

Analysis

Private assets and financial stability: the role of Dutch insurers and pension funds

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Private assets and financial stability: the role of Dutch insurers and pension funds

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Summary

The rapid rise of private markets presents opportunities for the real economy, but also poses new risks. Private markets have grown rapidly in recent years and comprise a wide range of assets that are not traded on public markets. This means these assets are less liquid, current market prices are lacking, and valuations are uncertain. Private markets can contribute to economic growth by reducing dependence on bank finance and making long-term capital available for innovation, growth sectors and capital-intensive investment. However, the growth of these markets also entails risks, which are linked to valuation uncertainty, illiquidity and increasing interconnectedness within the financial system.

Dutch insurers and pension funds are investing more and more in private assets. Growth is particularly evident among insurers. For example, the proportion of private assets in their investment portfolio rose from 14% to 22% between 2021 and 2025, which is equivalent to approximately €47 billion. Pension funds also invest in private assets, although the increase in their case is smaller (from 21% in 2021 to 23% in 2025). However, the investment portfolio is larger than that of insurers (€229 billion in private assets). Investments in private credit have grown in recent years, especially among insurers. Between 2021 and 2025, their exposure rose from €12.8 billion to €17.5 billion, representing approximately 8.3% of insurers' assets under management. There are substantial differences between institutions, however.

Vulnerabilities in private assets can give rise to risks to financial stability through various transmission channels. For example, extreme liquidity stress can prompt forced sales. This could put further pressure on prices and exacerbate shocks in financial markets. If insurers or pension funds are forced to liquidate assets, this may weaken their financial position. In extreme cases, this could affect the interests of policyholders or pension fund members and undermine confidence in the financial system. Furthermore, problems experienced by individual institutions caused by high allocations to private assets can also lead to systemic risks, e.g. where this results in a loss of confidence. In addition, interconnectedness can lead to spillover effects.

At present, the systemic risks associated with private asset investments in the Netherlands are limited, but their rapid growth calls for vigilance. The current scale of insurers' and pension funds' exposures to private assets does not give rise to any immediate systemic risks. However, given the rapid growth of private markets, it is important to closely monitor developments in these markets and the associated risks. Further research is needed to better identify the various interconnections. International coordination is vital in view of the cross-border nature of these markets. DNB is therefore actively working at an international level to improve the availability and quality of data. It is also important to subject private assets to scenario analyses and stress tests. Finally, private assets place relatively high demands on financial institutions' risk management, which should therefore be tailored to the nature and complexity of these investments.

1 Introduction

Private markets are gaining prominence as a relevant part of the financial system and are playing an ever-greater role in the financing of the real economy. The aggregate size of private markets has grown rapidly over the past decade, both worldwide, in Europe and in the Netherlands (FSB, 2025; ECB, 2024). This offers benefits for the financing of the economy by making long-term capital available for innovation, growth sectors and capital-intensive investment, and it reduces reliance on bank financing.

Dutch institutional investors are also active in private asset markets. By ‘private assets’, we mean assets that are not traded on public markets. This generally makes them relatively complex, illiquid and dependent on subjective valuations. The private asset landscape is diverse and comprises mainly private equity, private credit, real estate and mortgage loans, infrastructure, private real estate, and various other asset classes such as hedge funds.

At the same time, private markets are by their very nature less transparent, which means that exposures – and the risks associated with them – remain comparatively invisible. For example, regular supervisory data do not provide a complete picture of financial institutions’ exposures to private assets, which is mainly due to the lack of standardised definitions and classifications for these assets. To gain a clearer picture of the scale and risks associated with private assets, DNB has issued a targeted and detailed data request among a selection of Dutch insurers and pension funds. The questions in this data request relate, among other things, to allocations to different types of private assets, investment strategies and risk management.

In this DNB Analysis, we examine investments in private assets made by large Dutch insurers and pension funds and explore the implications for financial stability. The study therefore takes a system-wide, macroprudential approach. Chapter 2 describes the characteristics of private assets, the trends driving the growth of private markets, and the motives of insurers and pension funds for investing in private assets. Chapter 3 examines the investments, characteristics and structure of private asset portfolios. In chapter 4, we explore the implications for financial stability and examine the benefits and risks of private assets. In chapter 5, we present our conclusions and policy recommendations.

2 Private assets: characteristics and trends

2.1 Characteristics of private assets

Private assets are investments in unlisted assets characterised by limited tradability and the absence of market prices. Private assets are not, in themselves, an asset class, but rather a diverse group of investments that have specific characteristics in common.¹ They are not traded on public markets, which means they are less transparent and less liquid than traditional investments such as shares and bonds. Furthermore, private markets are less regulated than public markets, and investments in them are typically subject to higher fees and minimum investment amounts. This means that private assets are primarily accessible to larger (institutional) investors, although in recent years an increasing number of investment products have been introduced that are also aimed at retail investors.

Broadly speaking, private assets consist of private equity, private credit and real assets. Private equity involves investments in unlisted companies, with investors acquiring a direct equity stake. This multifaceted asset class includes, among other things, venture capital, leveraged buyouts, growth capital, mezzanine finance and distressed equity.² Private credit also involves the financing of unlisted companies, but exclusively in the form of debt financing. These loans are not tradable on public markets and are granted by non-bank institutions. Real assets comprise investments in physical assets, such as real estate and infrastructure, which are not traded on public markets.

While private assets share certain characteristics – such as valuation uncertainty, illiquidity and complexity – there is diversity within this asset class. In an effort to achieve greater consistency, the International Association of Insurance Supervisors (IAIS) has classified various alternative asset classes on the basis of these three common characteristics (IAIS, 2025). These characteristics apply to all private assets, but there are significant differences between them. For example, valuation uncertainty is greater in private equity and private credit than in real estate, and an infrastructure investment is generally more complex than a mortgage loan (see Table 1).³

The uncertainty surrounding the valuation of private assets is due to their periodic valuation on the basis of estimates and models. Rather than being priced continuously, private assets are generally valued using model-based approaches, e.g. on the basis of expected cash flows or comparable market transactions. These valuations are carried out, for example, on a quarterly basis and are partly based on (in-house) assumptions and expert judgement. As a result, private asset valuations appear to be less sensitive to short-term fluctuations than those of publicly traded assets on financial markets. On the other hand, these valuations are less frequent, less transparent and more susceptible to methodological choices.

¹ A term often used as a (near-)synonym is alternative assets, but that term is broader: it encompasses all investments outside traditional shares and bonds and may also include public or more liquid asset classes, such as commodities.

² Venture capital refers to capital provided to young and fast-growing companies; leveraged buyouts involve takeovers financed partly with debt; growth capital refers to the financing of more established companies with expansion plans; mezzanine finance is a hybrid form of equity and debt that is often used for growth or acquisition financing, while distressed equity involves investments in companies experiencing financial difficulties.

³ It should be noted that there is also considerable heterogeneity within (sub-)classes of private assets. For example, within direct lending, itself a sub-class of private credit, there are significant differences in structure, collateral, covenants and sectors.

In addition, the limited tradability of private assets makes them illiquid. Investments in private assets are often made through specialised funds, although direct investments are also possible. In both cases, investors are generally unable to sell their position easily. Buying into or exiting a fund is typically only possible at specific times, e.g. during funding rounds or at the end of a fund's term. Furthermore, lock-up periods tend to be long and flexibility limited.⁴

Finally, private assets are comparatively complex, particularly because of the way in which private markets are structured. The chain of financing, structuring and management often has different links, while risks may be spread across different legal entities and jurisdictions. This creates a large distance between the ultimate investor and the underlying risk, and makes it more difficult to understand the economic exposure. Furthermore, the interconnections between institutional investors, banks, asset managers and investment funds add to the complexity (see section 4.2.3 below).

Table 1 Characteristics of private asset classes

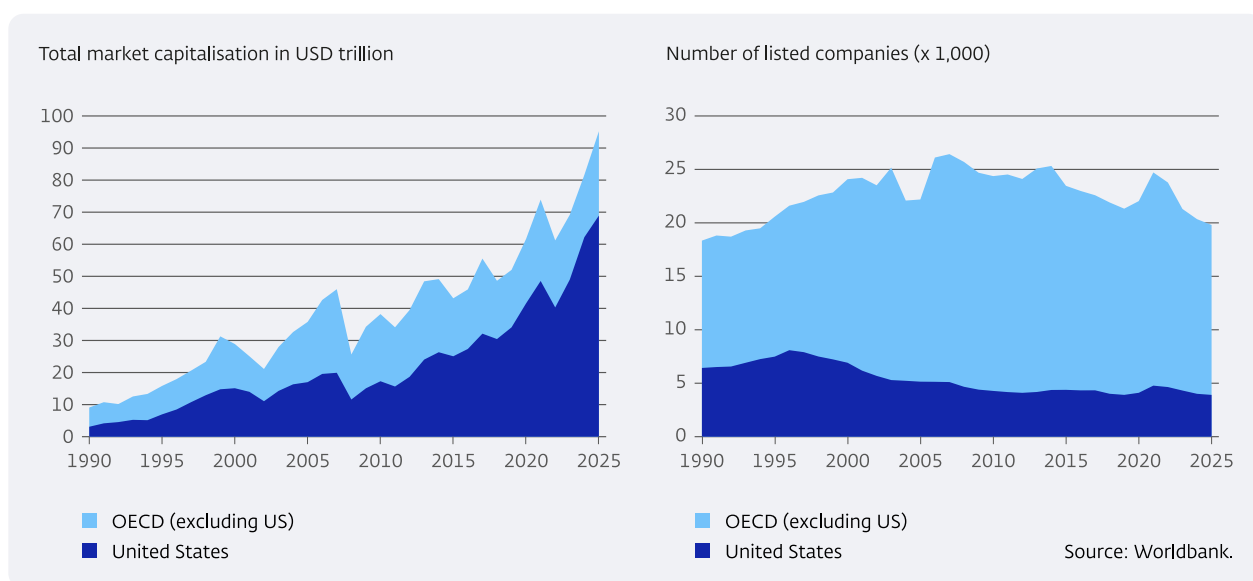
	Valuation uncertainty	Illiquidity	Complexity
1. Private equity	High	High	High
2. Private credit			
2a. Direct lending	Average	Average	Average
2b. Venture and opportunistic lending	High	High	High
2c. Structured finance	High	Average	High
2d. NAV financing	High	High	High
3. Real estate loans	Average	High	Average
4. Mortgage loans	Low	Average	Low
5. Infrastructure	Average	High	High
6. Private real estate	Average	High	Average

⁴ In some cases, early exits are possible on the secondary market, whereby an existing holding is sold to another investor before the end of the term. However, due to the lack of market prices, these transactions are often carried out through specialised secondary funds or bilateral negotiations.

