

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

Vyacheslav (Slava) Fos
Carroll School of Management, Boston College
CEPR, ECGI, NBER
fos@bc.edu

Shuwen Wang
Columbia Business School, Columbia University
sw3702@gsb.columbia.edu

First Draft: February 28, 2026

[Preliminary version. Please Do Not Distribute.]

Who Survives in Private Credit?

The Role of Private Equity Experience

Abstract

Private credit has grown to over \$1.5 trillion in assets, yet little is known about which lenders “survive” (building lasting presence) and why. We document a striking lifecycle pattern: many entrants exit quickly, and these short-lived “Leavers” account for much of the observed private credit pricing premium. Prior private equity experience is the key predictor of persistence. Lenders with PE backgrounds are more than three times as likely to remain active, exhibit substantially lower exit hazards, and charge spreads comparable to traditional banks. In contrast, lenders without PE experience enter with higher spreads, originate smaller deals, and disproportionately exit. Our findings suggest that cross-market expertise—rather than pure risk specialization—drives sustainable participation in private credit, reshaping how we interpret its risk and growth.

JEL classification: G23, G32, G21

Keywords: Private credit, Private equity, Industry entrance and exit, Learning

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 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. 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.

On one side, the provision of credit to risky borrowers could be efficient if private credit lenders provide capital to risky but positive-NPV borrowers banks could not serve. That is, they serve a segment of the market that is not likely to be served by banks. They do so due to unique skills that allow PC lenders to specialize in risky segment of the market (Chernenko et al. (2022), Davydiuk et al. (2024a), Jang (2024)). Alternatively, unregulated private credit lenders could provide capital to negative-NPV borrowers and therefore increase fragility of the financial markets (Chernenko et al. (2022), Block et al. (2024)). Differentiating between these two hypotheses is an open avenue for academic research and not the focus of this paper.

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. We label these transient participants “*Leavers*,” lenders with fewer than 50 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. Moreover, precisely these private credit *Leavers* contribute to the spread differential between bank and private credit lenders. Leavers charge a median spread of approximately 550 basis points on their early deals, compared to roughly 450 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*.

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.

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

We find that prior experience in private equity 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. This relationship is robust controlling for institutional scale (assets under

management) and lender age, and holds in both cross-sectional logit regressions and Cox proportional Hazard models with time-varying covariates. In the hazard models, a one-standard-deviation 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. Among surviving lenders (*Stayers*), those with PE backgrounds charge spreads comparable to traditional banks and originate materially larger deals. On the intensive margin, greater cumulative PE deal experience is associated with lower spreads, consistent with PE-affiliated lenders leveraging deal flow from portfolio company relationships, established due diligence infrastructure, and access to committed capital.

These findings are difficult to reconcile with a pure specialization or skills-based explanation for why PC lenders serve risky borrowers. If high spreads reflected specialized screening capabilities than justified lending to risky but positive-NPV firms, we would expect the most experienced and committed lenders (i.e., *Stayers*) to maintain or increase their risk premia over time. Instead, we find the opposite: riskier, higher-spread deals are concentrated among *Leavers*, while *Stayers* shift toward safer deals with more competitive pricing as they accumulate experience. This pattern suggests that the risk-taking observed among *Leavers* is more consistent with inexperience or opportunistic entry than with deliberate specialization.

Figure A1 further corroborates this interpretation by tracing what happens to *Leavers* after they exit the private credit market. 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.

Related Literature

To the best of our knowledge, no prior paper has studied how individual private credit lenders evolve over their lifecycle. We document a significant relationship between lender survival (as measured by “Stayers” and “Leavers” variables), deal characteristics (loan spreads and deal size), and lender experience in private equity. 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 explain lenders’ chances of survival and becoming established players.

We contribute to this strand of literature by examining the survival and exits in the private credit industry, showing that the commonly observed pricing premium of PC lenders relative to banks reflects the transient presence of short-lived entrants. This compositional perspective complements existing cross-sectional comparisons by revealing that the population of active PC lenders changes substantially over time, with implications for how we should interpret aggregate differences between private credit and traditional bank 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, showing how learning and attrition jointly shape the composition of surviving lenders over time. Our “Leaver” finding - that lenders who briefly entered and participated in the private credit industry charged higher spreads and originated smaller deals before exiting is consistent with a selection mechanism operating in financial intermediation analogous to the one Jovanovic (1982) models for goods-producing firms. To our knowledge, this is the first paper that links the classic framework of entry and industry dynamics with the private credit sector, offering a dynamic view of how the industry evolves over time.

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.

While these papers primarily study the demand-side, how PE sponsors shape borrower outcomes and financing terms, our paper examines the supply side: how prior experience as a PE investor shapes the lender’s own trajectory in private credit. We show that PE experience is not merely a characteristic of borrowers or deal structure, but a fundamental determinant of which institutions can build sustainable lending platforms. This supply-side perspective complements the existing demand-side evidence by suggesting that the deep connection between PE and private credit is not only a feature of borrower-lender matching but also reflects an organizational prerequisite for successful entry into 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 briefly describes the PitchBook dataset used and our sample construction. Section 3 presents the main findings. We begin with univariate evidence on turnover patterns, the spread differential between *Stayers* and *Leavers*, and the role of PE experience. We then report regression analyses examining how PE experience predicts lender survival, using both cross-sectional Logit models and Cox proportional Hazard models with time-varying covariates. Section 4 explores the implications of PE experience for deal pricing. Section 5 concludes.

2. Data

We use PitchBook data, which is considered the most comprehensive dataset that covers private credit- and private-equity deals. The data contains lender information, borrower valuations and financial fundamentals, PE sponsor information as well as the deal-level contractual terms (interest rate spread, maturity, debt amount, etc). Our dataset contains deal-level and lender-level observations spanning the period of 1978 to 2025. Since the nonbank credit started rising since 1980, we restrict the sample to lenders established after 1980. This cutoff reflects the period when nonbank financial intermediation, especially private credit began to expand in scale and importance.

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 2016¹.

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 characteristics. Panel A shows that the average loan spread is 509 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.

Finally, panel C presents lender characteristics. Lenders are economically large institutions. The average lender manages \$362 billion in assets under management, with a median of \$21 billion. Dry powder averages \$18.2 billion, with a median of \$2.7 billion, again indicating substantial heterogeneity across lenders. Overall, the summary statistics highlight substantial dispersion in both borrower and lender size, consistent with a market that includes both small, potentially constrained firms and very large institutional capital providers.

¹As explained in the following sections, the average time for a lender to originate up to 50 deals takes around 9 years.

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 lenders who originate 50 or more deals over their lifetime, and *Leavers* as those who participate briefly and originate fewer than 50 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.

