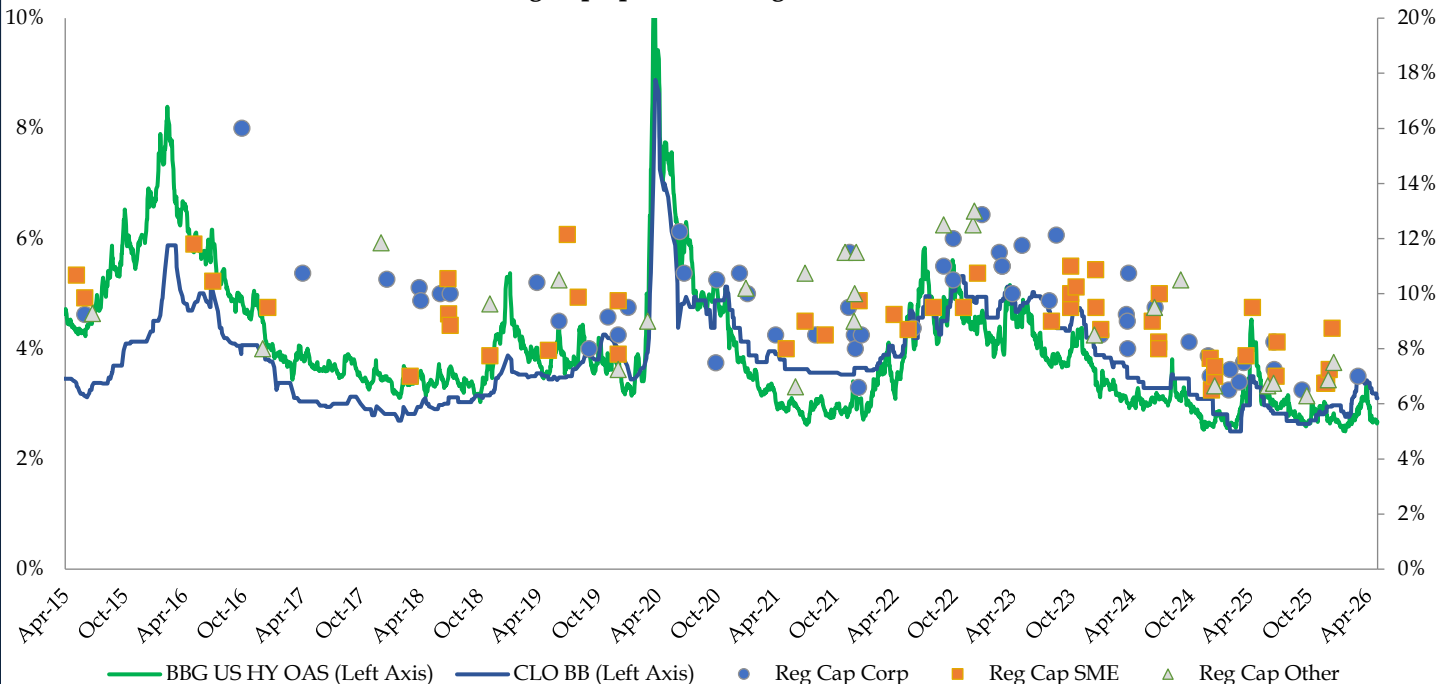


May 5, 2026

Reg Cap Spread Trends

February Reg Cap pricing was in the low-700bps range (latest available), while HY spreads tightened by 34bps during the month of April.

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 May 1, 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)	
Mar-26	650	Auto	US	No	USD	3.5	No
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

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

Global markets have largely retraced the selloff that occurred at the beginning of the Middle East conflict, as the conflict has died down although no lasting resolution appears in sight and oil prices remain high. The Reg Cap market saw few observable data points and little evidence of weakness during the wider market volatility. Now the Reg Cap market is gearing up for a busy end to the 1st half, and pricing is likely to remain tight.

Being careful of what we wish for, a bit of uncertainty is not the worst thing for the Reg Cap market. Banks concerned about the impact of higher oil prices / the prospect of renewed conflict will be motivated to increase the use of Reg Cap to manage their risk / balance sheets. In periods of economic strain, Reg Cap transactions referencing bank loans to core clients, originated for retention on balance sheet rather than distribution, tend to outperform other credit products. For more on why we see alignment of interest as a key differentiating factor for Reg Cap vs. other forms of private credit, see here: <https://seercap.com/wp-content/uploads/2026/02/If-you-Cant-Beat-Em-Join-Em.pdf>

Reg Cap News

New Issue News

TD Bank Mulls Hedging Data Center Debt With Rare SRT Deal (Bloomberg News, aka "BN," 4/22/26)

Toronto-Dominion Bank is considering a roughly \$1bn Reg Cap issue (regulatory capital aka synthetic risk transfer or "SRT") tied to data center exposure. In an unusual feature, the transaction would include a forward-flow arrangement. This would allow the bank to grow the size of the SRT over time, by including future data center debt originations over a set period. The transaction reflects broader market expansion into new asset classes driven by AI-related investment. Societe Generale and Morgan Stanley are also exploring the use of Reg Cap to support their data center financing while the top US technology companies combined are expected to spend ~\$650bn this year for new data centers and related equipment.

