

ANALYSIS OF THE PRIVATE CREDIT MARKET IN SPAIN

The private credit market – comprising loans to firms provided via investment funds specialising in such products – has grown notably in recent years, in both Spain and the euro area as a whole. The possible expansion of the private credit market and its deepening links to the banking sector underscore the need to study its structure in order to identify potential financial stability implications.

This box updates previous analyses¹ of the size of the private credit market in Spain and the euro area, and studies some characteristics of private credit supply and demand. To this end, it uses granular data on private credit operations from PitchBook, which is supplemented by information on the recipient firms from Orbis and the Banco de España’s Integrated Central Balance Sheet Database (CBI).

The profile of lenders is characterised based on this information, with an emphasis on their nationality and degree of concentration. The box analyses the sectoral distribution of firms receiving private credit and describes different measures of their financial position, comparing it

with that of firms that finance themselves through bank credit. Lastly, moving beyond the domestic and European realms, some recent episodes of stress in the United States are analysed and the possible risks to financial stability associated with this form of funding are assessed.

Size of the sector in Spain and the euro area and interconnectedness with the banking sector

The provision of private credit has followed a rising trend in Spain and the euro area over 2021-25. Private credit is broadly defined as that involving non-bank intermediaries specialising in this activity.² Based on this definition, the amount of private credit granted to firms domiciled in Spain increased from €4.4 billion in 2021 (0.36% of Spanish GDP) to €33.1 billion in 2025 (1.96% of Spanish GDP).³ In the euro area, private credit origination rose from 0.64% of GDP to 1.11% of GDP in the same period (Chart 1).

Chart 2 compares, for Spain, the broad measure of private credit defined above with a second measure limited to

Chart 1
Volume of new private credit transactions in Spain and the euro area. Broad measure (a)

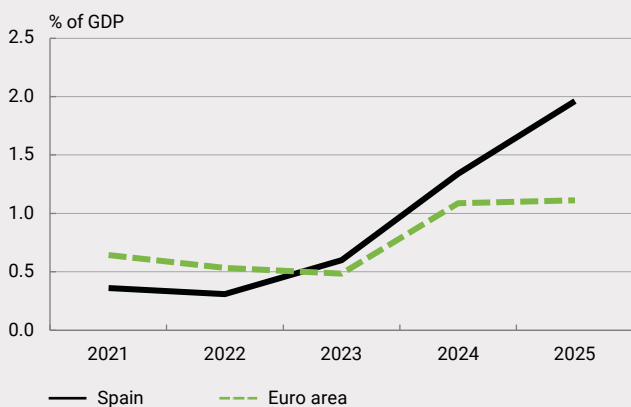
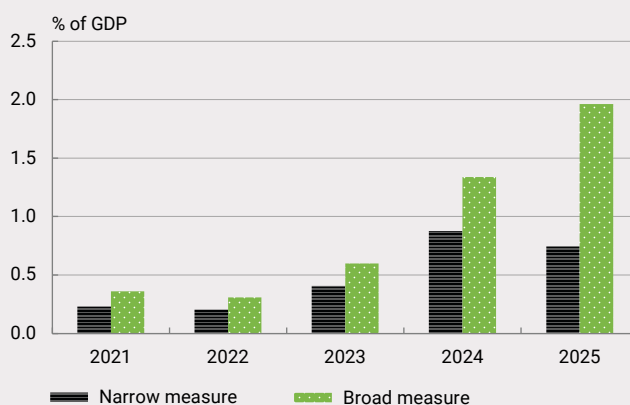


Chart 2
Private credit in Spain: comparison between the broad and narrow measure (b)



SOURCES: PitchBook, Dealogic and Eurostat.

- a The chart shows the volume of new private credit transactions by recipient firm domicile over the period 2021-25, based on the broad measure of private credit (defined as financing involving non-bank intermediaries specialising in this activity).
- b The chart depicts the volume of new private credit transactions extended to firms domiciled in Spain over the period 2021-25. It uses the broad measure of private credit (financing involving non-bank intermediaries specialising in this activity) and the narrow measure of private credit (transactions where financing is only extended by non-bank private lenders).