2.2 Global trends

Private assets are playing an ever-greater role in the financing of the real economy. Public markets for shares and corporate bonds have increasingly become the preserve of larger corporations. Figure 1 shows that the market capitalisation of public stock markets has risen rapidly, while the number of listed companies has fallen. Market capitalisation in developed economies (OECD member states) has risen by 121% since 2015, while the number of listed companies has fallen by 16%. Corporate bond markets present a similar picture, with a sharper rise in outstanding debt than in the number of issues. Medium-sized companies and those with limited creditworthiness are increasingly turning to private markets. Private assets are becoming an increasingly important source of funding for businesses, particularly in sectors where banks or public markets do not provide such funding (ECB, 2024; IMF, 2024).

Figure 1 Public stock markets are increasingly the preserve of large corporations



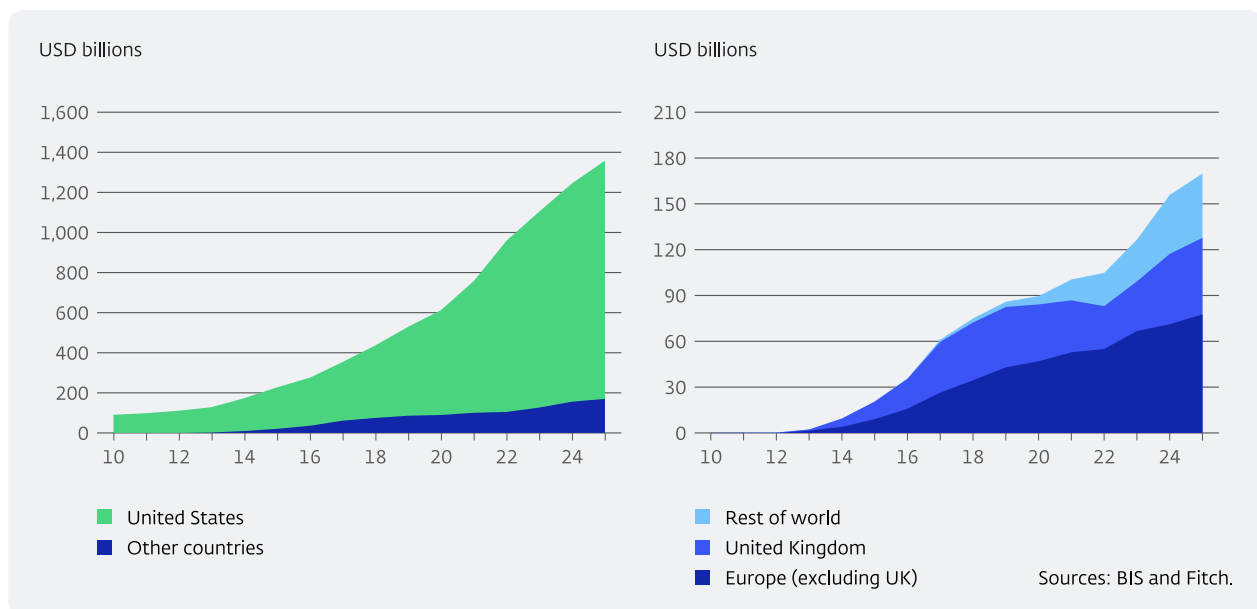
Private equity is the largest segment within private assets, but the private credit market in particular has grown exponentially in recent years. According to estimates, more than half of the total funds invested in global private assets consists of private equity (S&P, 2024, Preqin, 2025).⁵ Real assets account for around a third of total assets under management, while the remainder consists of private credit. However, the latter asset class is growing the fastest. Over the past decade alone, the size of the global private credit market has increased sixfold (Figure 2).⁶ The majority of private credit activity takes place in the United States, although rapid growth is also evident in Europe (BIS, 2025). In the United States, the private credit market is now comparable in size to the market for leveraged loans

⁵ A precise breakdown of (global) private markets cannot be provided due to the lack of globally recognised definitions and classifications for private assets.

⁶ Here too, estimates vary, partly due to differences in definitions (FSB, 2026).

and high-yield bonds, making it a key financing market for unlisted companies (Federal Reserve Bank of New York, 2025). In addition, private credit is playing an increasingly significant role in the financing of software firms and capital-intensive investment in digital infrastructure, including data centres and other facilities required for the development and deployment of AI (BIS, 2026). At the same time, private credit is increasingly competing with bank lending, shifting towards larger and more complex loans that were traditionally provided by banks (FSB, 2026).

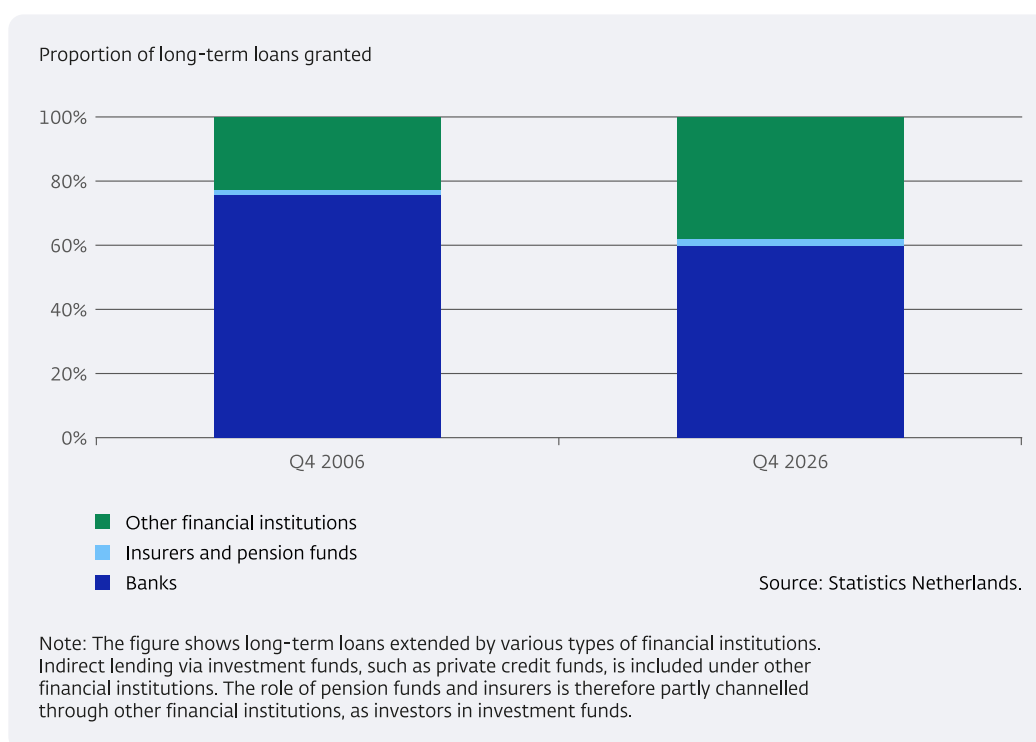
Figure 2 The global private credit market has grown rapidly



In Europe and the Netherlands, too, the range of financing options is becoming more diverse, albeit to a lesser extent than in the United States. While banks continue to serve as the primary source of credit in the Netherlands, the past decade has seen a notable increase in alternative lending by non-bank financial institutions, including through private credit channels (Figure 3). Alongside credit, companies can raise risk-bearing capital through private equity. These alternative financing channels still remain relatively underdeveloped compared to the United States. The total size of private markets in the United States is almost three times that in Europe (S&P, 2024). In addition, the availability of risk-bearing capital in the EU is constrained by the comparatively high saving and lower investment rates among European households.

Private markets have grown partly because banks have become more selective in certain types of lending, but demand-side factors also play an important role. Prudential rules for banks have been tightened following the financial crisis. As a result of these stricter and more risk-based capital requirements (such as those under Basel III), banks are required to hold more capital when granting high-risk loans with long maturities. This has contributed to banks partially withdrawing from higher-risk segments, such as leveraged lending. Private lenders, who are not subject to the same requirements, have emerged as an alternative channel for financing.⁷ At the same time, other factors also play a part. On the demand side, certain companies require flexible and bespoke financing solutions, which can often be provided more readily in private markets than through bank lending or bond markets. This also makes the role of private markets complementary to that of banks and public markets.

Figure 3 Banks' share in lending is falling in the Netherlands



⁷ Banks do, however, remain indirectly involved, for example through lending to private asset funds. This means banks also have exposure to private assets and are indirectly involved in the growth of private markets.

The prolonged period of low interest rates until 2022 also accelerated growth in private markets.

