Who Survives in Private Credit? The Role of Private Equity Experience

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First Draft: February 28, 2026
This Version: August 27, 2026

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Abstract

Private credit (PC) has grown to around $1.5 trillion in assets in the U.S., yet little is known about which lenders build lasting presence and why. We document a striking lifecycle pattern: many entrants participate only briefly, and these limited-participation "Leavers" originate smaller, higher-spread loans and account for much of the private credit pricing premium. Private equity (PE) experience strongly predicts persistence: lenders with PE experience at entry are more than three times as likely to become "Stayers," and accumulated PE deal experience lowers exit hazards. Pricing dynamics also differ: spreads rise with PC experience among non-PE lenders, but this pattern largely disappears after lenders acquire PE experience. PE experience also predicts higher subsequent take-up rates, even controlling for LP capital. Among persistent lenders, PE-experienced Stayers exhibit pricing dynamics similar to banks. Overall, the evidence points to transferable PE-related capabilities as an important determinant of sustained participation in private credit.

JEL classification: G23, G32, G21, G24

Keywords: Private credit, Private equity, Lender survival, Loan pricing, Industry dynamics

1. Introduction

Private credit is not a new phenomenon: nonbank lenders began gaining market share as early as the 1980s, yet their prominence has surged in recent years. The industry has expanded rapidly, with assets under management surpassing $2 trillion globally in 2025, drawing renewed attention to the role of nonbanks in credit markets. Unlike banks, private credit lenders operate under different institutional arrangements and face distinct frictions. For instance, private credit lenders are generally not subject to the same prudential liquidity and capital requirements that apply to banks.

Little is known about how such lenders grow their market share, how their business models evolve, and whether they exhibit systematic patterns such as learning or specialization. Understanding the trajectory of private credit lenders is crucial both for assessing their competitive position vis-à-vis banks and for evaluating their implications for financial stability. For instance, recent literature shows that private credit lenders service risky borrowers that are not likely to obtain bank credit (Chernenko et al., 2022; Davydiuk et al., 2024a; Jang, 2024). The borrowers of private credit lenders also tend to be younger firms with fewer collateralizable assets or those operating in sectors where bank lending is limited (Jang et al., 2025). These patterns suggest that private credit lenders ("PC lenders" henceforth) may play an important role in financing firms that fall outside the traditional banking sector.

The first set of results reported in this paper is a novel empirical regularity, which adds fuel to the open question on the fundamental reasons for PC lenders' engagement with risky borrowers. We show that a large fraction of private credit lenders entered and then exited the industry within a very short period of time (see Figure 1). We label these transient participants "*Leavers*," lenders with 50 or fewer lifetime PC deals, and document that their numbers surged in the years following the 2008 crisis, suggesting that the post-crisis expansion of private credit attracted a

large cohort of short-lived lenders.[1] Moreover, precisely these private credit Leavers contribute to the spread differential between bank and private credit lenders. Figure 2 shows that leavers charge a median spread of approximately 500 basis points on their early deals, compared with roughly 300 basis points for lenders who remain active in the industry, indicating that the often-cited pricing premium of private credit is largely a compositional artifact driven by these transient participants, the Leavers.

We then ask the central question of this paper: why do private credit lenders extend credit to risky borrowers and then exit the industry?

We find that prior experience in private equity deals is crucial in determining lender survival. PC lenders with PE experience at entry are more than three times as likely to remain active in the industry: 26.3% of entrants with prior PE experience become Stayers, compared to just 7.9% lenders without prior PE experience before entry (see Figure 3). In the Cox proportional Hazard model, an increase in cumulative PE deal experience is associated with a substantial reduction in exit hazard, whereas cumulative PC deal experience alone has no independent effect on survival once PE exposure is accounted for.

PE experience also shapes the terms of credit provision. In the cross section, lenders with PE experience charge lower spreads, although this difference becomes small and statistically insignificant once time fixed effects and deal size are included in the regression. When we analyze the lender fixed-effects specifications, we find that pricing dynamics differ sharply depending on whether the lender has acquired PE experience. For lenders without PE experience, each additional PC deal is

[1]Throughout this paper, we use terms such as "survival," "exit," and "persistence" to refer to whether a lender maintains sustained participation in private credit lending, not to whether the institution itself continues to exist. A lender that originates a handful of private credit deals ("PC deals") and then stops — whether because it shifted to other asset classes, restructured its operations, or simply chose not to scale — is classified as a *Leaver* regardless of the reason. Our focus is on which lenders build durable private credit platforms, not on institutional survival in the literal sense.

associated with approximately 1.7 basis points higher spreads. Once a lender acquires PE experience, however, the relation between additional PC experience and spreads becomes insignificant. Thus, PE experience appears to matter less through an immediate level shift in pricing and more by changing how lending behavior evolves with accumulated private credit experience.

We next investigate why PE experience is associated with greater persistence in private credit. We begin by tracing Leavers after their final PC deal. Exit appears to have different meanings across lender types. Among Non-PE Leavers, 87.1% have no subsequent deal activity recorded in PitchBook. By contrast, PE Leavers are considerably more likely to switch into another type of transaction: 39.1% undertake subsequent deals outside private credit, primarily in private equity. This distinction suggests that the exit of Non-PE lenders is more often associated with disappearance from observed deal markets, whereas the exit of PE-experienced lenders may partly reflect a strategic reallocation of activity across asset classes.

Our first mechanism test considers access to capital. Aggregate LP inflows rose alongside the expansion of short-lived lenders, and greater LP Capital is associated with both a lower exit hazard and a higher subsequent take-up rate. Importantly, controlling for LP Capital leaves PE Experience strongly associated with lower exit hazards. Thus, access to capital supports continued lending activity but does not explain the PE-survival relation. The evidence instead points to differences in lenders' ability to convert available capital into sustained debt origination.

Our second mechanism test asks whether Leavers exit because their funds perform poorly. Among lenders with observable fund returns, PE-affiliated Stayers and Leavers have similar average benchmark-adjusted IRR, TVPI, DPI, and RVPI, and Leavers are not systematically concentrated in the bottom quartiles of benchmark-adjusted fund performance. The take-up regressions instead show that accumulated PC experience is associated with declining subsequent participation, whereas accumulated PE experience predicts a higher take-up rate, even after

controlling for LP capital. This pattern is consistent with PE activity providing relationships, screening capabilities, organizational infrastructure, or other skills that are transferable to private credit. Overall, the mechanism evidence points away from a simple explanation based on capital scarcity or poor fund performance and toward differences in capital-deployment capabilities and strategic reallocation.

Our findings have important implications for how private credit is compared with traditional bank lending. Aggregate comparisons obscure substantial heterogeneity across lender types and over their lifecycles. The elevated spreads commonly associated with private credit are concentrated among short-lived lenders and lenders without PE experience, rather than being a universal feature of the sector. Among Stayers, PE-experienced lenders exhibit spread dynamics that are statistically similar to those of banks, and their median spreads converge toward bank levels as they accumulate lending experience. Non-PE Stayers, by contrast, maintain materially higher spreads and increasingly diverge from bank pricing over their lending lifecycle. Thus, part of the observed private credit pricing premium reflects the composition and evolution of active lenders, with established PE-experienced platforms behaving more like traditional banks than aggregate sector-level comparisons imply.

Related Literature

To the best of our knowledge, no prior paper has systematically examined how individual private credit lenders' participation and lending behavior evolve over their lifecycles. We show that PE experience is strongly associated with persistence in private credit and with deal scale and pricing dynamics: PE-experienced lenders are more likely to remain active, participate in larger deals, and, among Stayers, exhibit pricing dynamics more similar to those of traditional banks. Our findings contribute to several strands of the literature.

The rise of private credit and bank-nonbank interaction. Our paper relates to the rapidly growing body of work documenting the expansion of private credit and its interaction with the banking sector. Chernenko et al. (2022) document how firms increasingly borrow directly from nonbanks, while Acharya et al. (2024) and Cetorelli et al. (2025) highlight the deepening interdependence between banks and nonbank financial intermediaries through funding and contractual links. Chernenko et al. (2025) show that bank capital positions influence the growth of private credit, and Haque et al. (2024) provide a comprehensive overview of the industry's characteristics and risks. On the structure of the direct lending market, Davydiuk et al. (2024a) characterize the borrowers and lenders in the U.S. middle market, while Davydiuk et al. (2024b) study market discipline among direct lenders. Additional contributions include Ivashina (2025) on the role of private debt in the broader financial system. One closely related paper is Jang et al. (2025), who provide a comprehensive cross-sectional characterization of the lending technology of direct lenders, documenting that they serve a distinct, PE-focused niche with specialized collateral strategies and high industry concentration. Their analysis is fundamentally a cross-sectional and *static* comparison of direct lenders, banks, and finance companies as of 2022. We complement their findings by focusing on a *dynamic* perspective. Another related paper is Robinson and Wallskog (2026). The authors show that PE affiliation drives private credit growth through organizational ties, compensation structures, and investment behavior using publicly traded BDC data. Their findings are complementary to ours: while they document PE connection as an institutional feature that shapes how established lenders invest and grow, we study whether PE experience explains lenders' chances of survival and becoming established players.

We contribute to this strand of the literature by introducing a lender-lifecycle perspective and showing that aggregate comparisons between private credit and bank lending mask systematic heterogeneity in PE experience. The commonly

observed private credit pricing premium reflects, in part, the transient presence of short-lived entrants, but PE experience also strongly predicts which lenders build persistent private credit platforms. Among surviving lenders, PE-experienced Stayers exhibit pricing dynamics similar to those of banks, whereas non-PE Stayers maintain higher spreads and increasingly diverge from bank pricing over their lending lifecycles. Thus, our findings complement existing cross-sectional comparisons by showing that observed differences between private credit and traditional bank lending depend on both the changing composition of active lenders and the PE-related capabilities associated with sustained participation in private credit.

Lender learning and credit relationship. Second, we build on the lender-learning literature that examines how credit relationships evolve through experience. Botsch and Vanasco (2015) and Botsch and Vanasco (2019) show that banks learn from repeated lending interactions, which shapes screening efficiency and pricing. Yet this learning process has not been studied in the context of private credit lenders, whose investment horizons, organizational structures, and funding models differ fundamentally from those of banks. Boocker and Wessel (2024) highlights that banks have much more experience in dealing with borrowers who run into trouble, and regulators worry more about the inexperience of private credit lenders. We contribute to this literature by documenting that PC lenders who survive and stay exhibit clear experience effects. Importantly, however, we show that these experience effects operate primarily through the channel of prior PE involvement rather than through PC lending experience alone, suggesting that the relevant "learning" for private credit may occur largely outside the private credit market itself—in the adjacent private equity industry where lenders first develop the organizational capabilities needed for direct lending.

Entry, exit and industry dynamics. Our paper connects to the classic literature on entry, exit, and industry dynamics. Jovanovic (1982) develops a model in which firms learn about their own efficiency over time, with less efficient firms exiting and more efficient firms growing - a selection mechanism that drives industry evolution. Hopenhayn (1992) models the joint determination of entry, exit, and the stationary industry equilibrium, while Ericson and Pakes (1995) provide a general framework for industry dynamics with heterogeneous firms. More recently, Sterk et al. (2021) use Census microdata to show that roughly half of all startups fail within five years, and that most of that variation in firm growth trajectories is determined by ex ante heterogeneity rather than ex post shocks - a finding with direct parallels to our evidence that private equity background at entry predicts subsequent lender survival.

We apply a similar logic to the financial intermediation sector, but identify PE experience as a central source of heterogeneity shaping selection within private credit. In aggregate, short-lived "Leavers" originate smaller, higher-spread loans; however, the spread premium is concentrated among lenders without PE experience, who are also substantially more likely to exit. Lenders with PE experience at entry are more than three times as likely to become Stayers, and continued accumulation of PE deal experience is associated with lower exit hazards even after controlling for accumulated PC experience and access to LP capital. PE experience also shapes how lending behavior evolves: spreads rise with PC deal order among lenders without PE experience, whereas this increase largely disappears after PE experience is acquired. These findings extend the selection mechanism in Jovanovic (1982) by showing that observable heterogeneity at entry and cross-market experience accumulated thereafter jointly shape which financial intermediaries develop durable private credit platforms. To our knowledge, this is the first paper to connect the classic framework of entry, learning, and industry dynamics to the private credit sector.

Private equity and financial intermediation. Our paper relates to the interaction between private equity and credit markets. Ivashina and Kovner (2011) document the importance of repeated relationships between PE sponsors and lenders in leveraged buyout financing, showing that relationship banks provide better terms. Kaplan and Strömberg (2009) provide a broad overview of the economics of leveraged buyouts and private equity. Jang et al. (2025) show that direct lenders and PE sponsors match strongly on industry specialization, and that close relationships help sustain credit during periods of stress. Haque et al. (2023) demonstrate how PE ownership shapes borrowers' use of different collateral types. Moving beyond borrower-lender relationships, Huber et al. (2026) document an organizational funding channel linking private equity and private credit. They show that insurers directly owned by PE firms channel substantial capital toward affiliated credit businesses by purchasing securities issued within the same organization, providing favorable financing to affiliated issuers while exposing insurers to greater downside risk.