1 Esther Cáceres, Martin Farias, Gianmarco Ruzzier and Clara (Chi) Xu. (2025). "Analysis of the private credit market in Spain". *Financial Stability Review - Banco de España*, 49, Autumn. https://www.bde.es/f/webbe/GAP/Secciones/Publicaciones/InformesBoletinesRevistas/RevistaEstabilidadFinanciera/25/1_FSR49_Credito.pdf.

2 In this box, private credit is defined broadly as any loan to non-financial corporations involving at least one private non-bank lender. The classification is based on loan origination.

3 By way of comparison, in 2025 the ratio of new bank lending to GDP was 26% in Spain and 21% in the euro area.

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Chart 3
Geographical origin of lenders in the private credit market (a)

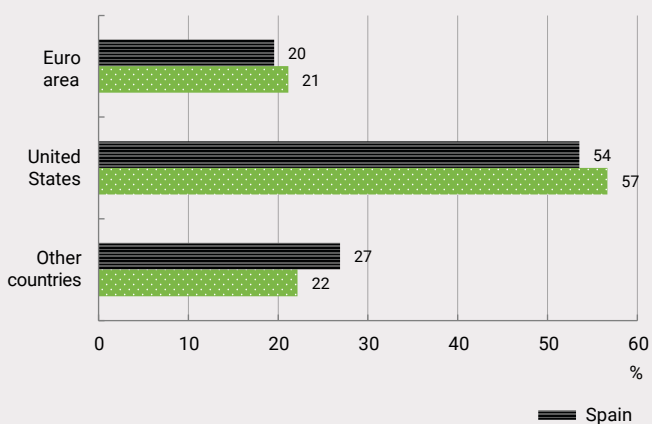
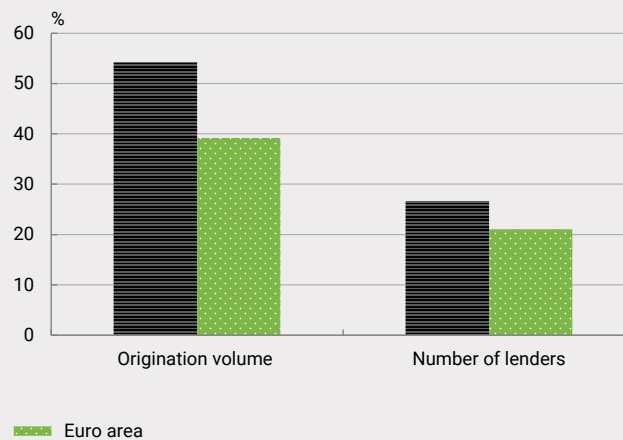


Chart 4
Origination volume and number of borrowers of the 5 largest lenders (b)



SOURCE: PitchBook.

- a The chart shows the share of the volume and number of private credit transactions by lender domicile for the period 2021-25. It includes all transactions classified as private credit under the narrow measure.
- b The chart shows the share of the volume and number of private credit transactions originated by the five main lenders in 2025. It includes all transactions classified as private credit under the narrow measure.

transactions in which all financing comes from private non-bank lenders, called the “narrow measure”. Taking the latter, the annual volume of transactions increased from 0.23% of GDP in 2021 (64% of the broad measure) to 0.75% of GDP in 2025 (38% of the broad measure). The difference between these two metrics evidences the growing involvement of banks in private credit operations, giving rise to interconnections that have so far remained limited.

In this regard, the exposure to private credit-related investments reported by Spanish banks is very low, accounting for around 0.2% of the credit portfolio and 0.1% of total assets of the largest banking groups at consolidated level. Financing granted to firms (for example, syndicated loans) that have also received private credit funding accounts for around half of this exposure and financing granted to investors in this type of funding accounts for just over a quarter. Direct financing to private credit funds for investment in their portfolios is minimal.

