Fitch Solutions Company

Principal Amount of JPM BSL Index

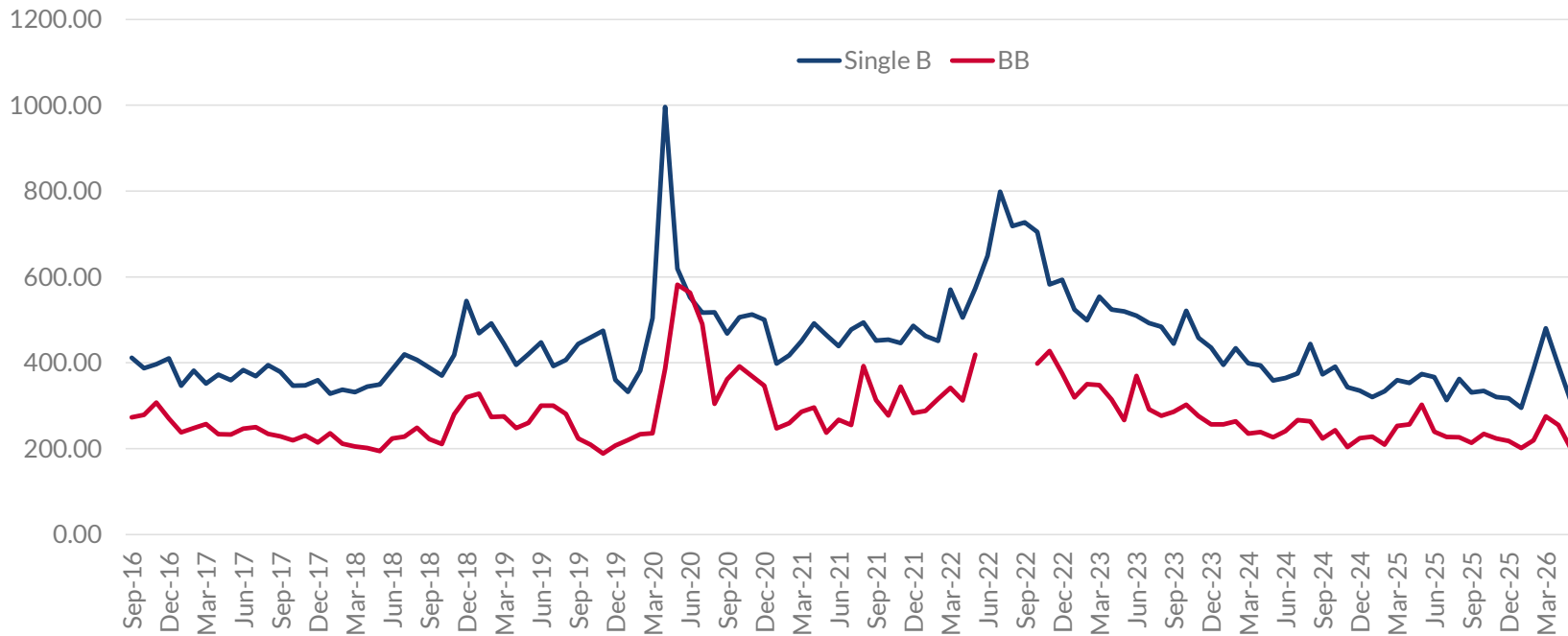


BSL Forward Calendar: Visible Repays vs New-Issue Volume



New-Issue Trends: Clearing Spreads

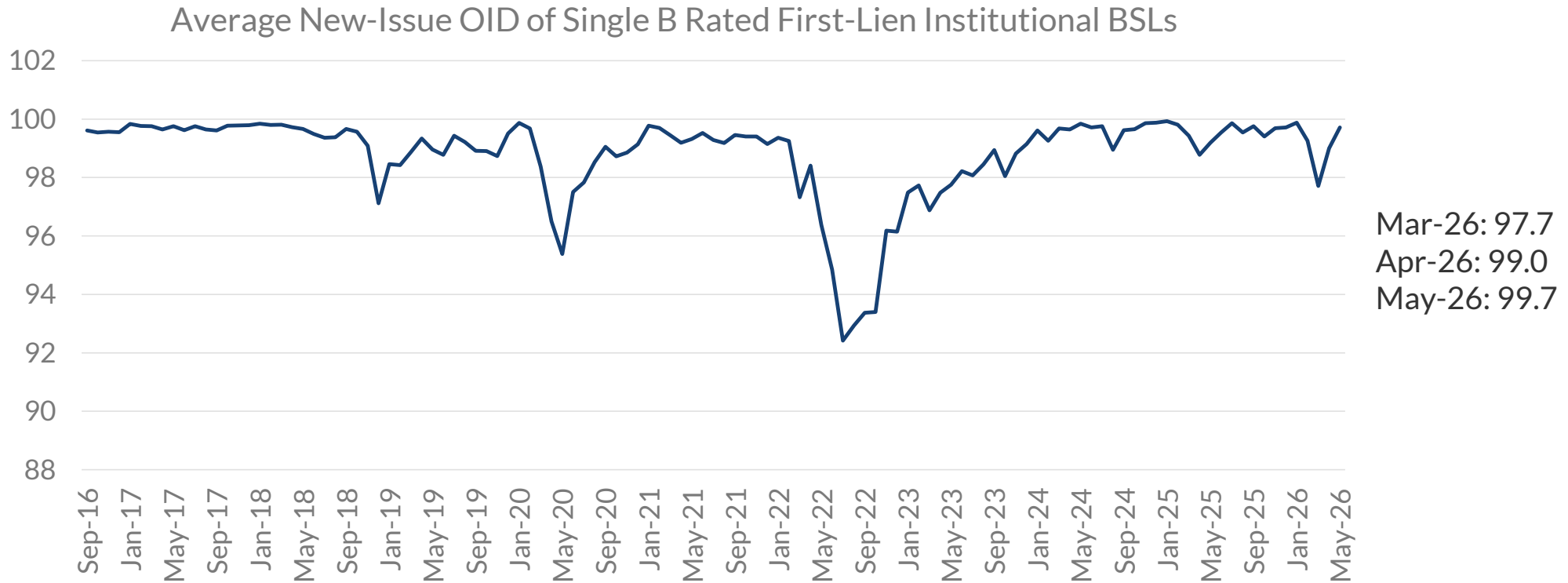
Average All-In Clearing Spread of First-Lien Institutional BSLs