We note that *Leavers* are a heterogeneous group. Some may have exited due to insufficient capabilities, consistent with a selection mechanism, while others—such as subsidiaries of larger financial groups or institutional allocators who participated in a limited number of deals—may have chosen not to scale their private credit activities for strategic reasons. Our analysis does 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.

Figure 1 shows that the unique number of *Leavers* increased during post 2008 crisis years, suggesting high turnover rate in the PC industry.

[Insert Figure 1 here.]

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.

We note that lender exit from private credit does not necessarily imply institutional failure. A lender classified as a Leaver may have shifted its strategy toward other asset classes, restructured its lending operations under a different entity, or simply chosen not to scale its PC lending activities. 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. The key finding - that PE experience predicts which lenders build persistent PC lending activities, holds whether exit reflects inability to compete, strategic reallocation, or organizational restructuring.

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 risky borrowers. Exit is strongly associated with institutional scale. The median stayer manages \$48 billion in AUM,

compared to just \$1.2 billion for the median leaver, and holds roughly ten times more dry powder (\$2.7 billion versus \$245 million). These differences translate into materially larger transactions: 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.

[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.

3.1.2. *PE-Affiliated lenders*

In this section, we investigate the role of private equity (PE) experience. PC lenders who have PE experience are defined as “PE-Affiliated”. Table 3 compares deals originated by these two groups of lenders.

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. Institutional scale differs sharply as well, with PE-affiliated lenders managing a median \$47 billion in AUM compared to \$330 million for non-PE lenders, alongside materially greater dry powder.

[Insert Table 3 here.]

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, possess superior screening and monitoring capabilities, or benefit from stronger bargaining positions and sponsor relationships. 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 higher-quality or less risky lending opportunities.

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 PE Stayers relative to 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 while offering more competitive pricing, consistent with scale economies or stronger screening and selection.

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.

Finally, lender characteristics further underscore these scale distinctions. Among Stayers, PE-affiliated lenders have a median AUM of \$48,000 million compared to \$260 million for non-PE lenders, as well as substantially greater Dry Powder (\$3,300 million at the median). Similar gaps appear among Leavers. These differences indicate that PE-affiliated lenders not only transact in larger deals with larger borrowers but also operate with significantly greater capital bases and deployable resources.

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. Regression analyses

The previous results 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 three approaches: cross-sectional logit regressions, cross-sectional Cox proportional Hazard models, and Cox models with time-varying covariates.

3.2.1. Logit regressions

We begin by estimating cross-sectional logit regressions at the lender level. The dependent variable equals one if lender l is classified as a Stayer:

$$\Pr(\text{Stayer}_l = 1) = \Lambda(\alpha + \beta_1 I_l^{\text{PE Entry}} + \beta_2 X_l), \quad (1)$$

where $\Lambda(\cdot)$ denotes the logistic function. $I_l^{\text{PE Entry}}$ equals one if the lender l had any private equity deal experiences before they originated their first private credit deal. It measures lender l 's private equity experience at their entry into private credit. We consider two measures of PE experience: an indicator for whether the lender has any PE experience at entry $I_l^{\text{PE Entry}}$, and the log number of cumulative PE deals at entry ($\log \text{PE Entry}_l$). X_l is a vector of lender-level controls that includes lender age at entry ($\text{Age}_l^{\text{Entry}}$) and log assets under management (\$millions) ($\log AUM_l$). We estimate six specifications, progressively adding controls to assess the significance of the PE experience coefficients.

Table 5 reports the results. Column (1) shows that having PE experience at entry is associated with a statistically significant increase in the probability of remaining in the industry. The effect is economically large: the implied likelihood of becoming a Stayer is roughly four times higher for PE-affiliated entrants, indicating a strong unconditional relationship between PE background and survival.

[Insert Table 5 here.]

In column (2), we replace the indicator with the intensive-margin measure, $\log \text{PE}_l$. The coefficient remains positive and highly significant, suggesting that a greater number of PE deals prior to entry further increases the probability of staying active. Column (3) includes both the extensive and intensive measures simultaneously. Both coefficients remain positive and statistically significant, implying that the presence of PE experience and its depth each contribute independently to predicting long-run survival.

In Columns (4)-(6) we include two lender-level controls: lender age at entry and AUM (log). We find that the extensive and intensive measures remain positive and significant predictor of Stayers when included separately in the regression. In column (6), when we including both PE measures along with controls, $\log \text{PE Entry}_l$ remains positive and significant, whereas $I_l^{\text{PE Entry}}$ becomes statistically insignificant. This suggests that once the depth of PE experience is accounted for, the binary indicator adds little incremental explanatory power. Overall, the results indicate that the intensity of PE experience at entry — together with lender scale — is the strongest predictor of long-run survival in private credit.

We then move on to modeling lender exit using Cox proportional hazard models. Cox proportional hazard models are widely used in the finance literature to study survival and exit dynamics (e.g., Seru et al., 2010). This approach is well suited to our setting for two reasons: it accommodates right-censoring of lenders that remain active at the end of our sample, and it allows covariates to vary over time, enabling us to track how evolving PE exposure — rather than fixed entry characteristics alone — predicts lender persistence.

3.2.2. Cox proportional hazard models.

We next model the timing of lender exit using Cox proportional hazard regressions:

$$h_l(t) = h_0(t) \exp(\beta_1 I_l^{\text{PE Entry}} + \beta_2 \log \text{PE Entry}_l + \beta_3 Y_l^{\text{Entry}}), \quad (2)$$

where $h_l(t)$ is the hazard of exit for lender l at time t and $h_0(t)$ is the baseline hazard. $I_l^{\text{PE Entry}}$ is whether the lender had PE experience before entry, $\log \text{PE Entry}_l$ measures the cumulative number of PE deals they had before entry (log), a continuous measure of the binary outcome. Y_l^{Entry} denotes the entry year of the lender l . This approach exploits variation in the duration of lender activity rather than collapsing survival into a binary outcome.

[Insert Table 6 here.]

Table 6 reports the results. In column (1), having PE experience at entry is associated with a 46% reduction in the hazard of exit ($e^{-0.623} \approx 0.54$). However, when both the extensive and intensive margins are included jointly (columns 3-4), the binary indicator becomes insignificant while the log number of PE deals before entry remains strongly significant. This suggests that what matters is not simply whether a lender has PE experience, but how much: each additional log unit of PE deal experience is associated with a roughly 42% reduction in exit. Column (4) further shows that later entry cohorts face significantly higher exit hazards, consistent with the post-crisis wave of entrants shown in Figure 1.

