
# Spanish non-financial corporates' balance sheets: Asset growth and deleveraging in the euro era

Since entering the euro area, Spain's non-financial corporations have doubled their real asset base while significantly reducing leverage, particularly bank debt. This structural shift from debt-financed expansion to self-funded investment reflects broader changes in corporate behavior amid evolving economic and financial conditions.

Vicente Salas Fumás

Abstract: The financial evolution of Spain's non-financial corporations (NFCs) over the first quarter-century of euro membership reveals a marked transition from aggressive debt-financed expansion to cautious, equity-supported consolidation. Using original estimates based on Eurostat and national accounts data, this paper constructs a consolidated balance sheet for Spain's NFC sector from 2000 to 2024, tracking changes in the composition of assets (operating *vs.* financial) and liabilities (debt *vs.* equity). While total assets tripled in current euros and doubled in real terms over the period, the growth was uneven, concentrated largely before the 2008 financial crisis and slowing afterwards. Financial assets increased rapidly in the early years but have remained steady at around 40% of total assets since 2010. On the liabilities side, a dramatic pre-crisis surge in bank debt reversed post-2009, with the leverage ratio falling from a peak of 65.3% to 35% by 2024 and bank credit declining to just 16% of total liabilities. The shift reflects a deeper structural change: since the crisis, retained earnings have persistently exceeded

gross capital formation, enabling deleveraging and a net lending position. A simple regression confirms that while asset growth drives demand for external funds, strong internal financing capacity reduces reliance on debt, especially bank credit. The recent stagnation in asset accumulation cannot be attributed to credit constraints but rather suggests waning investment appetite, despite a financially healthier corporate sector.

## Foreword

This paper analyses the trend in the consolidated balance sheet of Spain's non-financial corporations (NFCs) during the 25 years of membership of the eurozone, looking closely at the composition of their total assets (operating assets and financial assets) and their liabilities (debt and equity). Spain does not have an official statistical source that publishes the balance sheet (assets + liabilities) of the economy as a whole. Nor is there an official separate balance sheet for each institutional sector: non-financial corporations, financial corporations, households and government. As a result, the balance sheet data presented throughout this paper were compiled by the author, using the account organisation criteria, statistical sources and calculation methods described in greater detail in a Funcas technical note (Salas Fumás, 2025).

The data indicate that between 2000 and 2024, the total assets held by the NFC sector in Spain tripled in current euros and doubled in constant euros (using the gross fixed capital formation deflator), albeit growing at different paces during the period depending on the economic momentum at the time. Even though non-operating financial assets increased by slightly more than operating assets during the first years of the euro, from 2009 on, the composition of total assets has been stable at approximately 60% and 40% of operating and financial assets, respectively.

On the liability side, the share of debt, and by extension the corresponding share of equity, has shifted considerably during the same timeframe. Until the financial crisis of 2008, the contribution of debt to financing the growth in assets was proportionately higher than the contribution of equity, shaping a considerable increase in the leverage ratio during that sub-period: from 40% in 2000 to 65.3% in 2008. After 2009, the leverage ratio began to come down and by the end of the period, 2024, had dipped below the starting point (35%). Bank debt, which at the start of the period accounted for two-thirds of total credit, represented just 45% of total debt by the end of the time horizon. This paper explains the trend in the debt, particularly the bank debt, of the NFCs in Spain, correlating it to the growth in assets (positively) and the lending/borrowing requirement (negatively).

## Findings: Stock of assets and liabilities

### *Total assets and composition*

Exhibit 1 shows the trend in estimated total assets, which matches the trend in total liabilities, of the NFCs in Spain every year (annual averages) between 1999 and 2024, in millions of constant euros (2000). The assets at constant prices were calculated by deflating the average annual stock each year previously calculated in current euros, using the implicit gross fixed capital formation (GFCF) deflator for the Spanish economy as a whole, set at 1 in 2000.

In the 25 years since the euro was introduced, 2000-2024, the total consolidated assets of Spain's NFCs in current euros went from €1 trillion to €3 trillion, more or less tripling.

