

## RISK MANAGEMENT CAROUSEL

# THE AI BORROWING EFFECT

AI is moving from the equity story into the global cost of capital story.



## \$570B

AI-related debt issuance forecast for 2026

## \$1.09T

future uncommenced leases across Big Tech

## >\$15%

YTD U.S. IG issuance share from five hyperscalers

*"The first systemic AI risk may not be default. It may be repricing."*

- Dr. Anju Sharma | KtalystInsights

EXECUTIVE THESIS

# THE STORY IS NOT DEBT. IT IS TRANSMISSION.

One sector is absorbing capital at sovereign scale. Risk then travels through markets, WACC and investment decisions.



## WHAT CHANGED

AI buildout is now too large for internal cash flow alone.

## WHY IT MATTERS

Credit markets, not earnings calls, may set the next AI speed limit.

## RISK-MANAGEMENT FRAME

Monitor the funding gap before the default risk appears.

**Ktalyst read: This is a capital-allocation shock disguised as a technology boom.**

DATA SNAPSHOT

# THE FOUR NUMBERS FINANCE LEADERS

The

scale

**>\$1T**

hyperscaler capex need by 2028

ECB

**~\$3T**

future capex through 2029

IMF

**\$570B**

AI-related debt issuance in 2026

Morgan Stanley

**\$800B**

private credit expected over 4 years

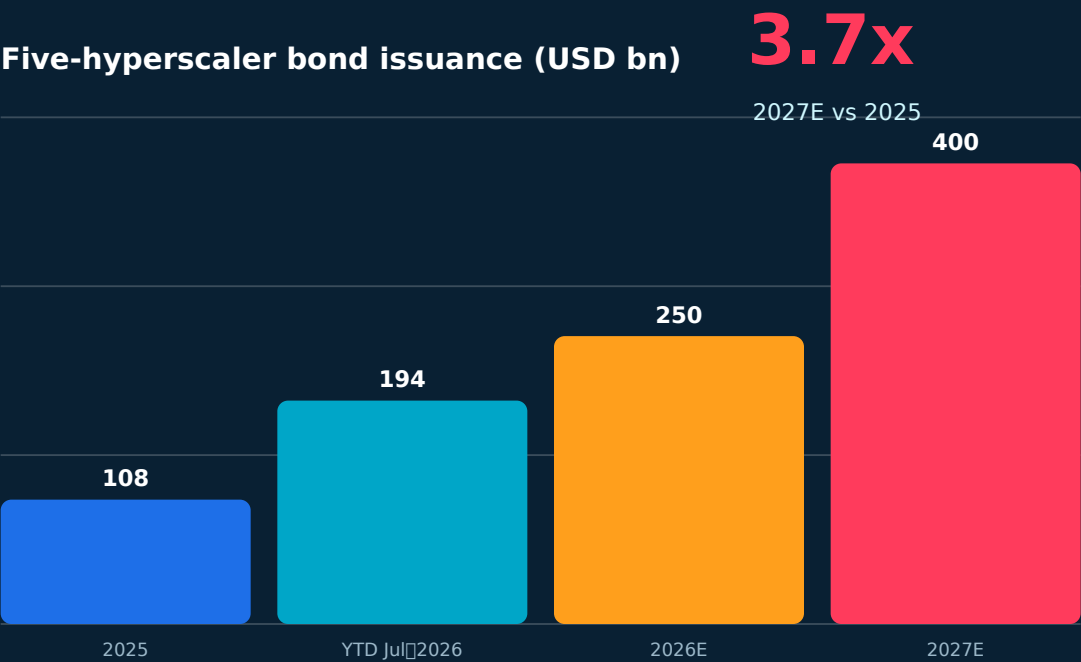
OECD

Analysis: The debt market is no longer financing only companies. It is financing an AI infrastructure cycle with utility-like capital intensity and tech-like obsolescence.

FORECAST

# BORROWING VELOCITY IS THE NEW AI KPI

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mu



**Risk lens: when issuance becomes predictable and large, investors stop treating it as event risk - and start repricing the whole sector.**

**HIDDEN LEVERAGE**

# REPORTED LEVERAGE IS NOT THE FULL STORY

The is.

## Future uncommenced lease payments by company



**Economic leverage**

**Debt + leases + SPVs +  
guarantees**

*KtalystKlue: The balance sheet may show debt. The ecosystem shows obligations.*

GLOBAL SPILLOVER

# THE RISK HAS LEFT SILICON VALLEY

U.S. credit market

>\$15%

of YTD U.S. IG issuance from five hyperscalers



~10%

of euro non-financial new issuance from U.S. big tech

same investors

pensions | insurers | IG funds

€40B

euro bonds outstanding

AI bonds



asset allocation



crowding out



higher spreads

Risk lens: the more AI competes for global savings, the more every marginal borrower needs to clear a higher hurdle rate.