3.2.3. *Dynamic Survival: Cox Hazard Models*

To examine lender persistence dynamically, we estimate Cox proportional hazard models at the lender-quarter level. The hazard of exit for lender l at time t is given by:

$$h_l(t | Z_{lt}) = h_0(t) \exp(\beta_1 PC \text{ Deal Experience}_{lt} + \beta_2 PE \text{ Exposure}_{lt} + \beta_3 I_l^{\text{PE Entry}}) \quad (3)$$

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. $PC \text{ Deal Experience}_{lt}$ 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. $PE \text{ Exposure}_{lt}$ is 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, $PE \text{ Exposure}$ 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. $I_t^{\text{PE Entry}}$ is a time-invariant lender-specific variable which equals to one if the lender had any PE experience at the time of its first PC deal. The reported coefficients are log hazard ratios. A negative coefficient implies a lower hazard of exit. The economic magnitude can be interpreted using $e^\beta - 1$. Table 7 reports the results.

[Insert Table 7 here.]

In column (1), the coefficient on *PC Deal Experience* is -0.274 , significant at 1% level. 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 ($1 - e^{-0.274 \times \ln 2} \approx 17\%$). This suggests economically meaningful learning or scale effects within private credit.

Column (2) adds *PE Exposure*, the cumulative PE deals before each PC deal transaction. 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 ($1 - e^{-0.391 \times \ln 2} \approx 0.24$). 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 drives lower exit hazard.

Column (3) further incorporates an indicator for PE experience at entry. We find that in this specification the time-varying measure of PE exposure remains economically large and statistically significant at 1%, implying a similar 3.2% reduction in exit risk for a 10% increase in PE experience. In contrast, the entry indicator is economically small and statistically insignificant. This result indicates

that continued and cumulative PE activity — rather than merely entering private credit with prior PE experience — is what most strongly predicts persistence.

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

4. Implications

Panel (a) of Figure 4 plots the median loan spread (in basis points) by deal order for four groups of private credit (PC) lenders. Among lenders with PE experience, spreads generally fluctuate between 300 and 400 basis points, with no pronounced trend across deal order. However, within the subsample of PE-experienced Leavers, spreads decline as lenders accumulate private credit experience. In contrast, lenders without PE experience exhibit substantially higher spreads overall, often reaching 700–800 basis points. For non-PE Leavers, spreads increase with deal order, indicating worsening pricing outcomes over time. Taken together, these patterns suggest markedly different spread dynamics: Leavers without PE experience appear to finance progressively riskier deals as they gain PC experience, whereas Leavers with PE backgrounds move toward lower-risk pricing over time.

[Insert Figure 4 here.]

Panel (b) repeats the analysis for deal size, measured as the median loan amount (log \$m). Among lenders with PE experience, deal sizes generally fluctuate between \$20 million and \$150 million (approximately 3 to 5 in log terms). Within this group, Stayers gradually reduce deal size as they accumulate experience, whereas Leavers tend to increase deal size over time. In contrast, among lenders without PE experience, deal size declines sharply over the first ten deals and then stabilizes. Within this non-PE group, Stayers and Leavers display broadly similar

deal-size dynamics. Consistent with the earlier evidence, the most pronounced differences in deal size are observed between lenders with and without PE experience rather than between Stayers and Leavers within each group. Overall, deal-size dynamics differ primarily by PE background—lenders with PE experience exhibit distinct and diverging patterns between Stayers and Leavers, while non-PE lenders converge to smaller, stable deal sizes—highlighting that PE affiliation is the main source of heterogeneity in lending scale.

We next use regression setting to investigate how lender experience relates to loan pricing. Table 8 reports the results. The dependent variable is the loan spread (in basis points). All specifications include lender fixed effects, so identification comes from within-lender variation over time. Column (1) in panel A shows that *PC Deal Order* is negatively and significantly related to spreads, indicating that, within a given lender, later private credit deals are priced at slightly lower spreads. In column (2), we replace private credit deal order with *PE Deal Order*. The coefficient of this variable is negative but statistically insignificant, suggesting that accumulated PE experience alone does not mechanically translate into lower spreads once lender fixed effects are included. Column (3) includes both experience measures simultaneously. Neither coefficient is statistically significant, indicating that the two order measures capture overlapping dynamics and that their independent marginal effects are difficult to disentangle in this linear specification.

[Insert Table 8 here.]

When we introduces an interaction between deal order and an indicator for having PE experience in Column (4), we find very striking results. The coefficient on *PC Deal Order* becomes positive and significant, while the interaction term is negative and highly significant. The implied marginal effect of deal order for PE-experienced lenders is $1.2792 - 1.3271 \approx -0.048$, closely matching the baseline effect in column (1). In contrast, for lenders without PE experience, deal order is

associated with increasing spreads. This result suggests that the pricing benefits of accumulated deal experience are concentrated among lenders with PE backgrounds, consistent with PE expertise enhancing the returns to experience.

In panel B, we add debt amount as a control variable. We find that the coefficient on debt amount is large and negative, indicating that larger loans carry lower spreads, consistent with scale effects in pricing. Importantly, the coefficients on deal order and its interaction with PE experience remain qualitatively unchanged. The interaction term continues to be negative and highly significant, reinforcing the conclusion that experience reduces spreads primarily for lenders with PE backgrounds.

We conclude this section by comparing loan spreads for Stayers and banks. Figure 5 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 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. This pattern suggests that persistent pricing differences—and, by extension, risk—are concentrated among lenders without PE backgrounds.

[Insert Figure 5 here.]

To formally evaluate spread dynamics for banks and Stayers, we estimate panel regressions of loan spreads on lender deal order and related variables. Table 9 reports the results. Across all but one specifications, the coefficient on PC Deal Order for banks (non-interacted term) is negative and statistically significant, indicating that banks charge lower spreads as they accumulate lending experience. This pattern is consistent with standard learning effects, improved screening, or relationship deepening over time.

[Insert Table 9 here.]

Panel A compares spreads charged by banks and spreads charged by PE-affiliated PC Stayers. In column (1), spreads decline modestly with deal order. In column (2), after adding time fixed effects and loan size controls, the interaction between PE Stayer and PC Deal Order is economically small and statistically insignificant. This suggests that PE-affiliated Stayers exhibit learning dynamics similar to banks: their spread reductions over time are statistically indistinguishable from those of banks. In other words, PE-backed Stayers appear to converge toward bank-like pricing behavior as they accumulate experience.

Panel B contrasts banks with non-PE Stayers. While the baseline effect for banks remains negative, the interaction term between non-PE Stayer and PC Deal Order is positive and highly significant. This implies that, relative to banks, non-PE Stayers do not experience comparable spread declines as they gain experience; instead, their pricing dynamics diverge. Taken together, the results indicate that the learning patterns of PE-affiliated Stayers resemble those of banks, whereas non-PE Stayers exhibit distinct—and less bank-like—pricing trajectories.