In an environment characterised by favourable financial conditions and low interest rates, it became increasingly challenging for investors to generate returns. In response, investors have switched their portfolios to riskier assets or extended the terms of their investments. After all, in a low-interest-rate environment, it is more difficult for pension funds and insurers to meet their investment targets. This is particularly true of life insurers, many of which offered their policyholders guaranteed returns in the past. The result was a shift towards assets with higher expected returns and risks (see, for example, [DNB, 2021](#)). In the case of Dutch insurers, however, these were also public assets, and a large proportion of the increase in the allocation to private assets took place at a later stage (see section 3.2.1).

2.3 Reasons why institutional investors invest in private

The motives of insurers and pension funds for investing in private assets vary by asset class. Private asset classes differ, among other things, in terms of expected return and risk, degree of liquidity, cash flow profile, degree of protection against inflation, and diversification with public markets. Investments in private equity, for example, are primarily driven by the pursuit of higher expected returns, even though uncertainty is greater, lock-ups are longer and interim cash flows are limited. Private credit, on the other hand, generally offers a relatively stable income flow in the form of interest. Furthermore, investment motives differ between insurers and pension funds, partly due to differences in the structure of their liabilities and in legislative frameworks.

Commonly cited reasons for investing in private assets are higher expected returns and the diversification they offer compared with public assets. Investors expect an illiquidity premium on private assets: additional compensation for the fact that their investment is tied up for a longer period and is not easily tradable. Although it is difficult to determine the amount of this premium objectively, it is in line with the long-term investment horizon of insurers and pension funds.⁸ Furthermore, private assets often have a low observed correlation with public markets, which can offer diversification benefits. At the same time, it is important to recognise that these apparent diversification benefits are partly linked to reduced liquidity and less frequent valuations. Finally, private credit in particular stands out in insurers' strategic asset allocations as an asset class offering an attractive return relative to the required capital (return on capital). The treatment of certain forms of private credit under the Solvency II regulatory framework also plays a role here.⁹

⁸ Furthermore, in the case of pension funds, the size of the portfolio is predictable due to the mandatory nature of the scheme and the restrictions on the transfer of pension liabilities between pension funds.

⁹ This applies, for example, to the capital treatment of unrated exposures under the standard formula. A credit quality comparable to that of a publicly traded bond may result in a relatively favourable ratio between expected return and required capital (return on capital).

For private credit, matching with liabilities is also a relevant consideration. Private credit is well suited to the requirements of insurers in particular, as it generally generates relatively stable and predictable cash flows.¹⁰ Loans in the private credit sector are often set out in contracts, with a fixed or (usually) variable interest rate and a fixed term, which means that the timing and amount of income are largely predictable. However, private credit typically also has characteristics that make it less suitable for matching. For example, the average maturity of private credit is considerably shorter than that of the liabilities, and the scope for matching is greatly reduced in the case of a variable interest rate and the option of early repayment. In addition, illiquidity, credit risk and valuation risk also impose constraints on matching with liabilities.

In addition, some private assets are expected to offer greater protection against inflation. This is because the cash flows (partly) rise in line with inflation, or because the underlying value is linked to real assets. This applies in particular to sectors such as real estate and infrastructure, where revenue – e.g. rental income or toll charges – is often adjusted, either directly or indirectly, in line with price trends.

¹⁰ Pension funds tend to invest in private assets as part of their return portfolio, rather than primarily to match their liabilities.

3 Private assets in the investment portfolios of insurers and pension funds

3.1 Data request among insurers and pension funds

To gain a clearer picture of the scale and risks associated with private assets, DNB has issued a targeted data request. The data request is an important addition to existing data sources and helps to provide a better understanding of the potential opportunities and vulnerabilities of private markets. From a macroprudential perspective, this is essential in order to identify potential risks to financial stability in good time and thereby preserve the benefits that private assets can offer.

The data request focuses on the investments in private assets made by a group of major Dutch insurers and pension funds. It covers eight insurers (mainly large life insurers) and five pension funds with substantial private asset portfolios, representing total assets under management of €210 billion and €995 billion, respectively.¹¹ The survey therefore provides a reliable picture of the sector as a whole, although the results cannot be fully extrapolated. Given the complexity of private assets, it is plausible, for example, that larger institutions invest relatively more in them than smaller institutions. This means the picture emerging from this data request is not fully representative of the sector as a whole. Insurers and pension funds have provided both quantitative and qualitative data on, among other things, actual and strategic allocations, investment approaches and risk management, including valuation methods, liquidity management, counterparty risks and concentrations. In addition, the data requested covered potential measures in stress scenarios.

The following asset classes were included in the data request: private equity, private credit, real estate and mortgage loans, infrastructure, private real estate and other private assets. However, this Analysis largely excludes real estate and mortgage loans, an asset class that technically falls under private assets. These assets are predominantly fixed-income in nature and are usually secured by collateral, giving them a fundamentally different risk profile from other private asset classes.¹²

3.2 Private asset allocations

Dutch insurers and pension funds are increasingly active in private markets, with rapid growth seen in recent years, particularly among insurers. Pension funds invest around 23% of their assets under management in private assets, while for insurers this figure stands at 22% (excluding real estate and mortgage investments). Strikingly, insurers have been investing significantly more in private assets in recent years. For example, the average allocation of private assets in the investment portfolios of major insurers increased by around 8 percentage points between 2021 and 2025 (from €39 billion to €47 billion). By contrast, pension funds' private asset investments increased by 2 percentage points during the same period (from €224 billion to €229 billion).

¹¹ Total assets under management held by insurers exclude investments held at the policyholders' own risk and expense (unit-linked).

¹² DNB has also already studied exposures to real estate and mortgage loans in sector-wide examinations.

A notable outcome is the fact that insurers invest primarily in private credit, while pension funds invest a relatively large proportion of their assets in private equity. For example, insurers invest 8.3% of their total assets under management in private credit, whereas for pension funds this figure is a mere 1.3% (see Box 1). In private equity, this ratio is virtually the reverse. These allocation differences are mainly due to a difference in objectives and liabilities. Pension funds, for example, have a relatively large returns portfolio – the portion of their investments explicitly aimed at achieving higher expected returns in order to meet objectives such as indexation – which enables them to take on greater investment risk. Insurers, on the other hand, have more nominal, contractually fixed liabilities (such as life insurance policies), which means they focus more on stable cash flows and lower volatility. Insurers are therefore investing more in private credit, as this is better aligned with their liabilities. This also partly explains why allocations to private assets have grown more rapidly among insurers than among pension funds in recent years. More than half of the growth in insurers' private asset portfolios is therefore attributable to private credit (see Box 1).

Growth in private credit, in particular, is expected to continue. For both insurers and pension funds, the actual allocation to private credit is below their strategic target, meaning that positions are expected to increase further in the future. In addition, some insurers and pension funds also expect to further increase their strategic allocation to private assets.

3.2.1 Insurers' private asset allocations

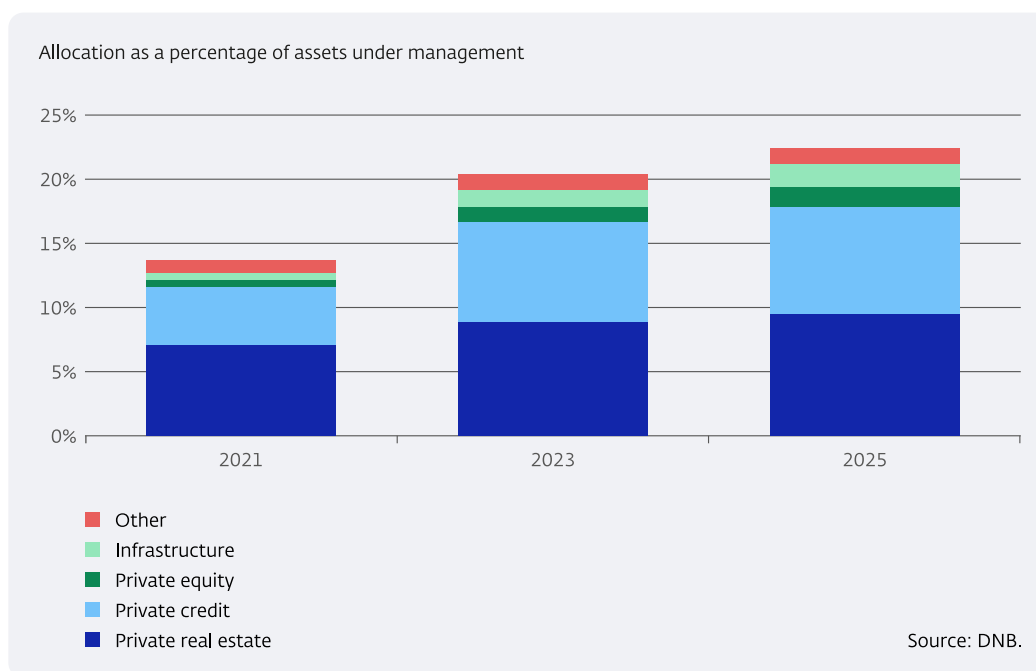
In recent years, insurers have increased their exposure to private markets to 22% of total assets under management. Based on the data request among insurers, total exposure to private assets (excluding real estate and mortgage loans) grew from 14% to 22% of total assets under management between 2021 and 2025 (Figure 4).¹³ When including real estate and mortgage loans, total exposure to illiquid assets rises to 53% of total assets under management. There are significant differences in allocations between individual insurers, both in terms of total allocation and across the various asset classes.