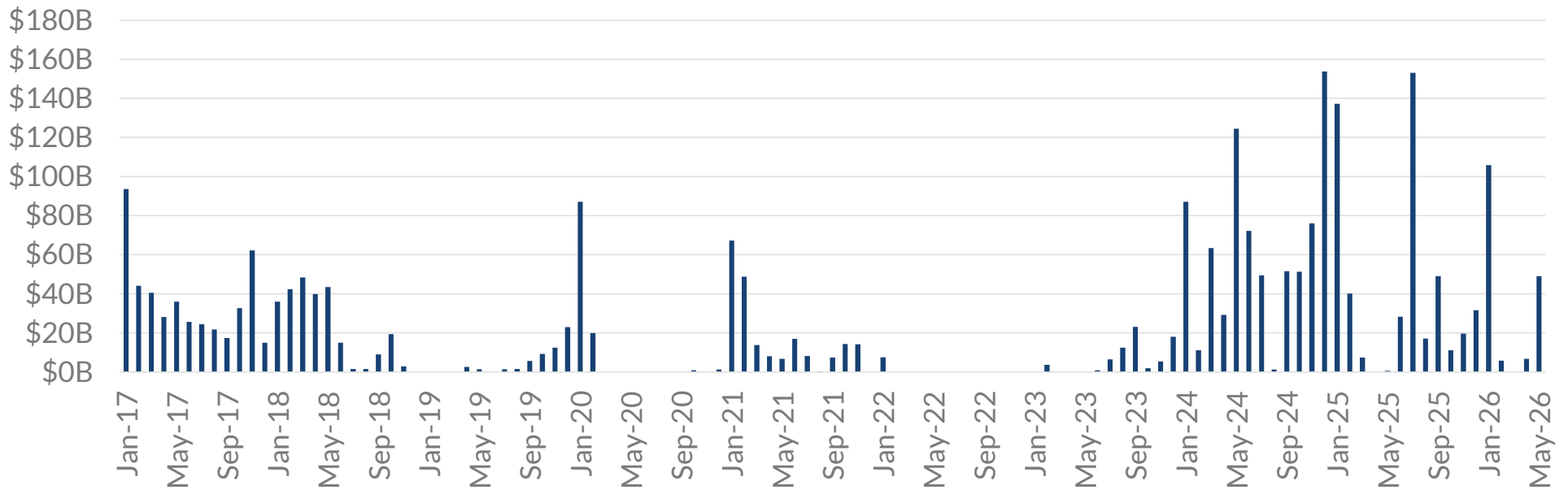
May-26:
BB: S+201
B: S+311

Benchmark BBs
S+150 Prints:
Allison Transmission
Medline
XPO Logistics

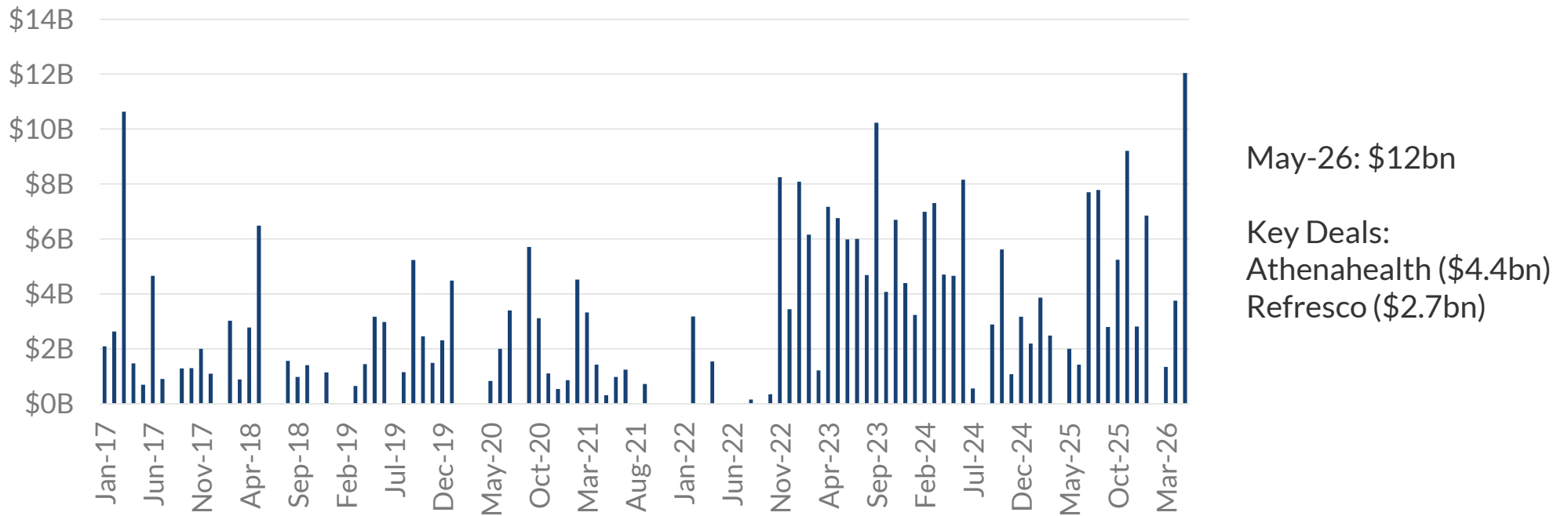
New-Issue Trends: OID



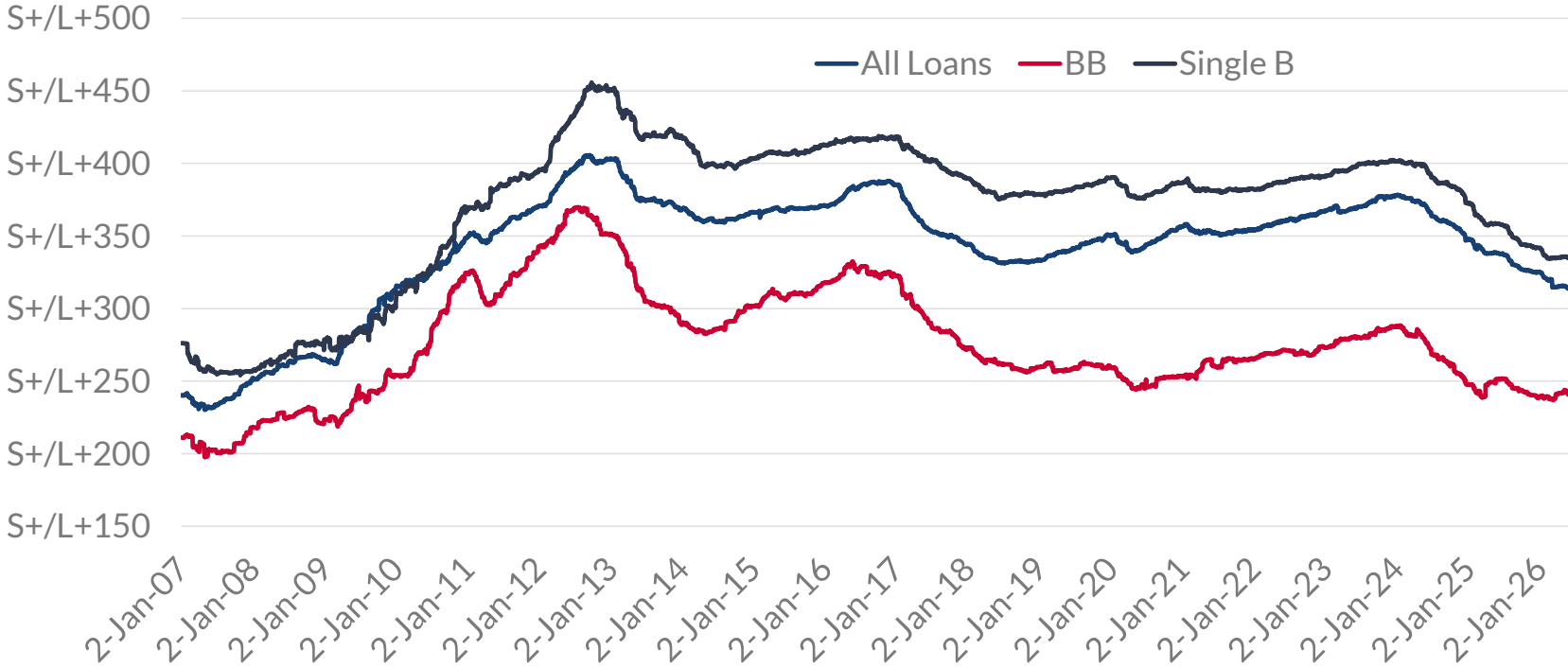
BSL Repricing Volume by Month



Straight Amend-to-Extend BSL Institutional Volume by Month



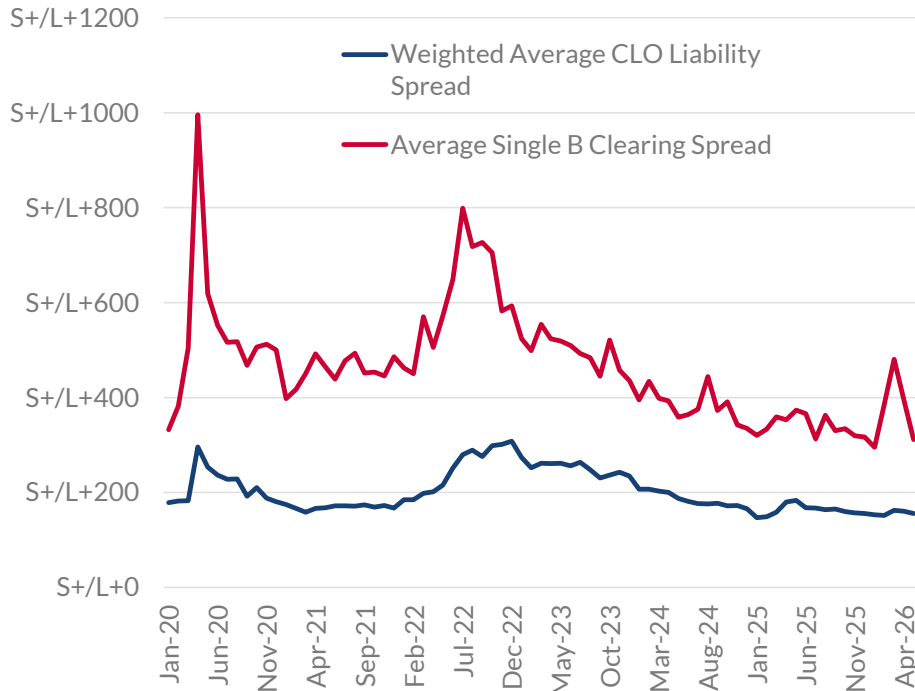
Average Nominal Spread of the JP Morgan BSL Index



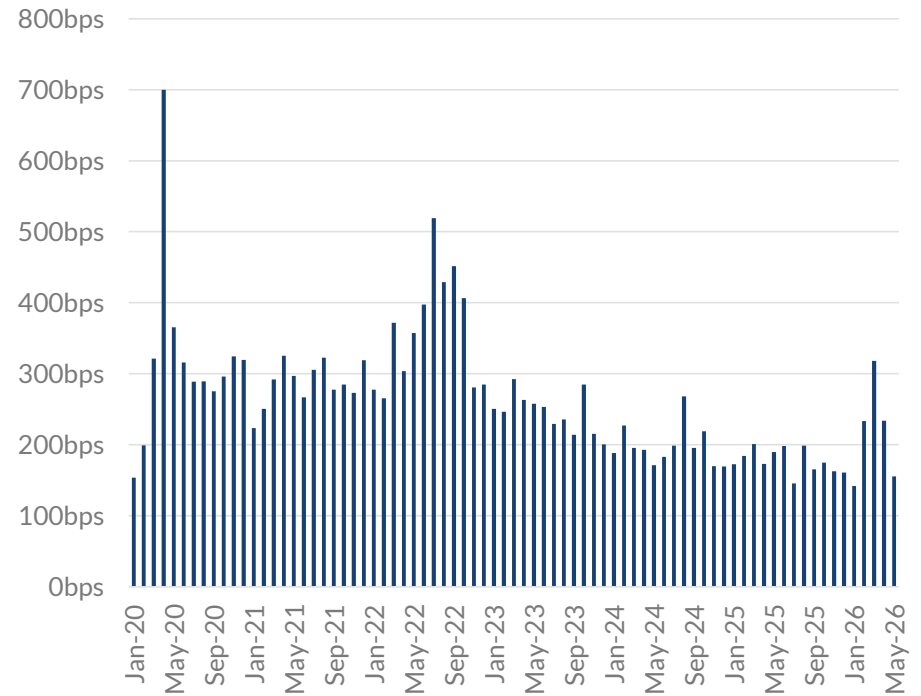
May-26:
 All: S+314
 BB: S+241
 Single B: S+335

