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Global SRT Market Overview 2025:
Record Issuance, Broadening Participation, Diversifying Assets

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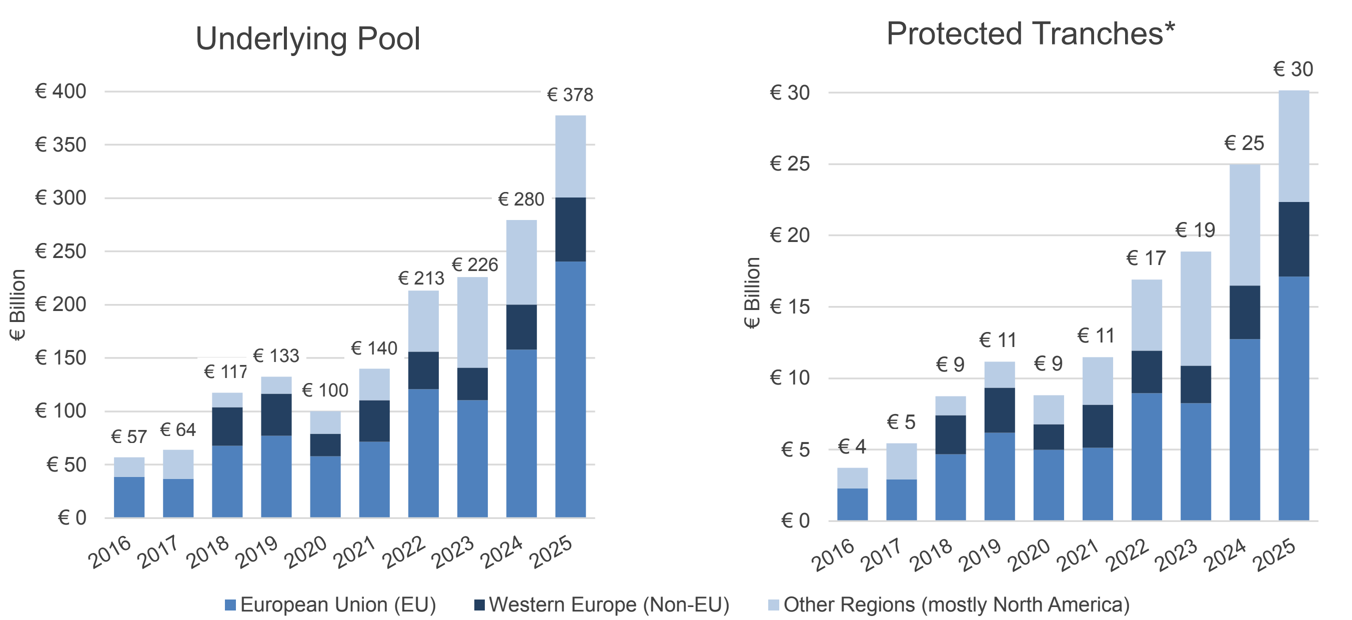
The IACPM has conducted its annual survey on risk sharing transactions executed by banks through **synthetic on balance-sheet securitizations (SRT)**.

The survey covers **over 800 SRT transactions** issued by 62 banks between 2016-2025, mostly to increase their lending capacity by releasing capital through “Significant Risk Transfer” from their own lending book. SRTs, through their synthetic structures, do not disrupt client relationships, can be applied to a wider range of assets than cash securitizations, and require less operational and contractual complexities. SRTs can also be efficient irrespective of the market price of, or return on, the underlying portfolio.

SRT market - Overview and growth

In 2025, participating banks securitized **€378bn loans** and protected **€30bn** junior tranches (first loss and mezzanine), **an increase of 35% and 21% respectively compared to 2024**.