Together, these studies show that the connection between private equity and private credit operates through both borrower-lender relationships and the internal organization of capital supply. We contribute a distinct lender-lifecycle perspective. Rather than studying how PE sponsorship shapes borrower financing or how PE organizations fund affiliated credit activities, we examine how prior experience as a PE investor shapes a lender's own trajectory after entering private credit. We show that PE experience predicts which lenders build persistent private credit businesses and how their lending behavior evolves: lenders with greater PE experience face lower exit hazards, originate larger deals, and exhibit more bank-like pricing. Thus, PE experience is not merely a feature of borrower-lender matching or a source of affiliated capital; it constitutes an organizational capability associated with successful and sustained participation in direct lending.

Financial innovation, systemic risk, and financial stability. Finally, our findings also speak to the debate on whether the growth of nonbank credit enhances or threatens financial stability (Block et al., 2024; Haque et al., 2024; Boocker and Wessel, 2024). A common concern is that private credit lenders, operating outside the prudential regulatory perimeter, may extend credit on terms that reflect insufficient risk assessment. Our results suggest that this concern applies unevenly across lenders. The higher spreads associated with private credit are driven mainly by *Leavers*, short-lived entrants who lack PE infrastructure and exit after a brief period. Surviving lenders, *Stayers*, particularly those with PE backgrounds, price comparably to banks. While we cannot directly measure default outcomes or loss rates, this compositional pattern suggests that assessments of private credit risk that treat the sector as homogenous may overstate the risks posed by established lenders while underweighting the potential fragility introduced by waves of inexperienced short-lived entrants.

The remainder of the paper is organized as follows. Section 2 describes the PitchBook data and our sample construction. Section 3 presents the main empirical findings. We begin with univariate evidence on lender turnover, differences between Stayers and Leavers, and the role of PE experience. We then use Cox proportional hazard models with time-varying covariates to examine lender persistence and panel regressions to study how PE experience shapes loan-pricing dynamics over the lender lifecycle. Section 4 investigates why Leavers leave by tracing their post-exit activity and evaluating the roles of LP capital, take-up behavior, and fund performance. Section 5 compares the pricing dynamics of PE-experienced and non-PE Stayers with those of traditional banks. Section 6 concludes.

2. Data

We use PitchBook data, which is among the most comprehensive datasets that cover private credit and private equity transactions. The data contain information

about lenders (GPs), borrowers, limited partners, fund returns, as well as the deal-level terms (interest rate spread, maturity, debt amount, etc). Our dataset contains deal-level and lender-level observations spanning the period of 1978 to 2025. We restrict the sample to lenders established after 1980 to ensure better data coverage. This cutoff also corresponds to the period during which nonbank financial intermediation, particularly private credit began to expand in scale and importance. We rely on PitchBook as our primary data source because it provides a very broad coverage across both the lender and deal dimensions and allows us to link information on lenders, borrowers, funds, limited partners, and individual transactions within a single dataset. This integrated coverage is particularly important for our analysis of lender entry, experience, and survival and would be difficult to replicate by combining datasets that typically cover only particular segments of the private credit market.

To assess the comprehensiveness PitchBook's coverage, we benchmarked it against results reported in the private credit literature and industry sources. As of 2025, PitchBook contains 159 Business Development Companies (BDCs), representing approximately 85% of all active SEC-registered BDCs as of 2026. For U.S. private credit funds, PitchBook covers more than $1.2 trillion in AUM, equivalent to about 88% of the $1.34 trillion reported for 2024. Globally, PitchBook records approximately $1.64 trillion in private credit AUM, closely aligning with the widely cited industry estimate of roughly $1.7 trillion (International Monetary Fund (2024)). These statistics indicates that PitchBook covers the vast majority of private credit activity.

We classify the lenders into bank lender category or private credit lender category based on their primary lending activities. A lender is classified as a private credit lender ("PC lender") if either its primary or secondary type is identified as a lender/debt provider, business development company, mezzanine lender, or similar category. We focus on the debt deals originated by U.S.-headquartered PC lenders.

To measure each lender's prior private equity experience, we draw on PitchBook's coverage of PE deals and track each lender's cumulative PE deal activity before and during its private credit lending history. To ensure that lenders in the sample have sufficient time to develop a meaningful lending track record, we further restrict the sample to lenders whose first private credit deal ("PC deals" henceforth) occurs before 2016.

All variables are defined in Table A1. Table 1 reports summary statistics for the full sample of PC deals. Panel A presents deal characteristics, Panel B borrower characteristics, and Panel C lender-related characteristics. Panel A shows that the average loan spread is 540 basis points, with a median of 500 basis points. The average deal size is $262 million, although the median deal is substantially smaller at $21 million, reflecting a skewed distribution.

[Insert Table 1 here.]

Panel B summarizes borrower characteristics. The typical borrower in the sample is relatively small. Median EBITDA is $2 million and median revenue is $14 million, although the means are substantially larger, indicating the presence of large firms in the upper tail. Enterprise value exhibits similar skewness: the median borrower has an enterprise value of $133 million, while the mean exceeds $6.5 billion. Negative values for EBITDA and enterprise value reflect financially distressed borrowers in the sample.

Panel C summarizes lender-level characteristics and shows substantial heterogeneity in both lender activity and funding. The average lender receives about $5.35 million in annual LP inflows and originates roughly $31.7 million in loans per year, although both distributions are highly right-skewed, with maxima of $400 million and $1.44 billion, respectively. The average lender seniority measure is 4.64, with a median of 6, indicating that a typical lender is concentrated in relatively senior claims; consistent with this, approximately 51% of lender-year observations

are classified as senior, with a median senior share of 83%. Fund performance is reported relative to PitchBook peer benchmarks and is centered close to zero on average, although there is meaningful dispersion across funds.

3. Results

3.1. Univariate Results

In this section, we introduce key lender characteristics and investigate the role of these characteristics in PC deals. The analysis is based on simple descriptive statistics. First, we consider PC lenders that exit the industry after a short period of time. Second, we investigate differences between lenders with and without experience in the private equity industry. Finally, we jointly consider the role of these two characteristics.

3.1.1. Leavers and Stayers

We define *Stayers* as PC lender entities who originate more than 50 deals over their lifetime, and *Leavers* as those who participate briefly and originate 50 or fewer deals. This threshold corresponds to a natural break in the distribution of lender activity: the 25th percentile of lifetime deal counts is 54, so *Leavers* represent approximately the bottom quartile of the distribution. Since the average lender takes approximately nine years to reach 50 deals, we restrict the sample to lenders entering before 2016 to avoid mechanically classifying still-active lenders as Leavers due to right-censoring. This restriction removes 762 of the 2,300 lenders in the full sample, as these later entrants have not had sufficient time to accumulate a meaningful deal history. The final sample contains 1,538 PC lenders, 51,859 deals. Many entrants in the Leaver group are dedicated vehicles or "capital solutions" arms through which institutions whose core business lies elsewhere - insurers, asset managers, pension plans, banks, participate in direct lending for a limited period.

Leavers are a heterogeneous group. Some may have exited due to insufficient capabilities, while others may have chosen not to scale their private credit activities

for strategic reasons. Our classification captures whether a lender developed a sustained presence in private credit lending, not whether the institution itself survived. This distinction is appropriate for our purposes: regardless of the reason a lender stopped originating or participating in PC deals, its temporary participation and subsequent departure contribute to the turnover patterns and spread dynamics we document. In this section, we do not distinguish between these channels. Rather, the Stayer/Leaver classification captures whether a lender developed a meaningful, sustained presence in private credit, regardless of the reason for limited participation. We defer the analysis of these channels to Section 4.

The full sample covers the 1,538 lenders in total, based on our 50-deals threshold, we have 1,369 PC *Leavers*, and 169 PC *Stayers*. Among the 1,369 PC *Leavers* are institutions spanning a range of types and sizes, including large asset managers (Federated Hermes, AllianceBernstein, Lord Abbett) and small regional lenders such as Konza Valley Capital and Ann Arbor SPARK, institutions with AUM under $5 million that originated a handful of deals before being inactive in the lending market. Among the 169 PC *Stayers*, the sample includes major players such as BlackRock, Ares, Apollo and KKR. Figure 1 shows that the unique number of *Leavers* increased since 2005, and especially during post 2008 crisis years, suggesting high turnover rate in the PC industry.

[Insert Figure 1 here.]

Table 2 compares private credit (PC) lenders that remain active (Stayers) with those that exit the market (Leavers). *Leavers* charge higher spreads (570 versus 535 basis points among *Stayers*), suggesting they serve riskier borrowers than borrowers served by Stayers. The median deal size is $30 million for Stayers but only $3.5 million for Leavers. Stayers also lend to substantially larger firms, with median borrower EBITDA of $52 million versus $10 million for leavers and median enterprise value nearly four times higher. Panel C shows that the univariate differences between Stayers and Leavers are statistically significant.

[Insert Table 2 here.]

We next focus on the spreads charged by Leavers and Stayers. Specifically, we investigate how spreads change as PC lenders accumulate experience. We define *Deal order* to be the chronological sequence number of a lender's deals in the sample. This variable captures the experience of this lenders' private credit lending activity. Figure 2 plots the median deal spread for Leavers and Stayers for various deal order values.

[Insert Figure 2 here.]

The figure shows a clear pattern: spreads charged by Leaver are higher than spreads charged by Stayers. For the first 20 deals, the median spread charged by Leavers is about 500 bps whereas the median spread charged by Stayers is about 300 bps. As leavers accumulate experience, spread on their deals converge to spreads on deals financed by Stayers. However, once Leavers start charging spreads that are similar to spreads charged by Stayers, they leave the private credit market.

3.1.2. PE-Affiliated lenders

In this section, we investigate the role of private equity (PE) experience. PC lenders who have PE experience at the time when the lender initiates the first PC deal are defined as "PE-Affiliated". Table 3 compares deals originated by these two groups of lenders.

[Insert Table 3 here.]

The differences are economically large and systematic across pricing, deal scale, borrower characteristics, and institutional capacity. PE-affiliated lenders originate substantially larger transactions, with a median deal size of $35 million compared to just $1 million for non-PE-affiliated lenders. They also lend to markedly larger firms: median borrower EBITDA is $46 million versus $2 million, and median revenue is nearly six times higher.

PE-affiliated lenders charge materially lower spreads than non-PE-affiliated lenders. The average spread is 533 basis points for PE-affiliated lenders compared to 618 basis points for non-PE lenders, a difference of roughly 85 basis points, with a similar gap at the median (500 versus 600 basis points). This pricing difference is economically meaningful and suggests that PE-affiliated lenders either face lower borrower risk. Importantly, the lower spreads coexist with substantially larger deal sizes and borrower scale, indicating that PE affiliation is associated not only with greater institutional capacity but also with access to less risky lending opportunities. Panel C shows that the univariate differences between PE-affiliated and Non-PE-affiliated lenders are statistically significant.

3.1.3. PE experience and exit status

Next, we double-sort PC lenders on exit status and PE experience. Table 4 presents the results. The number of observations indicates that the private credit market in our sample is overwhelmingly dominated by PE-affiliated lenders. Among Stayers, there are more than 26,000 PE-affiliated loan observations compared to fewer than 1,000 for non-PE lenders. This difference highlights that PE-affiliated platforms represent the core of the market rather than a niche segment. The distribution of observations across Stayers and Leavers further suggests greater persistence among PE-affiliated lenders. The large mass of deals by PE Stayers relative to deals by Leavers indicates that PE-backed platforms are more continuously active in the market.

[Insert Table 4 here.]

Next, we focus on deal characteristics, Spread and Deal Size. Clear differences emerge across PE affiliation and exit status. Among Stayers, PE-affiliated lenders charge lower spreads on average (532 bps) than non-PE lenders (629 bps) while financing substantially larger transactions (mean deal size of $310 million versus $26 million). The same qualitative pattern appears among Leavers: PE-affiliated

lenders offer lower pricing and participate in larger deals. These results suggest that PE-affiliated lenders operate in larger market segments and service less risky borrowers.

Turning to borrower characteristics–EBITDA, Revenue, and Enterprise Value–the scale differences are even more pronounced. Among Stayers, the median borrower financed by a PE-affiliated lender has EBITDA of $55 million, Revenue of $150 million, and Enterprise Value of $2,091 million, compared to $9 million, $21 million, and $704 million, respectively, for non-PE lenders. Although mean values reflect considerable dispersion, the medians clearly indicate that PE-affiliated platforms lend to larger and more established firms. The same ordering holds among Leavers, reinforcing the conclusion that PE-affiliated lenders serve a systematically larger segment of the borrower distribution.

Panel (a) in Figure 3 illustrates a pronounced difference in exit patterns between PE-affiliated and non-PE-affiliated lenders. The left bar reports the fraction of Stayers among private credit (PC) lenders without PE experience at entry, while the right bar shows the corresponding fraction for lenders with PE experience at entry. The contrast is striking: 26.3% of PC lenders with PE experience remain active (Stayers), compared to only 7.9% of lenders without prior PE experience.

[Insert Figure 3 here.]

Panel (b) in Figure 3 plots the fraction of Stayers for PC lenders with and without PE experience across deal order. In other words, the figure traces how quickly lenders exit the industry as they complete successive private credit deals. The pattern is stark: attrition is substantially faster among lenders without PE experience. By the time lenders reach their 20th PC deal, roughly 50% of those with PE experience remain active, compared to only about 10% of lenders without prior PE experience.