5. Conclusion

Private credit has grown into a major segment of global credit markets, yet little is known about which lenders persist and what drives their long-run success. This paper documents a striking lifecycle pattern in the industry. Following the Global Financial Crisis, many new private credit entrants participated briefly and exited within a short period. These short-lived lenders—which we label Leavers—charge substantially higher spreads and originate smaller deals relative to lenders that remain active. 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.

We identify prior private equity (PE) experience as a central determinant of lender survival and pricing dynamics. Lenders with PE backgrounds at entry are more than three times as likely to remain active in private credit. This relationship is robust across cross-sectional logit models and Cox proportional hazard specifications with time-varying covariates. Importantly, cumulative PE deal experience significantly reduces exit hazards, whereas private credit deal experience alone does not independently predict survival once PE exposure is accounted for. Moreover, PE-affiliated lenders originate larger loans, finance larger and more established borrowers, and exhibit declining spreads as they accumulate experience. In contrast, Leavers without PE backgrounds tend to move toward riskier, higher-spread deals before exiting.

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; it represents an organizational learning capability that supports durable lending platforms. Third, our findings shed light on the role of PE experience in driving private credit growth through a selection and learning channel. We show that lenders with prior PE deal-making experience are significantly more likely to survive and persist in the private credit market, and that as they accumulate experience, they originate larger deals at more competitive spreads. 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.

References

- Acharya, V. V., Cetorelli, N., and Tuckman, B. (2024). Where do banks end and nbfis begin? Technical report, National Bureau of Economic Research.
- Block, J., Jang, Y. S., Kaplan, S. N., and Schulze, A. (2024). A survey of private debt funds. *The Review of Corporate Finance Studies*, 13(2):335–383.
- Boocker, S. and Wessel, D. (2024). What is private credit? does it pose financial stability risks?
- Botsch, M. and Vanasco, V. (2015). Relationship lending: Do banks learn? *Available at SSRN*, 2619961:1–27.
- Botsch, M. and Vanasco, V. (2019). Learning by lending. *Journal of Financial Intermediation*, 37:1–14.
- Cetorelli, N., Cisternas, G., and Sarkar, A. (2025). Coexistence of banks and non-banks: Intermediation functions and strategies. Technical report, Staff Reports.
- Chernenko, S., Erel, I., and Prilmeier, R. (2022). Why do firms borrow directly from nonbanks? *The Review of Financial Studies*, 35(11):4902–4947.
- Chernenko, S., Ialenti, R., and Scharfstein, D. S. (2025). Bank capital and the growth of private credit. *Available at SSRN* 5097437.
- Davydiuk, T., Marchuk, T., and Rosen, S. (2024a). Direct lenders in the us middle market. *Journal of Financial Economics*, 162:103946.
- Davydiuk, T., Marchuk, T., and Rosen, S. (2024b). Market discipline in the direct lending space. *The Review of Financial Studies*, 37(4):1190–1264.
- Ericson, R. and Pakes, A. (1995). Markov-perfect industry dynamics: A framework for empirical work. *The Review of economic studies*, 62(1):53–82.

- Haque, S., Mayer, S., and Stefanescu, I. (2024). Private debt versus bank debt in corporate borrowing. *Available at SSRN 4821158*.
- Haque, S., Mayer, S., and Wang, T. (2023). How private equity fuels non-bank lending. In *Proceedings of the EUROFIDAI-ESSEC Paris December Finance Meeting*.
- Hopenhayn, H. A. (1992). Entry, exit, and firm dynamics in long run equilibrium. *Econometrica: Journal of the Econometric Society*, pages 1127–1150.
- Ivashina, V. (2025). The role of private debt in the financial ecosystem. Technical report, National Bureau of Economic Research.
- Ivashina, V. and Kovner, A. (2011). The private equity advantage: Leveraged buyout firms and relationship banking. *The Review of Financial Studies*, 24(7):2462–2498.
- Jang, Y. S. (2024). *Are Direct Lenders More Like Banks or Arm’s-Length Investors?* PhD thesis, The University of Chicago.
- Jang, Y. S., Kim, D., and Sufi, A. (2025). The lending technology of direct lenders in private credit. Technical report, National Bureau of Economic Research.
- Jovanovic, B. (1982). Selection and the evolution of industry. *Econometrica: Journal of the econometric society*, pages 649–670.
- Kaplan, S. N. and Strömberg, P. (2009). Leveraged buyouts and private equity. *Journal of economic perspectives*, 23(1):121–146.
- Robinson, D. T. and Wallskog, M. (2026). Why is private lending so popular? Technical report, National Bureau of Economic Research.
- Seru, A., Shumway, T., and Stoffman, N. (2010). Learning by trading. *The Review of Financial Studies*, 23(2):705–739.

Sterk, V., Sedláček, P., and Pugsley, B. (2021). The nature of firm growth. *American Economic Review*, 111(2):547–579.

Tables and Figures

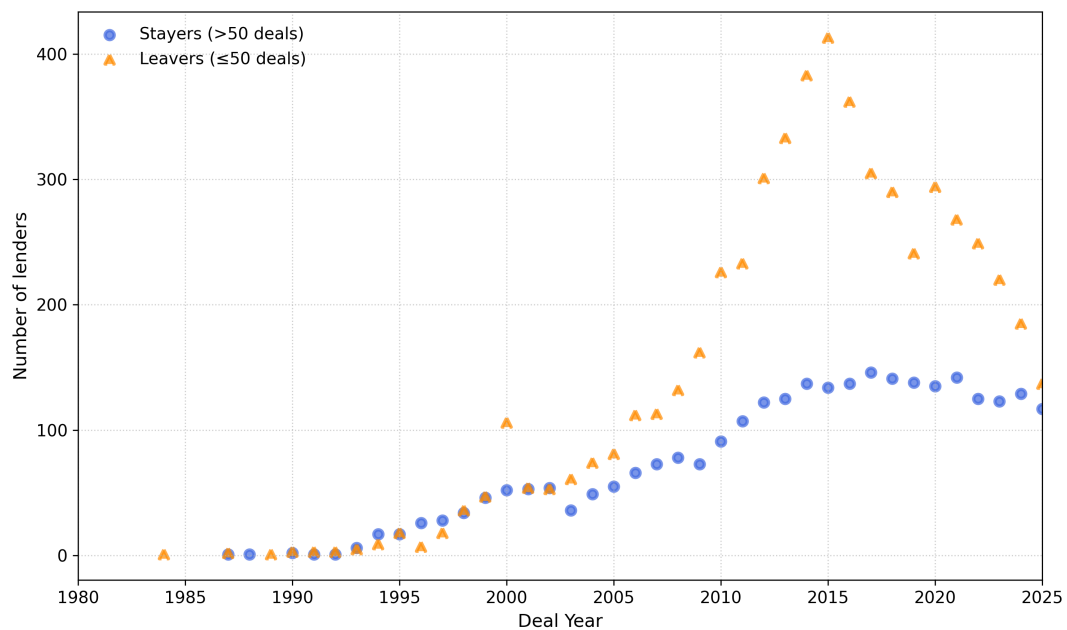


Figure 1: **Number of unique PC stayers and leavers.**

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 fewer than 50.