BSL Clearing Spreads: Weighted-Avg CLO Liabilities vs Single B Collateral

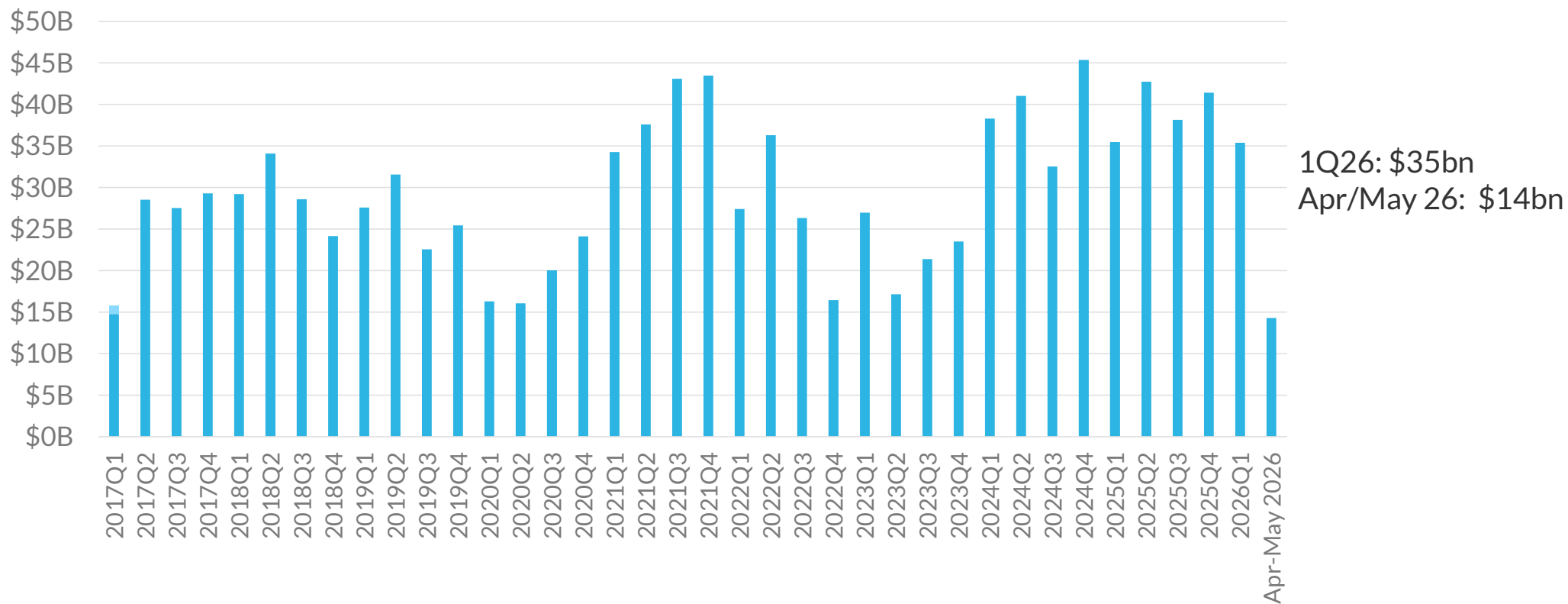
Average Clearing Spreads



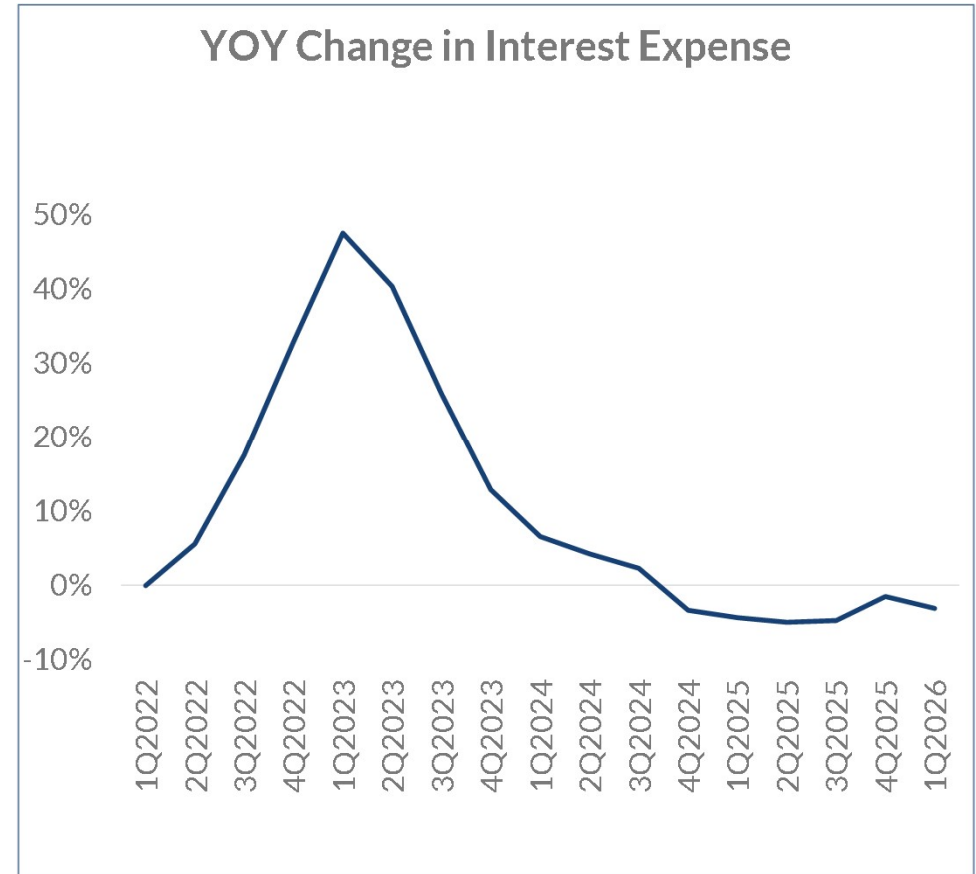
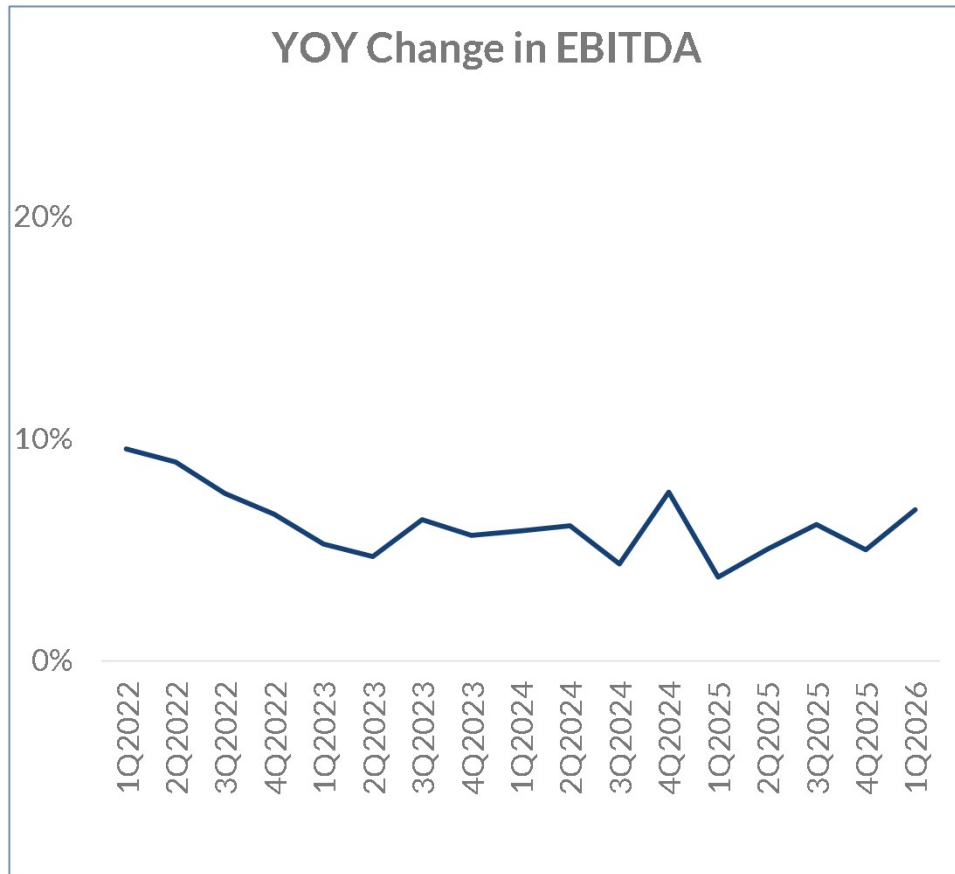
Gap Between Liabilities and Collateral



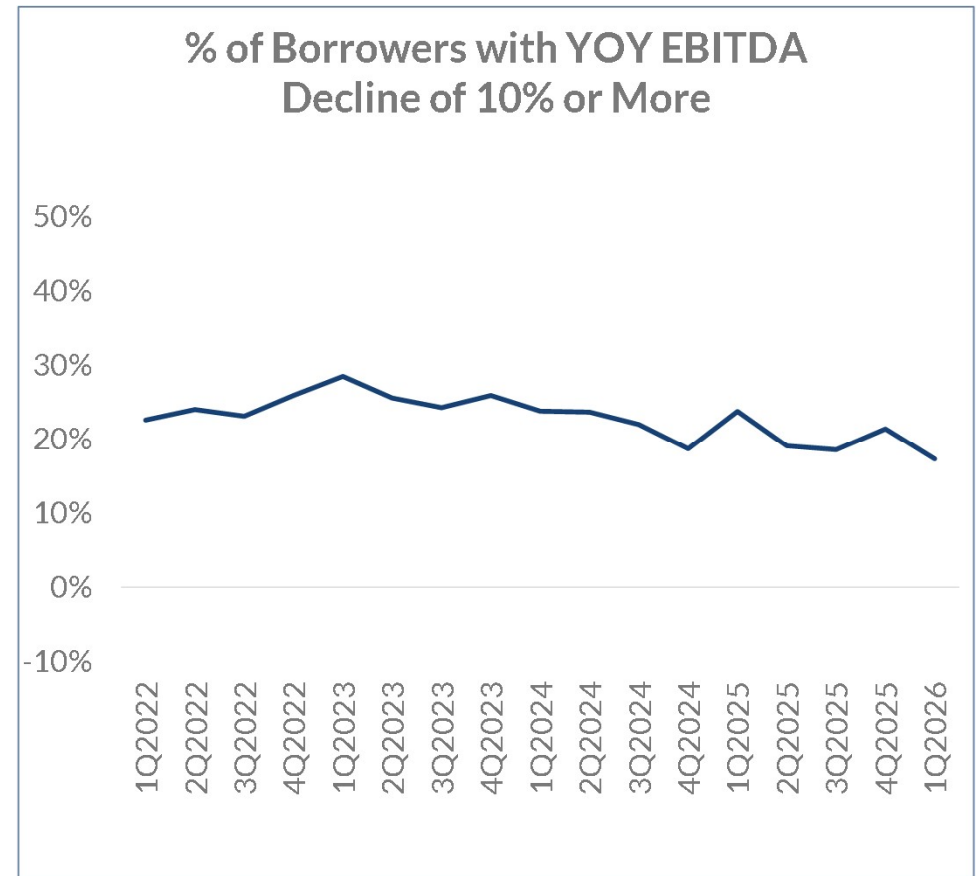
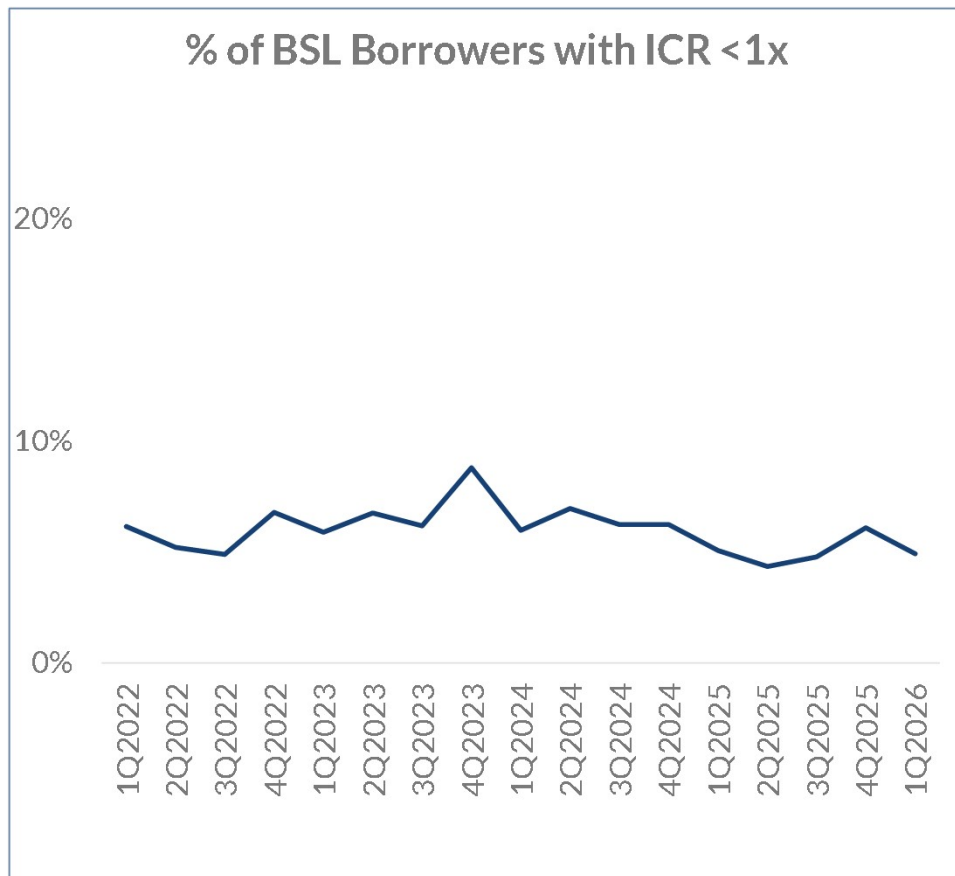
BSL CLO New-Issue Volume