Overall, Figures 3 show that PE experience is strongly associated with persistence in private credit: lenders with prior PE affiliation are significantly more likely to remain active overall and exhibit much slower attrition across deal order, with roughly half still active by their 20th deal compared to only about 10% of non-PE lenders.

3.2. PC lender survival

The results reported in the previous section suggest that PE experience is strongly associated with whether a lender is a Stayer or a Leaver. In this section, we examine this relationship using Cox models with time-varying covariates. We estimate Cox proportional hazard models at the lender-quarter level. The hazard of exit for lender l at time t is given by:

$$h_l(t \mid Z_{lt}) \quad = \quad h_0(t) \exp(Z'_{lt}\beta), \tag{1}$$

where $h_0(t)$ denotes the unspecified baseline hazard and Z_{lt} includes time-varying measures of private credit deal experience and PE exposure, as well as lender entry characteristics. Table 5 reports the results. The reported coefficients are log hazard ratios. A negative coefficient implies a lower hazard of exit. The economic magnitude can be interpreted using $e^{\beta} - 1$.

[Insert Table 5 here.]

In column (1), the coefficient on *PC Deal Order* is -0.274, significant at 1% level. *PC Deal Order*$_{lt}$ is the log of the cumulative number of private credit deals originated by lender l through quarter t, capturing experience accumulated within the PC market. The implied hazard ratio is $e^{-0.274} \approx 0.76$: doubling a lender's cumulative PC deal count is associated with an approximately 17% reduction in the hazard of exit ($1 - e^{-0.274 \times ln2} \approx 17\%$). This suggests economically meaningful learning or scale effects within private credit.

Column (2) adds *PE Deal Order*, the log of the cumulative number of private equity deals in which lender l has participated prior to each PC deal, capturing the PE experience accumulated before each successive private credit deal. Both variables are time-varying: they update each quarter as lenders originate additional PC or PE deals. By construction, *PE Deal Order* measures experience accumulated prior to each PC deal, ensuring that the temporal ordering runs from PE activity to subsequent PC lending rather than the reverse. The coefficient is -0.391, significant at 1% level, implying that doubling cumulative PE deal experience is associated with a 24% reduction in exit hazard ($1 - e^{-0.391 \times ln2} \approx 0.24$). Interestingly, once PE exposure is included, the coefficient on PC deal experience falls from -0.274 to -0.007 and becomes statistically insignificant. This indicates that the apparent survival benefit of PC lending experience documented in column (1) is almost entirely attributable to prior PE activity: lenders who accumulate many PC deals tend to have entered with, and continued to build, extensive PE experience before each PC deal transaction. It is this accumulated PE background, rather than PC lending experience itself, that predicts lower exit hazard.

Column (3) further incorporates an indicator for PE experience ("Has PE Experience"), a time-varying lender-specific variable equal to one if the lender started any PE-business transactions at the time of its PC deals. The coefficient on cumulative PE deal activity remains economically large and statistically significant at 1%. A 10% increase in cumulative PE deal experience is associated with approximately 2.8% reduction in the hazard of exit. In addition, the indicator for having PE experience is negative and statistically significant at the 10% level: lenders with PE experience face an approximately 21% lower exit hazard than otherwise comparable lenders without PE experience. In contrast, cumulative private-credit deal activity is economically small and statistically insignificant once PE experience is accounted for. Taken together, these results suggest that both the starting the PE business and the continued accumulation of PE experience are

associated with greater persistence in the private credit market, with cumulative PE activity providing the more precisely estimated predictor of lender survival.

Overall, the hazard model results reinforce the earlier evidence and provide support for the importance of PE exposure in sustaining lender participation in private credit markets.

3.3. Drivers of PC spreads

Having shown that accumulated PE experience predicts lender survival, we next examine whether acquiring PE experience also changes how lenders price private credit loans. Table 6 reports regressions of Spread (bps) on Has PE Experience, a time-varying indicator equal to one once a lender has completed at least one PE deal before the current PC deal, together with PC Deal Order, PE Deal Order, and Debt Amount (log). Because columns (1)–(3) do not include lender fixed effects, the estimates in these columns combine changes in pricing that occur when a lender acquires PE experience with persistent cross-sectional differences between lenders.

[Insert Table 6 here.]

Columns (1) and (2) show that PE-experienced lenders charge substantially lower spreads on average. The estimated spread difference falls from approximately 92 basis points in the pooled specification to 41 basis points after including time fixed effects. However, this relationship becomes small and statistically insignificant once deal size and additional controls are introduced in column (3). Columns (4) and (5) further include lender fixed effects and therefore identify pricing changes from within-lender variation over time. In these specifications, acquiring PE experience is not associated with a significant discrete change in the level of spreads. Instead, column (5) shows that PE experience changes how spreads evolve as lenders accumulate private-credit deals. Among lenders without PE experience, each additional PC deal is associated with approximately 1.7 basis points higher

spreads. The interaction between PC Deal Order and Has PE Experience is approximately −1.69 basis points, nearly offsetting this increase. Thus, after lenders acquire PE experience, the relationship between cumulative PC deal activity and spreads becomes essentially flat. This suggests that PE experience is associated less with an immediate level shift in loan pricing than with a different evolution of pricing as lenders gain experience in private credit.

Figure A1 provides complementary evidence that PE experience is also associated with differences in the types of claims lenders hold. Senior facilities account for 56% of deals held by PE-experienced stayers, compared with 31% for PE-experienced leavers, 24% for non-PE stayers, and 17% for non-PE leavers. In contrast, non-PE lenders are disproportionately concentrated in middle-seniority claims. These patterns suggest that the survival advantage associated with PE experience may also be accompanied by differences in portfolio positioning: PE-experienced lenders that remain active in private credit are considerably more concentrated in senior claims. Accordingly, differences in observed spreads may reflect not only lender pricing behavior but also systematic differences in the types and seniority of credit exposures they originate.

4. Why do leavers leave?

Our findings show that non-PE-affiliated lenders are more likely to become Leavers than PE-affiliated lenders. We also find that the leavers charge higher spreads, finance smaller borrowers, and take junior positions during debt origination. Together with the survival evidence, these results indicate that PE experience is associated with both a lender's ability to maintain an active private credit platform and the evolution of its lending activity.

We begin the analysis by tracing what happens to *Leavers* after they exit the private credit market. Figure 5 shows that among Non-PE Leavers (the Leavers without any prior PE deal-making experience before their first private credit deal),

87.1% disappear from the market entirely, i.e. show no subsequent deal activity in PitchBook. PE Leavers (the Leavers with prior PE experience), by contrast, are considerably more likely to transition into other deal types (39.1%), with 60.9% disappearing from the sample. The majority of them redirect their activity toward private equity transactions. This provides suggestive evidence that the transience of PE leavers might be strategic rather than survival-related. Next, we consider two non-mutually exclusive mechanisms that could explain the observed patterns in lender survival and spread dynamics.

[Insert Figure 5 here.]

4.1. Access to capital

Lenders may differ in their access to capital or, more specifically, in their ability to deploy capital at scale. An abundance of capital flowing into the private credit industry may have facilitated the entry of new lenders, who expanded lending to riskier borrowers and consequently charged higher spreads. As capital became less abundant and funding conditions normalized, some of these lenders may have exited the market, becoming Leavers.

We begin the investigation of this mechanism with Figure 6, which relates the evolution of lender participation to the supply of LP capital. Panel A plots the annual number of active Stayers and Leavers, while Panel B plots the rolling three-year average of LP commitments raised by all lenders. LP inflows were limited before the mid-2000s but rose sharply thereafter, reaching approximately $15 billion around 2008 and again approaching that level in the mid-2010s. The number of Leavers increased markedly over the same period, rising from fewer than 100 in the mid-2000s to more than 400 at its peak, whereas the number of Stayers increased much more gradually and peaked at roughly 150. Following the mid-2010s, LP inflows declined and the number of Leavers fell substantially, while the number of Stayers remained comparatively stable. This pattern suggests

that abundant LP capital was associated disproportionately with the expansion of short-lived participation in private credit rather than with a comparable increase in durable lending platforms. The figure is therefore consistent with capital availability facilitating the entry or expansion of marginal lenders, followed by attrition as capital inflows receded.

[Insert Figure 6 here.]

Figure 7 provides further evidence on the access-to-capital mechanism by plotting the median ratio of cumulative LP commitments to cumulative debt origination for Stayers and Leavers. Beginning around 2007, this ratio rises sharply for Leavers, reaching approximately five around 2009 and remaining materially above the corresponding ratio for Stayers throughout the remainder of the sample. In contrast, the ratio for Stayers peaks at approximately 2.4 around 2010 and then declines steadily, falling below 0.5 toward the end of the sample. Thus, Stayers originate substantially more debt relative to the LP capital they have raised, whereas Leavers accumulate considerable LP commitments relative to their realized lending activity. This pattern supports the important role of LP capital in funding Leavers.

[Insert Figure 7 here.]

Table 7 reports lender-level annual flows by survival status and PE affiliation. Among PE-affiliated lenders, Stayers remain active substantially longer than Leavers—21.3 versus 12.6 years on average—and originate far more private credit annually, with mean Lending Flow of \$155.9 million compared with \$6.0 million. They also have higher LP Flow (\$8.6 million versus \$0.6 million) and are more likely to report positive LP capital inflows (Any LP of 42% versus 25%). Nevertheless, their lower LP-to-Lending Ratio (0.49 versus 0.93) indicates that they deploy the capital they raise into lending more intensively. PE-affiliated Stayers are

also much larger, with median AUM of $21.7 billion and Dry Powder of $1.1 billion, compared with $1.7 billion and $277 million, respectively, for PE-affiliated Leavers. Among non-PE-affiliated lenders, Stayers likewise remain active longer and have greater median AUM, although the small number of non-PE Stayers and the zero medians for most capital-flow measures warrant caution. Overall, the table suggests that persistent private-credit platforms—particularly those with PE experience—combine greater institutional scale and access to LP capital with a substantially stronger ability to convert that capital into sustained lending activity.

[Insert Table 7 here.]

Table 8 examines whether the relation between PE experience and lender survival can be explained by access to capital. In column (1), the coefficient on Cumulative LP Capital (log) is -0.1409 and statistically significant at the 1% level. The estimate implies that a doubling of cumulative LP capital is associated with an approximately 9.3% reduction in the exit hazard. At the same time, the coefficient on PE Deal Order (log) remains negative and highly significant at -0.2138, implying that a doubling of accumulated PE experience is associated with an approximately 13.8% reduction in the exit hazard. As in Table 5, PC Deal Order (log) remain statistically insignificant, and "Has PE Experience" remains significantly negative. Thus, access to LP capital contributes to lender persistence, but it does not explain the strong relationship between accumulated PE experience and survival.

[Insert Table 8 here.]

Column (2) examines whether the association between LP capital and survival differs after a lender acquires PE experience. The coefficient on LP Capital (log) is (-0.1491), implying that for lenders without PE experience, a doubling of LP capital is associated with an approximately 9.8% reduction in the exit hazard. The interaction between LP Capital and Has PE Experience is small and statistically insignificant.

For lenders with PE experience, the combined coefficient is $(-0.1491 + 0.0111 = -0.1380)$, corresponding to an approximately 9.1% reduction in the exit hazard for a doubling of LP capital. The insignificant interaction indicates that the association between LP capital and survival is not statistically distinguishable across lenders with and without PE experience. Importantly, the coefficient on PE Deal Order (log) remains virtually unchanged at (-0.2152) and highly significant, while Has PE Experience also remains negative and significant. Overall, Table 8 suggests that access to LP capital and PE experience are distinct predictors of lender persistence, with little evidence that the survival association of LP capital depends on whether the lender has acquired PE experience.

We conclude the analysis by asking whether lenders' accumulated experience and LP capital affect their propensity to take up debt deals. We expect LP capital to have a positive relation with the takeup rate. Albuquerque et al. (2026) show that declining takeup rates with activist experience are consistent with a model in which an activist learns her type through activism, whereas increasing takeup rates are consistent with the activist acquiring skills through experience. We therefore assess how PC lenders' experience in the PC and PE markets affects their takeup rates in PC lending.

Table 10 reports the results. All specifications include lender and year fixed effects, so the estimates are identified from changes in experience within the same lender over time. Column (1) shows little relationship between accumulated private credit experience and take-up when considered on its own. Once accumulated PE experience is included in column (2), however, the two forms of experience have sharply different associations with subsequent lending activity. The coefficient on Deal Order is (-0.0541) and statistically significant at the 1% level, implying that a doubling of accumulated private credit deal experience is associated with an approximately 3.7 percentage point decline in the take-up rate. This pattern is consistent with lenders learning about their suitability for private credit through

experience: as lenders accumulate PC deals, some may become increasingly selective or reduce their participation in new opportunities.

[Insert Table 10 here.]

In contrast, the coefficient on PE Deal Order is (0.0865) and statistically significant at the 1% level. A doubling of accumulated PE experience is therefore associated with an approximately 6.0 percentage point increase in the take-up rate. Following the interpretation in Albuquerque et al. (2026), this result is consistent with lenders accumulating skills, relationships, or other capabilities through PE activity that are transferable to private credit lending.