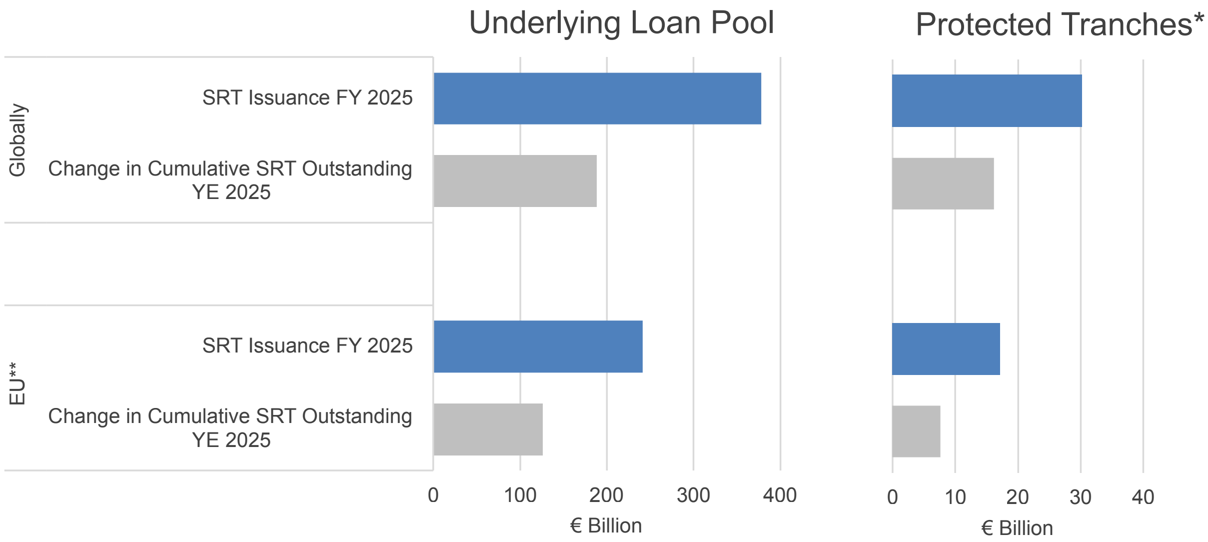
Figure 1
SRT Issuance 2016-2025 by Issuer Region



 | (*) Protected tranche volume does not include placed senior tranche volume.

Figure 2

SRT Market Growth in 2025



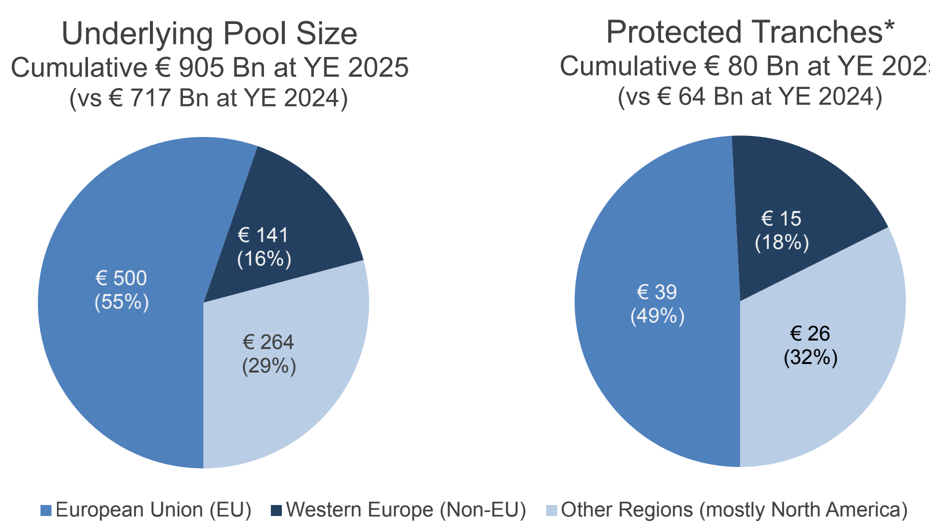
 | (*) Protected tranche volume does not include placed senior tranche volume. | (**) Based on Issuer Region.