Credit Trends: EBITDA Growth and Interest Expense of BSL Borrowers

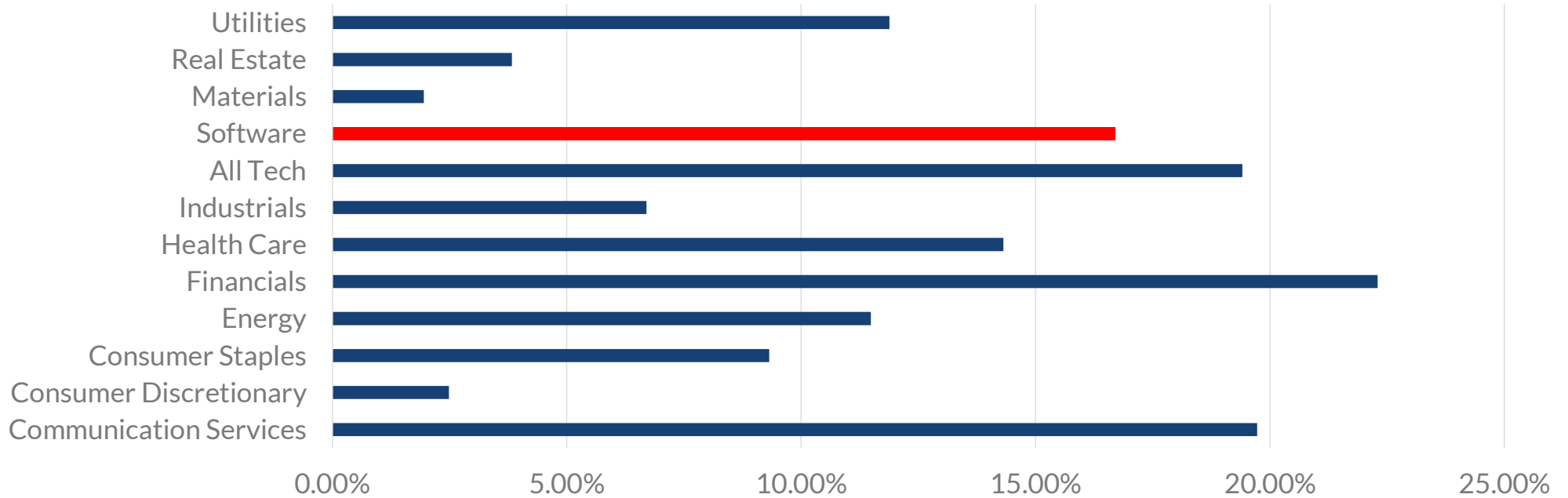


Credit Trends: Areas of Concern

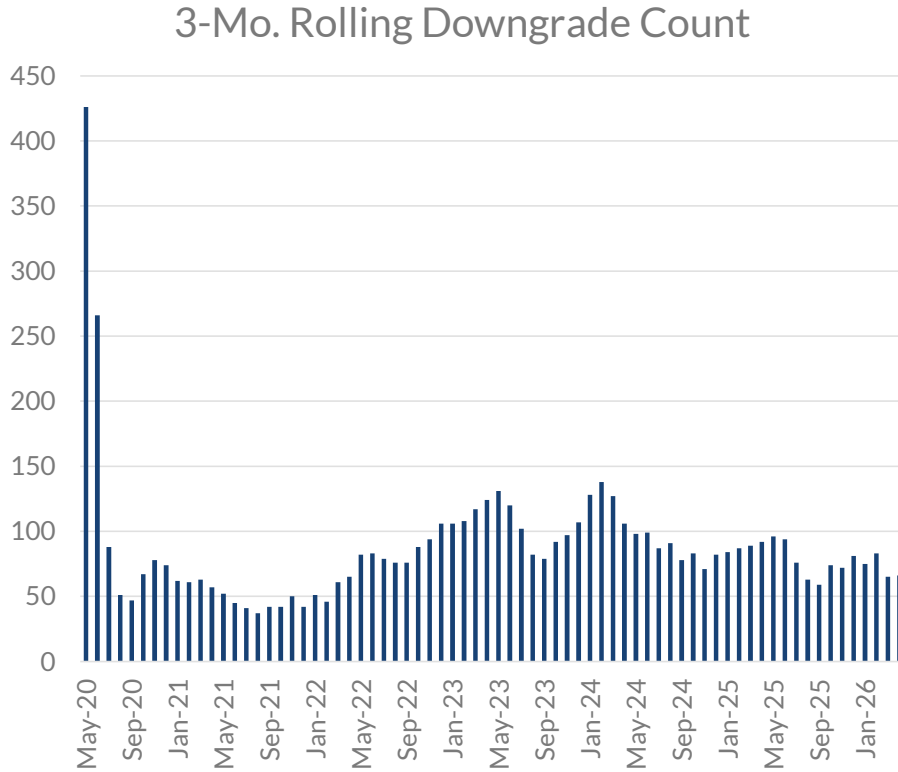
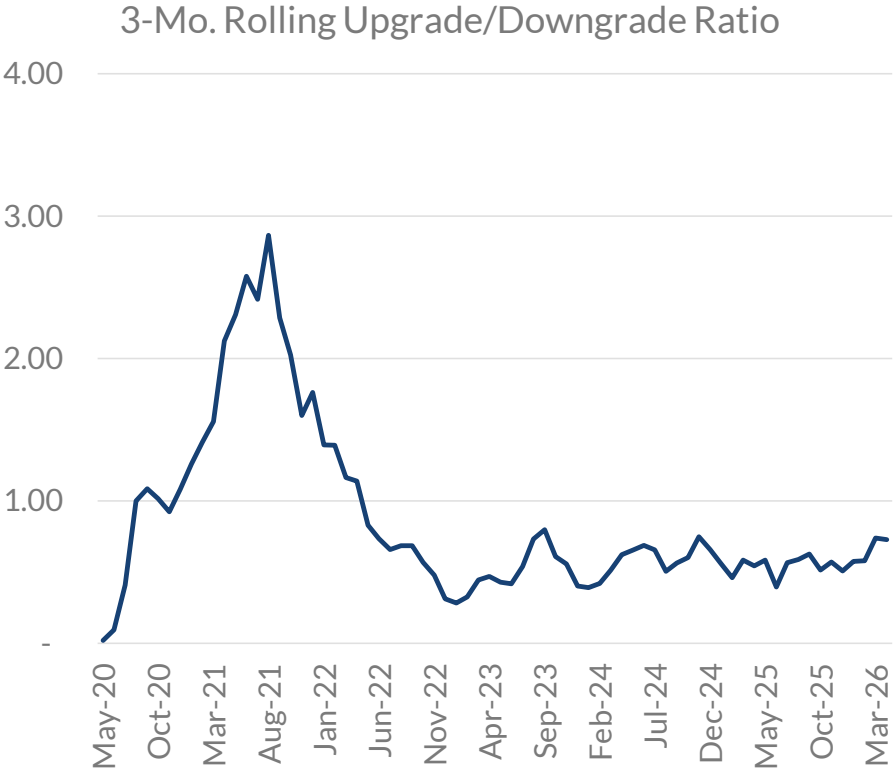


Credit Trends: by Sector

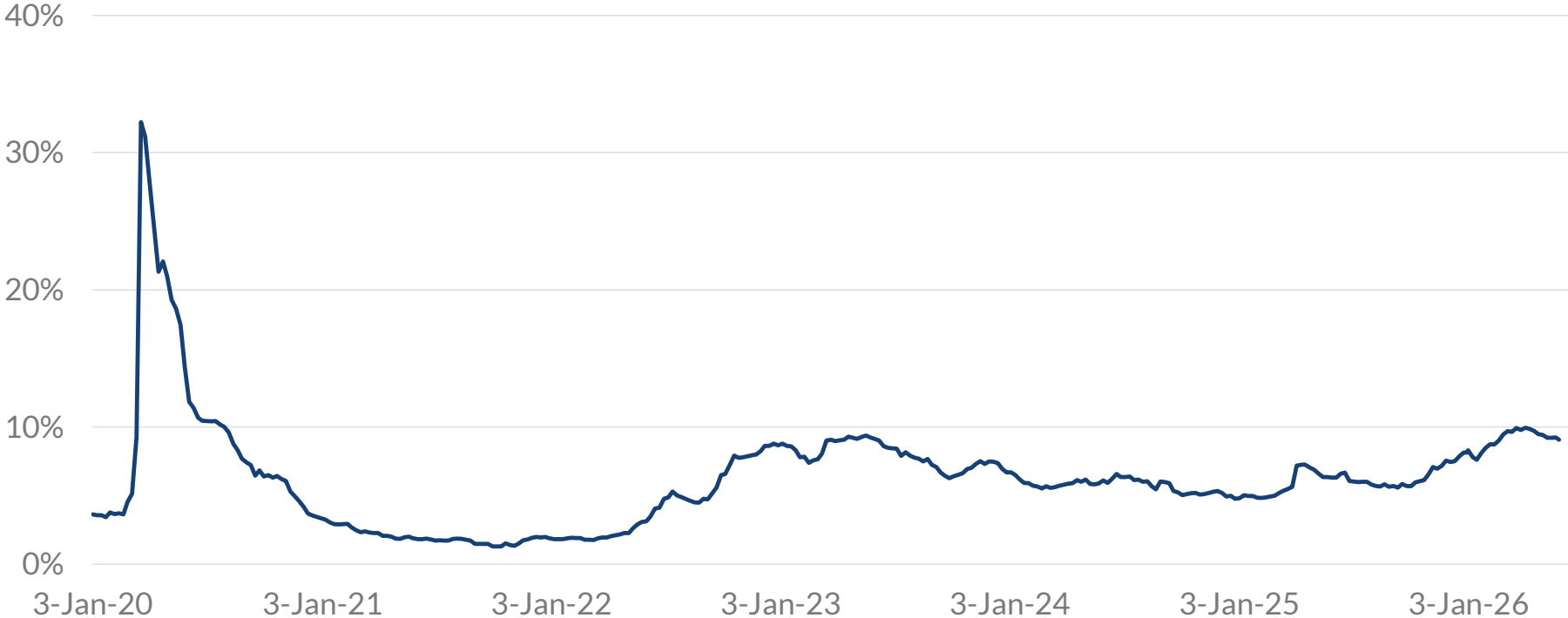
Median YOY EBITDA Growth 1Q2026 (early reporters)



Agency Upgrade/Downgrade Trends of JP Morgan BSL Index Loans



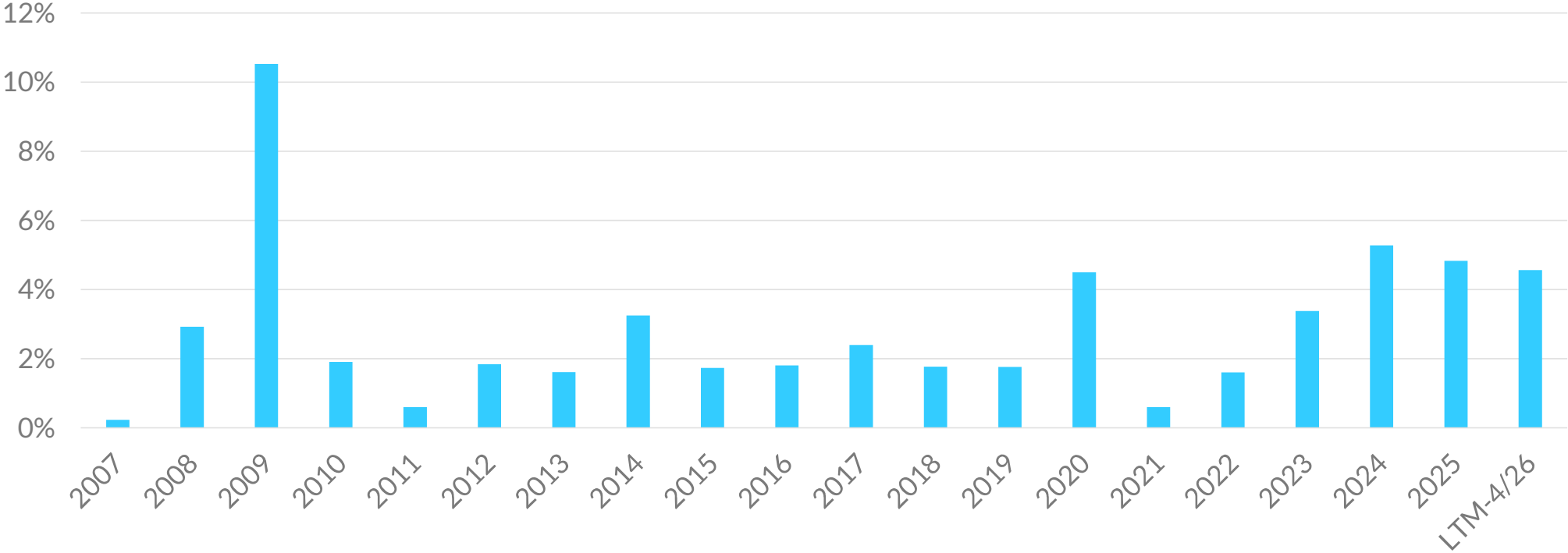
% of JP Morgan BSL Index Bid at 80 or Less