Column (3) further controls for cumulative LP capital. The coefficient on PE Deal Order remains positive and highly significant, although its magnitude declines to (0.0708), corresponding to an approximately 4.9 percentage point increase in the take-up rate for a doubling of PE experience. LP Capital is itself positively associated with take-up: a doubling of cumulative LP capital is associated with an approximately 1.9 percentage point increase in the take-up rate. Meanwhile, the negative coefficient on private credit Deal Order remains virtually unchanged. Thus, greater access to capital appears to facilitate continued lending activity, but it does not subsume the positive relationship between accumulated PE experience and take-up. Taken together, the results suggest that PE experience is associated with capabilities or access that support continued participation in private credit beyond what can be explained by accumulated PC experience or capital availability alone.

4.2. Fund performance

The second mechanism we consider is fund performance. If the higher spreads charged by Leavers reflect greater exposure to riskier or lower-quality investments, this exposure may translate into weaker fund returns and, ultimately, make continued participation in private credit less attractive. This mechanism predicts that funds managed by Leavers should underperform those managed by

Stayers, particularly after accounting for differences in fund vintage and investment strategy.

We evaluate this prediction in three steps. First, we evaluate summary statistics of fund performance. Table 9 compares fund performance across PE-Affiliated Stayers, PE-Affiliated Leavers, and Non-PE-Affiliated Leavers. The sample is restricted to lenders for which PitchBook reports fund-return information; Non-PE-Affiliated Stayers are not reported because too few lenders in this group disclose returns. Among PE-affiliated lenders, fund performance is remarkably similar across survival status. For example, PE-Affiliated Stayers have a mean (median) IRR of 9.51% (9.30%), compared with 9.66% (9.75%) for PE-Affiliated Leavers. The standard deviations are larger for PE-Affiliated Leavers across all four performance measures, however, indicating greater heterogeneity in their outcomes. Non-PE-Affiliated Leavers have a higher mean IRR (13.06%), TVPI (1.46), and DPI (1.22), together with a lower mean RVPI (0.26), but these estimates are based on only 11–12 observations and exhibit substantial dispersion. The clearest difference concerns Number of Funds: PE-Affiliated Stayers report 5.31 funds on average, compared with 2.30 funds for PE-Affiliated Leavers and 2.00 funds for Non-PE-Affiliated Leavers. Overall, Table 9 does not support a simple performance-based explanation for lender exit.

[Insert Table 9 here.]

Second, we compare the performance distributions of Stayer and Leaver funds after adjusting each return measure by its PitchBook vintage-year $\times$ strategy benchmark. Figure 8 examines whether differences in fund performance can explain why some private credit lenders become Leavers. For each fund, the figure calculates four benchmark-adjusted performance measures: IRR, TVPI, DPI, and RVPI, where each raw performance measure is reduced by the corresponding PitchBook vintage-year $\times$ strategy benchmark. IRR measures the fund's annualized

return; TVPI measures total value relative to paid-in capital, DPI captures realized distributions relative to paid-in capital, and RVPI captures the residual value of unrealized investments relative to paid-in capital. This adjustment compares each fund with economically similar funds launched in the same period and following the same strategy. Because the performance measures are already adjusted for vintage and strategy, funds are pooled across vintages and sorted into four quartiles based on each benchmark-adjusted metric. Quartile 1 denotes the top-performing quartile. Within each quartile, the blue and red bars report the fractions of funds managed by Stayers and Leavers, respectively. The dashed horizontal line reports the unconditional fraction of Leaver funds for the relevant metric—43% for IRR, 45% for TVPI, and 44% for both DPI and RVPI. Thus, a red bar above the dashed line indicates that Leaver funds are overrepresented in that performance quartile. The samples contain 566 funds for IRR, 596 for TVPI, 591 for DPI, and 585 for RVPI, with approximately 141–150 funds in each quartile.

[Insert Figure 8 here.]

The results provide little support for the hypothesis that Leavers exit because their funds systematically underperform. For benchmark-adjusted IRR, Leavers represent 52% of funds in Quartile 1, compared with their 43% unconditional share. Their representation then falls to 39% in Quartile 2 and 37% in Quartile 3 before returning to 43% in Quartile 4. The TVPI panel displays a similar pattern. Leavers account for 55% of the top quartile, ten percentage points above their 45% unconditional share. Their share falls to 40% in Quartile 2, rises modestly to 47% in Quartile 3, and falls to 38% in Quartile 4. Again, the distribution does not indicate that Leaver funds are concentrated among the worst performers. To the contrary, Leavers are most strongly overrepresented in the top benchmark-adjusted TVPI quartile and are underrepresented in the bottom quartile.

For benchmark-adjusted DPI, Leavers account for 46%, 44%, and 36% of the first three quartiles. Leavers and Stayers are evenly divided in Quartile 4, with

each accounting for 50% of funds. This is the one metric for which Leavers are somewhat more represented in the fourth quartile than their 44% unconditional share. Nevertheless, the DPI distribution also does not show a consistent monotonic relationship between lender survival and performance: the strongest concentration of Stayer funds occurs in Quartile 3 rather than Quartile 1.

The benchmark-adjusted RVPI panel exhibits the clearest progression across the numbered quartiles. The Stayer share increases from 50% in Quartile 1 to 56% in Quartile 2, 58% in Quartile 3, and 62% in Quartile 4. Correspondingly, the Leaver share declines from 50% to 44%, 42%, and 38%. Thus, Leavers are more represented among funds with the highest benchmark-adjusted RVPI, while Stayers become increasingly represented in the lower-performing quartiles. This pattern is the opposite of what we would expect if poor fund performance were the primary explanation for lender exit.

Overall, Figure 8 does not reveal a systematic performance disadvantage for funds managed by Leavers. Leavers are overrepresented in the top benchmark-adjusted quartile for all four metrics. Moreover, Leavers are not consistently overrepresented in Quartile 4. The evidence therefore does not support a simple mechanism in which poor fund performance causes lenders to exit private credit. Instead, fund performance differences appear heterogeneous across metrics and quartiles, suggesting that Leaver status is more likely to reflect strategic choices, organizational capabilities, or difficulties deploying capital at scale than uniformly poor investment returns.

5. Implications

Our findings have important implications for how we interpret the growth and riskiness of private credit. Private credit lenders are often viewed as a distinct class of intermediaries that systematically lend to riskier borrowers and charge higher spreads than traditional banks. Our results suggest that this characterization masks

substantial heterogeneity across lenders and over their lifecycles. In particular, the elevated spreads associated with private credit are concentrated among short-lived lenders and lenders without prior PE experience. By contrast, PE-affiliated lenders that establish a sustained presence in private credit increasingly resemble traditional banks in their pricing as they accumulate lending experience. Thus, differences between private credit and bank lending appear to reflect, at least in part, the composition and lifecycle of private credit lenders rather than a persistent difference in lending behavior across the two sectors.

In this section, we compare loan spreads for Stayers and banks. Figure 9 provides descriptive evidence on these differences. It reports the median spread for banks, Stayers with PE experience, and Stayers without PE experience. As PE-experienced Stayers accumulate private credit experience, the spreads they charge gradually converge closer to those charged by banks; after approximately 50–60 deals, the two series become nearly indistinguishable. In contrast, spreads for Stayers without PE experience remain persistently elevated as they gain experience, exceeding bank spreads by roughly 200 basis points. The figure therefore suggests that the persistent spread premium commonly associated with private credit is concentrated among a particular subset of lenders rather than being a universal feature of private credit lending.

[Insert Figure 9 here.]

Table 11 examines these patterns more formally. Panel A compares banks with PE-experienced Stayers. In the pooled specifications, PE Stayers charge higher spreads than banks on average, although the difference declines substantially after controlling for deal size and year effects. In the lender fixed-effects specifications, however, the interaction between PE Stayer status and Deal order is economically small and statistically insignificant. Thus, conditional on lender and year fixed effects, there is little evidence that spreads evolve differently with lending experience

for PE stayers than for banks. This result is consistent with PE-experienced Stayers following a pricing trajectory similar to that of traditional bank lenders as they accumulate private credit experience.

Panel B reveals a markedly different pattern for Stayers without PE experience. Once lender and year fixed effects are included, the coefficient on Deal Order is close to zero for banks, while the interaction between non-PE stayer and deal order is positive and statistically significant. In column (5), each additional deal is associated with approximately a 0.77 basis point increase in the spread of a non-PE stayer relative to a bank. Hence, rather than converging toward bank pricing as they accumulate deals, non-PE stayers exhibit an increasing relative spread over their lending lifecycle.

[Insert Table 11 here.]

6. Conclusion

Private credit has grown into a major segment of global credit markets, yet aggregate measures of the sector conceal substantial turnover among the lenders that participate in it. This paper documents a pronounced lifecycle pattern in private credit. Following the Global Financial Crisis, many new private credit lenders entered the market, participated briefly and subsequently ceased private credit activity. These lenders that do not build a sustained private credit presence, which we label as Leavers, tend to charge substantially higher spreads and originate smaller deals than lenders that establish sustained private credit platforms. We show that much of the widely cited pricing premium of private credit over bank lending reflects the transient presence of these Leavers rather than the steady-state behavior of established platforms.

Private equity experience is strongly associated with which lenders build durable private credit businesses. Lenders with PE experience at entry are more than three times as likely to become stayers, and greater accumulated PE deal

experience is associated with substantially lower exit hazards. Importantly, this relationship survives controls for accumulated LP capital, while private-credit deal experience itself has little independent association with survival once PE experience is accounted for. PE experience is also associated with continued participation on the intensive margin: lenders with greater accumulated PE experience exhibit higher subsequent take-up rates, whereas accumulated private-credit experience alone is associated with lower take-up. Taken together, these results are consistent with PE activity providing relationships, organizational infrastructure, or other capabilities that are transferable to private credit lending.

The pricing evidence reveals an additional dimension of this heterogeneity. Among lenders without PE experience, spreads tend to rise as lenders accumulate private-credit deals. PE experience largely offsets this pattern. Among Stayers, PE-experienced lenders exhibit a pricing trajectory more similar to that of traditional banks, while non-PE Stayers maintain substantially higher spreads and increasingly diverge from banks over their lending lifecycle. Thus, high-spread private credit is not simply a feature of temporary entrants: it is concentrated more broadly among lenders without the PE-related capabilities associated with durable private-credit platforms. Conversely, the established PE-experienced segment of private credit increasingly resembles traditional bank lending in its pricing behavior.

Our additional evidence helps distinguish between alternative explanations for lender exit. Access to LP capital reduces exit risk but does not account for the relationship between PE experience and survival. Moreover, Leavers do not systematically exhibit worse benchmark-adjusted fund performance. Exit also has different meanings across lender types: most non-PE Leavers subsequently disappear from observed deal activity, whereas PE Leavers are considerably more likely to redirect activity toward other asset classes, particularly private equity. These patterns suggest that lender attrition reflects a combination of differences in organizational capability, the ability to deploy capital at scale, and strategic

reallocation, rather than uniformly poor investment performance.

These findings have important implications for how we interpret the growth and risks of private credit. First, the sector is highly heterogeneous: aggregate statistics mask substantial turnover and selection. Second, the connection between private equity and private credit appears to be more than a borrower-side relationship; PE experience is associated with organizational learning capabilities that support durable lending platforms and sustained participation in private credit. Third, our findings shed light on the role of PE experience in driving private credit growth through a selection and learning channel. Lenders with prior PE deal-making experience are significantly more likely to survive and persist in the private credit market, and greater accumulated PE experience is associated with higher subsequent lending activity and more bank-like pricing among surviving persistent lenders. More broadly, our results highlight how entry, learning, and attrition jointly shape the evolution of financial intermediation markets, offering a dynamic perspective on the structure and stability of nonbank credit.

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Tables and Figures

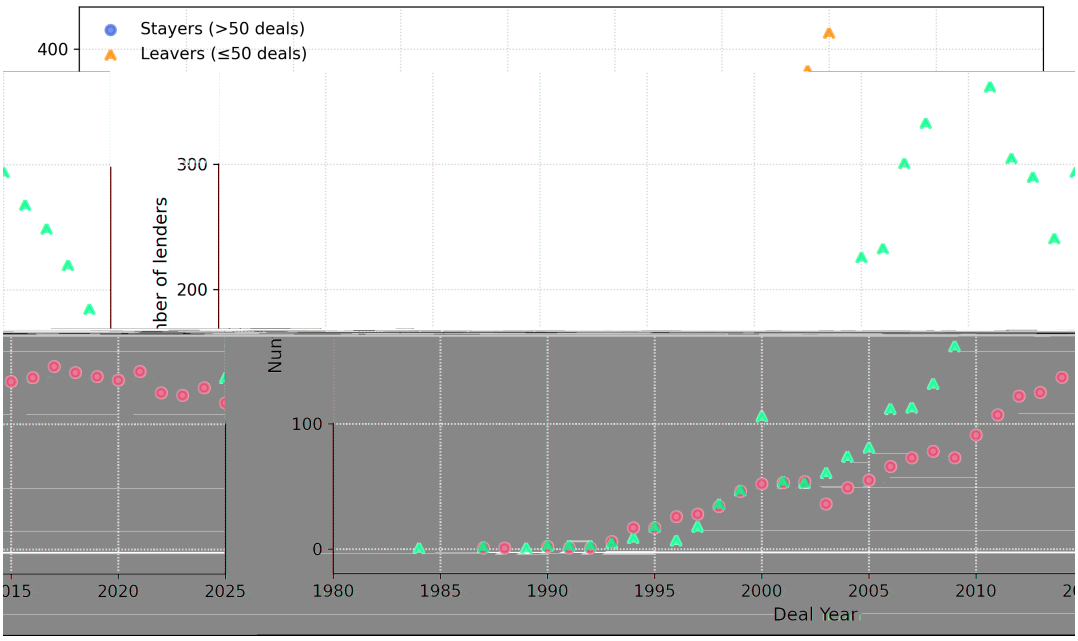


Figure 1: **Number of unique PC stayers and leavers.** This figure plots the number of PC lenders (y-axis) initiating a deal during a calendar year (x-axis). PC lenders are split into two groups: Stayers and Leavers. Stayers are PC lenders that have made more than 50 private credit deals. Leavers are those with 50 or fewer deals in their lifetime.