Insurers' exposure is mainly concentrated in private real estate and private credit. In 2025, the eight insurers invested around €20 billion in private real estate, which is equivalent to 9.5% of their total assets under management. For private credit, this amounts to €17.5 billion, or 8.3% of assets under management¹⁴. Furthermore, the allocation to private credit has risen by 37% in recent years, which equates to a 3.9 percentage point increase in assets under management. Exposures to private equity and infrastructure are relatively limited, with allocations of 1.6% and 1.7%, respectively.

¹³ The figures in the remainder of this report (Figures 4 to 12) are based on eight large Dutch insurers and five large Dutch pension funds covered by the data request. As such, these figures do not provide a complete picture of either sector.

¹⁴ This figure was revised from that reported in DNB, 2026, based on resubmissions. The figure included in this report is the most recent and accurate one available.

Figure 4 Private asset allocation of insurers is increasing

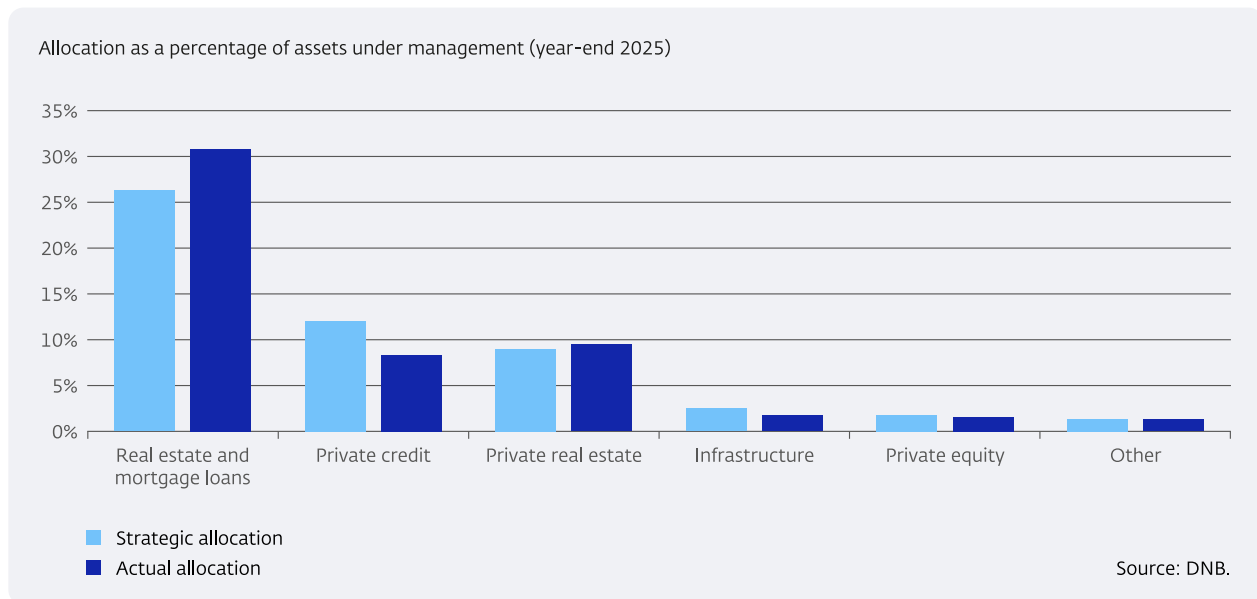


Current allocations are below the strategic targets, which suggests that private assets in insurers' portfolios are expected to grow further. The current exposure to private assets of €47 billion (22% of total assets under management) is below the strategic allocation of €56 billion (27%). Among other things, insurers note that building up positions in private assets takes time, if only because investment restrictions apply and because they may wish to invest only in certain market segments, sectors and regions. Further growth in private assets is expected to be concentrated in private credit and infrastructure, where current allocations are furthest behind the strategic targets (Figure 5). In contrast, exposures to real estate and mortgage loans are above the strategic target level. Insurers also report a substantial amount of 'dry powder' – capital already committed but not yet invested.¹⁵ In addition, the implementation of the Solvency II review in early 2027 will make certain private asset classes relatively more attractive due to lower capital requirements.¹⁶

¹⁵ Dry powder refers to capital committed but not yet drawn down; it is therefore not part of the actual allocation, but does represent a future component of the strategic allocation to private assets. For example, dry powder is available in the amount of €5.5 billion for private credit, €1.5 billion for infrastructure and €1.2 billion for private equity.

¹⁶ For example, the capital requirements for (senior) structured finance products, long-term equity investments and certain infrastructure projects will be lowered.

Figure 5 Insurers are expected to increase their exposure to private

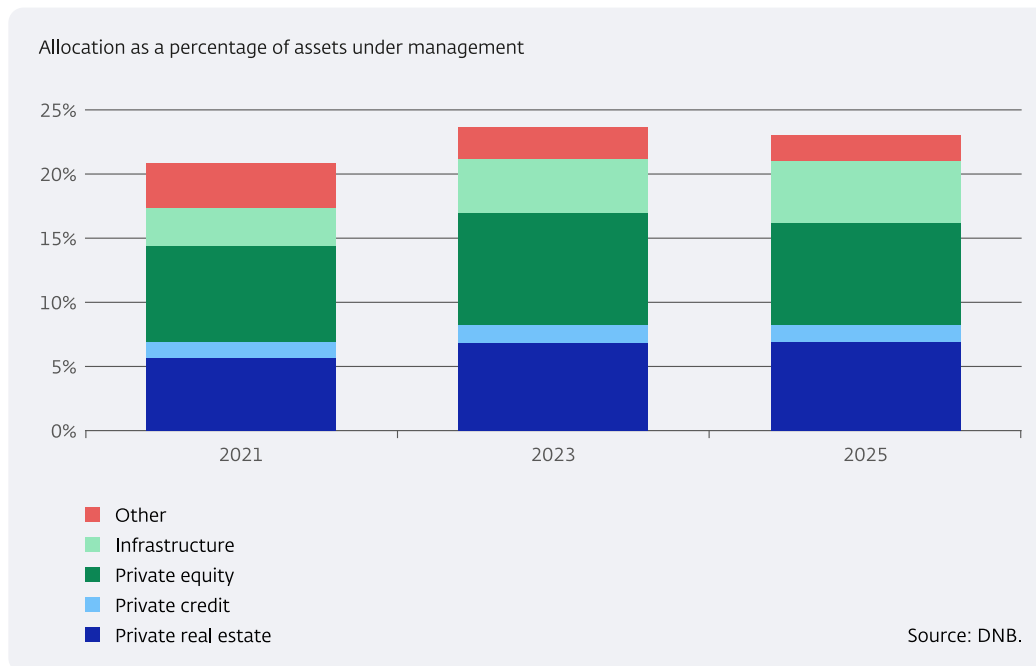


3.2.2 Pension funds' private asset allocations

Pension funds have significant exposure to private assets, but this has increased only slightly in recent years. The data request among the largest pension funds shows that total exposure to private assets (excluding real estate and mortgage loans) grew slightly, from 21% to 23% of total assets under management between 2021 and 2025 (Figure 6). In addition, there are significant differences in allocations between individual pension funds. When including real estate and mortgage loans, total exposure to illiquid assets rises to 27% of total assets under management. In relative terms, these loans therefore account for a smaller proportion of the portfolio than they do for insurers.

Private equity and private real estate dominate pension funds' private asset portfolios. In 2025, the allocations to these asset classes amounted to €79 billion (7.9% of total assets under management) and €69 billion (6.9%), respectively. The allocation to infrastructure stands at 4.8% and has increased by 48% in recent years (+1.8 percentage points in terms of assets under management). The volume of private credit amounts to €13 billion (1.3% of assets under management) and has remained virtually constant over the reporting period (see Box 1).

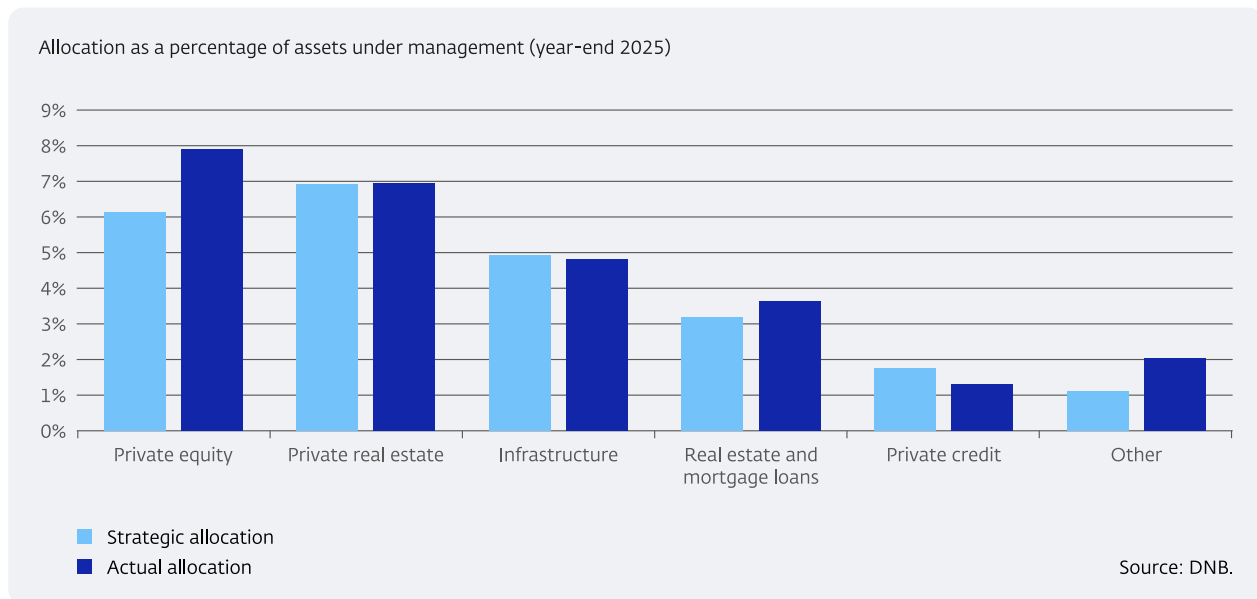
Figure 6 Private asset allocation of the largest pension funds remains relatively stable



Pension funds' allocations to private assets are generally above their strategic targets, although several funds have indicated that they wish to increase their strategic allocations. Actual exposures to private assets of €229 billion (23% of total assets under management) exceed the strategic allocation of €207 billion (21%). In the case of private equity in particular, the actual allocation exceeds the strategic target level (Figure 7). However, the allocation to private credit remains below the strategic targets, which suggests limited growth in the short to medium term. Besides, pension funds also have capital which they have already committed but not yet invested¹⁷. Furthermore, some pension funds expect to increase their strategic allocation to private assets over the next five years. Several pension funds have indicated that this is partly related to the transition to the new pension regime.

