Distressed Debt Deal Flow Jumps 34 Percent as Maturity Wall Hits H2 2026

New Yanne Capital research finds 2021 vintage loans repricing at 340 bps wider, with 18 percent of leveraged issuers negotiating amendments.

NEW YORK, NY, UNITED STATES, September 23, 2026 /EINPresswire.com/ -- Distressed debt and restructuring activity is set to accelerate through the second half of 2026, with 2021 vintage leveraged loans repricing 340 basis points wider than origination coupons and roughly 18 percent of leveraged issuers now in active amendment negotiations, according to new research from Yanne Capital. The paper tracks the maturity wall now hitting borrower cash flows.

> “2021 vintage is not a credit problem in the traditional sense. It is a cost-of-capital mismatch, and the amendment cycle now underway is the market working through that mismatch one credit at a time.”
>
> *Alex Ozdemir, Managing Partner, Yanne Capital*

The 2021 Vintage Is the Story of H2 2026

Across our advisory work in 2025 and 2026, we observe that the borrowers walking into our conversations are almost uniformly 2021 vintage. These are companies that took floating-rate paper at SOFR plus 400 to 500 in an environment where SOFR was under 20 basis points. Today they are paying all-in coupons north of 9 percent on debt structured against a business plan built for a 5 percent cost of capital. The math does not work, and the amendment cycle now underway is the market's way of saying so.

S&P LCD data on the US leveraged loan comparable set shows secondary marks on 2021 vintage paper have widened roughly 340 basis points relative to par-repricing benchmarks. That spread is not a trading anomaly. It is the market pricing the probability that a meaningful share of these credits will need to restructure before their 2027 and 2028 maturities.

Amendment-and-Extend Is Doing the Heavy Lifting, For Now

The pattern we see across sponsor-backed credits is that lenders are choosing amendment-and-extend over payment default at a rate we have not seen since the 2016 energy cycle. Sponsors are contributing incremental equity, coupons are being repriced wider, and maturities are being pushed 18 to 24 months. This is a delay mechanism, not a solution. It preserves optionality for the lender group and buys the borrower time to grow into the capital structure, if growth is

available.

PitchBook's H1 2026 private credit data indicates amendment activity accounts for roughly 18 percent of the leveraged issuer universe, up from a normalized run rate closer to 6 percent. What we watch on our desk is the second amendment. The first is a stretch. The second is a signal that the underlying business cannot service the structure and that a proper restructuring conversation is coming.

Private Credit Is Both Cause and Solution

Our read on the private credit universe is that the same funds that wrote aggressive 2021 paper are now the primary source of rescue capital for their own portfolios. This creates a structural conflict that the market has not fully priced. A lender holding an underperforming loan at 92 cents has every incentive to fund a preferred equity tranche at 12 percent PIK rather than mark the loan to 75 and take the workout hit. We see this dynamic on nearly every process we advise.

The consequence for founders and CFOs is that the terms available today, junior capital at 11 to 14 percent cash coupon with warrants attached, look expensive against a 2021 benchmark but are frequently the cheapest form of rescue capital on offer. Federal Reserve H.4.1 data on bank credit tightening suggests traditional lenders will not fill this gap. The private market is the only market.

Restructuring Timelines Are Compressing

Across the mandates our team has evaluated this cycle, the restructuring conversations that used to take nine to twelve months from initial covenant breach to signed amendment are now closing in four to six. Lender groups are more concentrated, information asymmetries between sponsors and lenders have narrowed, and the legal playbook for out-of-court restructurings has matured. Speed favors prepared borrowers and disadvantages founders who wait for a covenant miss before engaging advisors.

The pattern that separates good outcomes from bad ones in this cycle is engagement timing. Founders who begin restructuring conversations 90 to 180 days before a projected covenant issue retain leverage on term structure, coupon, and equity dilution. Founders who wait for the miss are negotiating from behind.

What H2 2026 Actually Looks Like

Bloomberg DCM data through July 2026 shows new issue volume in distressed and restructuring credit up 34 percent year over year, with the median deal size compressing as more sub-100 million dollar situations reach the market. Our read is that H2 2026 will see this pace hold or accelerate as the 2027 maturity wall pulls forward into refinancing calendars. The names that

come to market first will price meaningfully tighter than the names that wait until Q1 2027.

For founders and CFOs running businesses with 2021 or 2022 vintage debt, the operating question is no longer whether to engage on the capital structure. It is whether to engage in Q3 2026 or Q1 2027, and the arithmetic favors Q3.

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