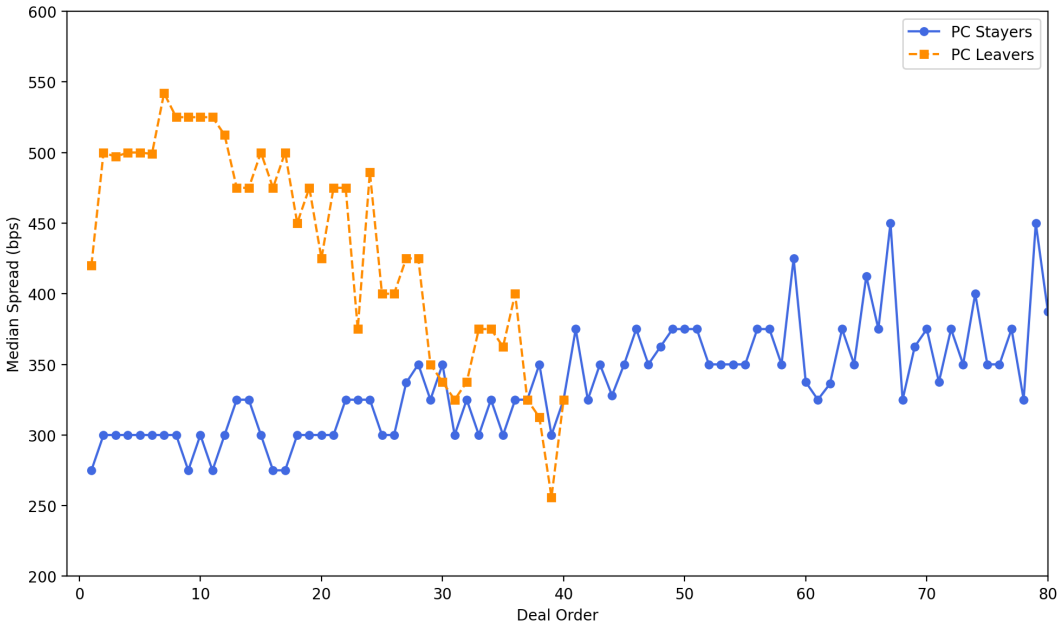
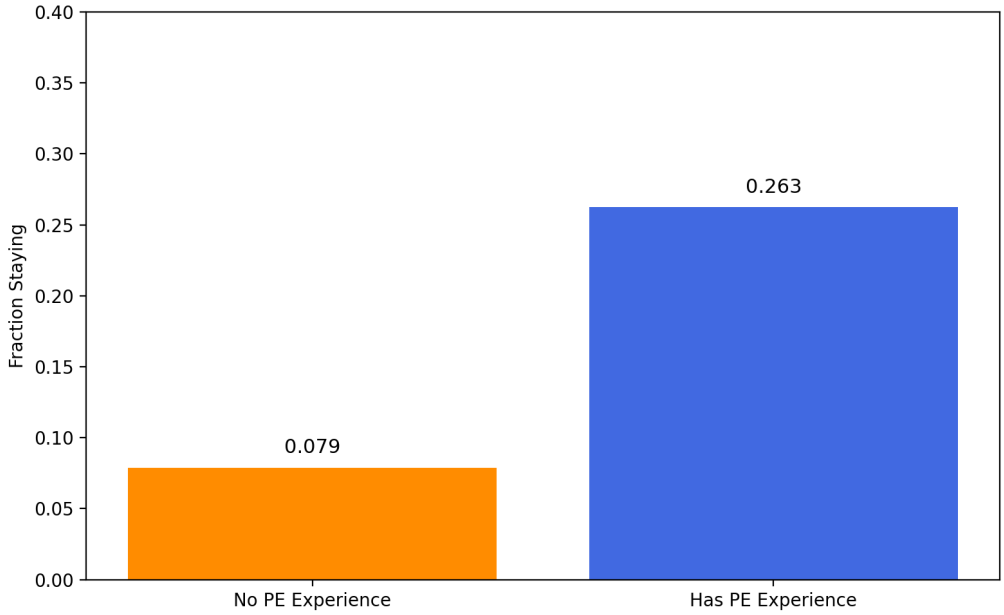
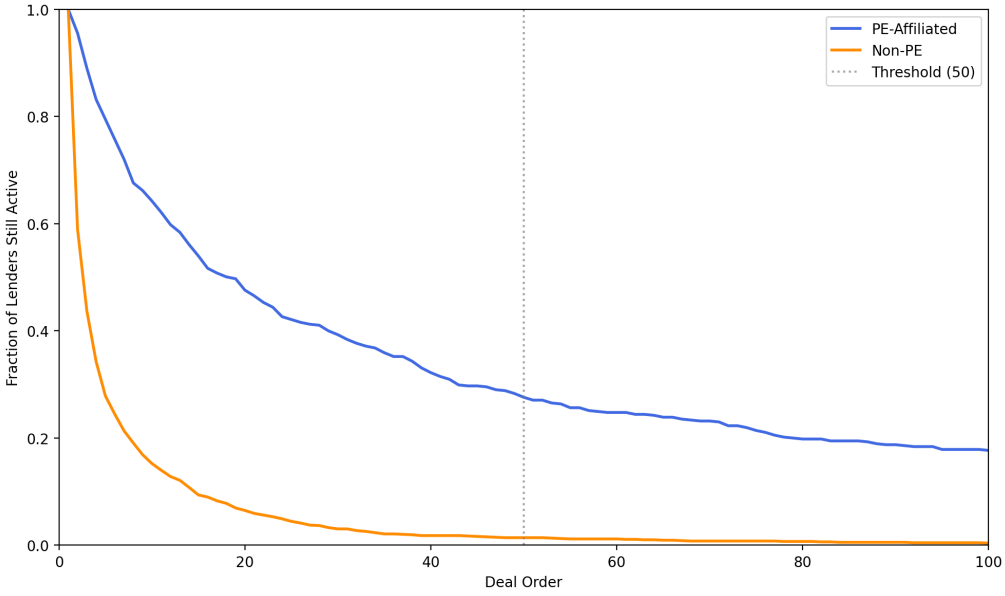


Figure 2: **Median Deal Spreads over the Lender Lifecycle: Stayers vs. Leavers.** This figure plots the median deal spread (y-axis) for Leavers and Stayers for various deal order values (x-axis). Deal order is the number of PC deals undertaken by each lender prior to the deal, measuring the lenders' experience. Deal spread is in basis points.

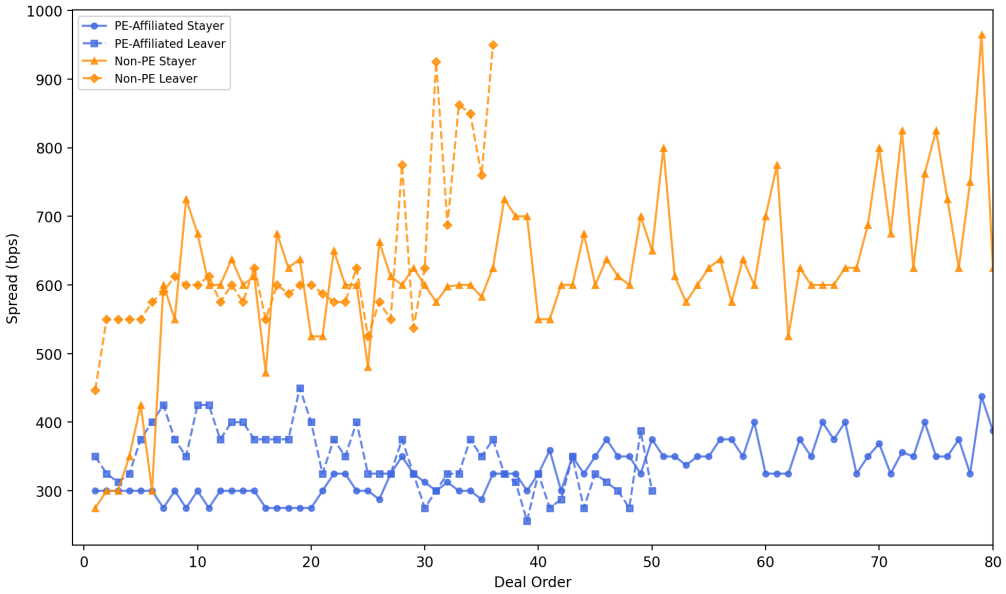


(a) Probability of Staying by PE experience at Entry

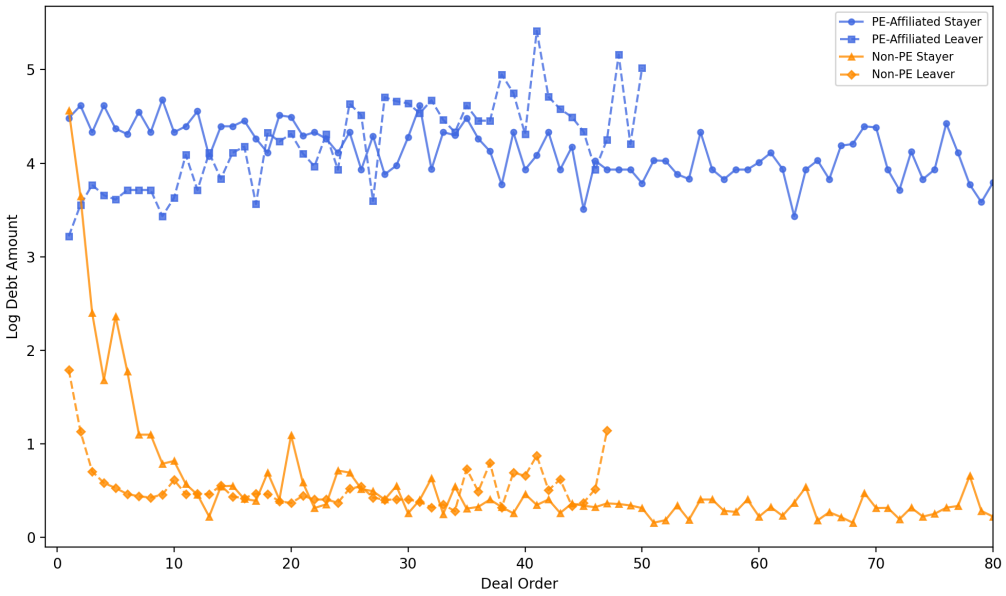


(b) Survival Curves: PE-Affiliated vs. Non-PE Affiliated PC lenders

Figure 3: **Private Credit Lender Persistence by PE Experience at Entry.** Panel (a) plots the fraction of Stayers among two groups of PC lenders. The left bar shows the fraction of Stayers among PC lenders with no PE experience at entry. The right bar shows the fraction of Stayers among PC lenders with PE experience at entry. PE experience is measured at the entry to PC industry (i.e., at the time when the lender initiates the first PC deal). Panel (b) plots the fraction of lenders remaining active through each cumulative PC deal order, separately for lenders with and without PE experience at entry.



(a) Median Spread (bps) by PE affiliation and Stayer/Leaver.



(b) Median Loan Amount (log $mn) by PE affiliation and Stayer/Leaver.

Figure 4: **Median Loan Spread and Deal Size over the Lender Lifecycle, by PE Experience and Survival Status.** Panel (a) shows the median loan spread (in basis points) at each deal order within each group. Panel (b) reports the median loan size (in log million dollars) by deal order and group. Medians are computed across deals within each deal-order × lender-type. Deal order is defined as the chronological sequence number of a lender's deals in the sample. The sample includes only completed debt transactions with non-missing spread and loan amount information.

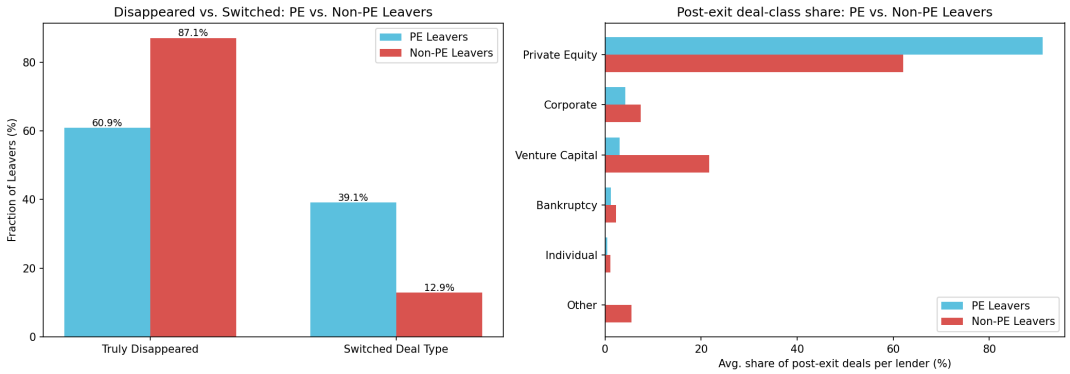


Figure 5: **Destination of Leavers.** The left panel shows the fraction of leavers that either have no subsequent deals observed or switched to a different deal type following their exit from private credit lending. The right panel reports the average post-exit deal-class composition for leavers that switched, broken down by asset class. PE Leavers are lenders with prior private equity experience before their first PC deal; Non-PE leavers are those without. Sample covers lenders that exited private credit between 1980 and 2025.