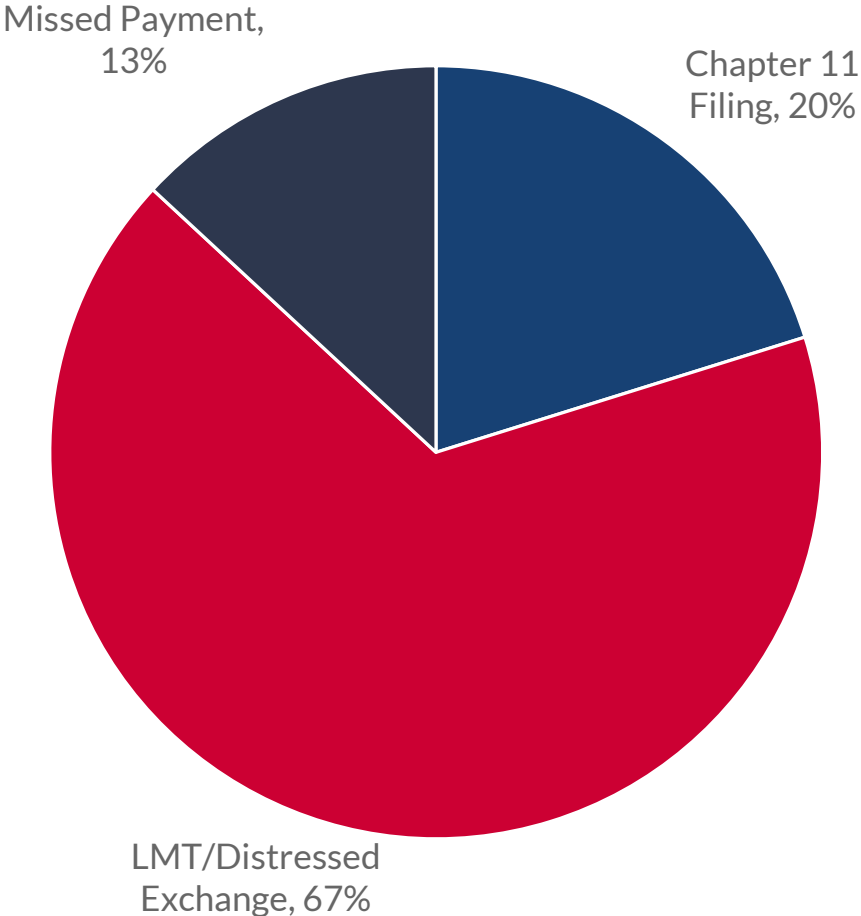
20 Source: JP Morgan Leveraged Loan Index

Annual Loan Default Rate

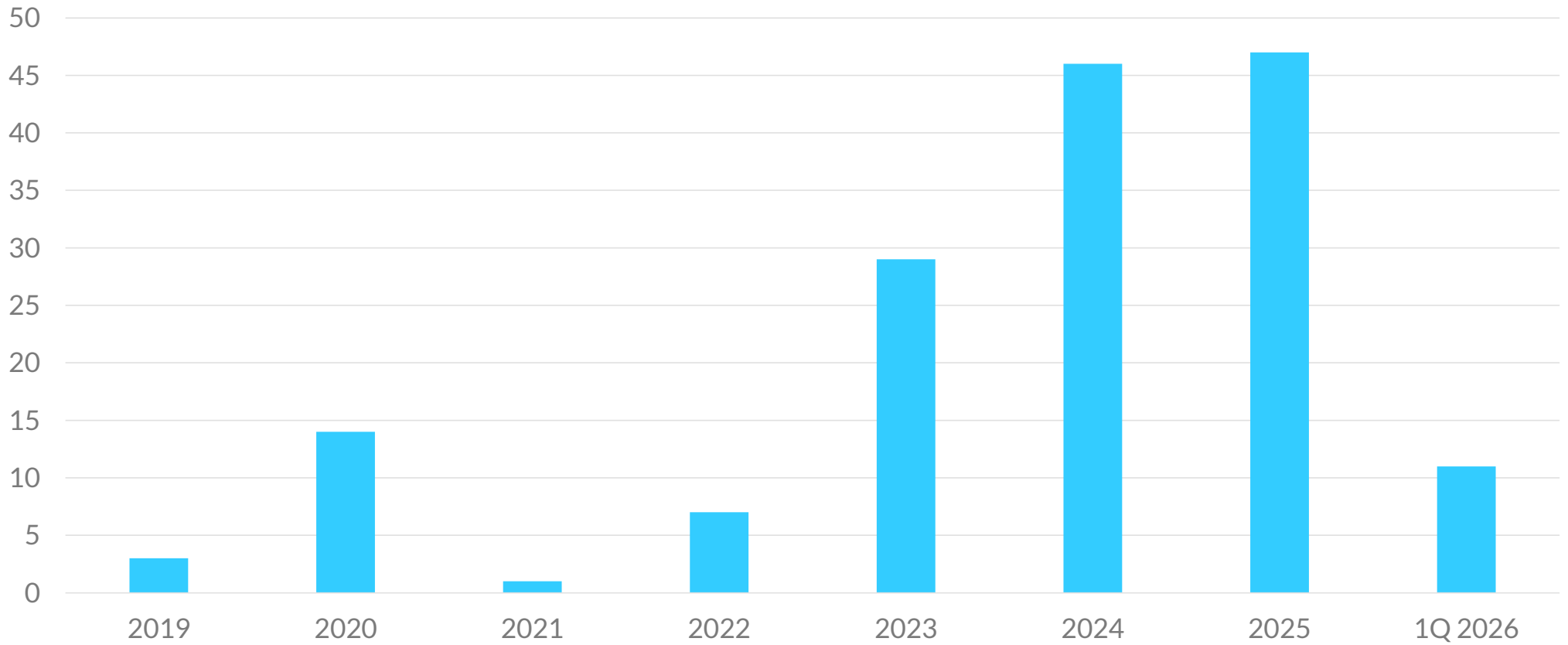
Default Rate of Fitch U.S. Leveraged Loan Index