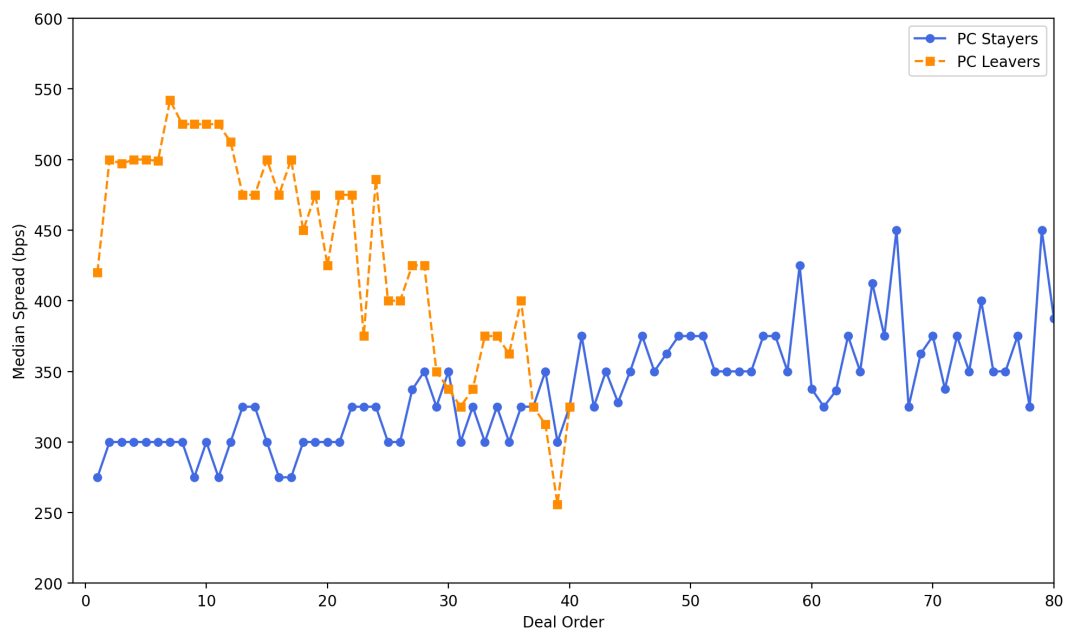
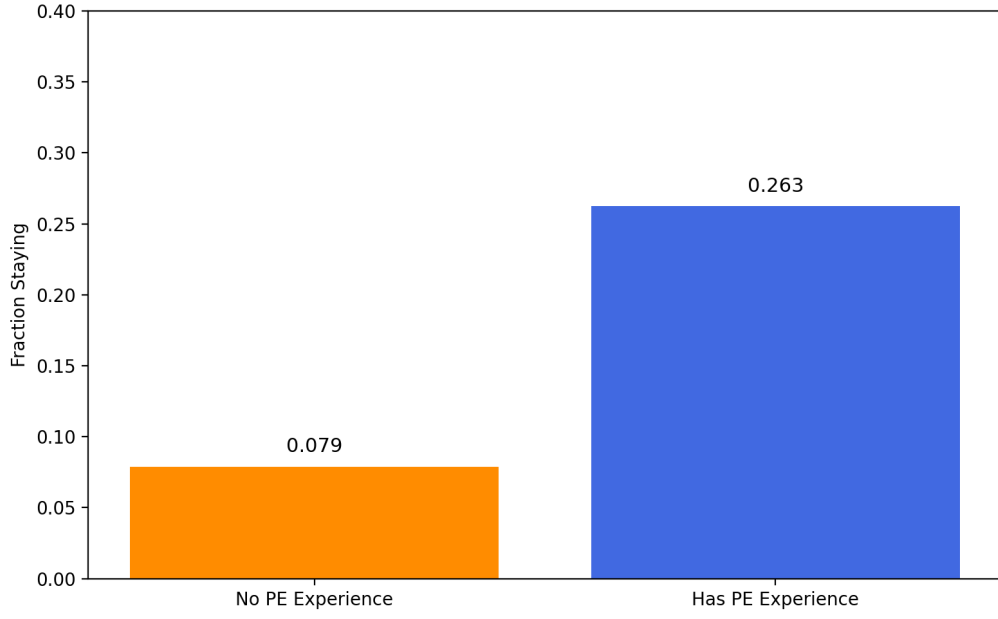
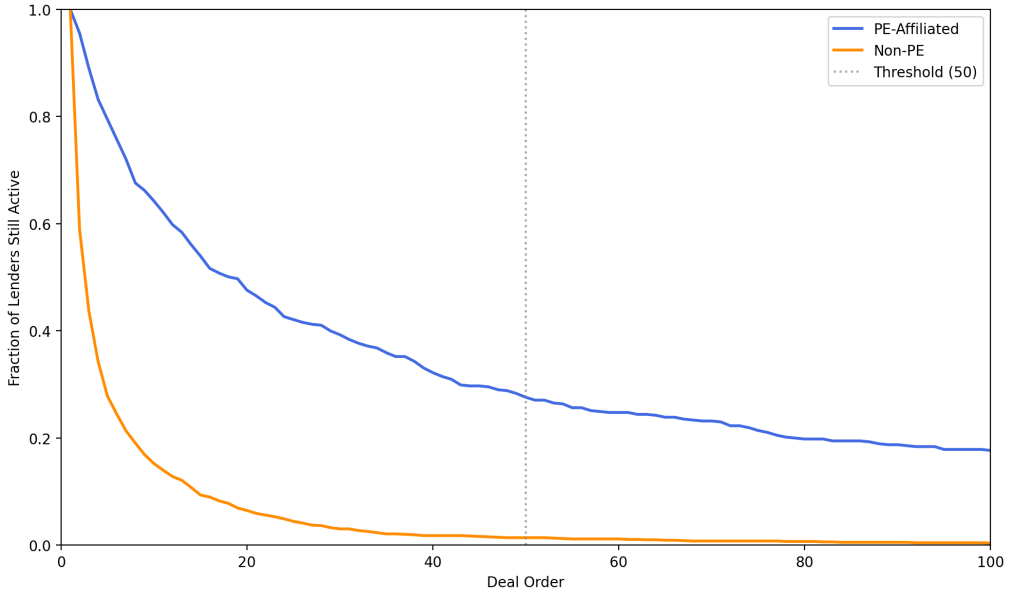


Figure 2: **Deal spread.**

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.



