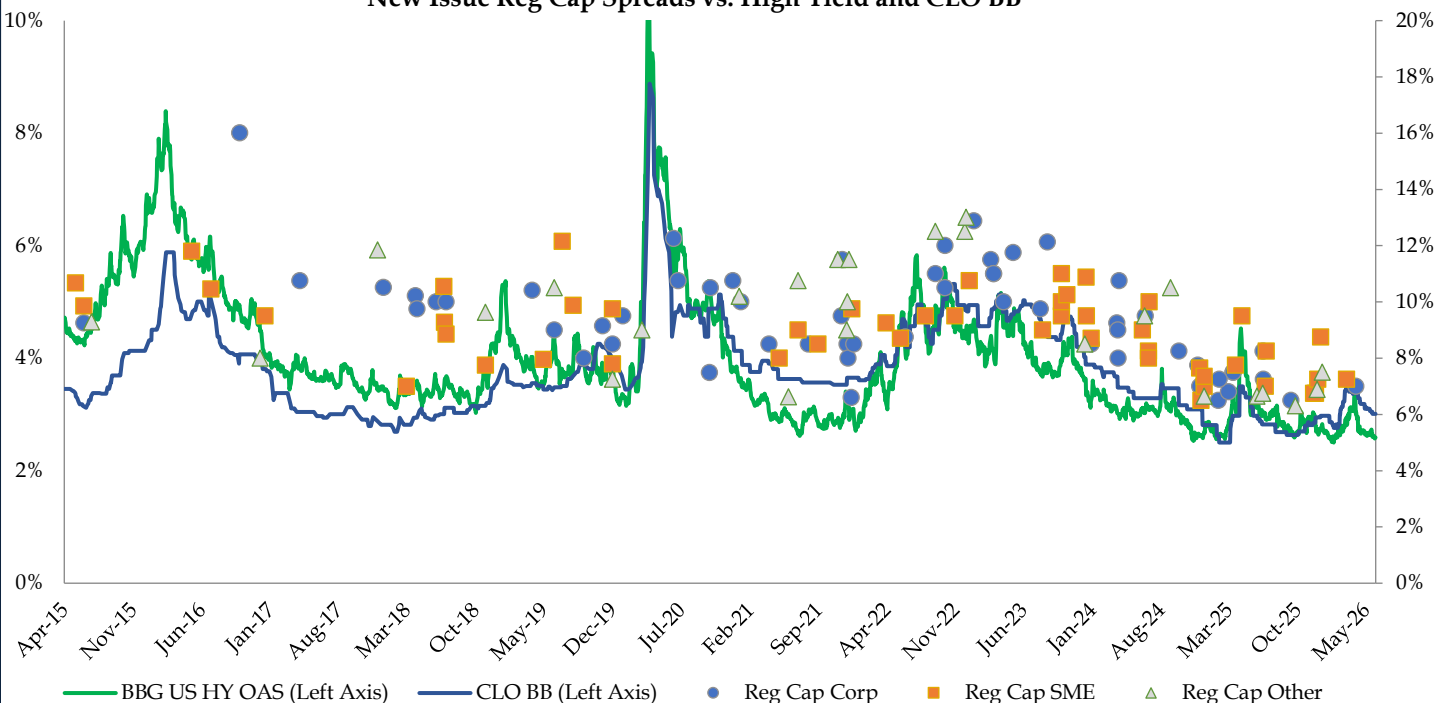


June 2, 2026

## Reg Cap Spread Trends

May Reg Cap pricing was in the low-700bps range, while HY spreads tightened by 5bps during the month of May.

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 June 1, 2026.

## Recent New Issue Activity

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

Closing Date	Spread (bp) <sup>1</sup>	ASSET			PORTFOLIO SIZE		First Loss <sup>4</sup>
		Type	Jurisdiction <sup>2</sup>	Disclosure <sup>3</sup>	Currency	Amount (bn)	
May-26	630	Auto	US	No	USD	4.0	No
Apr-26	700	Corporate	US	Yes	USD	6.4	Yes
Mar-26	525	Corporate	US	No	USD	1.5	No
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

<sup>1</sup> Spread to SOFR

<sup>2</sup> Asset jurisdiction and issuer jurisdiction may vary

<sup>3</sup> Disclosure of obligors in the reference pool of assets by name

<sup>4</sup> Indicates whether the Reg Cap issue is in the first loss position

## Market Commentary

The usual wave of June deals aimed at capital relief for the 1st half is upon us, and it appears that the market has found a pricing floor. Notwithstanding the achievement of Middle East peace and the advent of AI that will do all the work while we sit on the beach, causing equities to make new highs on an almost daily basis, a number of attractive granular pool Reg Cap transactions from strong issuers are pricing 25-50 bps wider than recent tights. Negative headlines about valuations, software exposure, and retail investor behavior have dramatically slowed private credit fundraising, likely constraining capital available for Reg Cap among both dedicated Reg Cap investors and multi-strategy funds.