LTM-4/26 Defaults by Type

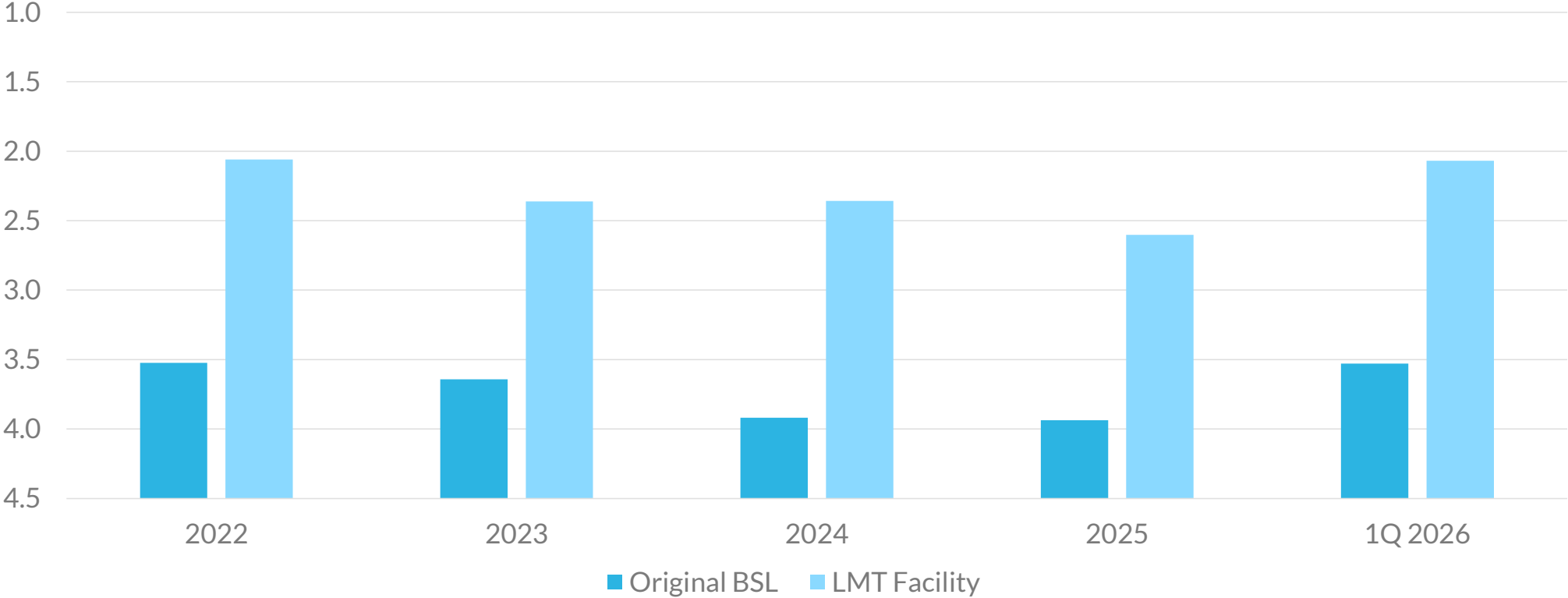


BSL LMT Count

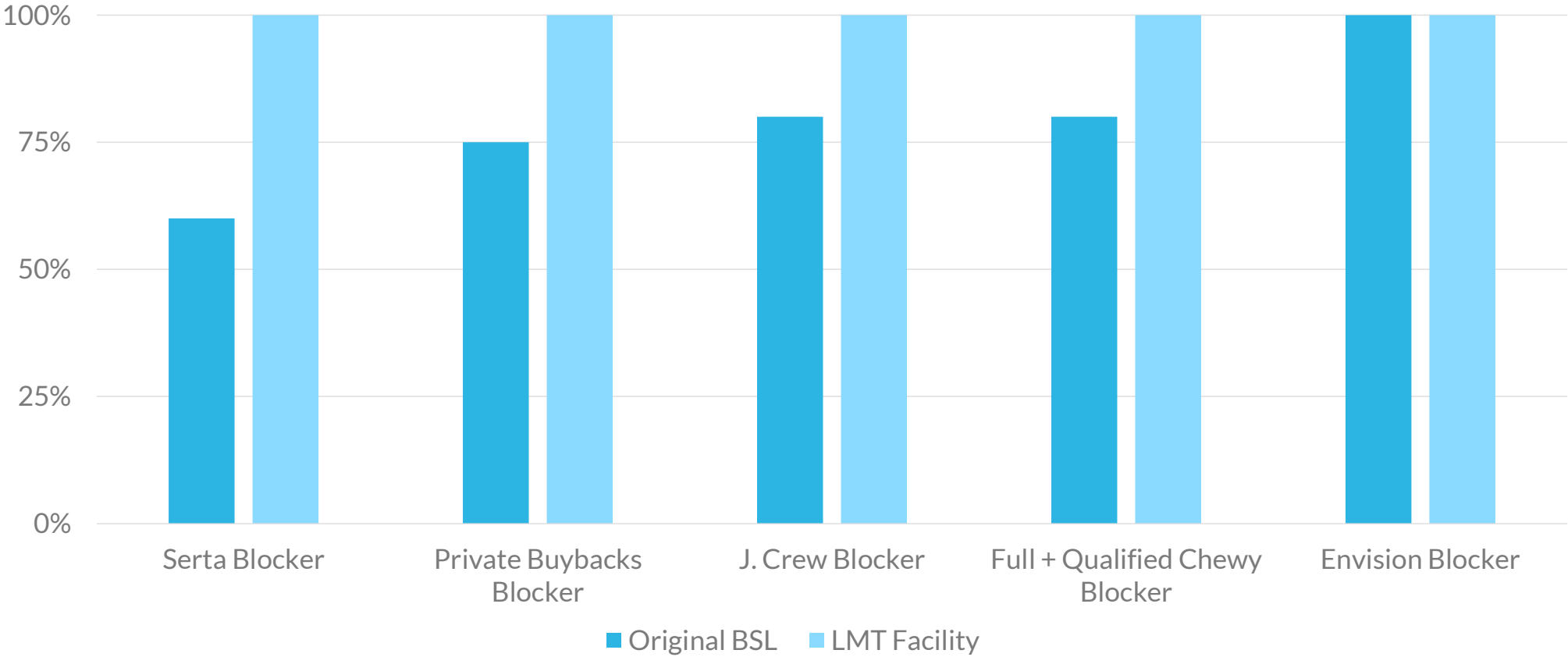


Average Documentation Score: Pre & Post LMT

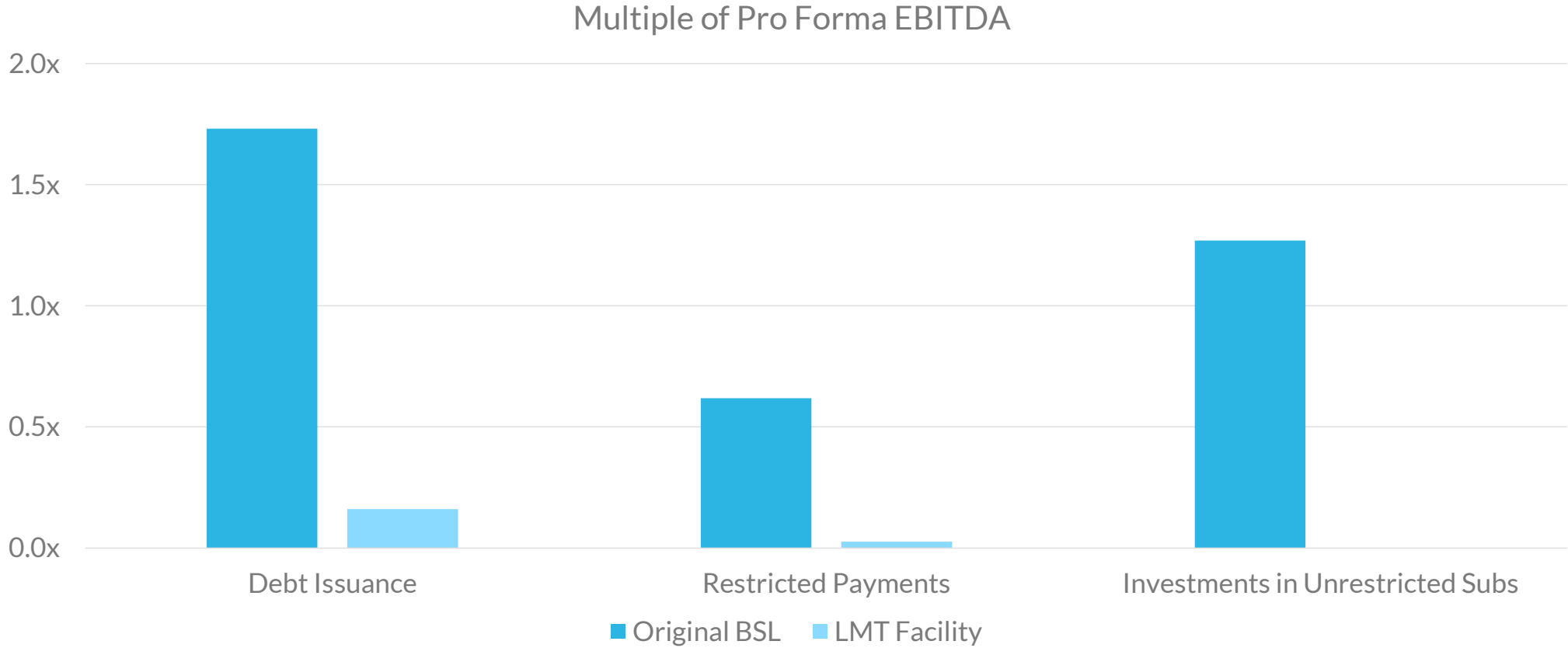
Scale: 1 (most protective) to 5



% of 1Q2026 BSL with Named Blockers: Pre- & Post-LMT

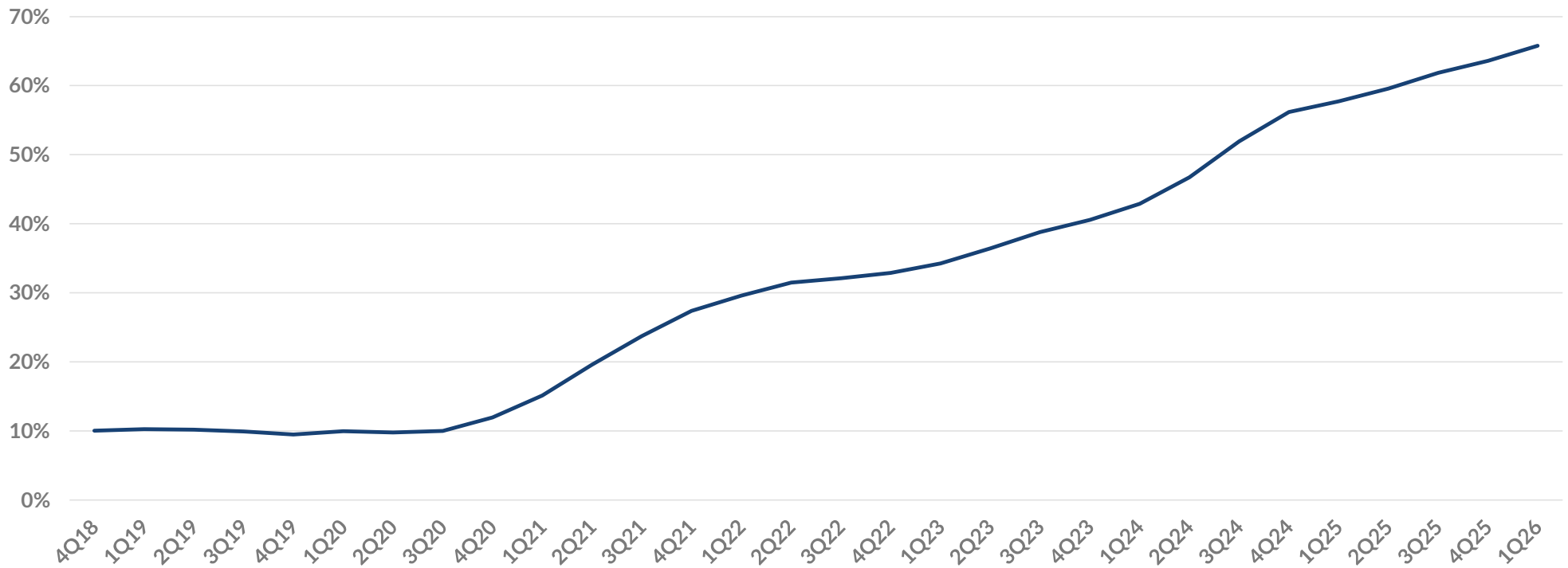


Average Basket Capacity of 1Q2026 BSLs: Pre- & Post-LMT



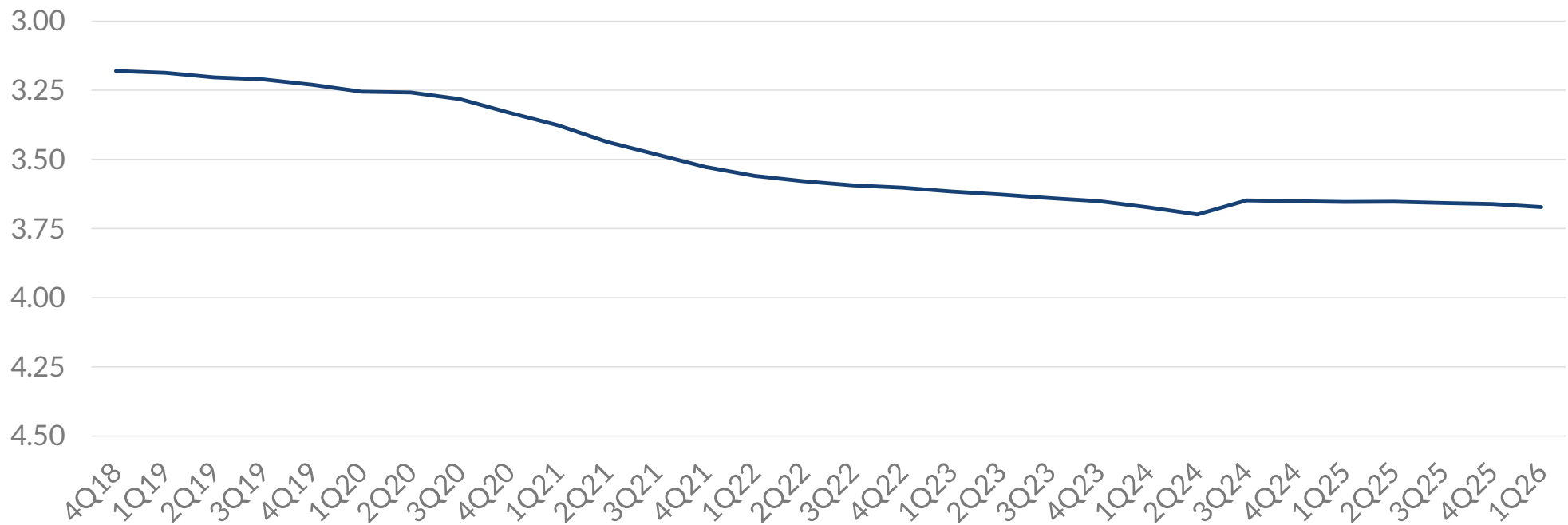
Controlling Investor-on-Investor Violence

% of JP Morgan BSL Index Loans with a Serta Protection (Sacred Voting Rights)

