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Where Scale Stops

The next phase of European private credit

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Private credit grew up. Now it is tested.

EUROPE, 2025 TO 2026

€59bn

raised by European private credit funds in 2025, a record

11%

of private credit interest now paid with more debt, not cash

Below 1%

losses on first-lien direct lending, 2013 to 2025

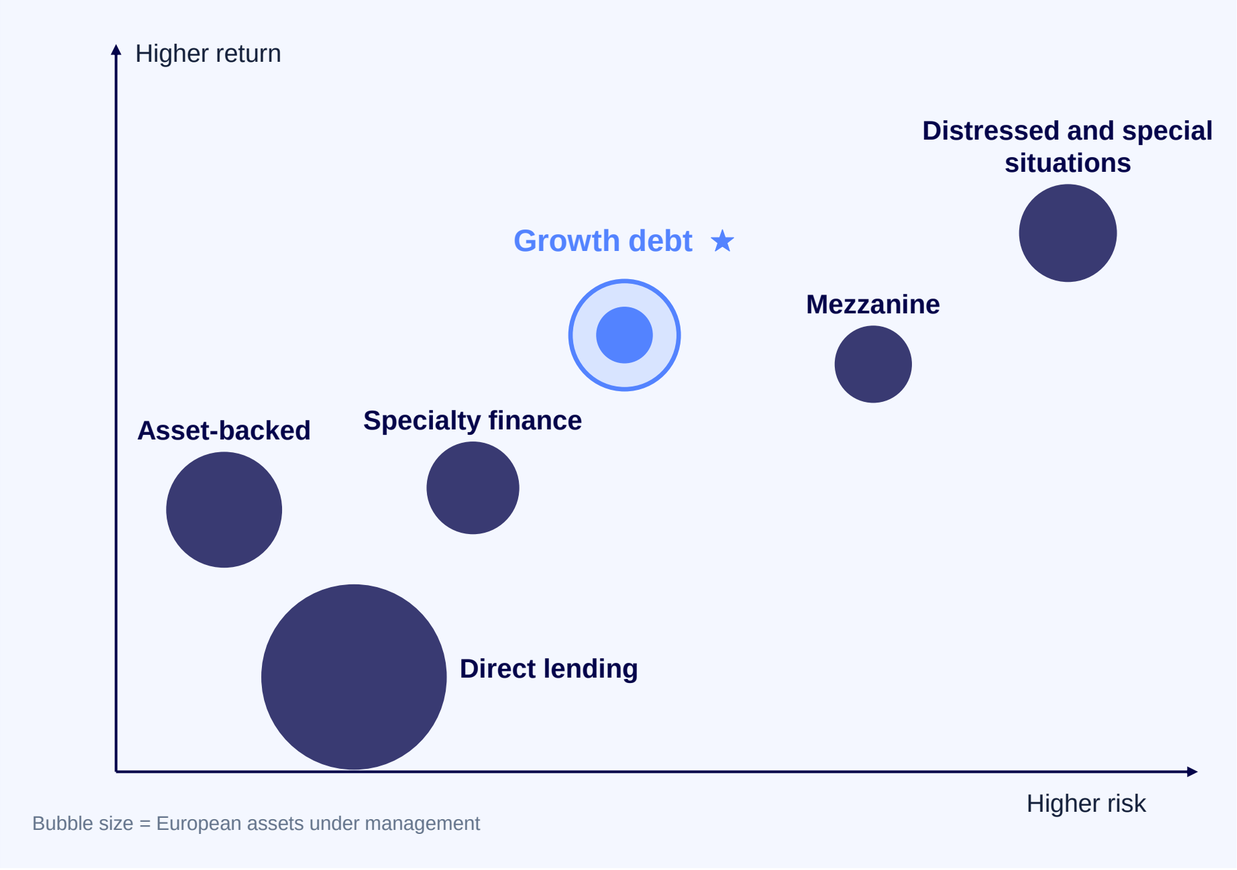
Sources: With Intelligence (2026); Allianz Trade (2026); Aksia data via AIMA ACC Q1 2026 update.

2026 is the first real test of underwriting discipline.

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The universe of European private credit

RISK, RETURN AND SIZE BY SEGMENT



Segment	EU size	Gross return	Typical borrower
Direct lending	~€300bn	**4–8%**	Private equity-owned, profitable
Asset-backed	~€120bn	**6–10%**	Pools of loans, leases, invoices
Distressed	~€65bn	**15–25%**	Over-borrowed or restructuring
Specialty finance	~€55bn	**8–13%**	Royalties, equipment, receivables
Mezzanine	~€40bn	**13–18%**	Buyouts needing junior debt
Growth debt ★	**~€15bn**	**10–23%**	**Venture-backed, growing revenue**

Sources: Preqin; PitchBook H2 2025 Private Credit Overview. Sizes and returns approximate.

Each segment is a different business, with its own skills and risks.

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Growth debt: where scale stops

WHAT GROWTHPATH DOES

AVERAGE EUROPEAN VENTURE DEBT DEAL

€35.9M

2025

€90.5M

First quarter 2026

GROWTHPATH ★

- **€1–3M** senior secured loans
- **36 months,** repaid monthly
- **Warrants** for equity upside
- **B2B companies** with €1.5M+ revenue and VC backing

Source: PitchBook, Q1 2026 European Venture Report.

Big funds need big loans. The small end is left open.

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What decides the next phase

CREDIT RISK AND REGULATION

CREDIT RISK WHEN MONEY COSTS MORE

- **Repayment source:** not a round that has not been raised
- **Amortising beats bullet:** less refinancing risk
- **Watch interest paid in kind** and loan amendments

AIFMD II, IN FORCE SINCE APRIL 2026

- **One EU rulebook** for funds that lend
- **Leverage caps** and 5% kept on loans sold on
- **Still missing:** a true cross-border lending passport

Where repayment comes from matters more than headline yield.

Maturity is discipline at every size.

Build with clarity, scale with discipline, and never underestimate the power of structuring your capital to amplify, not limit, your vision.

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