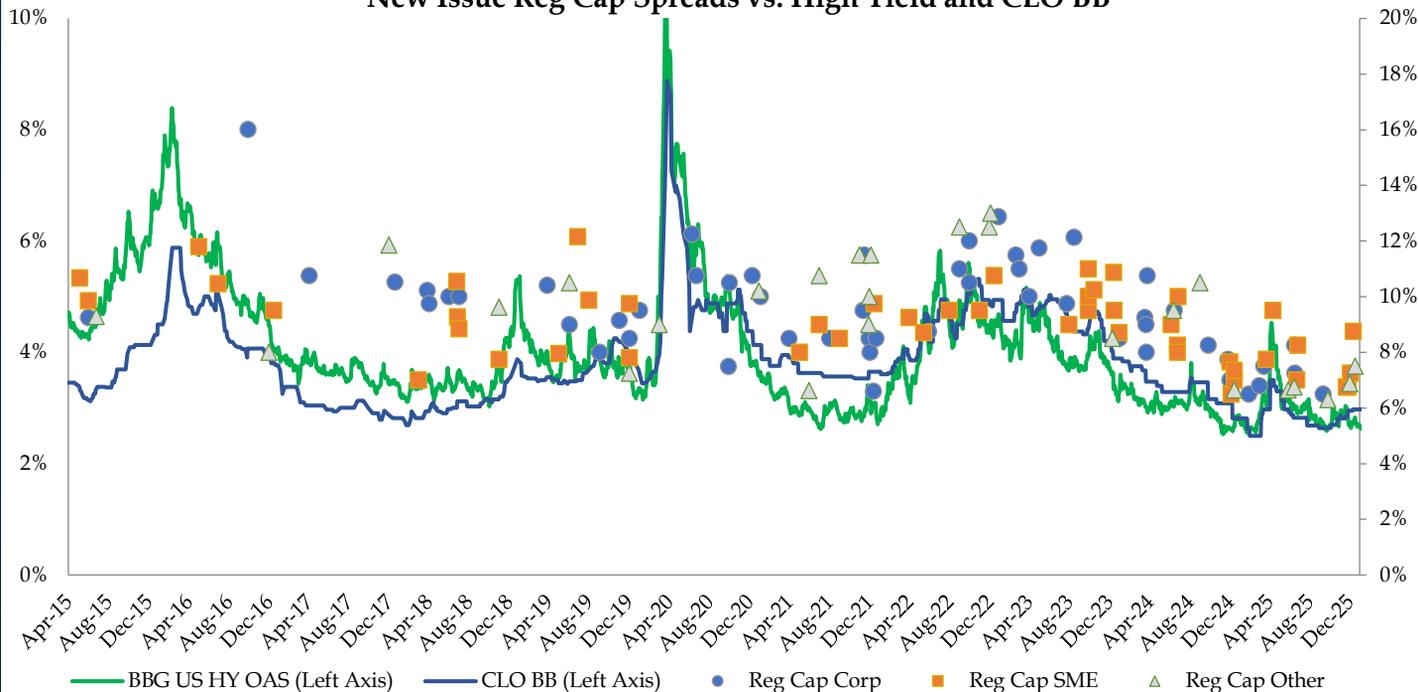


Reg Cap Spread Trends

December Reg Cap pricing ranged from 688 to 875bps, while HY spreads tightened by 12bps during the month of December.

New Issue Reg Cap Spreads vs. High Yield and CLO BB*



* Source: Seer Capital Research / Bloomberg. Reflects selected first and second loss tranches but excludes mezzanine and thick (i.e. 0-12.5%) tranches. As of Jan. 5, 2026.

Recent New Issue Activity

The following is a representative listing of recent new issue activity.

Closing Date	Spread (bp) ¹	ASSET			PORTFOLIO SIZE		First Loss ⁴
		Type	Jurisdiction ²	Disclosure ³	Currency	Amount (bn)	
Nov-25	875	Auto	UK	No	GBP	0.6	No
Nov-25	675	SME	Portugal	No	EUR	2.1	No
Nov-25	675	SME	Spain	No	EUR	2.2	No
Sep-25	630	Auto	US	No	USD	5.0	No
Sep-25	650	Corporate	US	No	USD	5.0	Yes
Jun-25	825	SME	UK	No	GBP	1.5	No
Jun-25	700	SME	Spain	No	EUR	3.9	No
Jun-25	725	Corporate	Global	Yes	USD	6.9	Yes
Jun-25	825	Corporate	Global	No	EUR	9.3	Yes
Jun-25	675	Auto	US	No	USD	2.0	No
May-25	665	Auto	Denmark	No	DKK	5.7	No
Apr-25	950	SME	Germany	No	EUR	2.5	Yes
Mar-25	715	Auto	US	No	USD	3.5	No
Mar-25	775	SME	Italy	No	EUR	2.1	No
Mar-25	750	Corporate	Global	Yes	USD	7.0	Yes
Mar-25	750	Corporate	US	No	USD	5.0	Yes
Jan-25	650	Corporate	Canada	Yes	USD	7.0	Yes

¹ Spread to SOFR

² Asset jurisdiction and issuer jurisdiction may vary

³ Disclosure of obligors in the reference pool of assets by name

⁴ Indicates whether the Reg Cap issue is in the first loss position

Market Commentary

2025 was a great year in many markets globally, with SRT no exception. Issuance volumes were high throughout the year, as existing issuers grew their programs and new entrants joined; spreads remained tight; and credit performance remained strong. Share prices of banks in the US, Europe, and elsewhere increased dramatically in 2025, supported by measures to increase capital efficiency such as SRT. The wave of increased regulatory scrutiny and constraints on banks seems finally to have begun to break.