Due to amortization as well as orderly termination of previous transactions, the c**umulative year-end outstanding** of loans protected by SRTs increased only by about half of these nominal inception amounts (€188bn and €16bn respectively), from €717bn at YE 2024 to **€905bn at YE 2025, protected by €80bn** (+25%) **first loss and mezzanine tranches**.

More than in 2024, SRT issuance was dominated by **EU banks** issuing SRTs on €241bn loans (+53% vs 2024), reaching an outstanding by year-end 2025 of **€500bn loans** (+34%) **protected by €39bn** (+24%) of junior tranches. EU synthetic SRT issuance - essentially private - continued in 2025 to exceed the volume of true sale placed issuance, estimated at €118bn[1], vs €100bn in 2024.

Figure 3

Cumulative SRT Outstanding YE 2025 by Issuer Region



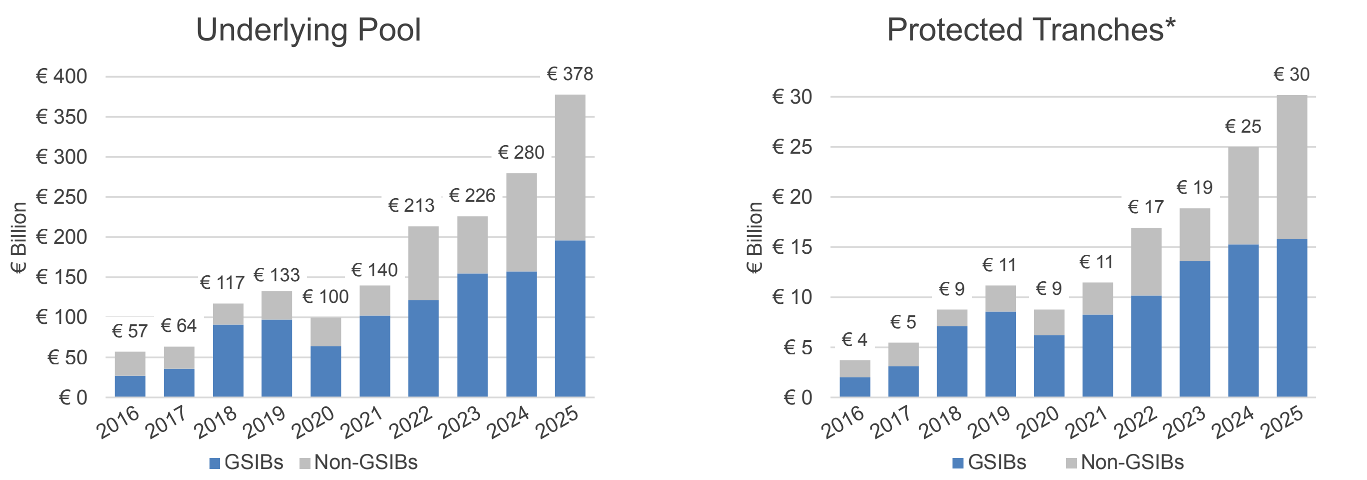
 | (*) Protected tranche volume does not include placed senior tranche volume.

[1]AFME 2025 full year securitisation report – page 18 (Placed European issuance by country – EU total)

Profile and Jurisdictions of SRT Issuing Banks

Figure 4

SRT Issuance 2016-2025 by Issuer Size: G-SIBs[2] versus all other Issuers



 | (*) Protected tranche volume does not include placed senior tranche volume.

The share of **non-G-SIB** issuers represented in 2025 about **half of global SRT issuance**, vs just 30% in 2023. Most of the observed growth in 2025 issued tranches stems from non-G-SIB issuers, who are either new entrances to SRT market or expanded the use of this risk mitigation tool in 2025.

While 80% of the issuing banks operated under the Advanced IRB approach up to 2020, the share of loans following the Foundation IRB and the Standardized Approach is steadily increasing, each of them representing 16% of the number of SRTs issued in 2025.