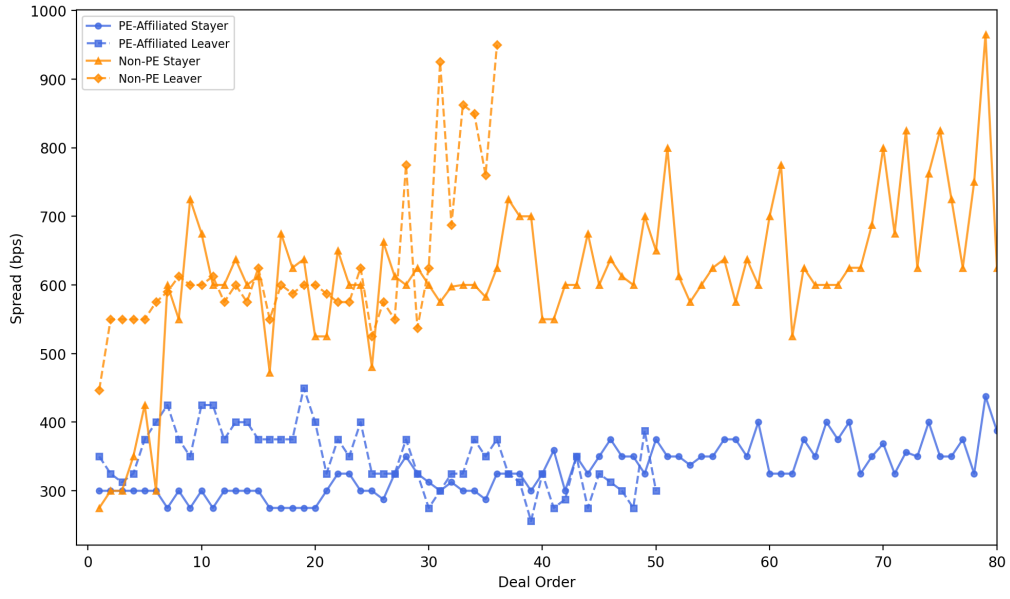
(a) Probability of Staying by PE experience at Entry



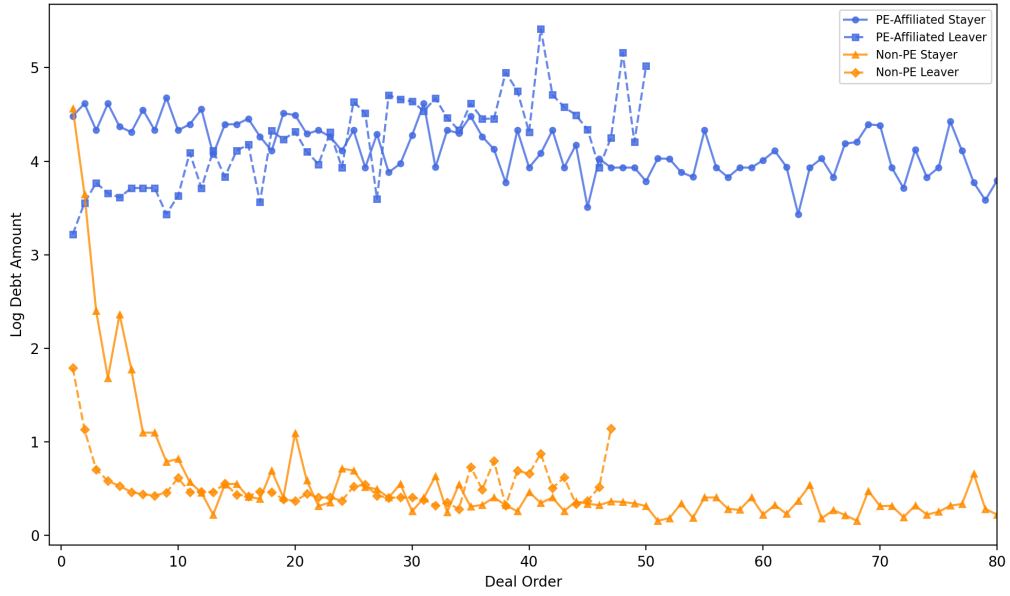
(b) Survival Curves: PE-Affiliated vs. Non-PE Affiliated PC lenders

Figure 3: **Fraction of PC lenders that remain active.**

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 stayers for PC lenders with and without PE experience for various deal order values.



(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 Debt Amount.**

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 $\times$ 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.

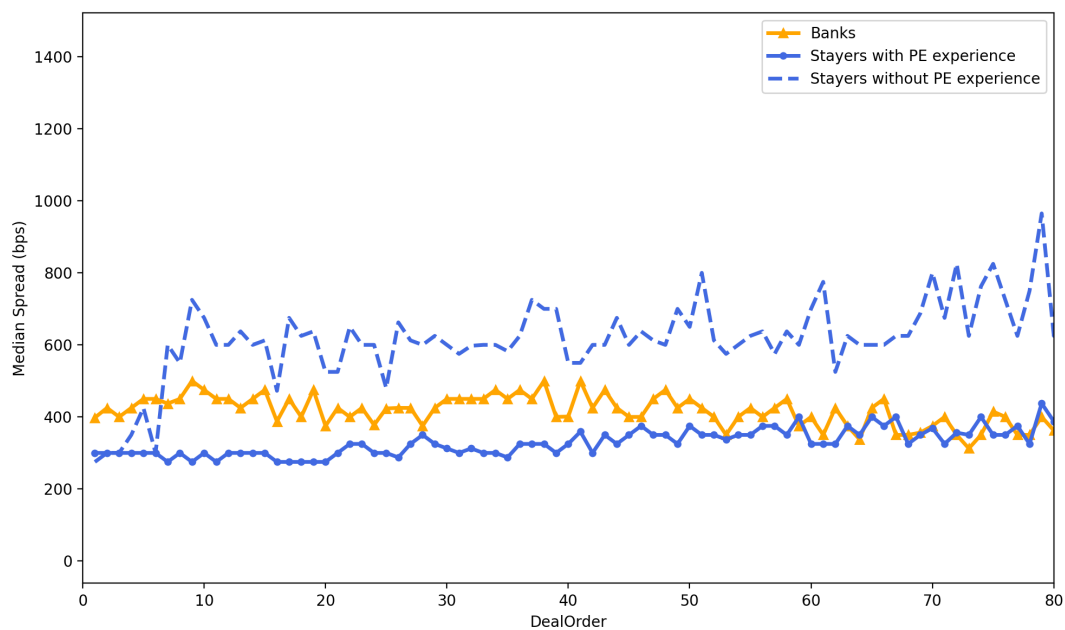


Figure 5: **Median Spread for Bank and PC Stayers.**

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 and Panel C shows the lender characteristics. Spread is measured in basis points. Deal size, borrower financial variables, lenders' AUM, and dry powder are reported in millions of U.S. dollars.