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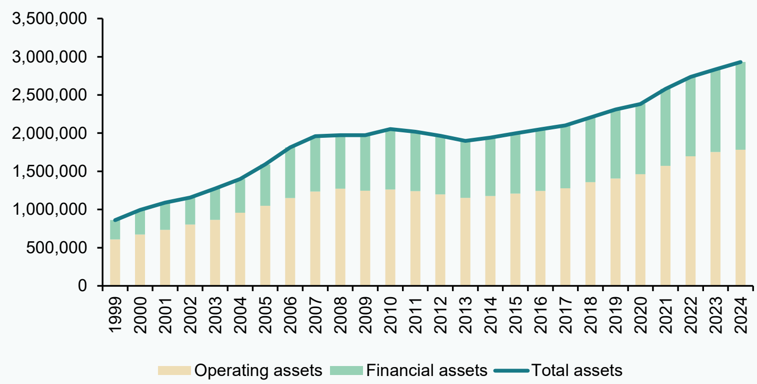
Exhibit 1 **Total NFC assets and their composition –operating assets and non-operating financial assets**

Millions of current euros




*Sources: Author's own elaboration based on Eurostat data, Financial Accounts and National Accounts.*

When the stock in current euros is deflated to constant 2000, using the GFCF deflator as the proxy for the trend in prices, the stock of consolidated assets doubled, to €2 trillion in 2024 (in other words, the prices of fixed capital assets multiplied 1.5x between 2000 and 2024, when average annual inflation was below 2%).

The pace of asset accumulation was uneven over the period analysed. Half of the growth in the entire period was concentrated between 2000 and 2007, when total assets in constant euros went from €1 trillion to €1.5 trillion (growth of 50%). Between 2007 and 2013, the total stock decreased slightly in current euros but increased somewhat in constant euros due to asset price deflation those years. Between 2014 and 2019, growth in total assets resumed, albeit at a slower pace, increasing by a cumulative 25% those years. From the pandemic until the end of the period, the stock of total NFC assets in Spain registered significant growth in current euros (coinciding with the outbreak of inflation in 2021 and 2022), but stagnated in constant euros. In sum, during the last five years, the stock of NFC assets in Spain has barely changed.

Total NFC assets are made up of operating assets dedicated to produce goods and services in Spain, together with labor, and financial assets not tied to such production activities. According to Exhibit 1, at the time of the euro's creation, 30% of total NFC assets were financial assets and the remaining 70% were operating assets. In those early years of the euro, financial assets registered faster growth than operating assets so that by 2010, the proportions were approximately

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40% and 60%, respectively, having barely changed since.

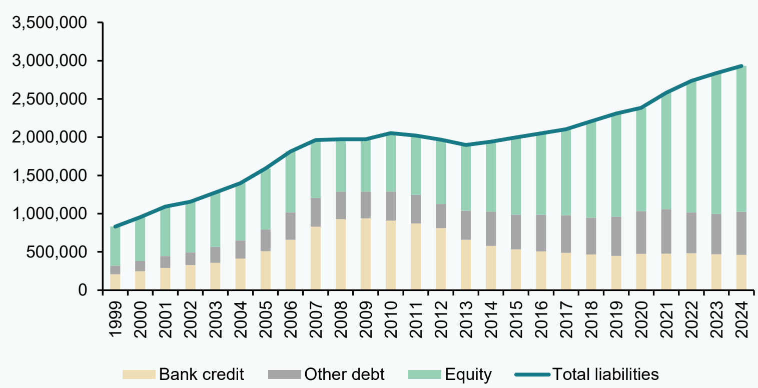
### *Liabilities and their composition*

The liability accounts are divided between cost-bearing liabilities (*i.e.,* excluding trade payables) and within that category, between bank and other debt, on the one hand, and equity, on the other hand (Exhibit 2). In 2000, the financial structure was 40% debt and 60% equity. Bank credit accounted for two-thirds of total debt, a little over 26% of total liabilities. The accelerated growth in assets until the financial crisis of 2008 was financed more by debt than equity, driving growth in the share of debt financing, particularly bank debt, in the liabilities mix. When the financial crisis broke out, in 2008 and 2009, debt accounted for nearly two-thirds of total liabilities and 72% of total debt was bank debt. In absolute terms, bank credit went from €250 billion in 2000 to €940 billion in 2009, 47% of total liabilities.

After a few years of stability at peak levels, from 2008 to 2011, the NFCs began to deleverage from 2012. Their debt in absolute terms was virtually stable at around 1 trillion current euros. Since total liabilities in current euros trended higher, the ratio of debt to total liabilities gradually decreased from peak levels to a little over one-third (35%) in 2024. The loss of share of bank credit in financing the NFC sector's total assets in Spain was even more pronounced: in absolute terms, at €450 billion, bank credit in 2024 was half of the peak volume observed in 2009. In relative terms, over total liabilities, in 2024, bank credit accounted for just 16% of total NCF liabilities in Spain, having represented nearly 50% in 2009.

