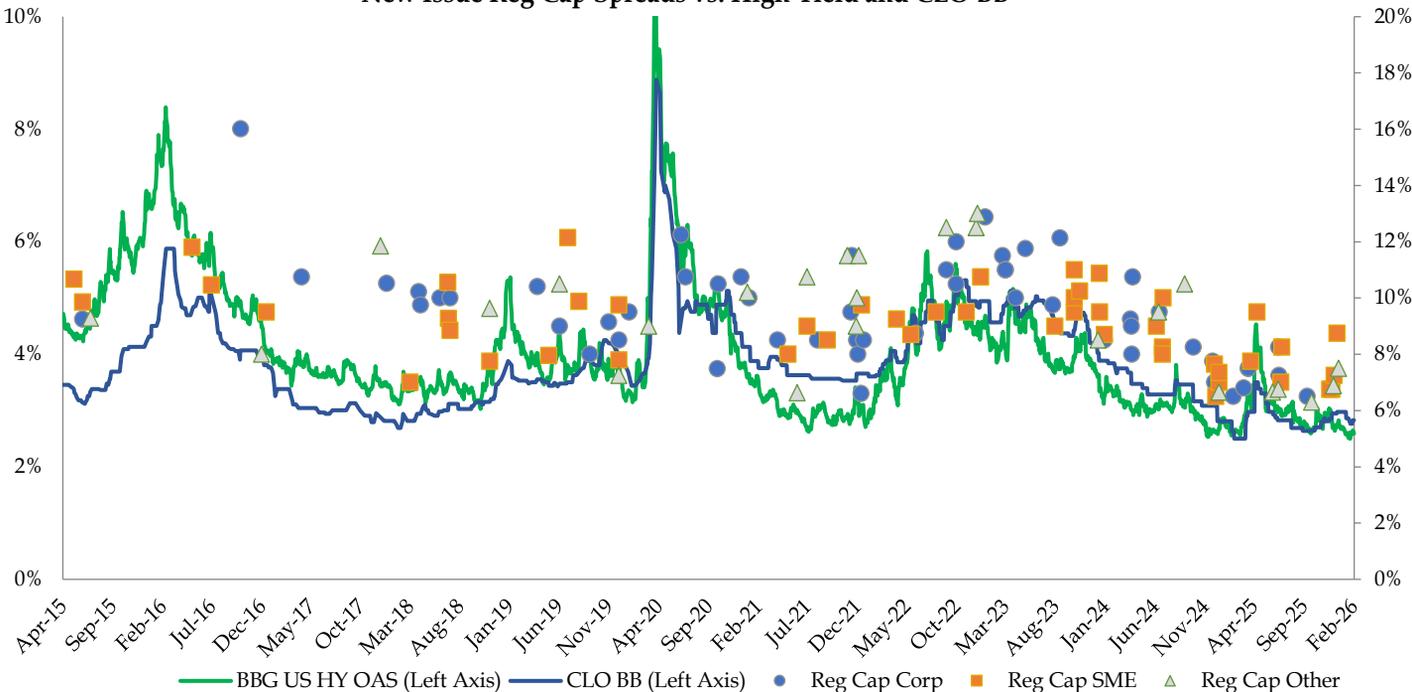


February 3, 2026

Reg Cap Spread Trends

December Reg Cap pricing ranged from 688 to 875bps, with no visible market prints since, while HY spreads tightened by 9bps during the month of January.

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 Feb. 2, 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

We can definitively confirm that the SRT market is year round, rather than seasonal—we somewhat fondly remember the quiet days in between the half-end and year-end rushes, when banks scrambled to complete deals for capital relief. 2026 has barely seen a day above freezing, and we are already in the midst of analyzing several deals, which are reflective of the widening range of SRT jurisdictions, issuers, and asset-classes. Based on our pipeline discussions, as well as statements by management of several banks (see below), we are confident that we will be busy throughout the year.

Spreads remain at or near the tights from the past several years, in line with other structured credit asset-classes. Demand from new entrants to the SRT market, including CLO and private credit investors, has been sufficient to absorb significantly increased supply. We believe SRT generally offers investors exposure to better credit quality assets than direct lending, and it remains to be seen whether concerns around certain areas of direct lending will feed through to SRT.

Reg Cap News

New Issue News

BBVA Plans Risk Transfer Deals Tied to €7 Billion of Assets (Bloomberg News, aka “BN,” 1/29/26)

Spain’s BBVA plans to issue two significant risk transfers (aka “SRT” aka Regulatory Capital Relief or “Reg Cap”) deals linked to around €7 billion (\$8.4 billion) of assets, possibly as soon as this quarter. BBVA is a regular SRT issuer, and last year created a unit dedicated to SRTs. The lender refers to SRT as one of its “key pillars,” it plans to generate €5 billion in capital over four years with SRTs.

SEB Considers SRTs on Improved Pricing, Regulatory Easing (BN, 1/29/26)

Sweden’s Skandinaviska Enskilda Banken (SEB) is evaluating the use of SRT transactions as improving pricing and a more supportive regulatory environment make the sector increasingly attractive to issuers. On a recent earnings call, CFO Malmer said the bank is actively looking into SRTs, noting that they have become more compelling from a financial perspective as regulators, including the European Central Bank, speed up approvals. The article also reports that HSBC Holdings, Toronto-Dominion Bank, Banco BPM and Erste Group Bank are in discussions over or have recently completed SRT transactions.