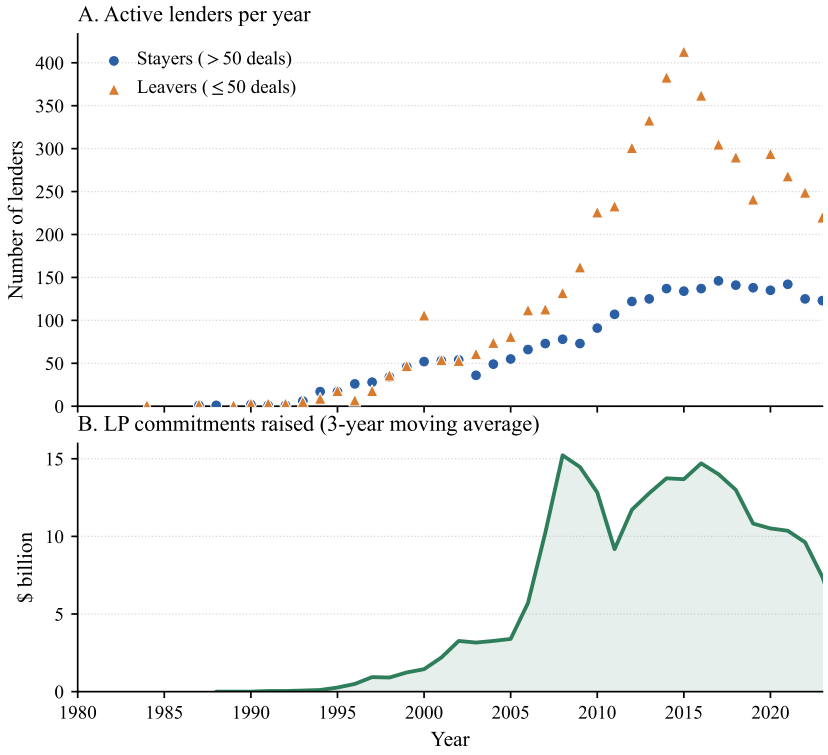


Figure 6: **Private Credit Participation and LP Capital Inflows over time** Top panel plots the number of PC stayers and leavers (y-axis) during a calendar year (x-axis), as plotted in Figure 1. Stayers are PC lenders that have made more than 50 private credit deals. Leavers are those with 50 or fewer deals. Bottom panel plots the rolling 3-year average capital inflows from limited partners of all lenders over time.

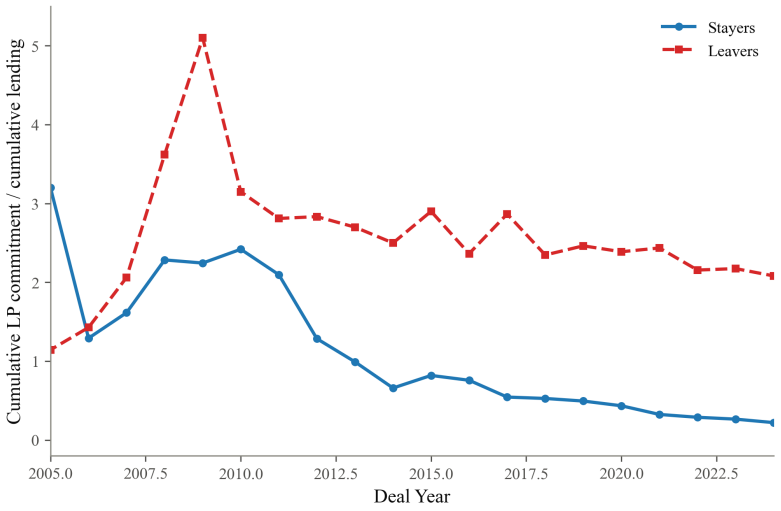


Figure 7: **LP Capital Relative to Debt Origination: Stayers vs. Leavers.** This figure plots the median ratio of cumulative LP commitments to cumulative debt origination for each lender group. A higher ratio indicates that a lender has raised more LP capital relative to the amount of debt it has originated over time. Blue solid line represents Stayers group, and the red dashed line represents leavers group.

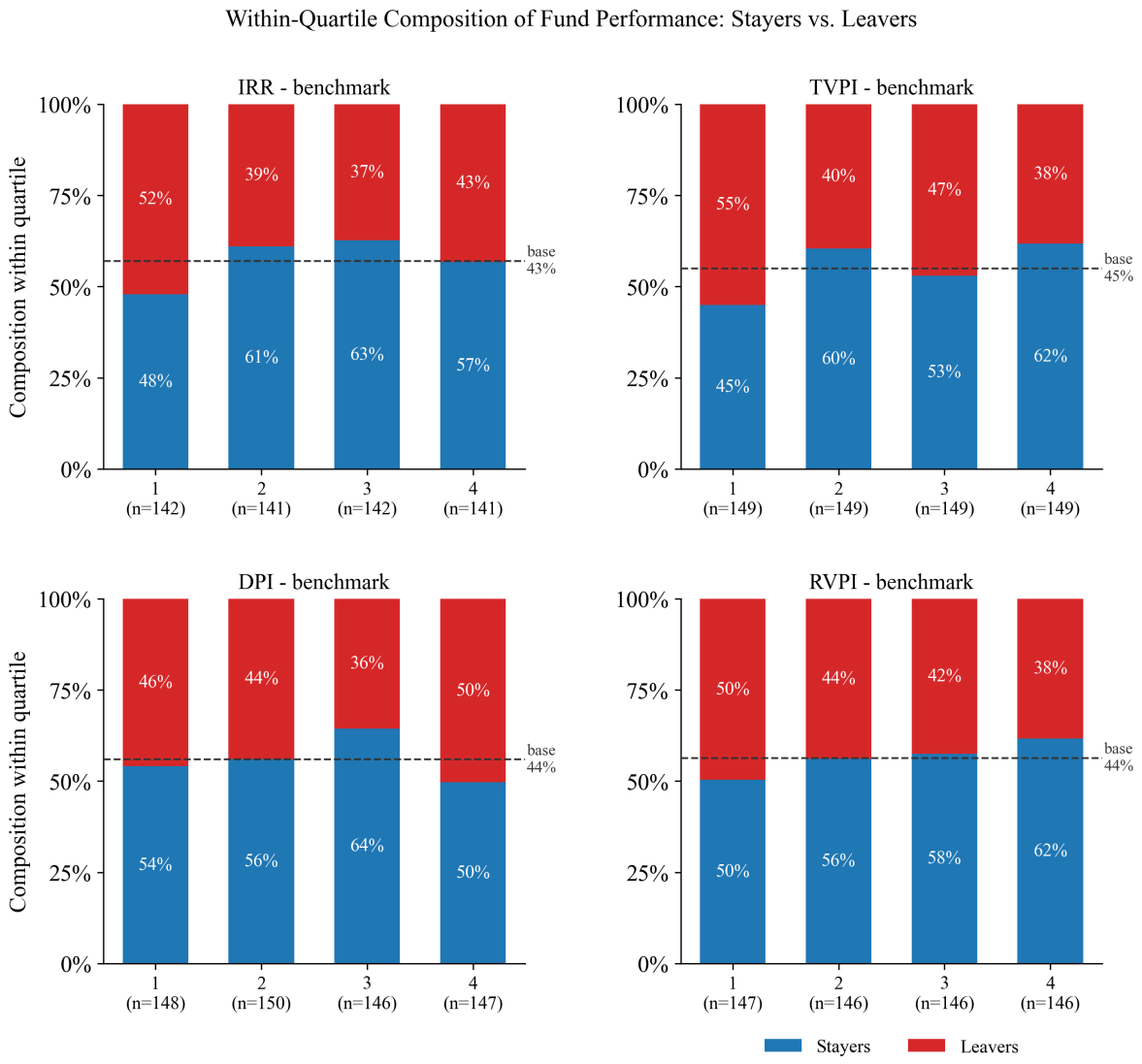


Figure 8: **Benchmark-adjusted Fund Performance: Stayers vs. Leavers.** This figure reports the composition of stayer and leaver funds within quartiles of benchmark-adjusted performance. For each metric (IRR, TVPI, DPI, RVPI), a fund's performance is measured net of its Pitchbook vintage × strategy benchmark; funds are then ranked into quartiles of the adjusted value, pooled across vintages (pooling is appropriate because the adjustment removes vintage effects). Each bar shows the share of stayer (blue) and leaver (red) funds within a quartile. The dashed line marks the base rate: the leaver share in the full sample of 566–596 funds per metric (43–45%). If performance were unrelated to survival, every quartile would match the base rate; bars above the line indicate quartiles where leavers are overrepresented. Leaver shares do not increase systematically toward the lower-performing quartiles, providing little evidence of a monotonic relation between benchmark-adjusted fund performance and lender persistence. Quartile 1 is highest-performing and Quartile 4 is lowest-performing.

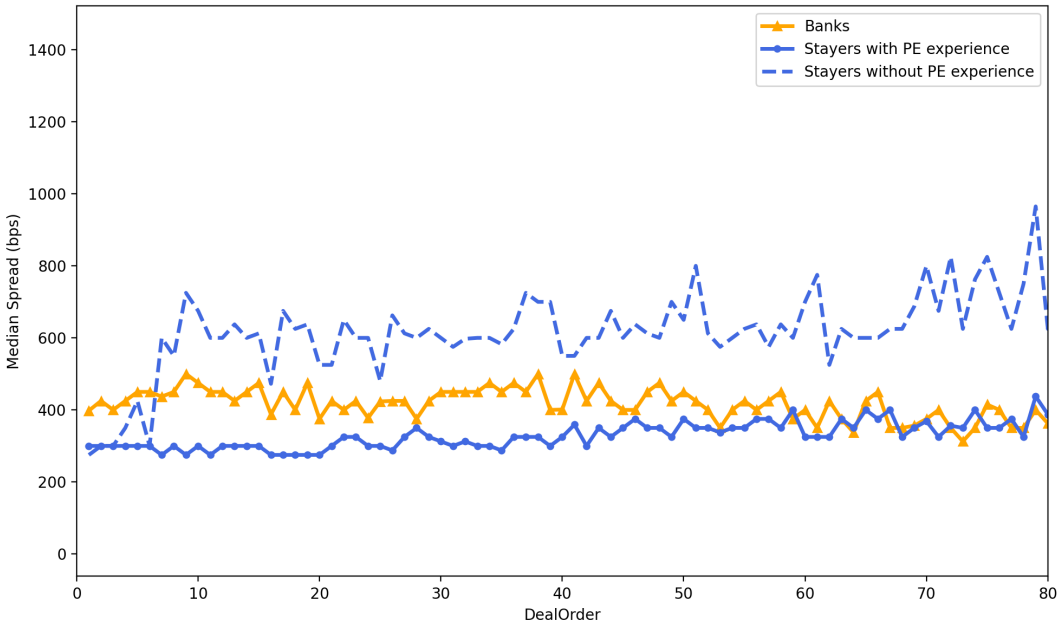


Figure 9: **Median Spread by Deal Order: Banks and PC Stayers.** The figure plots the median loan spread (bps) by deal order for three lender groups: banks, stayers with prior PE experience, and stayers without prior PE experience. Deal order corresponds to the chronological sequence of deals executed by a lender. Medians are computed within each deal-order by lender-type cell.

Table 1: **Summary Statistics: Full Sample.** Panel A shows the deal characteristics in the full sample. Panel B shows the borrower characteristics. Spread is measured in basis points. Deal size, borrower financial variables are reported in millions of U.S. dollars. Panel C shows the lender-related characteristics. Annual LP inflows and lending volume are lender-year level. Seniority in deal is the dollar-weighted mean seniority level that lender holds in that deal (0 is unsecured, 1 is subordinated/mezzanine, 8 is 1st lien/blanke senior secured, 9 is superpriority). % senior is the share of lender's held that reaches ≥ 6 seniority level. Fund returns are benchmark-adjusted relative to the median performance of PitchBook peer funds matched on fund size, vintage year, strategy and location. IRR-adjusted performance is measured as the difference in percentage points between fund IRR and benchmark IRR, while TVPI-, DPI- and RVPI-adjusted performance are measured as differences in multiples.

