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AI Hyperscalers' Shadow Borrowing Bolsters Private Credit Risks

By Esteban Duarte (https://www.insurancejournal.com/author/esteban-duarte/) | March 17, 2026



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Investment in AI infrastructure via off-balance sheet debt is increasing the exposure of insurers and private credit funds to hyperscalers, accordi

"Alongside traditional bonds, hyperscalers have turned to off-balance sheet arrangements to finance infrastructure expansions, often in partners
"These structures strengthen links between hyperscalers and non-bank investors."



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The comments add to warnings about the debt frenzy to support the artificial intelligence revolution. With so many lenders lining up to throw cas

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Meta Platforms Inc. is among firms popularizing a way for debt to sit completely off balance sheet, allowing enormous sums to be raised while li
to for AI data center deals, bankers say.

Such vehicles' equity holders are groups of private markets and industry sponsors that raise debt through private placements. The hyperscaler t

"These arrangements amount to "shadow borrowing": obligations that are economically akin to debt but largely reside outside corporate balanc

Banks support such off-balance vehicles "with funding lines, potentially creating new shock transmission channels," the note said. That could le

Building out data center capacity will require hyperscalers to turn to every corner of capital markets, according to JPMorgan Chase & Co.

Photograph: Photo credit: Jason Alden/Bloomberg

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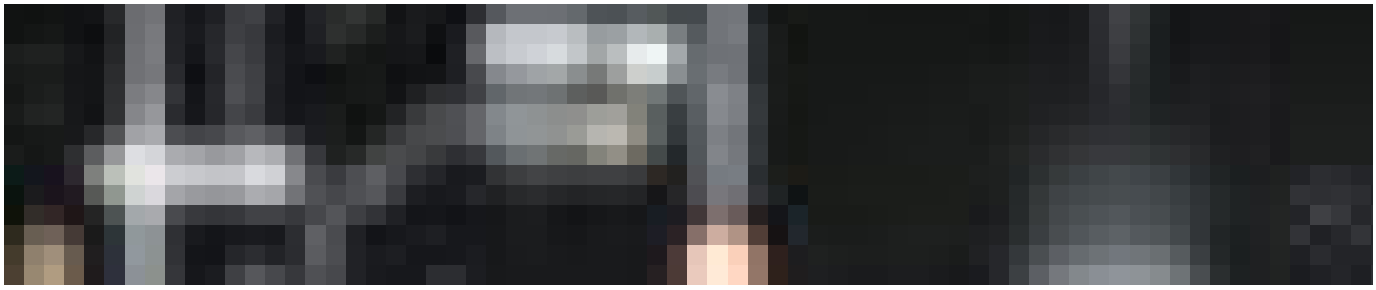

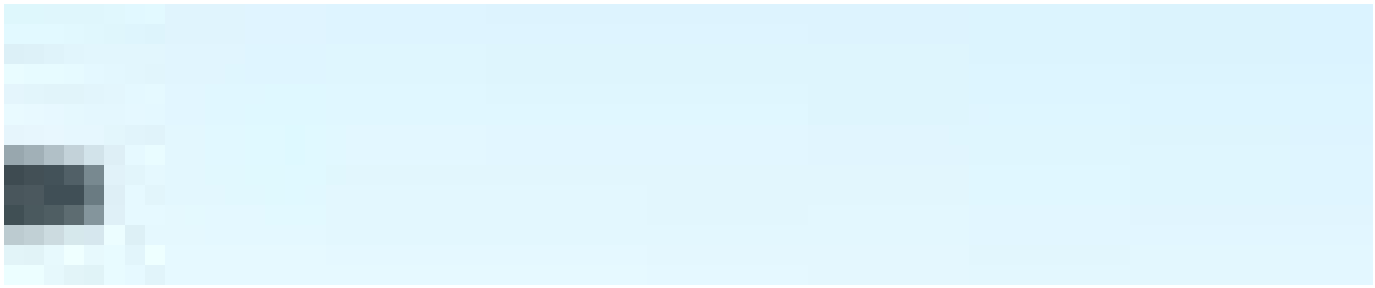



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