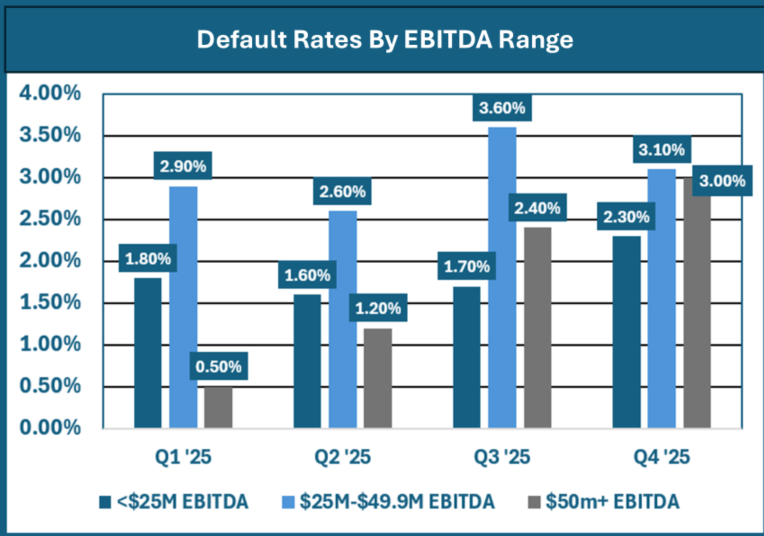
MIZZEN CAPITAL *Insights* | Smaller Borrowers Default Less

As Q3 2026 begins, the private credit market continues to show a clear bifurcation between large-cap and lower-middle-market lending.

While defaults across private credit have increased, as reflected by the Proskauer Private Credit Default Index rising to 2.73% in Q1 2026, companies with less than $25 million of EBITDA reported a lower 2.30% default rate, outperforming larger borrower segments.

Smaller businesses continue to benefit from more conservative leverage, stronger lender protections, and less competitive lending environments, contributing to better credit performance despite broader market pressures.



Source: https://www.proskauer.com/report/proskauers-private-credit-default-index-reveals-rate-of-273-for-q1-2026

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