From the standpoint of firms’ borrowing, private credit is playing an increasingly important role. Table 1 shows different metrics comparing private and bank credit flows and stocks. Column 1 indicates that private credit flows as a percentage of bank credit flows tripled between 2021 and 2025 (increasing from 0.95% to 2.86%). Columns 2 and 3 compare bank and private credit stocks and show that, by the end of 2025, growth in the latter had driven up the stock of credit to firms by 7 pp.⁴

Characteristics of lenders

A salient feature of the private credit market is the importance of lenders domiciled outside the euro area⁵ (Chart 3). In both Spain and the euro area, around 80% of the volume of private credit originates from funds domiciled in other jurisdictions, particularly the United States, while euro area lenders account for approximately 20%.

The strong presence of lenders from other jurisdictions means that financing conditions in this segment may be

4 Private credit stocks are proxied as the cumulative flow of new transactions since 2021, based on the narrow definition. As repayments are not deducted, this measure should be interpreted as an upper bound of the actual stock. However, the approximation error is mitigated by the long maturities typical of private credit operations.

5 Although most private credit funds are domiciled outside Spain, the National Securities Market Commission (CNMV) identifies eight Spanish hedge funds that carry out this activity. Certain venture capital funds domiciled in Spain also channel private credit to Spanish non-financial corporations. For further details, see “Securities markets and their agents: situation and outlook” in the CNMV’s first half-yearly bulletin for 2026 (forthcoming).

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significantly influenced by external factors (for example, changes in US monetary policy). At the same time, the presence of international lenders helps to diversify firms' sources of funding, reducing their exposure to domestic shocks to the Spanish financial system.

Moreover, private credit supply is concentrated among a small number of lenders (Chart 4). In Spain, the five main lenders originated 54% of private credit and provided financing to 27% of borrowers in 2025. In the euro area, these figures are 39% and 21%, respectively.

Characteristics of recipient firms

Firms receiving private credit in Spain are mainly concentrated in the information and communication technology (ICT), professional services, manufacturing and extractive, and construction sectors (Table 2). Compared with their share in gross value added, these sectors tend to account for a larger share of private credit volumes. The distribution in the euro area is similar, but construction, hospitality, professional services and the extractive industry have a lower relative share, while manufacturing has a larger share.

Table 3 shows, for Spain and the euro area, various economic and financial characteristics of firms, distinguishing between those that receive private credit and those that are financed exclusively through bank credit, for the period 2021-24.⁶ In the sample for Spain, approximately 480 firms accessed private credit during this period, compared with 3,874 in the euro area. It should be highlighted that 78% of the firms domiciled in Spain or the rest of the euro area that received private credit also resorted to bank borrowing.

On average, firms financed through private credit, both in Spain and the euro area, are larger (in terms of assets) and younger and have a higher investment rate than firms financed only through bank credit. However, they also tend to be less profitable. In terms of indebtedness and liquidity, there are differences across jurisdictions. In Spain, firms financed through private credit have lower debt and

greater liquidity than those financed through bank credit, unlike in the euro area as a whole.

Overall, the evidence suggests that private credit is used by firms at relatively early stages of their life cycle and with a stronger growth profile, where private credit can play a complementary role to bank credit.⁷

Conclusions of the analysis of private credit in Spain and the euro area from a global standpoint

Overall, the results indicate that the private credit market in Spain, although still small in size and with limited systemic importance relative to other sources of financing, has experienced accelerated growth in the recent period. Private credit supply is concentrated among a limited number of lenders, most of which are domiciled outside the euro area. This market structure means that external shocks (or idiosyncratic events affecting a subset of lenders) could be transmitted to a large number of firms receiving private credit.

However, the analysis does not suggest that firms using private credit have higher risk profiles on average than firms financed exclusively through bank credit. Moreover, the fact that most firms financed through private credit also resort to bank credit suggests that these two sources of funding are somewhat complementary.

These analyses of the size and structure of the private credit sector in Spain and the euro area did not identify any immediate vulnerabilities that could give rise to concerns. However, recent developments in other jurisdictions, such as the United States, together with certain characteristics of the global private credit market call for continued monitoring of possible risk build-ups.⁸

Case studies at the global level: First Brands and other similar episodes

In recent months the private funding market has experienced bouts of stress, exposing some global

⁶ 2025 is excluded because CBI data are not available at the time of writing this box.