We have heard some skeptical voices, who see continued geopolitical strains in the Middle East and elsewhere, and who are not certain that AI will create a linear (if not exponential!) path to prosperity for all. We think these people sound pretty convincing, making Reg Cap an attractive defensive play. We prefer capital motivated Reg Cap transactions, in which banks originate loans to their core clients for their balance sheet, and then subsequently reference a portion of those loans in a Reg Cap transaction to make the lending more capital efficient. The alignment of interests make these transactions fundamentally stronger than risk motivated Reg Cap transactions (for more on this see our last issue: <https://seercap.com/wp-content/uploads/2026/05/Reg-Cap-Recap-051926.pdf>, discussion of FT Live Event pp.4-5) and certainly stronger than other forms of private credit such as direct lending.

## Reg Cap News

### New Issue News

***Intesa Seals SRTs on \$4.8 Billion in US Corporate and ESG Loans*** (Bloomberg News, aka "BN," 5/29/26)

Intesa Sanpaolo completed two Reg Cap (aka "regulatory capital relief" or significant risk transfer aka "SRT") transactions referencing ~\$4.8bn of corporate and ESG-related loans. One transaction referenced \$2.5bn of US corporate loans, while the second covered approximately \$2.3bn of ESG- and sustainability-linked lending. The structures transferred first-loss risk. Intesa management says that SRT activity has generated capital relief equivalent to 60 bps of its core equity tier 1 ratio. Additional issuance is planned.

The transactions reflect continued expansion of the European SRT market, where banks are increasingly using synthetic securitizations to manage capital and support lending growth.

### Reg Cap News

***Banks Shed \$500 Billion of Corporate Loan Risk in Europe*** (BN, 5/29/26)

European banks have sharply increased their use of significant risk transfer transactions. Data compiled by Bloomberg shows that about 11.1%, or \$509bn, of corporate loans at Europe's major banks were tied to SRT trades as of year-end 2025. This ratio has nearly doubled since 2022, when it stood at 6.2%. Banks are increasingly using Reg Cap to reduce capital requirements, support lending growth, and improve profitability. Institutions including UniCredit, Santander, and Erste Group have significantly expanded issuance.

The rapid growth of the market is also attracting regulatory scrutiny. Authorities have raised concerns about rollover risk, leverage used by Reg Cap investors, and growing interconnectedness between banks and non-bank financial institutions. Seer strongly believes that Reg Cap is an essential tool for banks to manage capital and risk and support lending to the economy, and that many of these concerns are misguided or overblown. See here <https://seercap.com/wp-content/uploads/2025/01/Reg-Cap-Leverage-Clearing-Misconceptions.pdf> and discussion of "Top Watchdog" article on pages 3-4 of our last issue here <https://seercap.com/wp-content/uploads/2026/05/Reg-Cap-Recap-051926.pdf>

### Banking Industry News

***Bank Deregulation Primer - May 2026*** (Alvarez & Marsal, 5/26/26)

The report examines how the U.S.-led bank deregulation agenda is affecting the world's 19 largest banks and highlights the growing divergence in regulatory approaches across major jurisdictions. Alvarez & Marsal estimates that U.S. regulatory changes could release roughly 160 bps of CET1 capital and create ~\$2.5tn of additional asset capacity. In the UK, regulators are expected to provide about 75 bps of CET1 relief, potentially creating roughly \$0.4tn of additional capacity. By contrast, the EU is increasing capital requirements with estimated CET1 requirements rising 109 bps, while Switzerland's proposed reforms could raise CET1 requirements for its largest bank (UBS) by as much as 350 bps. The report argues that these divergent regulatory paths allow U.S. banks to benefit from faster growth opportunities while European regulators remain more focused on resilience and capital strength. US banks have begun deploying the additional capital as evidenced by organic asset growth, M&A activity, and capital distributions. Stock valuations of US banks have risen "in parallel," with US banks trading at a price-to-book ratio of 2.1x vs 1.0x for EU banks and 1.3x times for UK banks. This regulatory trend suggests that Europe is set to continue as the leading market for SRT issuance given that European banks will likely have a larger capital need. We highlight the shift of lending from private capital to banks, supported by the regulatory environment, here: <https://seercap.com/wp-content/uploads/2026/02/If-you-Cant-Beat-Em-Join-Em.pdf>

## Reg Cap News (continued)

### ***Banks Must Prepare for a High-Speed Run on Deposits: Editorial*** (BN, 5/26/26)

Bloomberg Opinion argued that regulators and banks must modernize liquidity frameworks to address the speed of digital-era bank runs. The editorial noted that advances in online banking, social media, artificial intelligence, and stablecoins could all accelerate depositor withdrawals even faster than during the 2023 Silicon Valley Bank collapse. SVB “lost a quarter of its deposits in a day” the author notes. Existing liquidity rules, which assume banks can withstand 30 days of withdrawals, may prove inadequate in an environment where deposits can leave within days.