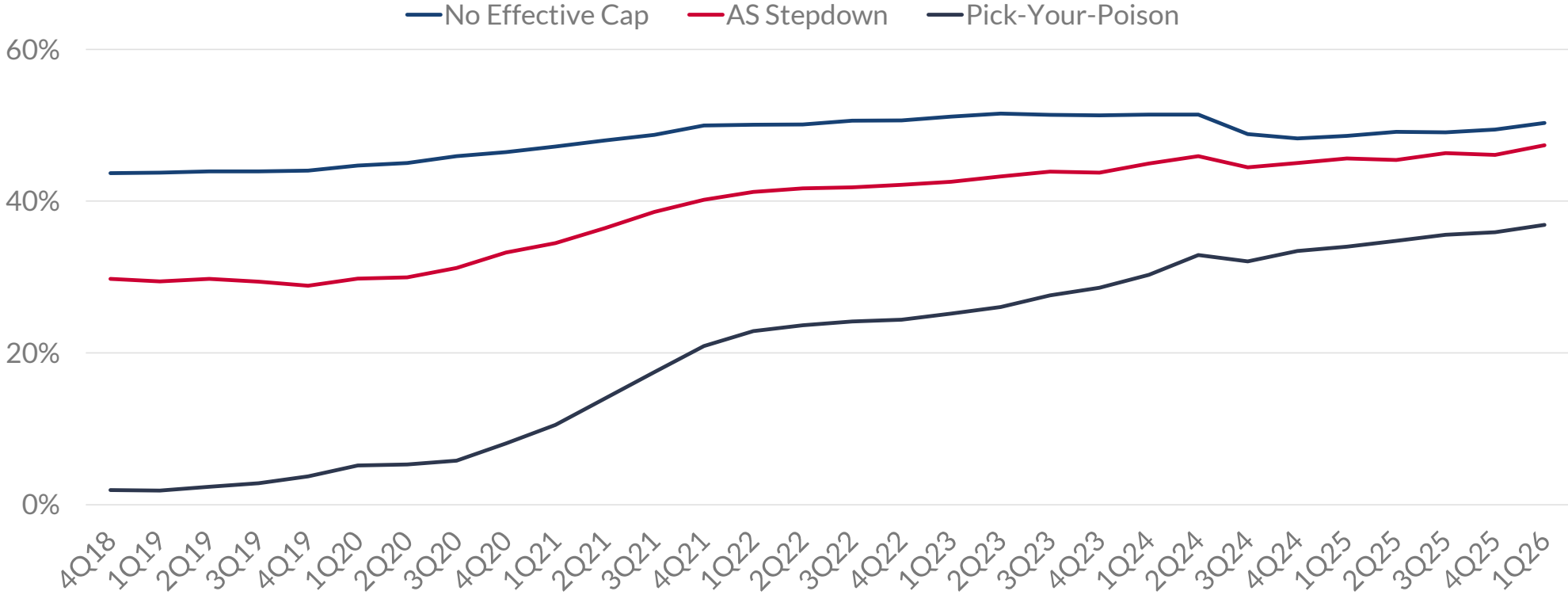


Covenant Strength of JP Morgan BSL Index Loans

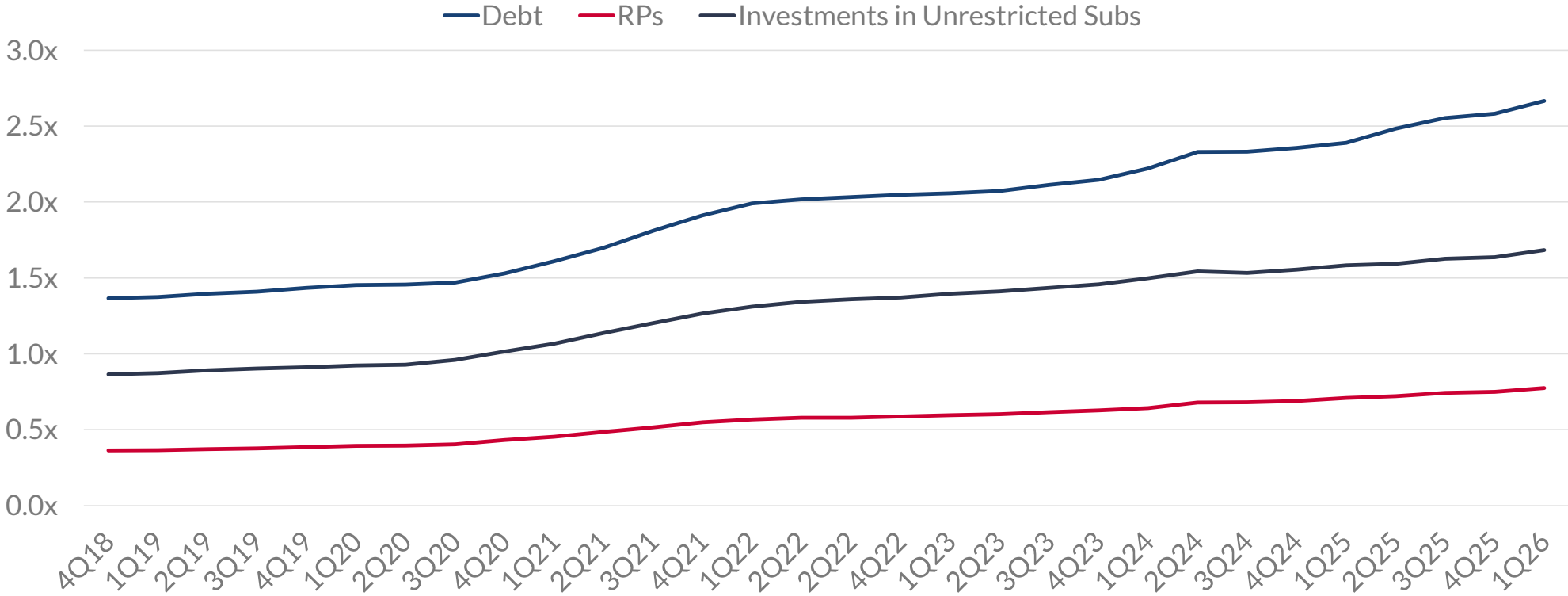
Average Covenant Review Documentation Score
Scale: 1 (most protective) to 5



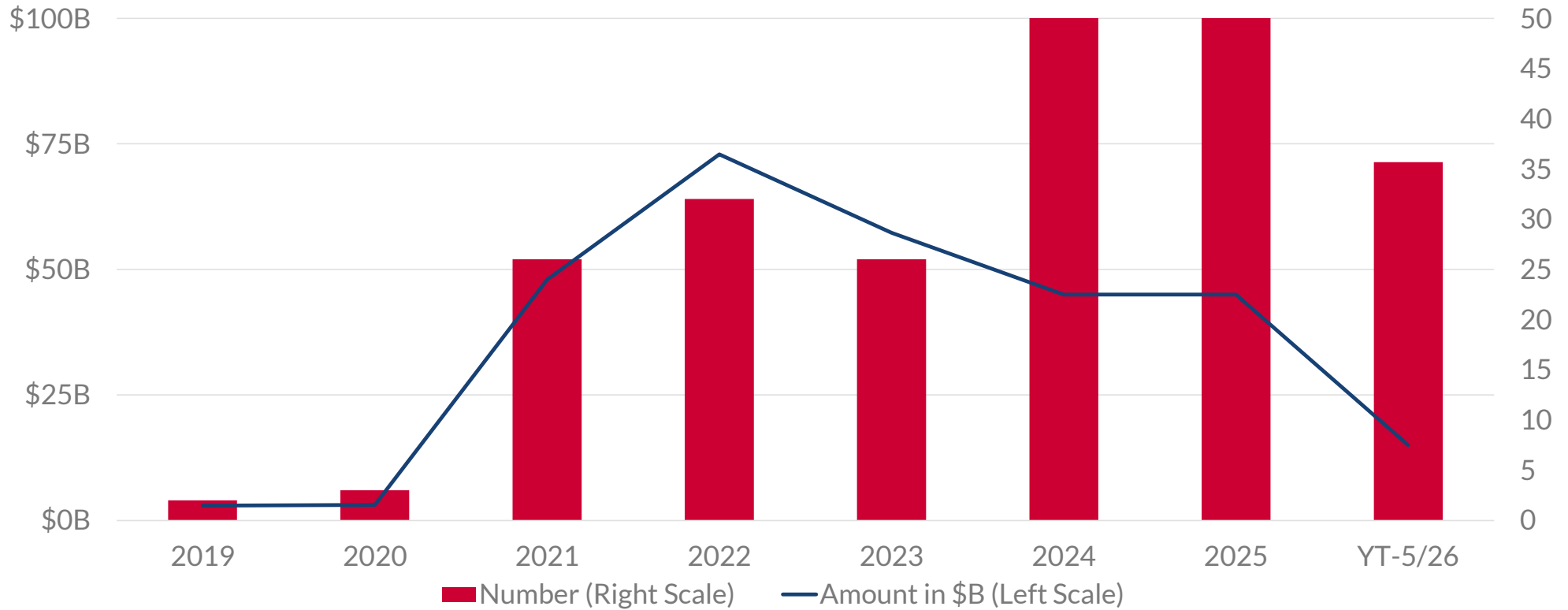
% of JP Morgan BSL Index Loans with Key Highly Negotiated Terms



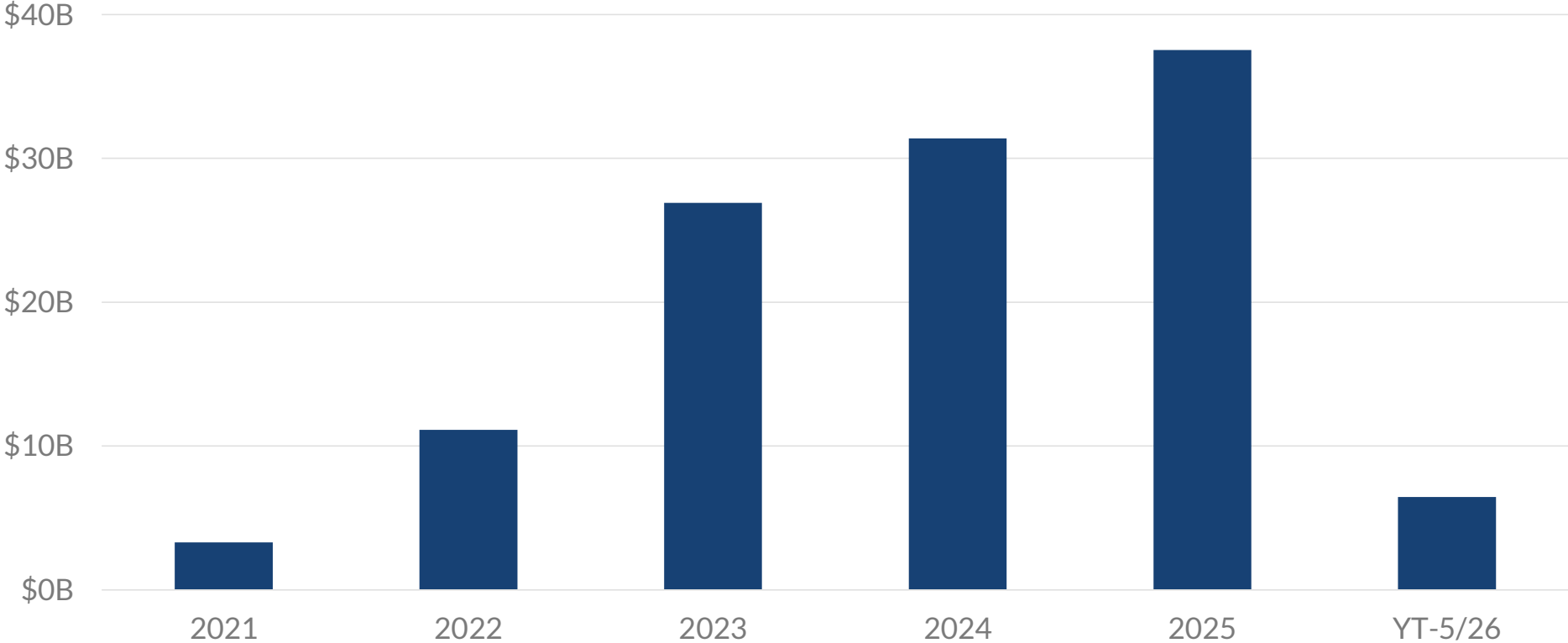
Average Day-One Minimum Basket Capacity of JP Morgan BSL Index Loans