¹⁷ The amount of dry powder for private equity stands at €25.9 billion, for private credit at €12.3 billion, for private real estate at €10.1 billion and for infrastructure at €7.7 billion.

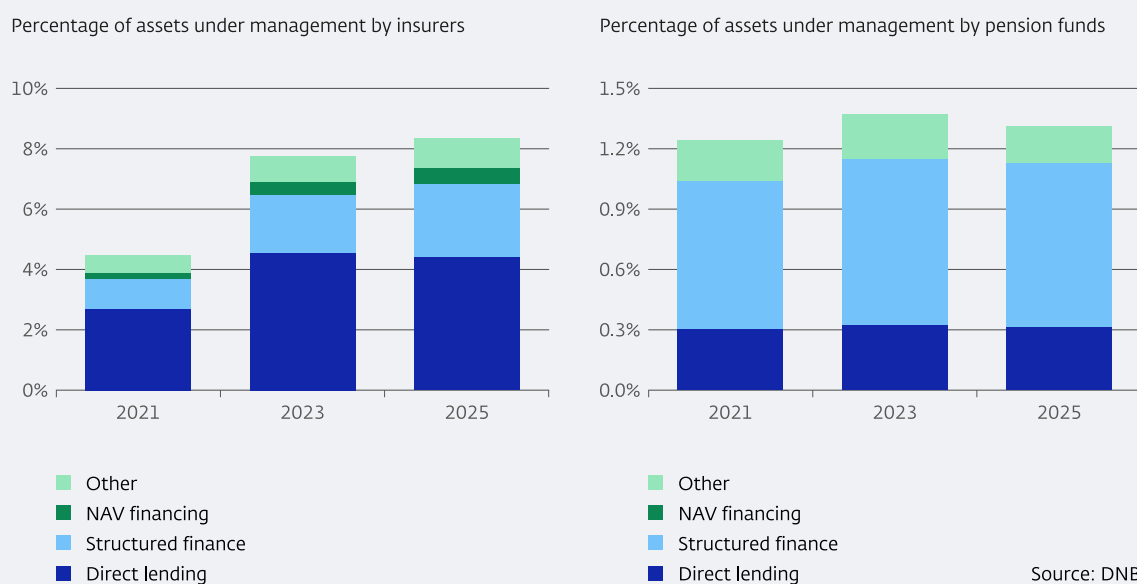
Figure 7 Pension funds' asset allocation exceeds their strategic targets



Box 1 Dutch insurers are investing increasingly in private credit, while pension funds' exposure remains relatively stable

Asset allocations to private credit have risen sharply among insurers in recent years, while they have remained relatively stable among pension funds. Dutch insurers' total exposure to private credit rose from €12.8 billion in 2021 to €17.5 billion in 2025, an increase of 37%. Private credit thus accounts for approximately 8.3% of insurers' total assets under management (Figure 8) amid considerable variation between firms. For pension funds, exposure to private credit remained virtually unchanged over the same period, falling from €13.3 billion in 2021 to €13.1 billion in 2025, representing 1.3% of the total pension fund portfolio (Figure 8).

Within private credit, insurers and pension funds focus primarily on direct lending and structured finance. Among insurers, direct lending is the largest sub-class (53% of total private credit exposure), followed by structured finance (29%). This also includes securitised loan portfolios, such as CLOs. Investments in venture and opportunistic lending (DNB, 2026) are relatively limited. Pension funds, too, are focusing on structured finance (62%) and direct lending (24%). However, unlike insurers, pension funds do not report exposures to venture and opportunistic lending (under 'Other') or to NAV financing.

Figure 8 Private credit investments are dominated by direct lending and structured finance

The risk characteristics of private credit loans offered by insurers are varied. A large proportion of insurers' private credit loans are senior secured, with the collateral varying depending on the underlying activity. Senior unsecured positions also feature, while subordinated loans account for a small proportion of the portfolio. In the case of business loans, shares and (personal) guarantees may be used as security. Where no collateral is provided, loans often include additional covenants and other contractual arrangements. Terms vary depending on the type of investment: direct business loans typically have a term of around five to seven years, while loans to funds tend to have shorter terms. In addition, loans are often callable, which means that the borrower may repay the loan early under certain conditions, sometimes after an initial period of call protection. The use of payment in kind (PIK), whereby interest is added to the outstanding debt rather than paid, is limited.

Variable-rate loans predominate, usually based on short-term reference rates and a credit spread. Commonly used reference rates include Euribor, SOFR and SONIA. The size of the credit spread varies considerably depending on the type of loan and is determined by credit quality. For lower-risk loans, spreads are generally between around 150 and 300 basis points, while for higher-risk loans, they range from around 400 to 700 basis points. Borrowers range in size from SMEs to large corporations, with some insurers applying minimum EBITDA thresholds.¹⁸ For borrowers with a higher credit profile, the debt ratio is typically around two to four times EBITDA, and can rise to around four to six times EBITDA in higher-risk segments.

¹⁸ Earnings before interest, taxes, depreciation and amortisation (EBITDA) is a measure of a company's operating profit.

Exposures via synthetic risk transfers (SRTs) are comparatively small. SRTs are securitisation transactions through which banks transfer part of the credit risk associated with their loan portfolio to investors. Unlike in traditional securitisations, the loans remain on the bank's balance sheet, while the credit risk is transferred to investors through guarantees or similar arrangements. For a number of pension funds, SRTs form part of the structured finance portfolio. SRTs account for the largest share of the allocation to structured finance, but their exposure of just over €7 billion is relatively small. The credit risk assumed mainly relates to business loans, SME loans and, occasionally, real estate and project finance. The transactions are fully funded and are structured using capital market instruments such as credit-linked notes and cash securitisations. However, the risk exposure is generally concentrated in the higher-risk tranches, such as first loss and mezzanine positions. Counterparties are mainly major international banks. Insurers currently hardly operate in this market, although a few have indicated that they are considering SRTs for future investment decisions.

3.3 Characteristics and structure of private asset portfolios

3.3.1 Risk-return expectations

The assumptions regarding risk and return used by pension funds and insurers vary considerably.

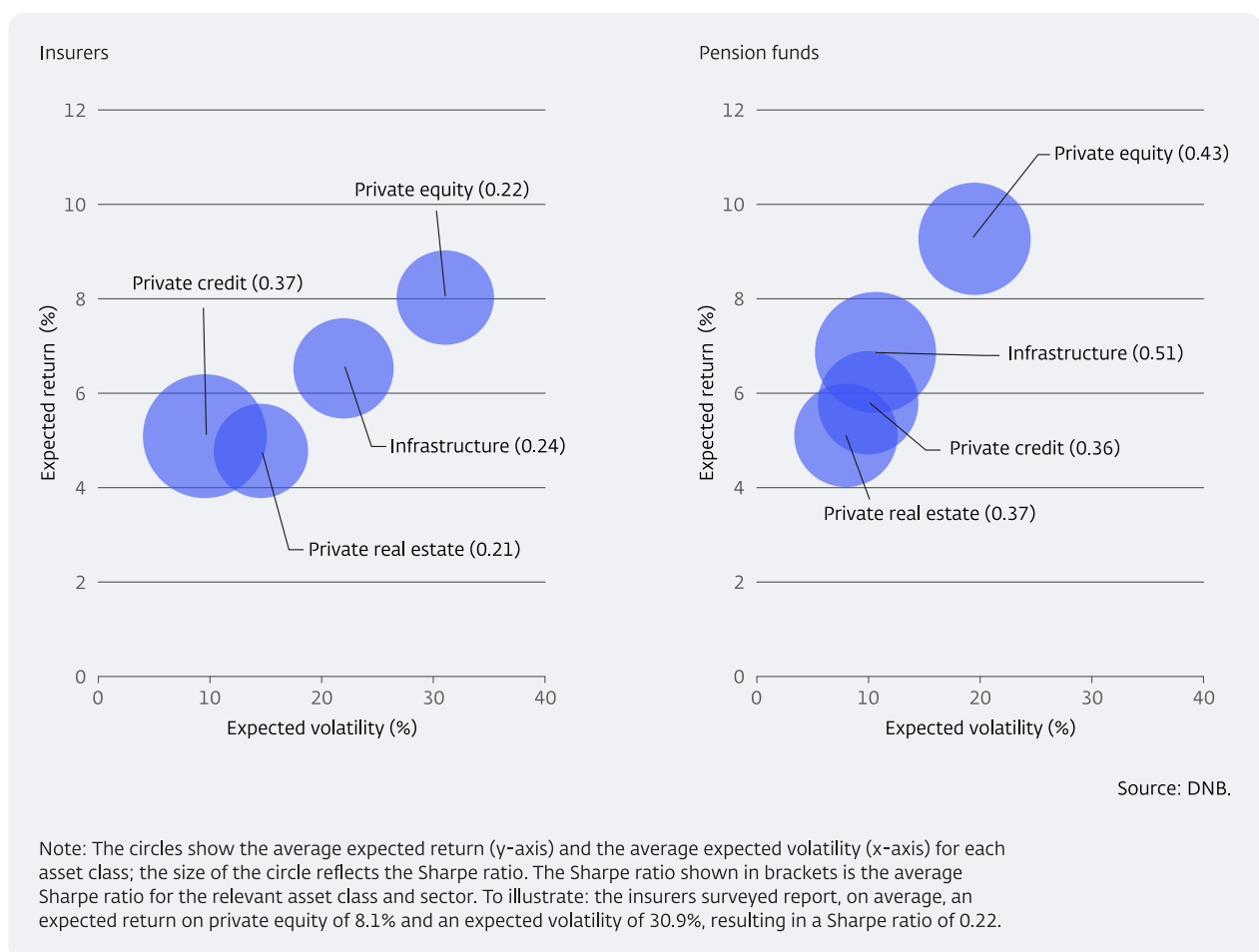
Insurers and pension funds regard private equity and infrastructure as the asset classes with both the highest expected return and the highest expected volatility (Figure 9). The assumptions they use are in line with the ranges found in the literature and, for private credit, for example, are comparable to public alternatives such as high-yield bonds (Ilmanen, 2012; Faser, Jenkins and Bass, 2023). Strikingly, pension funds apply higher average expected returns for all asset classes than insurers, while expected volatility – with the exception of private credit – is actually lower.¹⁹ However, these differences are not solely driven by assumptions; they can also be explained by differences in investment strategy within a private asset class.²⁰