The editorial proposed requiring institutions to maintain sufficient borrowing capacity to meet all short-term liabilities. “The point is to have access to cash, not just to hold a lot of it.” This would not only enable banks to withstand a run, it would also help prevent a run in the first place. It also emphasized the need for healthy capital levels to ensure solvency during crises and cautioned against efforts to permit higher leverage at banks. The author argues that regulators should act now to strengthen safeguards before the next banking shock emerges.

### ***Private Credit Losses May Hit Insurers More Than Banks, ECB Says*** (BN, 5/26/26)

The European Central Bank said insurers and pension funds would likely suffer greater losses than banks during a severe downturn in private credit markets. The ECB’s stress exercise assessed not only direct private credit losses, but also spillover effects from leveraged lending to software companies, and broader market repricing. Insurers were projected to incur the largest absolute losses owing to their larger and less senior exposures, while pension funds were expected to sustain the greatest losses relative to assets.

Banks were viewed as comparatively insulated, with losses “contained,” at roughly 1.3% of total equity due to their senior positioning and limited scale of their private credit exposures. The ECB nonetheless warned (again) that increasing interconnectedness between private credit funds and traditional financial institutions warrants continued regulatory monitoring. The review estimated euro-area insurers hold approximately \$245 bn of private credit exposure compared with roughly \$72bn for banks.

### ***Shadow Banking’s \$147 Trillion Takeover of US Bank Lending*** (Forbes, 5/28/26)

The Forbes article examines the rapid expansion of shadow banking, which has captured market share from traditional US banks and led “a structural transformation” of US banking. The nondepository financial institutions (NDFIs) that make up so-called “shadow banking” including private credit funds, hedge funds, mortgage originators, business development companies, private equity vehicles, and structured finance platforms. These NDFIs now play a major role in leveraged finance, commercial real estate, and middle-market lending, benefiting from lighter regulation and strong investor demand for higher-yielding assets. The article also argues that post-GFC reforms accelerated the migration of lending activity outside the regulated banking system.

Loans to NDFIs on bank balance sheets have gone from virtually nil pre-GFC to over \$1.47 trillion, approaching the magnitude of Mortgages, Commercial and industrial lending and Consumer loans, which are all between \$2 and \$2.6 trillion in outstanding balances.

The article also highlights rising concerns among policymakers regarding transparency, liquidity management, and systemic risk within private credit markets. While nonbank lenders have provided important financing alternatives, critics warn that the sector’s growing interconnectedness with banks and institutional investors could amplify stress during economic downturns. The concern is that “.. if an economic downturn forces NDFIs to face margin calls, those entities could simultaneously draw down committed bank credit lines while the value of bank-held collateral collapses.” Given that total industry NDFI exposure is now “..equal to 116% of total industry equity of \$2.20 trillion,” this scenario threatens the banking system.

Seer has long believed that Reg Cap is the optimal way for private credit investors to participate in lending, providing additional capital to support banks who are proficient at lending, maintaining longstanding relationships with businesses and consumers and teams of originators and risk management professionals. For further discussion see here: <https://seercap.com/wp-content/uploads/2026/02/If-you-Cant-Beat-Em-Join-Em.pdf>

### ***BPI-European University Institute Conference Explores the Evolving Landscape of Bank Supervision and Regulation*** (BPI, 5/28/26)

The European University Institute, in collaboration with the Bank Policy Institute, held a recent research conference that brought together academics, policymakers and market participants. The program examined the state of banking regulation and featured six research papers. Discussions centered on capital requirements, supervisory expectations, liquidity standards, and the competitive implications of differing regulatory approaches. Participants also discussed emerging risks tied to private credit, nonbank financial institutions, artificial intelligence, and digital finance.

Panelists reflected on the post-GFC reform and the more recent shift towards deregulation. “Drawing on their experiences over the past 15 years, they debated how policymakers can strike the appropriate balance between financial stability and economic dynamism.”

# Reg Cap Recap

June 2, 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.

For more information about Reg Cap or this publication, contact:

**Terry Lanson**  
Managing Director  
Reg Cap Portfolio Manager  
212 850-9005  
[tlanson@seercap.com](mailto:tlanson@seercap.com)

**Katya Bosshard**  
Director  
Head of Investor Relations  
212 850-9068  
[kbosshard@seercap.com](mailto:kbosshard@seercap.com)

## IMPORTANT DISCLAIMERS

Seer Capital Management has prepared this Reg Cap Update using information gathered from third parties as well as its own independent research, all of which it believes to be accurate as of the date hereof. While this memorandum represents our current thinking, future events could lead to a change in our opinion, and there can be no guarantee that the opinions expressed herein will be borne out by the market or underlying asset performance.

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