Market Chatter: JPMorgan Chase, Other Major Banks Seek to Offload Risks Tied to Data Centers Amid AI Strain (MT Newswires, 5/4/26)

Major banks including JPMorgan, Morgan Stanley, SMBC, and MUFG are exploring ways to offload data center-related debt as AI-driven infrastructure demand puts pressure on bank balance sheets. Options under consideration to reduce borrower concentration and free up capacity include both private loan sales and Reg Cap issuance. The trend reflects growing use of risk transfer tools to manage exposures, particularly in large, capital-intensive sectors.

At Seer we are cautious on the use of SRT by banks who are uncomfortable taking the full risk on loans they are originating in new business areas. We prefer SRT deals referencing loans originated by banks for their balance sheets as part of core lending programs.

BBVA Completes SRTs Linked to About €3 Billion of Home Loan (BN, 4/23/26)

Spain's BBVA recently completed two Reg Cap issues tied to ~\$3.5bn of residential mortgage loans, using both funded and unfunded (insurance policy) formats. The bank said that the transactions will release roughly 60% of the regulatory capital associated with the portfolio, increasing lending capacity. Pricing was in line with comparable 2025 deals even amidst market volatility, according to a statement by BBVA. The transactions were BBVA's third and fourth mortgage-related synthetic securitizations, reinforcing its ongoing programmatic approach.

Societe Generale Eyes SRT Deal Tied to Over \$10 Billion of Loans (BN, 4/27/26)

Societe Generale is exploring a potential Reg Cap issue tied to over \$10bn of corporate loans across multiple geographies, including both France and the U.S. The proposed deal would cover about 8% of the reference portfolio. This SRT would rank among the largest SRT transactions to date. Austria's Erste Bank completed an SRT tied to more than €10bn of loans and Paribas priced a SRT deal linked to €10.5bn.

Europe's booming SRT market has remained open and active even as the global economy reels from energy price volatility. Since war broke out in February, BNP Paribas has brought two SRT deals linked to €5bn loans while Deutsche Bank has completed one deal tied to \$6.4 bn of loans. Toronto-Dominion Bank and Banco Santander are said to be considering potential deals. SRT remains supported by a dedicated group of longstanding investors who like the product and have confidence in the fundamental credit quality and performance throughout cycles.

Erste Plans SRT Tied to Austrian Commercial Real Estate Loans (BN, 5/5/26)

Austria's Erste Group is exploring a new Reg Cap issue tied to roughly \$4.7bn billion in Austrian commercial real estate loans, covering 7% of the portfolio. These issuance plans come as Austria's Financial Market Stability Board has increased capital requirements for CRE exposures from 1% to 3.5%. There has been a 200bps YOY increase in non-performing CRE loans, which ended 2025 at 8.3%. The planned SRT would allow Erste to shift a portion of the credit risk to investors, freeing up capital in the process. These transactions appeal to investors with relatively high returns. SRT-related capital relief significantly boosted Erstes's core equity ratio ~113bps last year, and the bank is expected to continue to be active in Reg Cap.

Reg Cap News (continued)

The move reflects a broader trend among European banks using SRTs to manage heightened risks in the CRE sector, where higher financing costs and structural pressures have strained borrowers. NatWest, Banco Santander and BNP Paribas have all issued SRTs tied to CRE lending.

Reg Cap News

Weekly Wrap: Working Document Jeopardizes EU Mortgage SRT Market ([Octus.com](https://www.octus.com), 4/17/26)

A draft EU working document is raising concerns about potential changes to securitization rules, particularly for mortgage-related SRTs. Market participants warn that uncertainty around regulatory treatment could disrupt issuance and reduce the effectiveness of SRT as a capital relief tool. For example, one proposal specifies a 7% minimum value for SRTs that qualify as “STS” (simple, transparent, and standardized). While a decrease from the current 10% floor, it is “commercially unworkable” for low-risk high-quality assets such as European residential mortgages. The proposed new floor “creates capital charges on senior tranches that are significantly higher than the actual economic risk.”

Reg Cap is in somewhat of a holding pattern while stakeholders await clearer regulatory direction. The authors warn that reforms aimed at simplifying securitization frameworks risk unintended consequences for bank capital management and lending activity.

Lloyds Profit Beats as Lender Cuts UK House Price Outlook (BN, 4/29/26)

Lloyds reported stronger-than-expected earnings, with profit rising to \$2.7bn, supported by higher income and cost discipline despite a weaker economic outlook. The bank, which focuses on domestic retail banking, expects slower UK growth and smaller housing price increases as stagflation takes hold, but does not expect a recession and maintains its 2026 earnings guidance. Lloyds issued three Reg Cap deals in 2025, tied to infrastructure financing, agricultural mortgages and commercial real estate loans, referencing over £3 billion of debt. The bank noted in its earnings presentation it plans to “remain active” in SRT.