	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								
AUM (\$mn)	33,873	362,724	1,285,205	0	6,087	21,525	249,200	13,500,000
Dry Powder (\$mn)	29,607	18,280	33,465	0	315	2,680	19,458	142,353

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 (1)	Mean (2)	Std (3)	50% (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
AUM (\$mn)	30,475	403,115	1,351,640	48,000
Dry Powder (\$mn)	27,479	19,628	34,400	2,680
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
AUM (\$mn)	4,298	26,694	98,244	1,228
Dry Powder (\$mn)	2,744	2,326	7,219	245
Panel C: Differences (Stayers - Leavers)				
	Δ Mean		Δ Median	
Spread (bps)	-35*** (-6.49)		-50.00*** (0.00)	
Deal Size (\$mn)	171*** (25.43)		27*** (0.00)	
EBITDA (\$mn)	593*** (7.40)		42*** (0.00)	
Revenue (\$mn)	1,745*** (9.73)		89.35*** (2.04e-70)	
Enterprise Value (\$mn)	11,418*** (3.76)		1,463*** (0.00)	
AUM (\$mn)	376,421*** (47.73)		46,772*** (0.00)	
Dry Powder (\$mn)	17,302*** (69.45)		2,435*** (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, 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 statistic in parentheses is the p -value from the median test. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	N (1)	Mean (2)	Std (3)	50% (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
AUM (\$mn)	31,630	388,042	1,326,369	47,143
Dry Powder (\$mn)	28,991	18,643	33,698	2,680
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
AUM (\$mn)	2,475	21,891	291,751	330
Dry Powder (\$mn)	754	1,903	10,191	80
Panel C: Differences (PE - Non-PE)				
	Δ Mean		Δ Median	
Spread (bps)	-86*** (-16.73)		-100*** (0.00)	
Deal Size (\$mn)	255*** (47)		34*** (0.00)	
EBITDA (\$mn)	331 (1.53)		43*** (0.00)	
Revenue (\$mn)	1,682*** (9.08)		106*** (0.00)	
Enterprise Value (\$mn)	3,804 (0.59)		1,508*** (0.00)	
AUM (\$mn)	366,151*** (39)		46,813*** (0.00)	
Dry Powder (\$mn)	16,737*** (39.79)		2,600*** (0.00)	

Table 4: **Summary Statistics by PE Affiliation and survival.** Panel A shows the deal-level, borrower-level and lender-level characteristics for Stayers with PE experience. Panel B shows the same set of variables for leavers with PE experience. Panel C and D report the summary statistics for Stayers and Leavers without any PE experience. Spread is measured in basis points. Deal size, borrower financial variables, AUM, and dry powder are reported in millions of U.S. 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
AUM (\$mn)	29,399	417,550	1,373,915	48,000	3,004	32,474	109,702	2,039
Dry Powder (\$mn)	27,313	19,724	34,444	3,300	2,225	2,553	7,765	283
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
AUM (\$mn)	1,142	32,485	425,842	260	1,350	15,034	68,708	500
Dry Powder (\$mn)	214	3,751	18,582	0	549	1,313	3,894	101

Table 5: **PE experience at entry and prediction of survival.** Cross-sectional logit regressions at the lender level (N=1538). The dependent variable equals one if a lender is classified as a PC stayer. Robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Dependent variable: Stayer (1=Stayer)						
	(1)	(2)	(3)	(4)	(5)	(6)
$I_l^{\text{PE Entry}}$	1.424*** (0.175)		0.848*** (0.311)	1.059*** (0.186)		0.393 (0.324)
$\log \text{PE Entry}_l$		0.978*** (0.125)	0.489** (0.213)		0.765*** (0.126)	0.552*** (0.212)
$\text{Age}_l^{\text{Entry}}$				-0.0001 (0.0029)	-0.0017 (0.0030)	-0.0011 (0.0030)
$\log AUM_l$				0.157*** (0.020)	0.162*** (0.020)	0.158*** (0.020)
Constant	-2.456*** (0.104)	-2.377*** (0.096)	-2.456*** (0.104)	-3.046*** (0.160)	-2.999*** (0.157)	-3.032*** (0.160)
Observations	1,538	1,538	1,538	1,538	1,538	1,538
Pseudo R^2	0.057	0.056	0.062	0.117	0.122	0.123

Table 6: **Cox Hazard Models: PE Experience and Lender Survival.** This table reports Cox proportional hazard models estimating the hazard of lender exit. Standard errors are in parentheses. *** denotes significance at the 1% level. $I_l^{\text{PE Entry}}$ is whether the lender l has PE experience at entry, $\log \text{PE Entry}_l$ is the log cumulative number of PE deals at entry, Y_l^{Entry} is the year that the lender l initiated its first PC deal.

Dependent variable: Hazard of Exit				
	(1)	(2)	(3)	(4)
$I_l^{\text{PE Entry}}$	-0.6229*** (0.0900)		0.0476 (0.2016)	0.0583 (0.1957)
$\log \text{PE Entry}_l$		-0.5749*** (0.0789)	-0.6123*** (0.1779)	-0.5545*** (0.1716)
Y_l^{Entry}				0.0503*** (0.0058)
Observations	1,538	1,538	1,538	1,538
Exit events	1,080	1,080	1,080	1,080

Table 7: **Dynamic Survival: PE Experience and Lender Survival.** This table reports 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 number of sequence of PC deals by lender l in quarter t . PE Deal Order (log) is the log number of PE deals prior to each PC deal.

Dependent variable: Hazard of Exit			
	(1)	(2)	(3)
PC Deal Order (log)	-0.274*** (0.040)	-0.007 (0.048)	-0.006 (0.049)
PE Deal Order (log)		-0.391*** (0.043)	-0.392*** (0.056)
$I_t^{\text{PE Entry}}$			0.004 (0.115)
Observations	51,172	51,172	51,172
Exit Events	1,096	1,096	1,096

Table 8: **Deal Order, PE Experience, and Private Credit Spreads.** The dependent variable is loan spread measured in basis points. All specifications include lender fixed effects. Standard errors are clustered at the lender-level. t -statistics are reported in parentheses. $*p < 0.10$, $**p < 0.05$, $***p < 0.01$.