Reg Cap News

Bank CEOs Vow to Step Up SRTs in Sign of Accelerating EU Market (BN, 1/29/26)

Several large European banks signaled plans to expand their use of significant risk transfers, underscoring momentum in the market. Executives from Deutsche Bank and ING said their institutions intend to increase SRT activity, citing the beneficial effects of SRT issuance on CET1 capital ratios, which are a key constraint on both balance sheet growth and shareholder distributions. The comments come as regulatory conditions in Europe are also becoming more supportive and policymakers debate reforms aimed at revitalizing securitization markets. Coupled with the growing endorsement from bank leadership, SRT issuance is set to continue expanding.

Deutsche Bank 2025 Earnings Call – Analyst Conference Call (Bloomberg Transcript, 1/29/26)

Deutsche Bank indicated that Significant Risk Transfer (SRT) transactions are a key tool at DB for improving capital efficiency and managing risk-weighted assets (RWA), as discussed multiple times on earlier earnings calls. DB issues SRT using its flagship “Craft” program and several others. On the most recent call, Raja Akram, CFO Designate, stated “we have a plan for increasing SRTs by approximately 25% over the next couple of years. We’ve actually demonstrated very strong access to the SRT market in ‘25, and we’re going to continue to use and expand the use of this tool, and it obviously helps us with capital and SVA. But the plan is the same, EUR5 billion incremental for ‘26-‘27.” The bank has been an innovator in the SRT market since the early 2000s, when members of the Seer team, then employed at DB, helped set up DB’s program.

Commentary: Synthetic SRTs: A Structured Finance Perspective (Morningstar DBRS, 1/29/26)

SRT transactions, in the form of synthetic securitizations, are increasingly becoming an important tool for bank capital and credit risk management, particularly in Europe. Their popularity in Europe can be traced to the immediate post-GFC era, when European bank share prices were depressed, making it unattractive for banks to issue stock in order to meet the higher capital requirements that were also ushered in by the GFC. As a credit rating agency, Morningstar DBRS evaluates SRT by running stress tests, including scenarios that either front-load or back-load the timing of defaults, scenarios with higher and lower rates, and various repayment assumptions. The report also lays out what regulators require for banks to achieve capital relief from SRTs. The STS simple, transparent and standardized framework, which EU regulators established in 2021, has been a success, with the ESRB estimating that STS transactions represent about 40% of the overall synthetic SRT market in Europe.

The Expanding Role of Synthetic SRTs in European Bank Capital Planning (Morningstar DBRS, 2/2/26)

The author argues that Synthetic SRTs have become a “permanent tool” within the capital strategy of European banks to improve their capital resilience, optimize risk, and enhance lending capacity. The report calls SRTs “an effective tool for ... capital management and risk optimization, provided they are part of a robust risk and capital framework.” The article includes an explanation of SRT mechanics which they refer to as “synthetic” SRT, given that there is no transfer of ownership of the reference assets. While SRTs can be done on a cash basis, ~90% are not, so the modifier “synthetic” is generally understood for SRTs.

Reg Cap News (continued)

The report notes that the market has expanded to include smaller banks, a broader array of asset classes, a growing investor base, and pro-SRT regulations in Europe. Morningstar DBRS evaluates the impact of SRTs on the issuer based on the effectiveness of risk transfer, as well as the implications on lending standards and portfolio concentrations. They note that SRTs typically reduce the RWA by 70-80% for the reference portfolio.

The report ends with a note that underlying losses in SRT reference asset portfolios have been limited, and “well below the protection coverage.”

SRT Overreliance May Signal Bank Weakness, Morningstar DBRS Says (BN, 2/2/26)

In our view, the headline framing here is a mischaracterization of Morningstar DBRS’s report (which we summarize just above). Morningstar DBRS noted that *excessive* reliance on synthetic risk transfers can, in certain cases, signal limits in a bank’s ability to generate capital organically. The report did not argue that SRT use is inherently a sign of weakness. In fact, the analysts emphasized that SRTs remain a valid and effective capital management and risk optimization tool as part of a “robust risk and capital framework.” In fact, European bank shares have rallied significantly in the last several years, especially in 2025, supported by a focus on capital efficiency, including increased use of SRT. Watch for our upcoming research piece discussing this topic in further detail.

Banking Industry News

Swiss Government Bets on UBS Climb-Down in Capital Deadlock (BN 1/28/26)

The Swiss government is pressing ahead with plans to impose much tougher capital requirements on UBS, apparently confident that political support will ultimately prevail. Draft legislation is expected to reach parliament in 2027. According to the article, regulators believe UBS can absorb the impact of higher capital requirements, including a proposal to fully capital-back its foreign subsidiaries. The intent is to insulate the bank’s domestic operations (and Swiss taxpayers) from potential losses overseas.

UBS has pushed back, arguing the measures are excessive and risk undermining its global competitiveness, and has even floated the prospect of relocation. However, the Swiss National Bank and the Swiss regulator FINMA, examined the relocation scenario and concluded it would be irrational, reinforcing their view that UBS will ultimately concede to the higher capital requirements. Despite the bank’s vocal lobbying, including comments by Chairman Kelleher that Switzerland was having an “identity crisis over its role in world banking,” regulators remain confident. They argue that UBS can meet the requirements, will not leave the country, and that both parliament and the public will back stricter safeguards given the memory of Credit Suisse’s 2023 collapse and UBS’s own 2008 bailout.

The proposed reforms could translate into a headline capital increase of roughly \$23 billion, phased in over seven years. While higher equity capital would strengthen UBS’s loss-absorbing capacity, it could also weigh on profitability. Still, the measures reflect Switzerland’s determination to avoid another taxpayer-funded rescue, especially given concerns that the country could not afford to bail out the behemoth UBS if a future crisis were to emerge.

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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No offering of any investment product managed by Seer Capital Management is intended hereby.