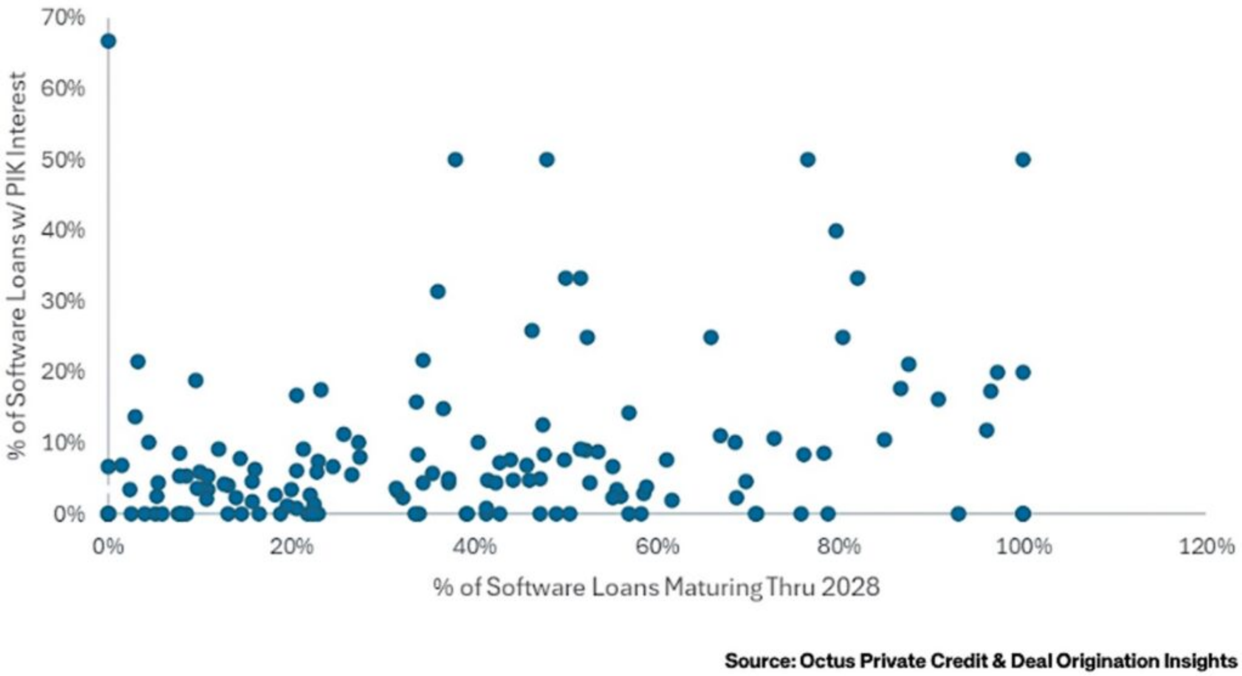
Amount of PIK Loans Elevated w/ Near Term Maturities

Octus | April 8, 2026



- Read the analysis here.
- For accessing Octus' full overview of individual and aggregate BDC exposure to software loans, please email directly.

There appears to be very little correlation between loans priced below 90% of par and BDCs' exposure to loans with PIK interest. This seems counterintuitive, since elevated stress should lead to loans converting to instruments with PIK interest. However, this outcome of little correlation supports management teams' commentary from a number of BDCs that have reported suggesting the vast majority of PIK exposed loans featured PIK interest at origination and very little PIK exposure is a result of negotiations with lenders or loans converting to new instruments featuring a PIK component.