Our base case expectation is for more of the same in 2026—increased SRT issuance, constructive spreads, and strong credit performance. Threats to our base case include geopolitical conflict and global trade disruptions, as well as additional pockets of excess risk taking in private credit. We wish everyone a successful and fulfilling year ahead.

Reg Cap News

New Issue News

AIB completes significant risk transfer with impact on CET1 ratio (Bloomberg News, aka “BN,” 12/18/25)

Dublin-based AIB completed its second significant risk transfer (aka “SRT” or “Reg Cap”) on a €2 billion residential mortgage portfolio, as part of its SRT program. The transaction reduced risk-weighted assets and increased common equity tier 1 (“CET1”) by 25 bps, improving the bank’s capital efficiency. Following the transaction, AIB reported a CET1 ratio of 16.6% vs. a minimum regulatory requirement of 11.30%. The transaction was unique in that it referenced long dated residential mortgages and was shown to cash investors as well as insurers.

BNP Paribas Completes SRTs Linked to €10.8b of Assets (BN, 12/19/25)

BNP Paribas completed three synthetic risk transfer transactions covering €10.8bn of assets: two linked to leasing portfolios (a first for the bank) and one tied to corporate and trade finance exposures. The leasing SRTs transferred credit risk equivalent to about 7% of each reference portfolio. The third transaction referenced a portfolio of large corporate and trade-related exposures and transferred credit risk equivalent to about 5% of the portfolio. This was BNP’s 14th SRT in the space. All three deals were sold to a small club of investors. BNP has the second largest volume of assets referenced in outstanding SRT transactions as of June 30, 2025, among banks surveyed recently by Bloomberg.

BNP Paribas Sells Synthetic Risk Transfer Tied to US BDC Loans (BN, 12/19/25)

BNP Paribas completed a synthetic risk transfer linked to \$1.25 billion of revolving credit facilities provided to U.S. business development companies (“BDC”). The transaction transferred credit risk equivalent to about 10.5% of the reference portfolio. The deal comes amid increased scrutiny of BDCs as market conditions soften and investor concerns grow around credit risk. SRTs referencing loans to BDCs highlight the sometimes complex interrelationships between private credit investors and banks. Private credit investors typically originate and manage loans for BDCs. Banks provide loans to the BDCs, then share a portion of their loans with the same or other private credit investors in SRTs.

PBB Agrees on SRT Transaction with Oaktree on \$2B Loan Portfolio (BN, 12/22/25)

Deutsche Pfandbriefbank agreed to a significant risk transfer transaction with Oaktree Capital, covering a \$2bn loan portfolio. The transaction transferred credit risk equivalent to 16% of the reference portfolio. The underlying assets are primarily loans against U.S. office properties. The transaction comes as part of PBBs plan to withdraw from the US market, making the transaction somewhat unusual, in that SRT transactions are typically aimed at capital efficiency for ongoing businesses.

IDB Invest Becomes First MDB to Tap Its Securitization (GlobalCapital, 12/23/25)

IDB Invest, the private-sector lending arm of the Inter-American Development Bank, expanded its \$1bn SRT issued in 2024 by more than \$450mn, becoming the first multilateral development bank to “tap” an existing securitization. The enlarged transaction maintains the original structure and counterparties, adding new loans into the reference portfolio. DB said of this new tap of an existing SRT, “This brings us capital relief, which will allow us to recycle that capital into new development-related assets,” while improving efficiency by avoiding the cost and complexity of a new deal. The original deal was static and did not include a replenishment feature. IDB’s \$1bn deal in 2024 covered just over 100 loans to large companies, project financings and financial institutions, in about twenty countries and ten sectors. IDB Invest retained the first loss exposure, sized at 2.8% of the portfolio, as well as the senior exposure. A single investor absorbs the junior mezzanine risk – from 2.8% to 10%. The next layer, from 10% to 13%, was guaranteed by two insurance companies.

There is growing momentum among MDBs to use SRT as capital management tools, with other development banks preparing similar transactions.

Reg Cap News (continued)

Reg Cap News

Banking Watchdog Mulls Tighter SRT Disclosure Guidelines (Bloomberg News, 12/17/25)

The Basel Committee on Banking Supervision is exploring proposals to strengthen bank disclosures related to SRT, as part of a broader review of SRT benefits and risks launched in early 2025. Regulators are collecting data from national authorities and considering more standardized public reporting to better assess how banks use these instruments and the associated risks, amid concerns about possible gaps in information. Use of SRT has been growing as banks look to manage credit risk and free up capital. This growth has drawn attention from policymakers, including the International Monetary Fund, where officials called for closer oversight, and recent cautions from the European Central Bank.