¹⁹ It should be noted that the expected volatility of private assets may be artificially low, at least in part, due to valuation smoothing resulting from the absence of mark-to-market prices.

²⁰ For example, private equity encompasses a broad spectrum of strategies with varying risk and return profiles, ranging from relatively high-risk venture capital investments in start-ups to more stable buyout and growth strategies focused on mature businesses. As a result, risks and expected returns vary considerably within this asset class. This applies in a similar way to other types of private assets.

Expectations regarding risk and return are relevant because they influence present and future allocations across various private asset classes. Differences in expectations help to determine the relative attractiveness of asset classes, which may ultimately be reflected in strategic allocations, e.g. by conducting an ALM study. Insurers generally regard private credit as the asset class with the most favourable risk return ratio, characterised by the highest Sharpe ratio²¹ (Figure 9). This matches the sharp increase in their allocations to private credit in recent years and their expectation that these will continue to grow. It should be noted that it is not only expected risk and return that play a role in the formulation of investment policies. Diversification also plays a role, as does the matching of liabilities with required capital or required equity (return on capital) (see section 2.3).

Figure 9 Institutions have varying risk-return expectations



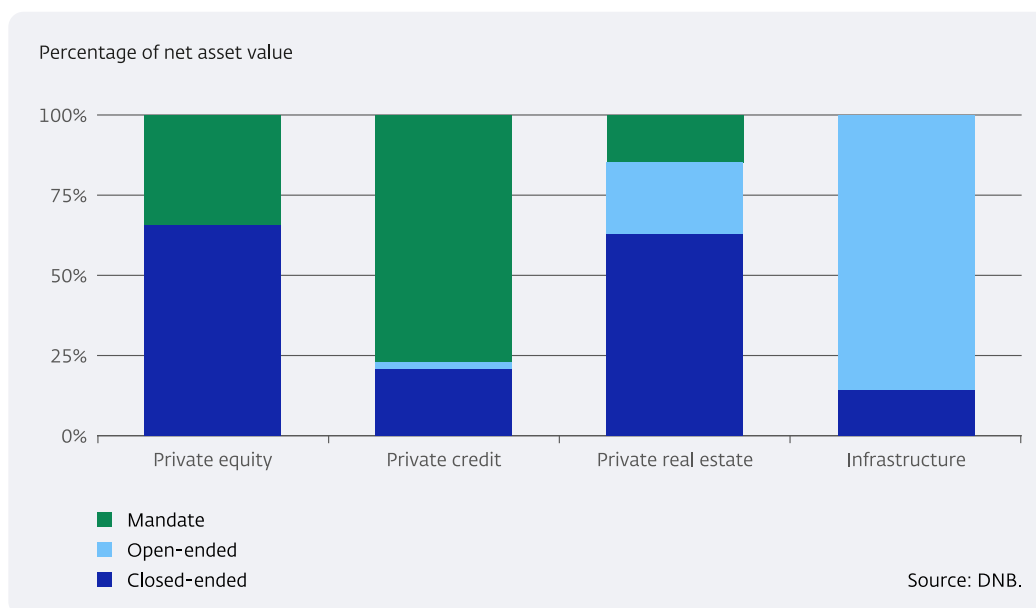
²¹ The Sharpe ratio expresses the return on an investment in relation to the risk incurred. The 3-month Euribor (2.245%, reference date 1 June 2026) is used as the risk-free rate, which is subtracted from the return on an investment and then divided by the volatility.

3.3.2 Implementation of investment policies

The majority of insurers' and pension funds' private asset investments are channelled through closed-end funds or discretionary mandates, and to a lesser extent through open-ended funds.

Investments in private equity and private credit, in particular, are made almost exclusively through mandates and closed-end funds (Figure 10).²² Another notable feature is that large financial institutions often invest through mandates, while smaller institutions mainly invest through funds. The advantage of discretionary mandates is that they allow institutions to tailor investments more closely to their specific risk appetite and liabilities. Within fund structures, closed-end funds offer virtually no liquidity, while open-ended funds do offer periodic redemption options, although these are often subject to a cap (DNB, 2026). The relatively small proportion of open-ended funds means that insurers and pension funds are less exposed to the specific risks associated with this type of fund.

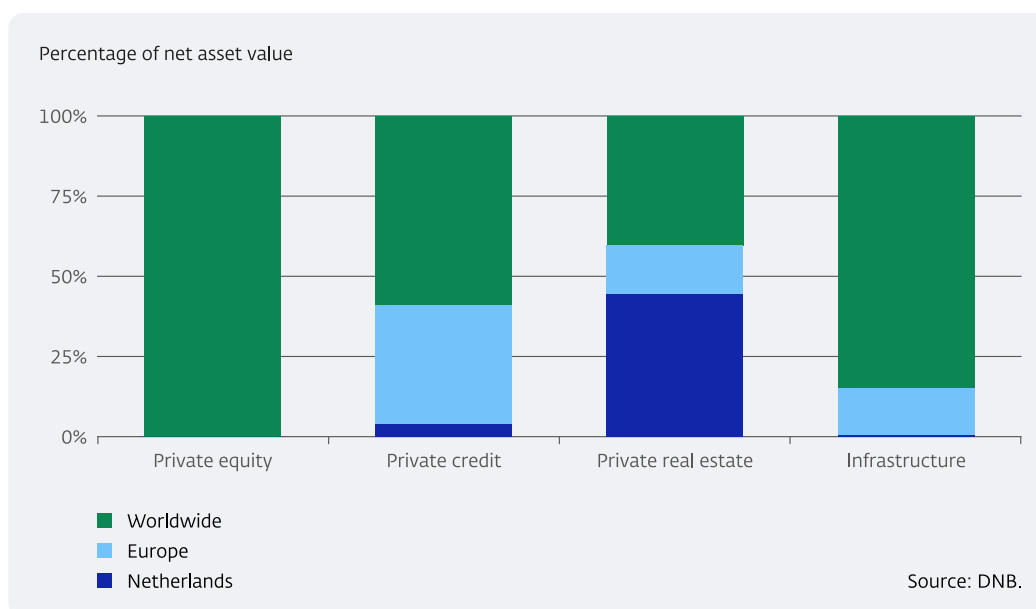
Figure 10 The fund structure is dominated by mandates



²² These figures are weighted by net asset value within the reported funds and mandates.

Both funds and mandates have a markedly international focus. For example, 75% of the mandates and funds have a global focus, while 11% are aimed at European markets. Exposure to the Netherlands is relatively limited (14%) and heavily concentrated in real estate, while private equity is entirely internationally oriented (Figure 11). Generally speaking, pension funds adopt a global diversification strategy within their private asset portfolios, while insurers tend to focus more strongly on the Netherlands and Europe. In some individual cases, this accounts for more than 80% of their private asset portfolio.²³

Figure 11 A large proportion of funds and mandates have a global focus



3.3.3 External parties

When investing in private assets, insurers and pension funds are heavily reliant on external parties, both for the execution of these investments and for risk management. Many services related to private asset investments are outsourced, with the asset manager playing the key role. For example, the majority of private assets – around 80% – are managed by affiliated asset managers, such as Achmea Investment Management, PGGM, Bouwinvest, Apollo and Aegon Asset Management. This applies to all types of private assets. In addition to asset managers, various external parties are engaged in the management of private assets, including data and analytics providers such as Pitchbook, Bloomberg and Chronograph. Most institutions also make use of consultants, credit rating agencies and fund administrators. The use of external service providers reflects the complexity and information-intensive nature of private assets, where valuations, risk analyses and credit assessments are less standardised and

²³ While exposures are spread across a wide range of sectors, concentrations may occur within specific segments. For example, there are significant investment volumes in renewable energy within the infrastructure sector. Within private credit, investments are generally broadly diversified across various sectors, with institutions applying pre-determined limits when implementing their investment policy.

transparent than in public markets. The lack of transparency and the existence of information asymmetry highlight the importance of proper due diligence.