MECHANISM

# THE REPRICING ENGINE

Default is a late signal. Repricing starts earlier - when markets ask for more yield to absorb more supply.



Median hyperscaler bond yield move after issuance (bps)

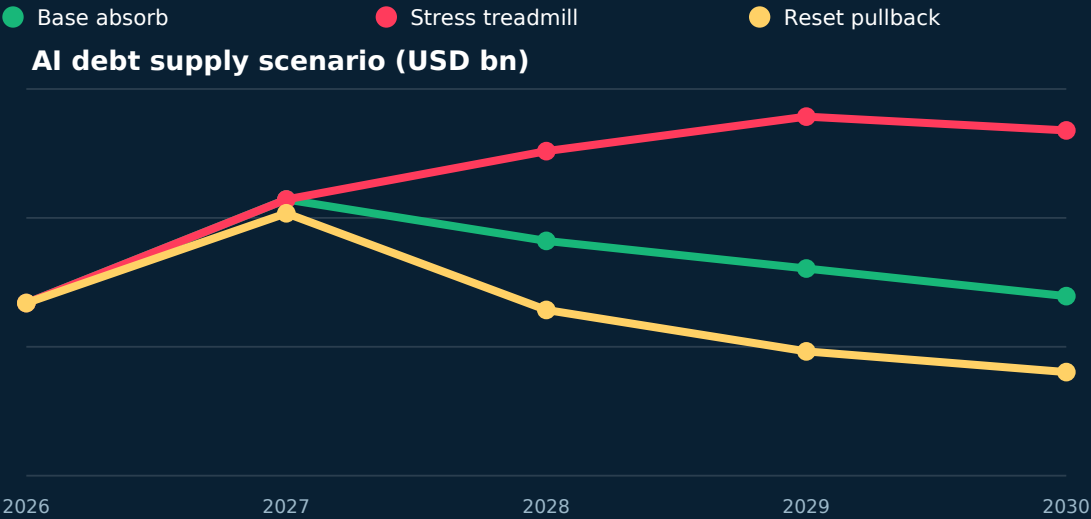


Meaning: demand did not vanish. It repriced. That is how a sector-specific boom becomes a market-wide risk premium.

KTALYST FORECAST MODEL

# 2026-2030: THREE FUNDING PATHS

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cas



**BASE**

Markets absorb; AI cash flow catches up.

**STRESS**

Issuance stays high; spreads keep widening.

**RESET**

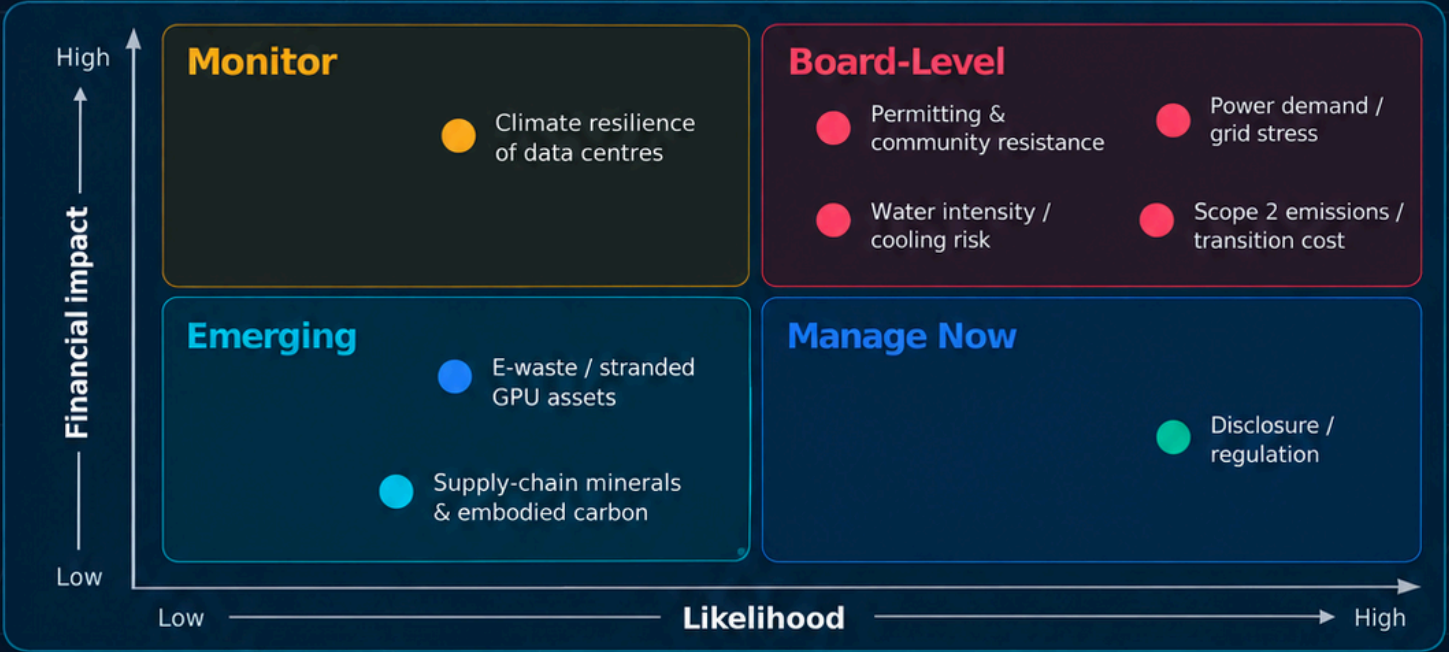
Capex is cut; growth shock moves outside tech.