ECB to Implement Streamlined Assessment Process for Banks' Capital, Securitization Programs in 2026 (BN, 12/19/25)

The European Central Bank announced that, beginning this month, it will introduce a streamlined approval process for significant risk transfers. The new framework is expected to shorten approval timelines to about two weeks from roughly three months, while continuing to apply all relevant global standards and European regulatory requirements. Transactions that do not meet the criteria for fast-track review will remain subject to the standard, more detailed supervisory process. In our view, a streamlined approval process makes sense, as it will remove a source of delay and uncertainty from transactions, many of which are standardized.

At the same time, the ECB said it will step up monitoring of significant risk transfers, particularly synthetic structures, as their use continues to expand rapidly across the euro area. While faster approvals are intended to improve efficiency, the ECB emphasized it will closely scrutinize risks at both the firm and system level to prevent "undue risk-taking and a weakening of resilience." We are all for heightened monitoring, as long as it is targeted and not overly onerous. European regulators seem to be caught between a desire to streamline regulation and pave the way for economic growth, on the one hand, and a desire to appear tough on banks on the other.

Council Proposes Tighter Rules for Unfunded STS SRTs (RTRA Intelligence, 12/19/25)

RTRA Intelligence reports that the European Council is aligning with the European Central Bank by proposing stricter treatment of unfunded synthetic risk transfers. The proposal would revive regulations that introduce a "rating cliff effect," meaning banks could lose capital relief if the insurer providing protection is downgraded below a specified rating, even if loss protection remains in force. At the same time, participation in the unfunded STS market would be significantly narrowed through additional conditions. These include limiting eligibility to groups headquartered in the EU, and imposing structural requirements around co-insurance or reinsurance arrangements that would exclude many current market participants.

European Parliament Signals Softer Stance on Unfunded STS SRTs Ahead of Trilogue (RTRA Intelligence, 12/19/25)

According to RTRA Intelligence, the European Parliament has advanced proposals that diverge sharply from the tougher positions of the European Council and the European Central Bank on unfunded STS synthetic risk transfers. The new proposal would broaden market participation by allowing reinsurers to use standard models, subject to supervisory approval, significantly lower asset thresholds at the subsidiary level, and permit non-EU parent firms. These changes mark a more permissive approach vs. Council proposals that would sharply restrict eligible participants. Overall, the proposals reflect Parliament's preference for a more flexible framework, setting the stage for debate as Trilogue negotiations among the European Parliament, Council of the EU (representing member states), and the European Commission (mediator) approach.

Banking Industry News

Canada Banks Sit on Billions as Regulator Maintains Capital Rule (BN, 12/18/25)

Even as regulators around the world, starting in the US, move to relax capital requirements, Canada's banking regulator has kept capital requirements unchanged. Canada's six biggest banks must continue to have Common Equity Tier 1 capital of at least 11.5%; the average CET1 ratio is 13.6%. Major banks continue to exceed required capital ratios, with the country's six largest banks holding ~C\$60 billion above minimum capital thresholds, leaving "ample capacity to grow" their lending books. The "domestic stability buffer" remains at 3.5% following regulators' semi-annual review, reflecting the regulator's view that system-wide risks are "elevated but stable." Broader economic conditions in Canada remain mixed, with steady inflation, improving labor data, and moderating credit trends, though there is ongoing uncertainty tied to upcoming trade agreement negotiations.

A Busy 2025 will be Followed by a Busier 2026 (TD Regulatory Update, 12/22/25)

This update outlines how banking regulation momentum shifted in a more industry-friendly direction in 2025, a trend that is expected to accelerate in 2026. Key themes include the kinder, gentler Basel III Endgame re-proposal, changes to the Enhanced Supplementary Leverage Ratio (which applies only to U.S. Global Systemically Important Banks, aka "GSIBs") and congressional hearings that signal possible regulatory changes. The authors also noted that, while the administration is positioned to advance its agenda through regulatory appointments and congressional majorities, potential checks include Supreme Court review of presidential authority over the Federal Reserve, and mid-term elections that could impact the balance of power.

Reg Cap Recap

January 6, 2026



About Seer

Seer Capital Management LP is a diversified, credit-focused investment firm founded by Phil Weingord in 2008 that primarily invests in structured credit and loans. We allocate capital opportunistically across all major asset classes within structured credit in the U.S. and Europe, including: bank regulatory capital risk transfer (SRT), residential and commercial mortgages, syndicated and SME loans, and a variety of consumer loans (personal, auto, credit card, student, housing). These investments are executed through active trading in both legacy and new issue securitizations, purchase and securitization of whole loans, and direct lending joint ventures.

Seer Capital believes it is well positioned to capitalize on opportunities in structured credit as a result of our highly experienced senior investment team, which has on average more than two decades of experience working in structured credit.

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