New-Issue Volume of Jumbo (\$1B+) Private Credit Loans

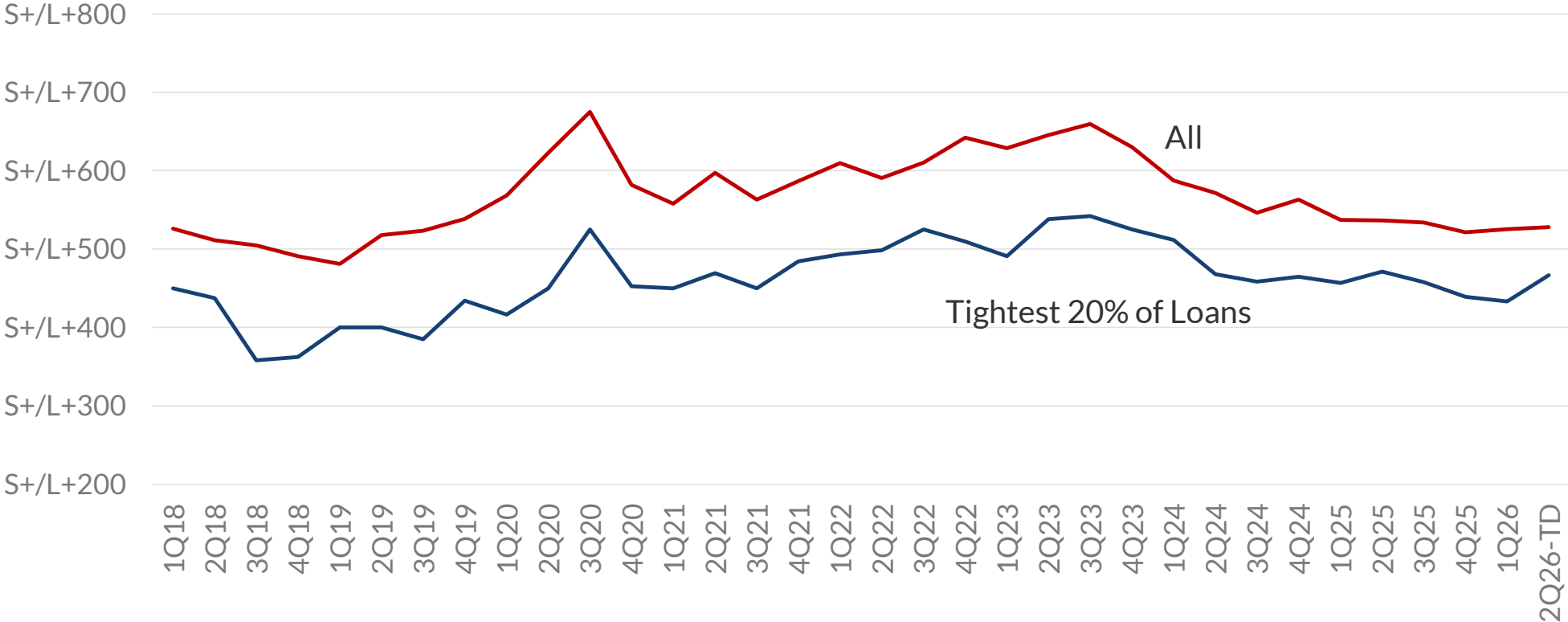


Volume of Private Credit Loans used to Refinance BSLs

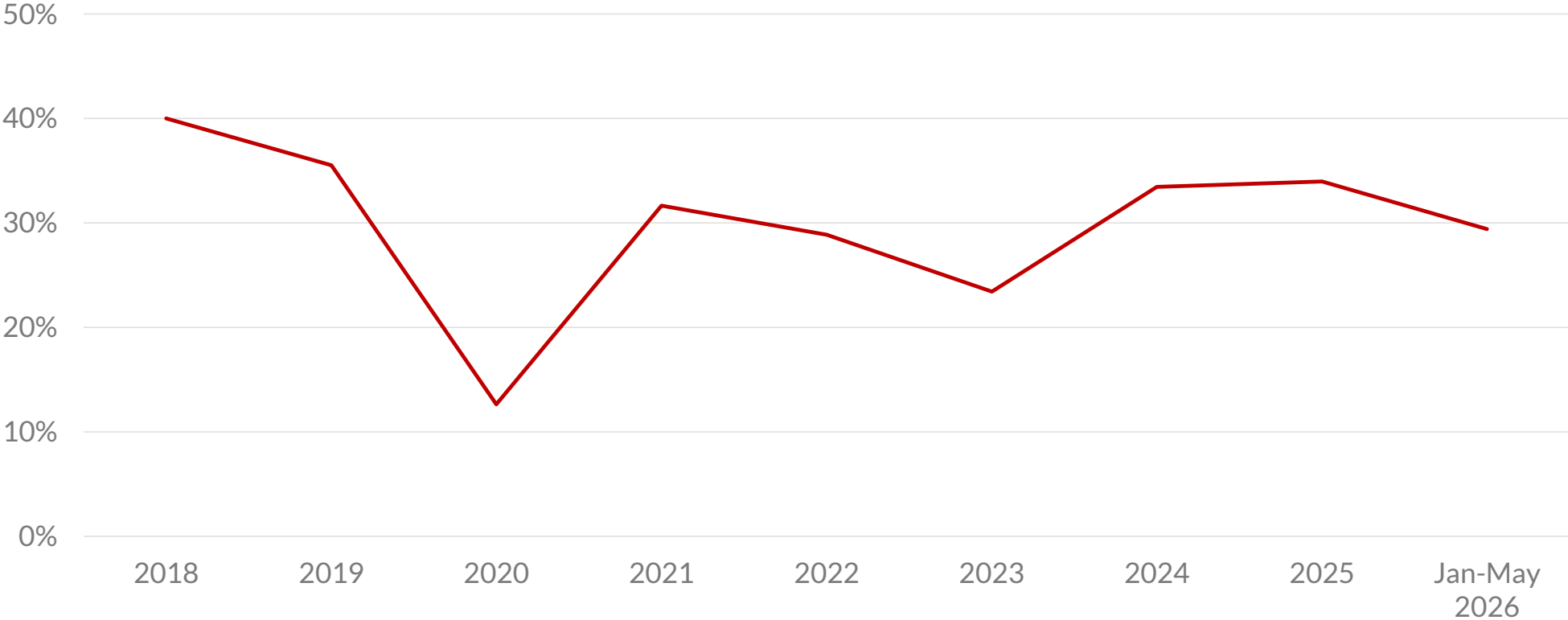


32 Source: LevFin Insights, a Fitch Solutions Company

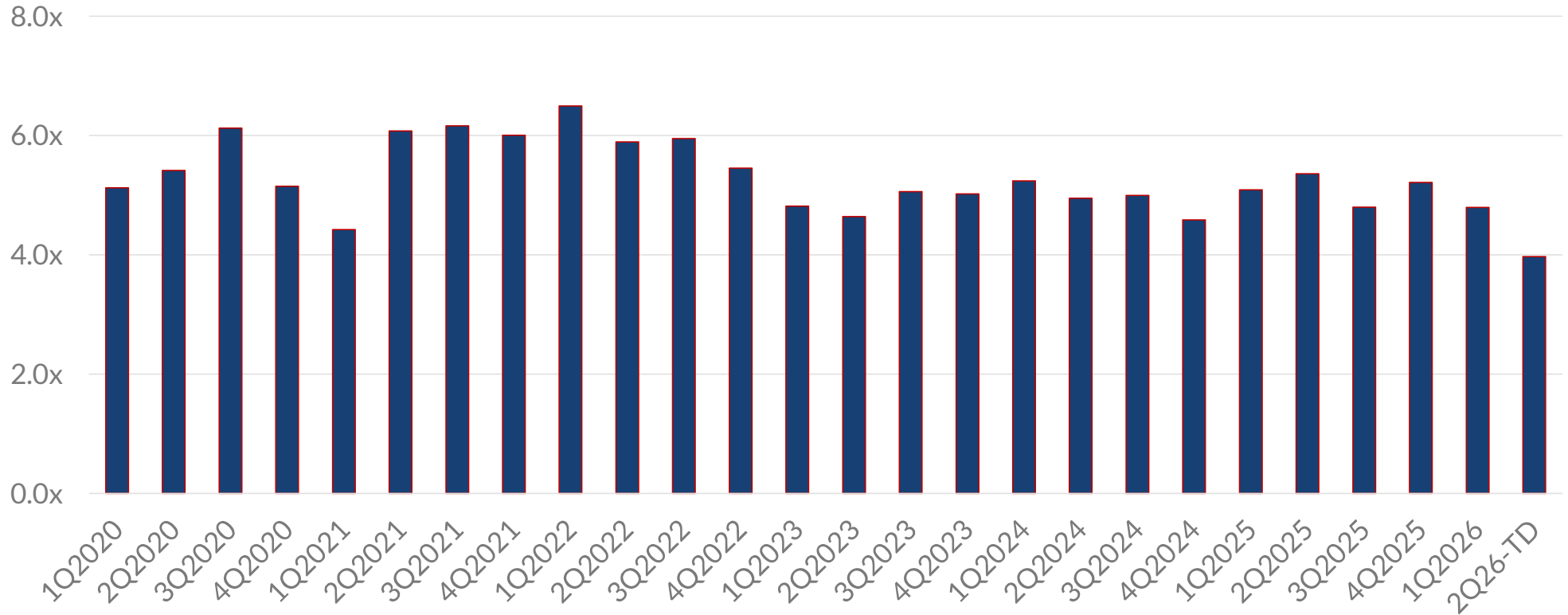
Average Clearing Spread: Direct Loans



% of New-Issue Direct Loans with Covenant-Lite Structures



Pro Forma Debt Multiple of LBOs Backed by Direct Loans



This Report is for informational purposes only. Neither the information contained in this Report, nor any opinion expressed therein is intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice. CreditSights and its affiliates do not recommend the purchase or sale of financial products or securities, and do not give investment advice or provide any legal, auditing, accounting, appraisal, valuation or actuarial services. Neither CreditSights nor the persons involved in preparing this Report or their respective households has a financial interest in the securities discussed herein. Recommendations made in a report may not be suitable for all investors and do not take into account any particular user's investment risk tolerance, return objectives, asset allocation, investment horizon, or any other factors or constraints.

Information included in any article that includes analysis of documents, agreements, controversies, or proceedings is for informational purposes only and does not constitute legal advice. No attorney client relationship is created between any reader and CreditSights as a result of the publication of any research report, or any response provided by CreditSights (including, but not limited to, the ask an analyst feature or any other analyst interaction) or as the result of the payment to CreditSights of subscription fees. The material included in an article may not reflect the most current legal developments. We disclaim all liability in respect to actions taken or not taken based on any or all the contents of any research report or communication to the fullest extent permitted by law.

Reproduction of this report, even for internal distribution, is strictly prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion or information contained in this report (including any investment recommendations or estimates) without first obtaining express permission from CreditSights. The information in this Report has been obtained from sources believed to be reliable; however, neither its accuracy, nor completeness, nor the opinions based thereon are guaranteed. The products are being provided to the user on an "as is" basis, exclusive of any express or implied warranty or representation of any kind, including as to the accuracy, timeliness, completeness, or merchantability or fitness for any particular purpose of the report or of any such information or data, or that the report will meet any user's requirements. CreditSights may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this Report, and all opinions are reflective of judgments made on the original date of publication. CreditSights is under no obligation to ensure that other reports are brought to the attention of any recipient of the Products.

Certain data appearing herein is owned by, and used under license from, certain third parties. Please see Legal Notices for important information and limitations regarding such data. For terms of use, see Terms & Conditions.

If you have any questions regarding the contents of this report contact CreditSights at legal@creditsights.com.

© 2023. CreditSights, Inc. All rights reserved.

CreditSights
a FitchSolutions Company

Research
CovenantReview
LevFinInsights