Credit rating agencies also play an important role in the private assets ecosystem, particularly in relation to private credit investments. The data request shows that insurers and pension funds make use of both external and internal credit ratings. In the case of private credit instruments for which external ratings are available, these are used for purposes including investment selection, risk monitoring and valuations. At the same time, a significant proportion of private credit is not subject to external assessment, which means that institutions often rely on internal credit assessments or assessments carried out by asset managers. External ratings regularly serve as a point of reference for benchmarking, validation and independent review of internal credit analyses. The data request also shows that the main sources used for this purpose are the major credit rating agencies, including Moody's, S&P and Fitch, supplemented by internal models and specialised credit analysis tools. Although no detailed information has been gathered on the use of private letter ratings, such non-public credit ratings are widely used in the market for private loans and other unlisted debt instruments.

3.3.4 Valuations

Assumptions, expert judgement and models play an important role in private asset valuations.

To value private assets, insurers and pension funds often use a combination of a discounted cash flow (DCF) method, multiples and comparable transactions. In a DCF approach, expected future cash flows are discounted using an appropriate discount rate that reflects the risk and the time value of money. This method is particularly suitable for investments that have predictable and stable cash flows, such as infrastructure and real estate (rental income). In addition, valuations are supported by multiples, whereby the value of a company or asset is derived from key financial ratios (such as EBITDA or revenue) of comparable listed companies or recent transactions. Finally, completed comparable transactions in the market provide further insights into price levels. In practice, these methods are often combined.

Independent valuations are carried out in various ways, and their frequency varies depending on the asset class. Internal valuation methods have usually been developed for direct investments in private assets. In the case of fund investments, there are various valuation practices, whereby a look-through approach is used to assess whether parameters are requested from asset managers in order to validate valuations. Institutions take various approaches to ensuring independent valuations, e.g. by setting up valuation committees, assigning responsibility to the second line, or establishing a separate valuation role. Valuation frequencies vary by asset class. For example, in the private credit and private equity sectors, valuations are carried out on a monthly basis for just over half of the funds and mandates, while in the private real estate and infrastructure sectors, quarterly valuations are the most common (Figure 12). This is consistent with the generally longer investment horizons associated with real estate and infrastructure.

Figure 12 Valuation frequencies vary by asset class



3.3.5 Liquidity

Institutions can only gradually free up liquidity from private assets and regard disposals on the secondary market primarily as a last resort. One way to achieve this is to make withdrawals from funds. Investments by pension funds and insurers in real estate funds typically have an open-ended structure, which allows for withdrawals, while investments in private equity and private credit funds are predominantly closed-ended. However, even open-ended fund investments do not guarantee full liquidity. During periods of stress, simultaneous redemptions by several investors may occur, which could force funds to impose restrictions, as evidenced by the recent turmoil among prominent open-ended private credit funds in the United States (DNB, 2026). At the mandate level, institutions can gradually generate liquidity through targeted divestments or a controlled portfolio run-off. It should be noted that liquidity profiles vary between private asset classes and are partly determined by actual implementation choices.²⁴ Most insurers and pension funds regard disposals on the secondary market primarily as a last resort and emphasise that such transactions involve deep discounts, long execution periods and limited market depth under stressed conditions.²⁵

²⁴ For example, the average maturity of an infrastructure investment is longer than that of private credit, which entails greater liquidity risks. In addition, differences can be seen between institutions. Some institutions report that they deliberately invest in short-term private assets such as fund financing, which offers greater flexibility and liquidity.

²⁵ Conditions on the secondary market also depend heavily on the private asset category. Active disposals of private assets take place only to a limited extent, and mainly in a private equity context.

4 Financial stability considerations

4.1 Benefits for the real economy and the financial system

The growth of private markets is making the economy less reliant on bank finance. The rise in non-bank lenders is making funding markets more diverse and fostering greater competition. This broadening of supply is beneficial for businesses, as it reduces their dependence on bank loans and widens access to funding. In principle, this diversification of funding sources is also beneficial for the financial system. With the rise of private lenders and other non-bank financing, the provision of capital is spread across several types of institutions, making the system less dependent on banks, which engage in maturity transformation between short-term funding and long-term lending. This enhances the resilience of the financial system. In addition, private assets can fulfil a counter-cyclical function by maintaining the flow of finance when banks and public markets scale back their lending.

Moreover, private lenders can provide financing and risk capital to sectors and projects that have limited access to bank loans or public capital markets. This applies, among other things, to infrastructure, social housing and innovative growth sectors, where investments are often complex and capital-intensive. Furthermore, investors in private assets, such as pension funds and insurers, often have a long-term investment horizon and greater scope for flexibility in their financing terms. Within private markets, various asset classes play different roles in this regard. For example, private equity plays an important role by providing equity capital to high-risk growth companies, while private credit offers bespoke debt financing to companies that find it difficult to access traditional lending.

The growth in private assets may also help to strengthen the savings and investments union (SIU). Within the framework of the SIU, expanding the role of non-bank financing, including through private assets, is seen as essential to improving the financing of strategic priorities. This is closely in line with the conclusions of the Draghi report (EC, 2024). Non-bank entities can play a role in this by providing long-term financing, supporting innovation and contributing to a more efficient allocation of funds towards growth sectors, which will benefit both the competitiveness and the strategic autonomy of the European economy (ECB, 2026).

4.2 Implications for financial stability

Direct financial stability risks posed by private asset investments by institutional investors are limited, although their rapid growth could pose systemic risks. For example, the overall exposure of insurers and pension funds remains relatively limited. Furthermore, the risk of forced sales and procyclical behaviour is present only under extremely stressed conditions. Given the rapid growth in private assets and the incomplete picture of interconnections, vigilance remains essential. Furthermore, problems experienced by individual institutions caused by high allocations to private assets can also lead to systemic risks, e.g. where this results in a loss of confidence. The valuation uncertainty, illiquidity and complexity of private assets therefore call for careful monitoring and risk management. After all, if the risks associated with private assets are not adequately managed, private markets can amplify shocks that occur elsewhere in the financial system.

Vulnerabilities in private assets can cause financial stability risks via various transmission channels. The infographic at the end of this chapter illustrates these channels. For example, during periods of extreme liquidity stress, the limited tradability of private assets can prompt forced sales, often at deep discounts. This could put further pressure on prices and thus exacerbate market stress. Furthermore, when large insurers or pension funds are forced to liquidate assets due to liquidity shocks (for example, as a result of margin calls or unexpectedly high outflows), this can weaken their financial position. In extreme cases, this could affect the interests of policyholders or pension fund members and undermine confidence in the financial system. Furthermore, the interconnections between different financial institutions – e.g. within the private credit ecosystem – can lead to contagion effects. Finally, if market conditions deteriorate, institutional investors may decide to gradually reduce their allocation to private assets. Such procyclicality can reduce the availability of credit and risk-bearing capital for businesses and projects, with adverse consequences for the real economy.²⁶

4.2.1 Valuation uncertainty

The absence of market prices means that worsening market conditions may be reflected in valuations with a delay or even as a sudden shock. Valuations are often revised on a quarterly or monthly basis (see section 3.3.4), which means they lag behind economic developments. If market conditions worsen, downward revaluations may become apparent with a time lag. An additional risk is that such adjustments do not take place gradually, but in sudden bursts as soon as new information is processed or assumptions are revised. Fund managers may therefore have an incentive to defer downward corrections, potentially resulting in sudden and unexpectedly correlated corrections across multiple portfolios and market segments simultaneously. As a result, the perceived stability of valuations may give way to increased volatility, potentially leading to procyclical effects. Furthermore, valuation models may not take full account of market dynamics, meaning that not only the frequency but also the valuation itself is uncertain.

²⁶ Such derisking can, incidentally, also occur with public assets, such as shares and high-yield bonds.

It is therefore important that the valuation process is subject to sufficient checks and balances.

Insurers and pension funds use different processes for valuing private assets (see section 3.3.4). Partly because of the significant role played by assumptions and models, it is important to ensure sufficient independence. Although this does not eliminate valuation uncertainty, it can reduce misaligned incentives, such as those to defer losses.

4.2.2 Illiquidity

Both insurers and pension funds regard private assets as a last resource of liquidity, but in times of extreme stress, forced sales cannot be ruled out. Private assets do not usually form part of institutional investors' primary liquidity buffers. The risk of forced sales is therefore limited. This applies in particular to investments made through segregated mandates or funds; in the case of collective funds, outflows or liquidity pressure from other investors may still lead to selling pressure. If private assets do need to be drawn upon in emergencies, this is usually done gradually (see section 3.3.5). For example, new commitments to private asset funds may be temporarily restricted. However, in extremely stressed conditions involving high liquidity requirements, sales of private assets cannot be ruled out. Previous research by DNB and the AFM shows that insurers and pension funds are not likely to run into liquidity problems, but nevertheless rely on the functioning of money markets (DNB and AFM, 2024; DNB, 2025). Under stressed conditions, committed capital (dry powder) from private assets can also create additional liquidity pressure. In the private credit sector in particular, periods of stress may actually require additional funds – e.g. for refinancing – which increases liquidity requirements.

4.2.3 Complexity and interconnectedness

The way in which private markets are organised makes private assets comparatively complex.