ESG / CAPITAL RISK LENS

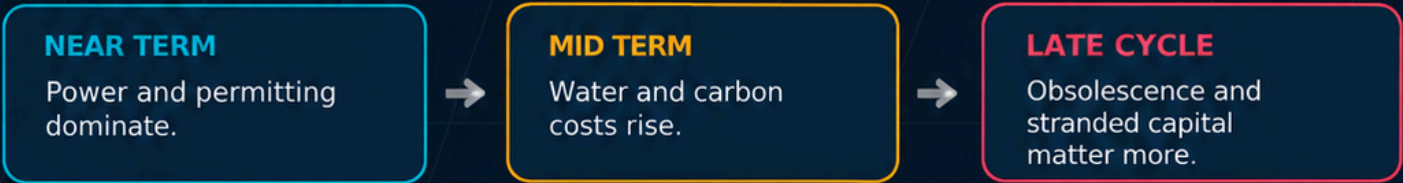
# THE SUSTAINABILITY RISK MATRIX

AI infrastructure turns power, water and transition pressure into financing risk.

**Why it matters:** sustainability constraints can delay AI cash flows, widen the funding gap and eventually reprice capital.



2026-2030 SIGNAL PATH



WHY CFOs SHOULD CARE

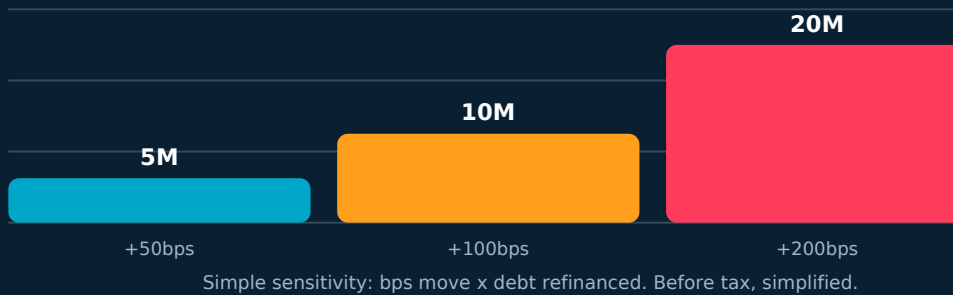


The first sustainability risk is not reputation.  
It is cost-of-capital quality.

WACC SENSITIVITY

# WHY NON-TECH CFOs SHOULD CARE

## Extra annual interest cost per \$1B refinanced debt



### CORPORATES

marginal projects fail IRR

### BANKS

credit appetite tightens

### GOVERNMENTS

deficits refinance higher

### EMS

capital outflow risk rises

### HOUSEHOLDS

higher rates arrive through prices

**Board question: Are our hurdle rates still realistic if global capital is repriced by AI infrastructure demand?**

LEADERSHIP ACTION

# THE CFO / CRO CONTROL TOWER

Do  
sp

s. M  
of

mark

**Capex / OCF**

>100% = funding gap

**Lease pipeline**

economic leverage

**IG spread beta**

sector repricing

**New-issue cover**

investor fatigue

**Private credit**

opacity risk

**Data-centre ABS**

structured exposure

**CDS moves**

market stress

**Capex cuts**

growth shock

**R-star / real yields**

macro repricing

*"Success itself could reprice money for everyone else."*

- Dr. Anju Sharma

HIGHER PRODUCTIVITY MAY COME. HIGHER WACC MAY COME FIRST.