⁷ Some of the differences observed may be due precisely to the fact that firms accessing private credit are, on average, younger. To test this hypothesis, a linear regression model is estimated in which the dependent variable indicates whether the firm receives private credit or not, including as explanatory variables all the characteristics of Table 3, together with country, year and age-quintile fixed effects. The model uses data for Spain and the rest of the euro area. The results suggest that, when firms' age is taken into account, the ability of other characteristics (size, profitability, debt, investment and liquidity) to predict access to private credit is reduced. This does not imply that these characteristics are irrelevant, but that, given their correlation with age, this variable summarises the information related to the financial profile of private credit recipient firms.

⁸ Financial Stability Board. (2026). *Report on Vulnerabilities in Private Credit*.

ANALYSIS OF THE PRIVATE CREDIT MARKET IN SPAIN (cont'd)**Table 1**
Volume of private credit transactions and stock relative to bank credit transactions

Year	Private credit flow / Bank credit flow	Bank credit stock (2021 = 100)	Bank + private credit stock (2021 = 100)
2021	0.95%	100	100
2022	0.78%	100	100
2023	1.76%	95	97
2024	3.48%	95	100
2025	2.86%	98	105

Chart 2
Sectoral distribution of private credit in Spain and the euro area, and of added value in Spain (a)

Sector	Spain	Euro area	GVA Spain
ICT	24.55	24.07	4.05
Professional services	21.68	13.52	5.15
Manufacturing	15.08	22.26	11.90
Extractive industries	10.32	5.01	0.26
Construction	8.46	0.21	5.70
Hospitality	7.11	2.18	6.73
Health	5.77	4.16	6.37
Other	3.28	25.40	59.83

Table 3
Characteristics of firms by jurisdiction and source of financing (b)

Characteristics	Spain		Euro area	
	Private credit	Bank credit	Private credit	Bank credit
Assets (€m)	8.50	1.78	36.59	4.91
Age (years)	10.77	16.72	17.15	18.65
Net profit / total assets	-0.16	0.01	-0.05	0.03
Debt / total assets	0.66	0.74	0.79	0.74
Investment / total assets	0.05	0.04	0.15	0.09
Liquid assets / total assets	0.23	0.17	0.19	0.20

SOURCES: PitchBook, CBI, ORBIS and EUROSTAT.

a The table shows the distribution of the volume of private credit by recipient firm industry for the period 2021-25. It includes all the private credit transactions classified as such based on the narrow measure.

b The table shows the average of each firm characteristic, by jurisdiction and source of funding used. Firms receiving private credit are those that appear as recipients of private credit in PitchBook, while firms receiving bank credit are those that report strictly positive bank debt. Information on firms domiciled in Spain comes from the Banco de España's Integrated Central Balance Sheet Database (CBI), while the information on firms domiciled in the euro area comes from ORBIS. The sample is limited to 2021-24 as accounting information for 2025 is not yet available.

vulnerabilities. One of the most notorious cases was that of First Brands – an unlisted US company in the automotive component sector, larger than the Spanish firms that typically access this type of financing – whose default underscored the complexity and opacity of financing

structures involving multiple financial intermediation segments.

First Brands' business model, based on aggressive growth through leveraged buy-outs of other competing firms in

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the sector, was underpinned by a combination of financial instruments which, despite providing liquidity in the short term, introduced structural fragilities:

1. Factoring agreements,⁹ under which First Brands sold its invoices to special-purpose vehicles for subsequent securitisation, with the involvement of specialised fintech companies acting as intermediaries.

Although this practice allowed it to remove the assets from its balance sheet, First Brands remained the invoice servicer (in charge of managing and collecting them), enabling it to retain control over cash flows and to present a distorted picture of its actual liquidity position.

2. Syndicated loans,¹⁰ involving specialised funds, banks and insurers. Some of these loans were packaged into structured products such as collateralised loan obligations (CLOs),¹¹ allowing credit risk to be distributed among multiple investors but making it more difficult to assess First Brands' overall debt.
3. Individual loans, sometimes backed by First Brands' physical inventory of automotive components. Subsequent investigations identified irregular practices, such as using the same inventory as collateral in multiple transactions (multiple pledging), and shortcomings in its traceability.