Private credit and private equity investments, in particular, are regularly carried out through multi-tiered fund structures, special purpose vehicles (SPVs)²⁷ and bespoke contracts, involving multiple parties in a chain of financing, structuring and management, while risks may be spread across different legal entities and jurisdictions. This creates a large distance between the ultimate investor and the underlying risk, and makes it more difficult to understand the economic exposure. The use of structured products, such as SRTs and CLOs further adds to the complexity, as it becomes less and less clear who actually bears the risks. Moreover, this complexity makes it more difficult to identify concentration risks. Although investments by individual institutions are often spread across various funds, sectors or regions, underlying exposures may overlap significantly, for example through the same asset manager or financing chain.

This complexity means that interests and information positions of intermediaries and end investors could diverge. The investment chain for private assets often involves multiple parties, including – in addition to the end investors – asset managers, fund managers and advisers, and interests within this chain could conflict. This may, for example, be relevant in relation to valuations, portfolio growth and risk acceptance, and highlights the importance of sufficient in-house expertise, due diligence and critical oversight of external parties.

²⁷ SPVs are separate legal entities that can be set up by investment funds for a specific loan or investment portfolio.

In addition, private assets are characterised by increasing interconnections between financial institutions.

Institutional investors, banks, asset managers and investment funds are interconnected in various ways within private asset markets. This can mean that shocks are not confined to one part of the financial system, but have wider repercussions. One example is the use of synthetic risk transfers (SRTs), whereby institutional investors or investment funds assume credit risk from banks. Although the use of SRTs is currently limited to a small number of large pension funds (Box 1), they have gained in popularity in Europe (BIS, 2026; ECB, 2026). As a result, the balance sheets of banks and non-banks become even more intertwined. The use of leverage can also amplify the transmission of shocks (Box 2).

Furthermore, the complexity of private assets means transparency is limited. The visibility of broader, indirect interconnections is limited. For example, little information is available about the financiers of private investment funds, other investors in the same funds, or shared exposures through co-investments. Similarly, there is limited insight into the interconnectedness between banks and the private credit sector (DNB, 2026), making it difficult to identify potential routes of contagion. Available data is often fragmented, non-standardised and not readily accessible, which makes it difficult to obtain a comprehensive picture of the risks. Bank loans are subject to prudential regulation and supervision, and public bond markets are characterised by disclosure requirements that contribute to market discipline and price formation, but this applies to a lesser extent to private markets. Private assets are partly exempt from direct reporting obligations and are not subject to a single, uniform regulatory framework.²⁸

²⁸ For example, private assets are subject to various regulatory frameworks, such as the Alternative Investment Fund Managers Directive (AIFMD) for European alternative funds and, indirectly via the end investor, for example Solvency II for insurers.

Box 2 Leverage in private credit

The use of leverage in private credit can increase the risk of contagion. Leverage may be deployed at various points in the chain. This enables private credit funds to raise their own additional finance, e.g. through NAV loans using the portfolio of private credit loans as collateral. In addition, companies that borrow through private credit may do so subject to high levels of leverage. Many of these companies are owned by private equity funds, which on average have higher levels of debt and greater leverage than companies that borrow from a bank. Such leverage can exacerbate contagion risks in times of stress, thereby increasing the likelihood that illiquid assets must be sold at a discount.

The use of leverage is comparatively limited among European private credit funds. Among US business development companies (BDCs), the average leverage is approximately 40–60% of total capital, i.e. a leverage ratio of around 1.7–2.5. At the same time, there is considerable heterogeneity, with the leverage ratio at the 95th percentile rising to over 3.6 (OFR, 2026). In Europe, leverage at fund level is generally limited. The data request shows that a significant proportion (around 60%) of the private credit funds in which pension funds and insurers invest have a global focus with unknown leverage levels.

The level of indebtedness among companies that borrow through private credit varies by segment. Anecdotal information from the data request suggests that the debt level for investment grade companies is approximately 1.5 to 4 times EBITDA, while the debt level for sub-investment grade companies is generally considerably higher, at 6 to 7 times EBITDA. Insurers report that their private credit portfolios consist predominantly of loans to investment grade borrowers with relatively low levels of leverage. Insurers often cap leverage at 4 to 5 times EBITDA. At the same time, the data points to variation across strategies and portfolios. Furthermore, covenants play an important role in risk management. A large proportion of the loans are subject to financial covenants, which offer some protection against rising risks. A point of concern here is the global trend towards increasingly lenient covenants. For example, the proportion of covenant-lite transactions in private credit has risen sharply, partly due to increased competition from public leveraged loan markets (IMF, 2024; Pitchbook, 2025).

The growth of private assets presents **opportunities**, but also introduces **risks**

1 Risks associated with private assets

Valuation uncertainty

In the absence of market prices, worsening market conditions may take time to manifest and may have a sudden, jolting effect.

Illiquidity

Private assets are not readily tradable, and it is difficult to buy into or exit them.

Complexity

The market for private assets is typically opaque, meaning it is unclear who bears the risks. Concentration risks are difficult to identify.

Interconnectedness

Private markets are accompanied by increasing interconnections between financial institutions.

Financial stability under pressure

2 How risks play out

Forced sales

Under extreme liquidity shocks, the illiquidity of private assets can prompt forced sales and induce market stress.

Institution under financial pressure

In the event of a forced sale of private assets and a weakened financial position, the interests of policyholders and pension scheme members may be affected.

Contagion effects

The interconnections in the ecosystem of private assets send shocks more rapidly through the financial system.

Investors pull out

Institutional investors pulling out of private assets reduce lending and risk-bearing capital, which is detrimental to the economy.



5 Policy recommendations

Private assets offer significant benefits to the real economy and the financial system, but these can only be maintained if sufficient attention is paid to the associated risks. This means that investors, market participants and supervisory authorities must be sufficiently aware of the vulnerabilities associated with the various private asset classes. From the perspective of financial stability, it is therefore important to strive for greater transparency and effective risk management. This allows the benefits of private assets to be retained, while potential risks are identified and managed in good time.

The continued growth of private assets requires adequate monitoring. The transition to the new pension regime may lead to higher allocations to illiquid assets at some pension funds, while insurers' current allocations are below the strategic target and a further increase in strategic allocations is expected. Against this background, it remains important to closely monitor the development of private asset markets and the associated risks. Given the cross-border nature of most private asset classes, it is important that this is also done at an international level. Prudential frameworks must be consistent with both public and private assets. Where elements of the prudential frameworks for insurers and pension funds are primarily designed to match the structure of public assets, it must be examined whether these elements require adaptation to private assets.²⁹

It is important to gain a better understanding of potential transmission channels and the risks of contagion. From both a microprudential supervisory perspective and a macroprudential systemic perspective, the limited visibility of interconnections between financial institutions poses a significant challenge. As private markets are by their very nature less transparent, it is difficult to gain a clear picture of the interconnections between financial institutions. The complex ecosystem surrounding private credit is an example of this (DNB, 2024). Interconnections, for example between private credit and banks, need to be examined further. This Analysis provides insight into only a part of the exposures within the financial sector, meaning that further work is needed to better identify these interconnections. When monitoring risks in private asset markets, it is also important to be mindful of the risk of spillover effects, both between markets and between regions. For example, private asset markets in Europe are still relatively small in scale, but any problems with private assets in the United States could trigger contagion effects. Furthermore, the correlation between private markets and public alternatives such as leveraged loans and high-yield bonds may increase in stress scenarios.

Given the cross-border nature of many private asset classes, international coordination is vital. This international nature is particularly evident in private equity and private credit, where investors, asset managers and the underlying companies are typically based in different jurisdictions. This international complexity makes it difficult to obtain a complete and consistent picture of exposures, risks and interconnections. DNB therefore contributes to the work of international bodies engaged, among other things, in exchanging information, and developing harmonised definitions and monitoring indicators (FSB, 2026). In Europe, too, the lack of a structured framework for sharing granular data on non-bank

²⁹ For example, the standard formula for insurers' capital requirements under Solvency II was established prior to the introduction of this framework in 2016. At that time, the allocation to private assets accounted for a much smaller proportion of European insurers' portfolios than is the case today.

financial intermediation is a shortcoming. The ECB therefore emphasises the need to improve the availability, quality and cross-border exchange of this data (ECB, 2026). In this regard, it is important to improve standard supervisory reporting on private assets.

It is important to subject private assets to scenario analyses and stress tests. This can provide valuable insights, as the resilience of many private assets classes – including private credit – at their current scale has not yet been tested during a market downturn. In order to better identify interconnectedness and potential contagion risks, a system-wide analysis is required, such as the one currently being carried out by the Bank of England for private markets (BoE, 2026). DNB is also working on the development of a system-wide methodology for stress testing and scenario analysis, which will enable the impact of stress on private markets to be better assessed in future. However, this does require higher-quality information on private assets in various parts of the financial system, including exposures to foreign parties. It is therefore also appropriate to develop such a methodology at European level.

It is essential that financial institutions – including insurers and pension funds – match their risk management with the nature and complexity of their investments. Institutions must fully understand how private assets work and be able to manage the risks before investing in them. As private assets involve greater opacity, complexity and heterogeneity than public markets, they place relatively high demands on financial institutions' risk management. It must therefore be equipped to deal with these characteristics, and sufficient in-house expertise must be available (DNB, 2023). This should include a thorough assessment of whether their total exposure to private assets matches their risk profile. After all, even with stricter risk management, the (residual) risks associated with private assets remain relatively high. That said, private assets, or their underlying asset classes, cannot be considered a single, monolithic asset class, given their differences in aspects such as liquidity, transparency and valuation uncertainties. It is therefore important that these aspects are explicitly taken into account in investment decisions and monitoring. Finally, the importance of sound risk management lies in the fact, mentioned above, that many private asset classes, in their current scale, have not yet been tested over a full economic cycle.

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