	N	Mean	Std	Min	25%	50%	75%	Max
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: Deal Characteristics								
Spread (bps)	28,747	540	271	1	350	500	650	2,500
Deal Size ($mn)	42,943	262	812	0	3	21	177	49,000
Panel B: Borrower Characteristics								
EBITDA ($mn)	16,032	305	3,355	-14,409	-3	2	49	167,528
Revenue ($mn)	90,450	510	6,847	-70	3	14	72	703,061
Enterprise Value ($mn)	12,795	6,519	81,757	-127,150	15	133	1,168	4,886,631
Panel C: Lender Characteristics								
Annual LP inflow ($mn)	14,435	5.35	33.18	0.00	0.00	0.00	0.00	400
Annual lending volume ($mn)	14,433	31.69	131.53	0.00	0.00	0.00	0.84	1,441.61
Seniority in deal	111,380	3.61	3.38	0.00	0.00	4.00	7.00	9.00
Lender Seniority	1,491	4.64	2.31	0.00	2.33	6.00	6.00	8.00
% Senior	116,809	0.51	0.50	0.00	0.00	0.83	1.00	1.00
Fund IRR-adj (pp)	560	1.00	6.76	-21.13	2.07	0.21	3.15	56.30
Fund TVPI-adj	590	0.10	0.40	-1.10	-0.10	0.02	0.23	2.64
Fund DPI-adj	585	0.03	0.40	-1.31	-0.16	0.00	0.19	1.78
Fund RVPI-adj	579	0.07	0.31	-0.84	-0.03	0.00	0.12	2.43

Table 2: **Summary Statistics: PC Stayers vs. PC Leavers.** Panel A reports the deal-level characteristics, borrower-level characteristics and lender-level characteristics for PC stayers. Panel B reports the same set of variables for PC leavers. Panel C reports the differences with significance levels between stayers and leavers (stayers - leavers). Spread is measured in basis points. Deal size, borrower financial variables, AUM, and dry powder are reported in millions of U.S. dollars. For the mean differences, the statistic in parentheses is the Welch t-statistic. For the median differences, the p-value is reported in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	N	Mean	Std	50%
	(1)	(2)	(3)	(4)
Panel A: PC Stayers				
Spread (bps)	27,186	535	272	500
Deal Size ($mn)	37,218	294	863	30
EBITDA ($mn)	4,484	846	4275	52
Revenue ($mn)	11,650	2530	15632	139
Enterprise Value ($mn)	2,665	18,844	102,341	2,041
Panel B: PC Leavers				
Spread (bps)	2,333	570	247	550
Deal Size ($mn)	6,935	123	415.97	3.50
EBITDA ($mn)	1,061	253	1,575	10
Revenue ($mn)	3,733	785	6,465	50
Enterprise Value ($mn)	689	7,427	60,438	578
Panel C: Differences (Stayers - Leavers)				
		Δ Mean		Δ Median
Spread (bps)		-35***		-50.00***
		(-6.49)		(0.00)
Deal Size ($mn)		171***		27***
		(25.43)		(0.00)
EBITDA ($mn)		593***		42***
		(7.40)		(0.00)
Revenue ($mn)		1,745***		89.35***
		(9.73)		(2.04e-70)
Enterprise Value ($mn)		11,418***		1,463***
		(3.76)		(0.00)

Table 3: **Summary Statistics: PE-Affiliated vs. Non-PE-Affiliated.** Panel A reports the deal-level, borrower-level and lender-level characteristics for private credit lenders who have PE experience. Panel B reports the same set of variables for lenders without PE experience. Panel C reports the differences between PE-affiliated and non-PE-affiliated lenders (PE - Non-PE). Spread is measured in basis points. Deal size, borrower financial variables are reported in millions of U.S. dollars. For the mean differences, the statistic in parentheses is the Welch t-statistic. For the median differences, the statistic in parentheses is the p-value from the median test. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	N	Mean	Std	50%
	(1)	(2)	(3)	(4)
Panel A: PE-Affiliated				
Spread (bps)	26,725	533	273	500
Deal Size ($mn)	37,139	299	866	35
EBITDA ($mn)	4,714	808	4,174	46
Revenue ($mn)	12,369	2,399	15,183	128
Enterprise Value ($mn)	2,793	18,019	100,021	1,894
Panel B: Non-PE-Affiliated				
Spread (bps)	2,242	618	230	600
Deal Size ($mn)	6,199	44	239	1
EBITDA ($mn)	535	478	4,782	2
Revenue ($mn)	2,120	717	5,767	22
Enterprise Value ($mn)	391	14,216	122,151	386
Panel C: Differences (PE - Non-PE)				
		Δ Mean		Δ Median
Spread (bps)		-86***		-100***
		(-16.73)		(0.00)
Deal Size ($mn)		255***		34***
		(47)		(0.00)
EBITDA ($mn)		331		43***
		(1.53)		(0.00)
Revenue ($mn)		1,682***		106***
		(9.08)		(0.00)
Enterprise Value ($mn)		3,804		1,508***
		(0.59)		(0.00)

Table 4: **Summary Statistics: PE Affiliation and Lender Survival Groups.** Panel A shows the deal-level and borrower-level characteristics for Stayers and Leavers with PE experience. Panel B shows the same set of variables for Stayers and Leavers without PE experience. Spread is measured in basis points. Deal size and borrower financial variables are measured in units of millions of dollars.

	Stayers				Leavers			
	N	Mean	Std	50%	N	Mean	Std	50%
Panel A: PE-Affiliated								
Spread (bps)	26,449	532	272	500	938	501	279	444
Deal Size ($mn)	35,193	310	885	37	2,921	230	569	34
EBITDA ($mn)	4,425	857	4,302	55	722	271	1,240	18
Revenue ($mn)	11,217	2,618	15,921	150	2,393	925	7,376	83
Enterprise Value ($mn)	2,626	19,055	103,052	2,091	425	5,979	17,563	965
Panel B: Non-PE-Affiliated								
Spread (bps)	815	629	252	600	1,443	609	217	600
Deal Size ($mn)	2,123	26	204	0	4,116	58	282	1
EBITDA ($mn)	130	1,040	8,853	9	428	300	2,194	2
Revenue ($mn)	621	899	8,100	21	1,565	657	4,387	24
Enterprise Value ($mn)	85	27,652	200,457	704	326	10,122	86,388	344

Table 5: **PC Lender Survival: Time-Varying Covariates.** This table reports lender-quarter level Cox proportional hazard models with time-varying covariates. Coefficients are log hazard ratios. The unit of observation is lender-quarter. Standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$. PC Deal Order (log) is the log of lender l's cumulative PC deal count as of quarter t. PE Deal Order (log) is the log of the cumulative number of PE deals prior to each PC deal. "Has PE Experience" is an indicator equal to one if the lender has completed at least one PE transaction prior to the current PC deal. It is time-varying and may switch from zero to one during the lender's private credit lifecycle.

Dependent variable: Hazard of Exit			
	(1)	(2)	(3)
PC Deal Order (log)	-0.2743***	-0.0067	-0.0212
	(0.0397)	(0.0478)	(0.0487)
PE Deal Order (log)		-0.3906***	-0.2987***
		(0.0433)	(0.0628)
Has PE Experience			-0.2333*
			(0.1192)
Observations	51,172	51,172	51,172
Exit Events	1,096	1,096	1,096

Table 6: **Deal Order, PE Experience, and Private Credit Spreads.** The dependent variable is loan spread measured in basis points. Has PE Experience is an indicator equal to one if the lender completed at least one private equity deal prior to the current deal. PC Deal Order is the sequence number of the lender's PC deals; PE Deal Order is the cumulative number of PE deals prior to each PC deal. Column (1) reports pooled OLS; columns (2)–(3) include year fixed effects; columns (4)–(5) include both lender and year fixed effects, hence the coefficient on "Has PE Experience" is identified from lenders that acquire PE experience during the sample. Standard errors are clustered at the lender level. t-statistics are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Dependent variable: Spread (bps)	(1)	(2)	(3)	(4)	(5)
Has PE Experience	-91.814***	-41.393**	15.583	-10.727	14.867
	(-3.8196)	(-2.5579)	(0.7778)	(-0.5677)	(0.7318)
Debt Amount (log)			-29.189***	-18.678***	-18.715***
			(-3.9428)	(-14.234)	(-14.261)
PC Deal Order				0.0175	1.7094***
				(1.1133)	(3.5619)
PE Deal Order				-0.0524	-0.0532
				(-0.8411)	(-0.8418)
PC Deal Order × Has PE Experience					-1.6881***
					(-3.5267)
Constant	572.25***	523.78***	581.53***	563.85***	535.17***
	(32.425)	(31.738)	(24.961)	(22.864)	(20.041)
Observations	69,750	69,750	69,161	69,161	69,161
R^2 (Within)	-0.0019	-0.0003	0.0403	0.0419	0.0420
Lender Fixed Effects	No	No	No	Yes	Yes
Year Fixed Effects	No	Yes	Yes	Yes	Yes

Table 7: **Lender Activity and Capital Flows by Survival Status and PE Affiliation.** This table reports lender-level summary statistics by survival status and PE affiliation. Years Active is the number of years between a lender's first and last observed private credit deal. Lending flow is the lender's average annual private credit origination volume; LP flow is the average annual capital raised from limited partners. LP-to-lending ratio is LP flow divided by lending flow, defined only for lenders with positive lending flow, which accounts for the smaller N in the row. "Any LP" is the indicator equal to one if the lender ever raises LP capital in that year. Average "Any LP" measures the share of lender-years with positive observed LP inflows. Flow variables are winsorized at 1% level.

	Stayers				Leavers			
	N	Mean	Std	50%	N	Mean	Std	50%
Panel A: PE-Affiliated								
Years Active	153	21.25	6.94	21.0	457	12.63	7.99	12.0
Lending Flow ($mn)	153	155.94	479.20	13.12	457	6.04	31.86	0.00
LP Flow ($mn)	153	8.59	68.91	0.00	457	0.57	9.50	0.00
LP-to-Lending Ratio	137	0.49	1.77	0.00	331	0.93	2.52	0.00
Any LP (0/1)	153	0.42	0.50	0.00	457	0.25	0.43	0.00
Panel B: Non-PE-Affiliated								
Years Active	16	16.69	4.11	16.5	901	5.60	5.67	2.0
Lending Flow ($mn)	16	1.84	2.64	1.40	901	8.81	142.73	0.00
LP Flow ($mn)	16	0.00	0.00	0.00	901	0.18	5.37	0.00
LP-to-Lending Ratio	15	0.01	0.05	0.00	526	0.11	1.34	0.00
Any LP (0/1)	16	0.06	0.25	0.00	901	0.01	0.12	0.00

Table 8: **PC Lender Survival and access to capital.** This table reports lender-quarter level Cox proportional hazard models with time-varying covariates. Coefficients are log hazard ratios. The unit of observation is lender-quarter. Standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$. PC Deal Order (log) is the log of lender l's cumulative PC deal count as of quarter t. PE Deal Order (log) is the log of the cumulative number of PE deals prior to each PC deal. "Has PE Experience" equals one if the lender has completed at least one PE transaction prior to the current PC deal. It is time-varying and may switch from zero to one during the lender's private credit lifecycle. LP Capital (log) is the log cumulative LP capital inflows.

Dependent variable: Hazard of Exit		
	(1)	(2)
PC Deal Order (log)	-0.0403	-0.0401
	(0.0486)	(0.0486)
PE Deal Order (log)	-0.2138***	-0.2152***
	(0.0641)	(0.0645)
Has PE Experience	-0.2346**	-0.2354**
	(0.1189)	(0.1190)
LP Capital (log)	-0.1409***	-0.1491***
	(0.0287)	(0.0562)
LP Capital × Has PE Experience		0.0111
		(0.0653)
Observations	51,172	51,172
Exit Events	1,096	1,096

Table 9: **Fund Performance by Survival Status and PE Affiliation.** This table reports lender-level summary statistics of fund performance for private credit lenders with observable fund-level returns in Pitchbook. IRR is the average net internal rate of return (%) across a lender's funds; TVPI, DPI, and RVPI are the average total value, distributions, and residual value to paid-in capital, respectively. N is the number of unique lenders with disclosed fund returns. Panels A, B, and C report PE-affiliated stayers, PE-affiliated leavers, and non-PE-affiliated leavers, respectively. Non-PE-affiliated stayers are omitted because too few disclose fund returns to permit meaningful statistics. These statistics reflect a selected sample: fund returns are observable only for lenders that raise commingled funds and report to Pitchbook.