Exhibit 2 **Breakdown of total liabilities of NFCs in Spain between debt (bank *vs.* non-bank debt) and equity**

Millions of current euros




*Sources: Author's own elaboration based on Eurostat data, Financial Accounts and National Accounts.*

> "By 2009, retained earnings already exceeded GFCF flows, a situation that would repeat itself until 2024, the sole exception being 2020, when the difference was virtually zero."

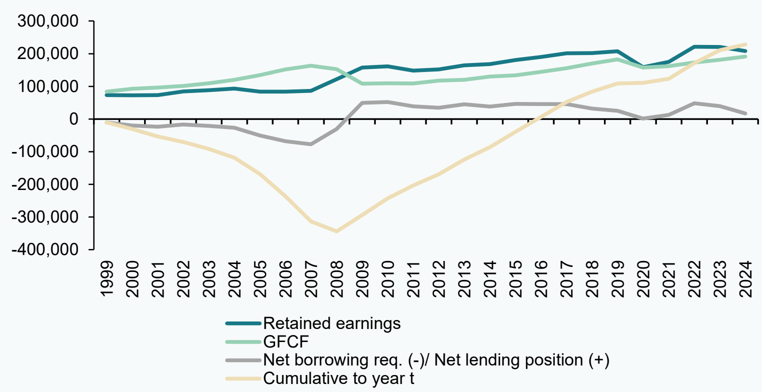
## Explanation for leveraging/ deleveraging

The NFCs generate monetary flows each year as a result of the economic activities they carry out, which they can use to finance new investments, pay dividends or repay debt, for example. The *funds generated* by business activities in a financial year include their net profit for the year (bottom line of the statement of profit or loss) plus fixed asset depreciation charges, which are accounted for as a cost but in reality do not imply a cash outflow for the companies. The corporations pay their financial partners dividends as remuneration for the financing they provide and the difference, funds generated less dividends, is retained by the corporations (*retained earnings* = funds generated less dividends), adding to their reserves and, in the process, their equity. When the earnings retained in a given financial year exceed investment in capital formation, the NFCs help finance the rest of the economy; if that is not the case, and their investments in operating assets exceed their retained earnings, the NFCs need funds from the rest of the economy to cover their financing requirements.

Exhibit 3 illustrates the trend in retained earnings, gross fixed capital formation (investment in operating assets) and the difference between the two, annual and cumulative, for the NFC sector in Spain as a whole over the period analysed. Until the financial crisis of 2008, annual GFCF flows for the Spanish NFCs as a whole amply exceeded their retained earnings, which meant that they relied on funds from other sectors of the economy, including foreign funds, to finance their flows of investments in productive

Exhibit 3 **Flows of retained earnings (net profit + depreciation – dividends) and investment in fixed assets and the difference between the two. NFCs in Spain**

Millions of current euros




*Source: Author's own elaboration based on the National Accounts.*

> " Between 2009 and 2024, the NFCs generated a total net lending position of over €570 billion, which is significantly more than the amount of debt repaid since 2010, €270 billion. "

capital. The crisis turned that situation on its head. By 2009, retained earnings already exceeded GFCF flows, a situation that would repeat itself until 2024, the sole exception being 2020, when the difference was virtually zero. The switch from a negative balance, a net funding requirement, to a positive balance, the ability to finance the rest of the economy, was the result of a contraction in investment flows (€55 billion smaller in 2009 than in 2007) and also growth in retained earnings (which were €70 billion higher in 2009 than in 2007).

In cumulative terms, between 1999 and 2008, the total need for funds to finance investment in operating assets exceeded retained earnings by nearly €350 billion. Over that same timeframe, the cost-bearing debt of the NFCs increased by practically €1 trillion (Exhibit 2), which means that 35% of the increase in debt was used to finance the shortfall of retained earnings in terms of financing gross fixed capital formation. By 2024, however, the cumulative surplus of retained earnings over the cumulative need to finance annual GFCF flows stood at €228 billion. That means that between 2009 and 2024, the NFCs generated a total net lending position of over €570 billion, which is significantly more than the amount of debt repaid since 2010, €270 billion.

