Proskauer

Proskauer's Private Credit Default Index Reveals Rate of 1.76% for Q2 2025

July 23, 2025

NEW YORK, July 23, 2025 – Proskauer, a leading international law firm, today released its latest Private Credit Default Index (the "Index"), which tracks senior-secured and unitranche loans in the United States. The Index revealed a default rate of 1.76% for the period of April 1, 2025 – June 30, 2025. The rate is lower than that of Q1 2025 (2.42%) and is the second consecutive quarter that the overall default rate decreased after rising to 2.67% in Q4 2024. The decrease in default rate from Q1 2025 to Q2 2025 remains consistent with the trend in the broadly syndicated market.

This quarter's Index encompasses 739 loans representing $143.6 billion in original principal amount.

"This quarter's data reinforces what we've continued to see: resilience across private credit markets. While there was a slight uptick in defaults among smaller companies, the overall downward trend signals effective risk management and stability across the sector. As capital continues to flow and lenders remain disciplined, the market is demonstrating its ability to navigate evolving macro conditions." said Stephen A. Boyko, partner and co-founder of Proskauer's Private Credit Group.

We saw both increases and decreases in the three EBITDA bands that the Index tracks. In companies with EBITDA of less than $25 million, defaults increased from 1.4% in Q1 2025 to 1.8% in Q1 2025.For those with EBITDA of $25 million to $49.9 million, we observed a significant decrease in the default rate from 4.3% in Q1 2025 to 2.9% in Q2 2025. Companies with EBITDA equal to or greater than $50 million fell from 1.7% in Q1 2025 to 0.5% in Q2 2025.

The Proskauer Index contains a comparison to default rates published by the rating agencies, historical trends by industry and EBITDA bands, defaults by type, defaults in cov-lite loans and defaults by year of origination. The full report is available only to the Firm's direct lending clients.

About Proskauer

The world’s leading organizations and global players choose Proskauer to represent them when they need it the most. With 800+ lawyers in key financial centers around the world, we are known for our pragmatic and commercial approach. Proskauer is the place to turn when a matter is complex, innovative and game-changing. We work seamlessly across practices, industries and jurisdictions with asset managers, private equity and venture capital firms, Fortune 500 and FTSE companies, major sports leagues, entertainment industry legends and other industry-redefining companies.

The Firm’s Private Credit Group is made up of cross-disciplinary finance and restructuring experts exclusively dedicated to private credit investors. It includes over 110 finance and restructuring lawyers focused on representing credit funds, business development companies and other direct lending funds in the restructuring of “clubbed” and syndicated credits, preferred equity, special situations and alternative investments. Over the past five years, Proskauer has been involved in over 1,600 deals for more than 100 private credit clients across the U.S. and Europe with an aggregate transaction value exceeding $420 billion.

Related Professionals

- **Stephen A. Boyko**
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