Dependent variable: Spread (bps)				
	(1)	(2)	(3)	(4)
Panel A: No deal size control				
PC Deal Order	-0.0484*** (-2.631)		-0.0630 (-1.397)	1.2792*** (3.176)
PE Deal Order		-0.1089 (-1.494)	0.0451 (0.294)	
PC Deal Order $\times$ Has PE Experience				-1.3271*** (-3.291)
Constant	526.79*** (34.049)	511.60*** (29.951)	528.52*** (37.026)	525.36*** (33.819)
Observations	70,363	70,363	70,363	70,363
R ²	0.0092	0.0062	0.0094	0.0101
Lender Fixed Effects	Yes	Yes	Yes	Yes
Panel B: Deal size control included				
PC Deal Order	-0.0441*** (-2.6801)		-0.0582 (-1.3573)	1.3447*** (3.4055)
PE Deal Order		-0.0987 (-1.4654)	0.0434 (0.2972)	
PC Deal Order $\times$ Has PE Experience				-1.3883*** (-3.5076)
Debt Amount (log)	-22.923*** (-12.825)	-23.046*** (-12.817)	-22.913*** (-12.813)	-22.947*** (-12.834)
Constant	611.49*** (38.517)	597.84*** (34.446)	613.15*** (41.188)	610.07*** (38.293)
Observations	69,760	69,760	69,760	69,760
R ²	0.0500	0.0474	0.0502	0.0510
Lender Fixed Effects	Yes	Yes	Yes	Yes

Table 9: **Lender Learning and Loan Spreads** The table reports panel regressions of loan spreads on lender deal order. Deal Order measures the sequence number of private credit deals completed by a lender. Panel A compares banks with PE-affiliated private credit stayers. Panel B compares banks with non-PE-affiliated stayers. Interaction terms test whether learning effects differ across lender types. All specifications include lender fixed effects and standard errors are clustered at the lender level. *t*-statistics are reported in parentheses.

Dependent variable: Spread (bps)		
	(1)	(2)
Panel A: Bank vs. PE-Stayers		
PC Deal Order	-0.0045*** (-2.9781)	-0.0013 (-0.9408)
PE Stayer $\times$ PC Deal Order		0.0003 (0.2394)
Debt Amount (log)		-45.871*** (-13.652)
Constant	389.23*** (74.513)	596.67*** (40.072)
Observations	250,370	249,539
R^2	0.0052	0.1488
Lender Fixed Effects	Yes	Yes
Time Fixed Effects		Yes
Panel B: Bank vs. Non-PE Stayers		
PC Deal Order	-0.0044*** (-2.9703)	-0.0037** (-2.3815)
Non-PE Stayer $\times$ PC Deal Order		0.8628*** (2.8097)
Debt Amount (log)		-56.167*** (-21.664)
Constant	356.13*** (55.732)	636.46*** (56.675)
Observations	191,489	191,216
R^2	0.0062	0.2069
Lender Fixed Effects	Yes	Yes
Time Fixed Effects		Yes

Online Appendix for the paper

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

A. Variable Construction

Table A1: **Variable Construction.** This table describes the construction of the main variables used in the empirical analysis. Variable definitions are based on deal-level information from PitchBook and lender participation histories.

Variable Name	Notation	Definition
PC Deal Order	-	Order of a lender’s private credit deal within its lending history. This variable is at lender-deal level.
PE Deal Order	-	Order of deals completed by lenders with private equity affiliation. This variable is at lender-deal level.
Has PE Experience	-	Indicator equal to one if the lender has prior experience with private equity deals for each PC deal. This variable is time-varying within each lender.
Has PE Entry	$I_l^{\text{PE Entry}}$	Indicator equal to one if the lender entered the private credit market through a PE-affiliated deal. This variable is time-invariant at lender-level.
PC Stayer	-	Indicator for lenders that remain active in the private credit market throughout the sample. This variable is at lender-level.
PC Leaver	-	Indicator for lenders that exit the private credit market during the sample period. This variable is at lender-level.
log PE Entry	$\log \text{PE Entry}_l$	Log of cumulative number of PE-affiliated deals completed by the lender prior to their first PC deal (prior to their entry). This variable is at lender-level.
Entry_year	Y_l^{Entry}	First year the lender appears in the private credit market in the dataset.
Lender entry age	$\text{Age}_l^{\text{Entry}}$	The lender’s age when they initiated their first PC deal

B. Largest Lenders in the Sample

Table A2: **Top Lenders by Reported AUM (PitchBook).** The table lists the largest lenders in the sample by reported assets under management (AUM). Panel A shows traditional banking institutions, while Panel B shows major private credit lenders and asset managers active in private lending markets. AUM figures are reported by PitchBook.

Lender Name	AUM (USD millions)
Panel A: Banks	
J.P. Morgan	3,900,000
Bank of America	3,550,000
JP Morgan Chase	2,600,000
BNY Mellon	2,029,000
Morgan Stanley	1,670,000
Goldman Sachs Asset Management	1,661,287
The Goldman Sachs Group	1,379,000
Merrill Lynch	1,271,594
Wells Fargo	852,510
J.P. Morgan Private Bank	677,000
Panel B: Private Credit Lenders	
BlackRock	11,500,000
Amundi Asset Management US	2,440,000
Pacific Investment Management Company	1,950,000
Invesco	1,850,000
Morgan Stanley Investment Management	1,700,000
Goldman Sachs Asset Management	1,661,287
Franklin Templeton	1,600,000
PGIM	1,400,000
Nuveen	1,300,000
Blackstone	1,130,000

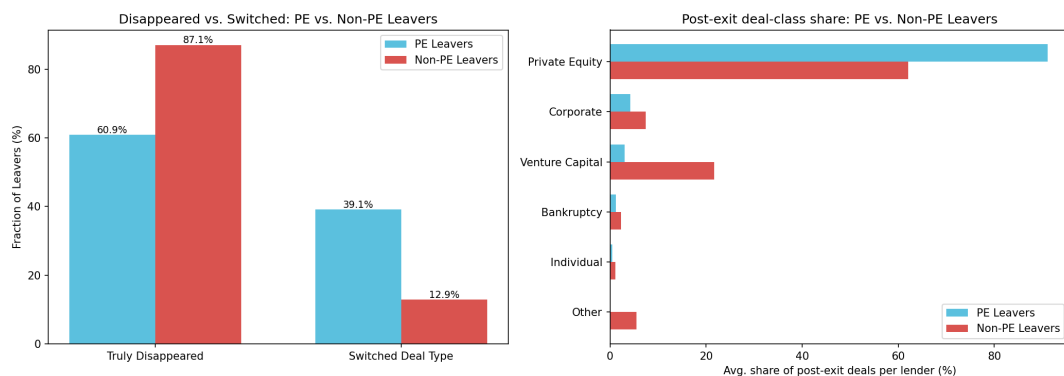


Figure A1: Destination of Leavers: Disappearance vs. Deal-Type Switching, by PE Experience

The left panel shows the fraction of leavers that either truly disappeared from PitchBook (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; Non-PE leavers are those without. Sample covers lenders that exited private credit between 1980 and 2025.