To complement the exhibit, Table 1 presents the results of a simple regression analysis that explains the variation in the absolute volume of debt in year t with respect to year t-1 as a function of the change in total assets during the same period (demand for funds driven by the increase in the stock of assets needing financing) and as a function of the NFCs' net lending or borrowing position, the averages in year t and in t-1 (as a proxy for the availability of funds generated internally having financed gross fixed capital formation flows). We distinguish between the movement in bank debt, non-bank debt and total debt.

Table 1

**Estimated impact of asset growth and net lending on annual changes in NFC balance-sheet debt (average in years t and t–1)**

| | Change in bank debt | Change in non-bank debt | Change in total debt |
|---|---|---|---|
| Constant | 1,296.9<br>(9,719.2) | 9,692.1<br>(11,375.6) | 10,988.9<br>(11,083.6) |
| Change in total assets | 0.26***<br>(0.09) | 0.11<br>(0.10) | 0.37***<br>(0.10) |
| Net lending/borrowing position | -1.40***<br>(0.17) | -0.08<br>(0.20) | -1.48***<br>(0.19) |
| Adjusted R-squared | 0.85 | 0.02 | 0.85 |
| Observation | 25 | 25 | 25 |

**** Indicates a coefficient significantly different from zero, p < 1%; the values in parentheses are the standard errors.*

> "On the asset side, there was an increase in total NFC assets in Spain in constant 2000 euros of virtually 100% between 2000 and 2024."

The empirical model correlating the movement in the debt on the Spanish NFCs' balance sheets as a function of total demand for funding and their net internal financing capacity is statistically significant in explaining the variation in bank debt and total debt but is of no use in explaining the change in non-bank debt. More specifically, on average throughout the entire period, for every one euro increase in total assets, the NFCs add €0.37 of debt (the percentage of total debt over total liabilities throughout the period averages 48%), whereas one euro of net lending position decreases balance-sheet debt by €1.48 on average; in the case of bank debt, these figures are somewhat smaller in absolute terms but are equally statistically significant.

## Conclusions

This paper describes and explains the trend in the main headings of the Spanish NFCs' balance sheets in the quarter of a century that has elapsed since the creation of the euro (selected from a broader study over the same timeframe (Salas Fumás, 2025)), distinguishing between financial assets and the assets used by the undertakings to produce goods and services in Spain and invest abroad, on the asset side, and between debt and equity, on the liability side.

On the asset side, the paper documents the increase in total NFC assets in Spain in current €2,000 of virtually 200% between 2000 and 2024 (100% in constant euros). That growth comes about at different rates: at an initially rapid pace until 2008, followed by a period of stagnation until 2013 and a third period of moderate growth until 2019, interrupted briefly by the pandemic. In the last five years, until 2024, the NFCs' stock of capital in constant euros has been stuck at under €2 trillion by our estimates, with the stagnation affecting both financial assets and operating assets. The latter include the fixed assets the NFCs use to produce goods and services in Spain, in combination with the labour factor, for subsequent sale in the market. The stagnation observed is consistent with the investor lethargy displayed by the NFCs in Spain in recent years, when gross investment flows have barely been enough to cover the capital consumed as a result of production.

The paper highlights the variability observed in the companies' financial structure during the period analysed, with the share of debt almost doubling (to nearly 66%) from before the euro by 2008-2010, after which it began to come down steadily, reaching a low in 2024, a downtrend that has affected bank debt in particular. A simple regression analysis shows that the movements in the NFCs' bank debt are correlated, positively, with growth in assets (funding requirement) and negatively with the free cash flows generated internally by the corporations. Until 2008, the funds generated internally by the corporations and retained by them (net profit + depreciation – dividends) trended considerably below GFCF flows, explaining the significant growth in debt. In the years after the crisis, the situation changes and the free cash flows generated by the NFCs as a whole went from negative to positive, allowing them to finance the nominal growth in their assets without the need to increase their debt in absolute terms (the

> "The share of debt nearly doubled by 2008–2010 before steadily declining to a low in 2024, with bank debt leading the adjustment."

stock of total (bank) debt has been stable at €1 trillion (€500 billion) since 2015). The corporations' comfortable financial position rules out the lack of financing as a possible cause of the stagnation in the stock of capital observed during the last few years of the period analysed.

## References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**Vicente Salas Fumás.** Professor Emeritus at Zaragoza University and Fellow Researcher at Funcas