	N	Mean	Std	50%
	(1)	(2)	(3)	(4)
Panel A: PE-Affiliated Stayers				
IRR (%)	64	9.51	3.17	9.30
TVPI	63	1.40	0.33	1.33
DPI	63	0.99	0.40	1.06
RVPI	63	0.41	0.40	0.23
Number of Funds	65	5.31	5.55	4.00
Panel B: PE-Affiliated Leavers				
IRR (%)	103	9.66	6.46	9.75
TVPI	109	1.40	0.43	1.34
DPI	110	0.96	0.56	1.00
RVPI	110	0.44	0.47	0.31
Number of Funds	119	2.30	1.61	2.00
Panel C: Non-PE-Affiliated Leavers				
IRR (%)	12	13.06	14.32	11.12
TVPI	12	1.46	0.55	1.34
DPI	11	1.22	0.70	1.22
RVPI	12	0.26	0.38	0.04
Number of Funds	14	2.00	1.71	1.00

Table 10: **Deal Order, PE Experience, and Private Credit Take-up.** This table reports lender-level panel regressions of the takeup rate on lagged experience measures. Take-up rate is an indicator equal to one if lender l originates at least one private credit deal in year t, and zero otherwise. We construct a lender-year panel beginning with each lender's entry into private credit and exclude the entry year, so the outcome captures whether an existing private credit lender continues to originate loans in a subsequent year. The panel ends in the lender's final observed year of private credit activity, so post-exit years are not mechanically coded as zero. Deal Order$_{t-1}$ (log) is the log of the lender's cumulative PC deal count as of the prior period; PE Deal Order$_{t-1}$ (log) is the log of the cumulative number of PE deals; LP Capital$_{t-1}$ (log) is the log of cumulative LP capital raised as of the prior period. All specifications include lender and time fixed effects. Standard errors are clustered at the lender level. t-statistics are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Dependent Variable: Takeup rate			
	(1)	(2)	(3)
Deal Order$_{t-1}$ (log)	-0.0046	-0.0541***	-0.0556***
	(-0.6008)	(-4.4272)	(-4.4913)
PE Deal Order$_{t-1}$ (log)		0.0865***	0.0708***
		(5.1775)	(4.0876)
LP Capital$_{t-1}$ (log)			0.0279***
			(4.4030)
Observations	27,132	27,132	27,132
R^2 (Within)	0.0011	0.0073	0.0100
Lender FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

Table 11: **Deal Order and Spreads: Banks vs. PC Stayers.** The dependent variable is loan spread measured in basis points. Panel A compares bank lenders with PE-affiliated PC stayers; Panel B compares bank lenders with non-PE-affiliated PC stayers. Deal Order is the sequence number of the lender's deals. First three columns report cross-sectional comparisons. Column (1) reports pooled OLS; columns (2)–(3) add time fixed effects. Last two columns report the lender lifecycle results. Columns (4)–(5) include lender and time fixed effects, which absorb the stayer indicators. Standard errors are clustered at the lender level. t-statistics are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Dependent variable: Spread (bps)	(1)	(2)	(3)	(4)	(5)
Panel A: Bank vs. PE-Stayers					
PE Stayer	150.53***	174.99***	101.55***		
	(5.2264)	(7.3623)	(4.4759)		
Debt Amount (log)			-58.689***	-45.898***	-45.890***
			(-8.8932)	(-13.708)	(-13.662)
Deal Order				-0.0012	-0.0012
				(-0.9308)	(-0.9275)
PE Stayer × Deal Order					0.0003
					(0.2414)
Constant	333.94***	327.53***	627.22***	596.76***	596.64***
	(13.004)	(18.980)	(17.452)	(40.411)	(40.035)
Observations	250,005	250,005	249,174	249,174	249,174
R^2	0.0721	0.1051	0.3945	0.1492	0.1492
Lender Fixed Effects	No	No	No	Yes	Yes
Year Fixed Effects	No	Yes	Yes	Yes	Yes
Panel B: Bank vs. Non-PE Stayers					
Non-PE Stayer	245.39***	235.11***	27.466		
	(5.3044)	(5.6485)	(0.7967)		
Debt Amount (log)			-64.985***	-57.060***	-57.061***
			(-8.2444)	(-22.496)	(-22.496)
Deal Order				-0.0046***	-0.0046***
				(-2.9045)	(-2.8816)
Non-PE Stayer × Deal Order					0.7670**
					(2.4481)
Constant	333.94***	334.00***	663.86***	643.80***	643.46***
	(13.004)	(20.546)	(16.350)	(61.203)	(60.993)
Observations	185,413	185,413	185,163	185,163	185,163
R^2	0.0058	0.0060	0.4205	0.2157	0.2158
Lender Fixed Effects	No	No	No	Yes	Yes
Year Fixed Effects	No	Yes	Yes	Yes	Yes

Online Appendix for the paper

"Who Survives in Private Credit? The Role of Private Equity Experience"

Table A1: **Variable Construction.** This table defines the main variables used in the empirical analysis. All variables are constructed from PitchBook deal, facility, investor, fund, and LP-commitment data. The unit of observation is noted at the end of each definition.

Variable	Definition
I^{PC}	Indicator equal to one if the lender's PitchBook investor types include a private credit type (lender/debt provider, BDC, or mezzanine), with manual overrides for lenders classified as both bank and private credit. Lender level.
I^{Bank}	Indicator equal to one if the lender's PitchBook investor types include a bank type (investment, commercial, or merchant bank, or holding company). Lender level.
PC Deal Order	Cumulative count of the lender's private credit deals, in chronological order; the lender's lifecycle clock. Lender–deal level.
PC Stayer	Indicator equal to one for lenders that complete more than 50 private credit deals during the sample period. Lender level.
PC Leaver	Indicator equal to one for lenders that stop lending after 50 or fewer private credit deals. Lender level.
Entry Year	Year of the lender's first private credit deal in the sample. Lender level.
Lender Entry Age	Lender's age (years since founding) at its first private credit deal. Lender level.
PE Deal Order	Cumulative number of private equity deals the lender has completed as of the private credit deal's date; zero if none. Lender–deal level.
Has PE Experience	Indicator equal to one if the lender has completed at least one private equity deal before the private credit deal's date (PE Deal Order $>$ 0). Time-varying within lender: it switches from zero to one at the lender's first PE deal. Lender–deal level.
PE Stayer / Non-PE Stayer	Interaction indicators used in the pricing regressions: PC Stayer interacted with Has PE Experience (and its complement), restricted to private credit deals. Lender–deal level.
Seniority	Ordinal priority ladder (0–9) assigned from PitchBook's security description: from unsecured (0) through subordinated/mezzanine, second lien, collateral-specific and unspecified secured claims, up to first lien and superpriority (9). Mezzanine facilities are placed on the subordinated rung; unitranche facilities are excluded. Facility level.
Lender Seniority	Debt-amount-weighted average seniority rung of the facilities the lender holds in a deal. Lender–deal level.
Take-up rate	an indicator equal to one if lender l originates at least one private credit deal in year t, and zero otherwise. We construct a lender-year panel beginning with each lender's entry into private credit and exclude the entry year, so the outcome captures whether an existing private credit lender continues to originate loans in a subsequent year
LP Capital Inflow	Limited-partner capital committed to the lender's private credit funds (direct lending, mezzanine, distressed debt, and related credit fund types), dated by commitment date; logs use $\log(1+x)$. Lender–year level.
Cumulative LP Capital	Running sum of LP Capital Inflow from the lender's first observed activity. Lender–year level.
Debt Origination	Sum of the lender's disclosed facility-level commitments (*Lender-Amount*) in the period; the cumulative version is the running sum. Lender–year level.
LP-to-Lending Ratio	Cumulative LP Capital divided by cumulative Debt Origination. Lender–year level.

LP commitments are capital *committed*, not drawn down, and capture only disclosed institutional money; a cumulative LP capital of zero means no observed commitment.

Table A2: **PE Experience and Seniority of PC Lenders.** The unit of observation is PC lender × deal. The dependent variables are the lender's $-weighted priority rung (0 = most junior, 9 = most senior), the share of the lender's dollars in senior facilities, and an indicator for holding any junior facility. PE Experience is an indicator equal to one if the lender completed at least one private equity deal prior to the current deal. For each outcome, column (a) reports pooled OLS with year fixed effects and column (b) adds lender fixed effects. t-statistics are reported in parentheses, based on standard errors clustered by lender. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

	Priority Rung ($-wtd, 0–9)		Share Senior		Any Junior	
	(a)	(b)	(a)	(b)	(a)	(b)
Has PE Experience	2.087***	0.071	0.195***	0.033	-0.197***	-0.033
	(6.45)	(0.35)	(4.28)	(0.93)	(-4.31)	(-0.98)
Deal Size (log)	-0.203**	-0.074***	-0.029**	-0.014***	0.032***	0.018***
	(-2.04)	(-3.45)	(-2.52)	(-5.19)	(2.80)	(5.95)
Constant	4.828***	6.256***	0.706***	0.806***	0.287***	0.185***
	(12.15)	(29.03)	(13.01)	(22.68)	(5.25)	(5.30)
Lender Fixed Effects	No	Yes	No	Yes	No	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	32,944	32,944	35,709	35,709	35,709	35,709
Within R^2	0.037	0.003	0.023	0.004	0.027	0.006

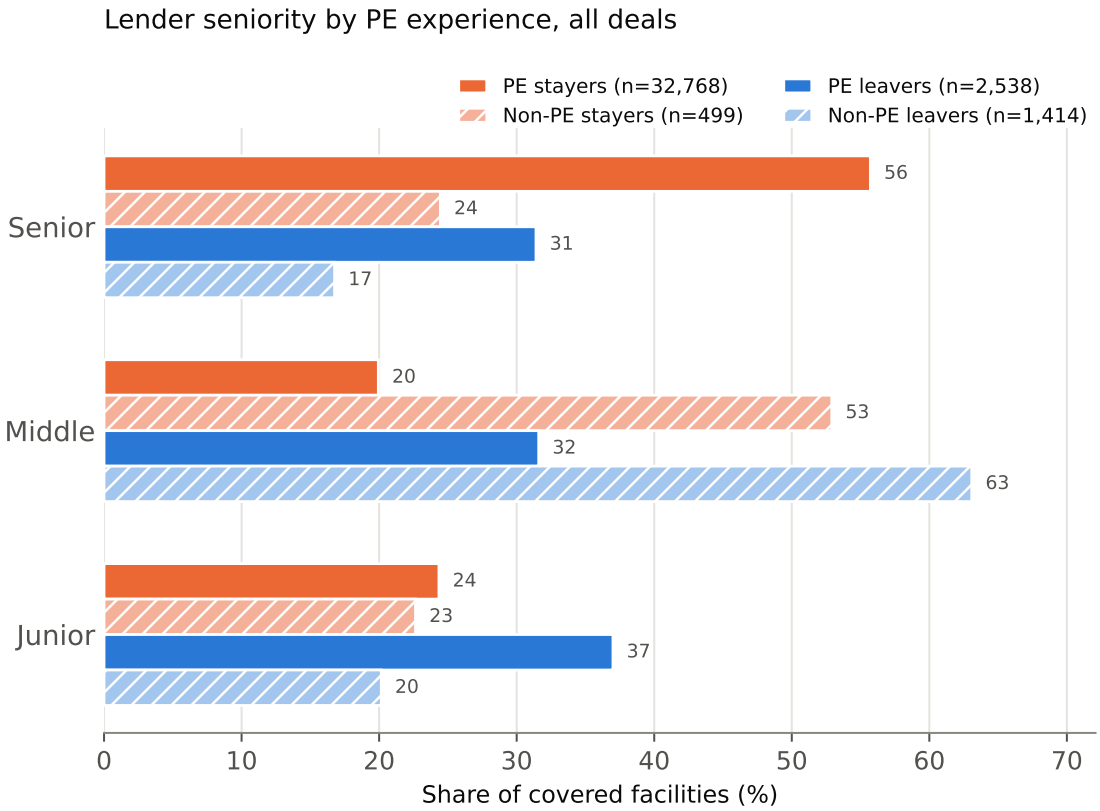


Figure A1: **Seniority composition by PE Experience and Lender Survival Status.** Seniority distribution of facilities held by stayers and leavers, split by PE experience, whether the lender had completed at least one private equity deal before their first private credit deal's date. Seniority is assigned from PitchBook's security description on an ordinal ladder; unitranche facilities are excluded. Senior is superpriority or first-lien/blanket claims; Middle is other secured deals (collateral unspecified or specific collateral pledges); Junior is second lien and below, including subordinated and unsecured. 56% of facilities held by PE stayers are senior (solid orange), compared with 31% for PE leavers (solid blue), 24% for non-PE stayers, and just 17% for non-PE leavers. PE Stayers exhibit the greatest concentration in senior facilities.

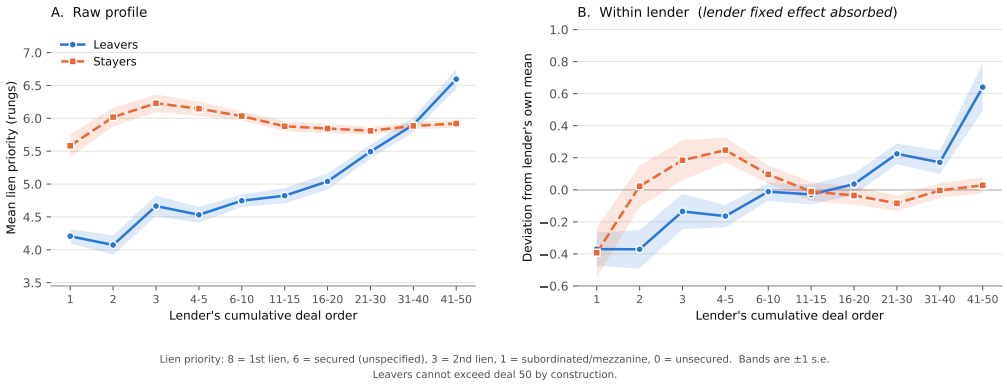


Figure A2: **Average seniority over lender lifecycle: stayers vs. leavers** Average seniority the facilities held by stayers and leavers, by the lenders cumulative PC deal order (bins on the x-axis). Seniority assignment follows A1. It is assigned from Pitchbook security description on the ordinal ladder (8 = first lien, 6 = secured, collateral unspecified, 3 = second lien, 1 = subordinated/mezzanine, 0 = unsecured); Unitranche deals are excluded. Panel A shows raw bin means with ±1 s.e. bands; small numbers report distinct lenders per bin. Panel B plots deviations from each lender's own mean seniority, so the profile reflects within-lender migration rather than changes in lender composition across bins.