This all came to a head in August 2025, when a key refinancing operation led by the investment bank Jefferies failed, placing First Brands' liquidity under strain and ultimately leading it to default on its payment obligations.

This triggered a widespread loss of confidence in the firm that ultimately precipitated its insolvency in September 2025.

In addition to the First Brands case, the private credit market has recently seen other cases of defaults and insolvency, as well as limits on fund redemptions. These include:

- The bankruptcy of Tricolor Auto Group – a US company specialising in subprime vehicle financing – in September 2025.
- The bankruptcy of the UK mortgage firm Market Financial Solutions in February 2026, after instances of multiple asset pledging were detected, affecting institutions such as HSBC, Barclays, Jefferies and Atlas (an Apollo vehicle).
- Redemption restrictions and suspensions in large semi-liquid private credit funds, including Blue Owl, Cliffwater, Morgan Stanley, JPMorgan, Blackrock and Blackstone.

Overall, the Federal Reserve Bank of New York estimates that a large proportion of the volume of private credit in the United States goes to firms with higher risk profiles (with ratings below investment grade).¹² Moreover, this market has grown to a notable size in the United States and globally, although it remains smaller than other financial system segments that have triggered systemic crises in the past, such as sub-prime mortgages.¹³

The scale of the bankruptcies observed so far should be put into perspective. For example, First Brands' debt of over \$10 billion accounted for less than 1% of the total volume of the US private credit market. Moreover, the

9 Factoring agreements are contracts whereby a company sells its receivables to a third party in exchange for immediate liquidity. From then onwards, the third party is responsible for the management and collection of these invoices, thus shortening the time frames for recovery and, in some cases, partly reducing the risk to the company.

10 Syndicated loans are financing operations where a group of financial institutions jointly lend to a company, sharing the amount, risk and terms and conditions. Although the borrower enters into a single agreement, the credit is provided by several lenders, usually coordinated by one or more entities acting as agent or structuring banks.

11 CLOs are financial instruments which pool loans (usually leveraged loans to firms) and transform them into securities that are sold to investors. These securities are structured into different tranches with varying levels of risk and return, and payments to investors depend on the flows generated by the underlying loans.

12 Federal Reserve Bank of New York. (2025). *NBFIs in Focus: The Basics of Private Credit*.

13 Edward Pinto. (2008). "Sizing Total Exposure to Subprime and Alt-A Loans in U.S. First Mortgage Market", shows that the size of the US subprime mortgage market in 2008, under a strict definition, amounted to \$1.9 trillion (at current prices), which is somewhat larger than the current size of the US private credit market, estimated at around \$1.3 trillion (Jose Berrospide, Fang Cai, Siddhartha Lewis-Hayre and Filip Zikes. (2025). "Bank Lending to Private Credit: Size, Characteristics, and Financial Stability Implications". FEDS Notes 2025-05-23), with the global market amounting to \$1.5-2 trillion, according to Financial Stability Board (2026). However, broader definitions of sub-prime mortgages and loans not meeting usual credit standards could increase this amount to \$7.2 trillion (in current prices) in 2008.

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events affecting the largest and most systemically important US funds have been related to liquidity frictions, with no widespread deterioration in the credit quality of their investments.

The case of First Brands and other similar ones have highlighted the need to: (i) improve the available information and transparency regarding private credit operations; (ii) strengthen the supervision of linkages between banks and non-banks as well as risk concentration; and (iii) assess whether additional regulatory tools are warranted to limit risk generation and transmission in the private financing sector.

In any event, private credit entails other risks related to liquidity and valuation that may be relevant from a financial stability perspective. Liquidity risk stems from the growing use of semi-liquid vehicles to channel investments into assets that are inherently illiquid. Valuation risk, in turn, arises from the lack of observable market prices, the use of heterogeneous internal valuation methodologies and potential incentives to delay the recognition of losses. In the event of an abrupt deterioration in global financial market conditions (see Chapter 4), vulnerabilities in the private credit sector could lead to the materialisation of these risk classes and generate second-round effects, amplifying the corrections.