BBVA Says SRT Dealmaking Backing EU Policy Goals Set to Heat Up (BN, 5/4/26)

BBVA expects SRT issuance tied to sustainability goals to increase, supported by EU policies promoting environmental and social objectives. BBVA has been actively using SRTs across asset classes, including not just mortgages and corporate loans but also a recent partnership with the European Investment Bank to support green lending initiatives. The European Investment Bank is playing a growing role in facilitating these transactions, helping banks expand lending capacity while managing capital constraints. SRTs are increasingly being positioned as tools to support both capital efficiency and broader policy objectives. Other European banks to have tapped the EIB for similar risk transfers include BNP Paribas and Bigbank AS and Banco Santander. The Banco Santander transaction with the EIB “unlocked more than €1 bn in new lending by transferring about €570mn in portfolio risk.”

SCI in Focus: EU Securitisation Reform Caught in Political Crossfire (Structured Credit Investor, 5/4/26)

Proposed EU securitisation reforms have become entangled in political debate, creating uncertainty for the SRT market. One participant characterized the process as a “roller coaster of late-night calls, leaked amendments, last-minute reversals, and constantly shifting compromises.” One key point of contention is the role that insurers should play. Insurers have longer horizons that better fit long-dated assets, but some argue that the unfunded nature of insurance policies changes the calculus around SRT and systemic risk. Policymakers’ stated aim is to simplify the framework, to encourage the use of Reg Cap and thus boost bank lending capacity. Meanwhile competing priorities between regulators, lawmakers, and market participants are slowing progress. More broadly, the discussion reflects the classic tension in banking regulation between efforts to stimulate economic growth on the one hand, and the need to maintain financial stability and soundness on the other hand. Market participants warn that poorly calibrated reforms could reduce investor confidence and limit banks’ ability to manage capital efficiently.

Banks Use SRTs to Hedge Rising Default Risk in Real Estate (BN, 5/5/26)

This article highlights the increasing use of SRTs to hedge rising default risk in commercial real estate (CRE) portfolios amid weaker growth, higher inflation, rising rates, and structural stress in sectors such as Office and Retail. The article notes recent deals such NatWest’s SRT tied to £3.5bn of CRE loans, while noting that several other European banks (e.g., Erste, BNP Paribas, Santander, Commerzbank) are exploring similar transactions. SRTs provide capital relief (typically transferring 5-15% of portfolio risk), help meet tightening regulatory capital rules, and free up balance-sheet capacity. Investor demand remains strong despite sector stress, driven by high coupons (often >10%, and even higher for riskier office exposure) and stronger protections versus alternatives such as private credit.

Banking Industry News

More Wall Street Leverage Won’t Help Main Street: Editorial (Bloomberg Opinion, 5/1/26)

This Bloomberg Opinion piece argues that easing bank capital rules is unlikely to significantly boost lending and could increase financial system risk. The author notes that it was only three years ago (in the wake of the SVB crisis) that regulators suggested banks needed to increase their capital buffers by 19%; the current proposal, the author estimates, amounts to a decrease of 6%. While regulators aim to simplify requirements and encourage lending to help grow the economy, the author argues that lighter capital requirements may instead simply end up supporting shareholder returns, trading activity, and acquisitions, none of which are stated policy goals.

Reg Cap News (continued)

Banks often complain that their regulations and elevated capital requirements are to blame for the loss of market share to fintech, investment funds and other nonbank lenders. The author allows that there is "...some truth to that – banks are held to a higher standard because they benefit from deposit guarantees and other forms of federal support." But he also points out that these non-bank firms are often nimbler and provide better service and customization. Easing capital requirements may not win back market share.

Given the difficulty in identifying the appropriate level of bank capital for each asset, regulators "should instead bolster leverage ratios – the most sweeping measure of how much shareholder money is available to absorb potential losses," the article concludes.

Private Credit Could Spark Psychological Contagion, Barr Warns (BN, 5/3/26)

Federal Reserve Governor Michael Barr argues that, though direct bank exposure to private credit remains manageable, stress in private credit markets could trigger broader financial instability through "psychological contagion." Barr has repeatedly warned of risks building in the \$1.8 trillion private credit market, where "...investors were left in a queue to withdraw about \$5 billion earlier this year as redemption demands." Barr also specifically called out payment in kind ("PIK") structures, where interest is paid by creating new loans, arguing that "basically that just means you default on your loan, and it's not counted as a default. You can't look at the book and know which loans are really actually under stress," he said.

Though Barr has been a critic of the current administration's deregulation stance, he did offer that he "didn't take for granted that they would put forward any Basel III proposal, but they have, and the bulk of the proposal I agree with."

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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