Banks domiciled in the US and Canada, who in 2023 eroded European banks' market dominance, have reduced their issuance in 2024 and 2025. The observed growth in 2025 is now solely driven by SRT issued in Europe, both in the EU and outside the EU.

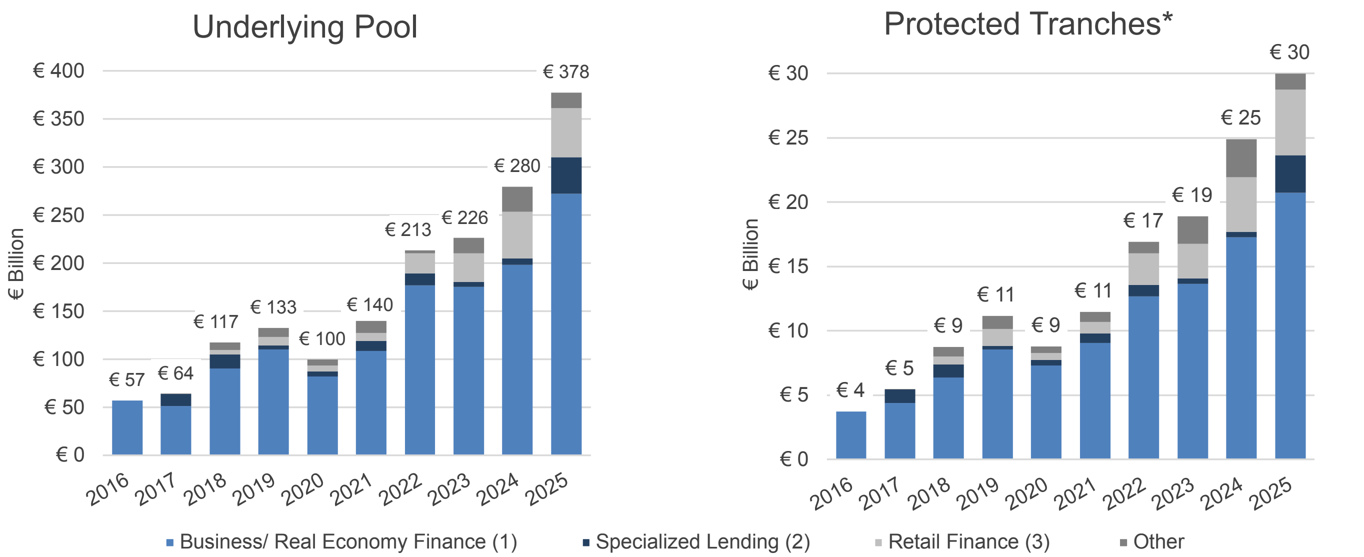
Because of differences in prudential regulations, the **tranche thickness** necessary to enable regulatory capital relief varies depending on issuer region. In 2025, on average **7.1% of loans are protected by SRT tranches issued in the EU**, while that percentage was around 9.0% for SRT issued in non-EU Europe and **9.9% for other regions**, including North America.

[2] G-SIB - The FSB, in consultation with the Basel Committee on Banking Supervision (BCBS) and national authorities, has identified global systemically important banks (G-SIBs) since 2011.

Protected Loan Pools

Figure 5

SRT Issuance 2016-2025 by Underlying Asset Class



 | (*) Protected tranche volume does not include placed senior tranche volume.
(1) Corporate, SMEs, Receivable/Trade Finance | (2) Project Finance, Object/Asset Finance, High-volatility Commercial Real Estate (HVCRE) Lending, Commercial Mortgages, Income-producing Real Estate (IPRE) Lending, Funds Finance | (3) Residential Mortgage Loans, Auto Loans, All Other Retail Exposures | Other includes Capital Calls

While **corporate/SME** loans still represent over 70% of the underlying pools in 2025, asset classes are diversifying with a growing share of **specialized lending**[3] (10 % vs 2% in 2024) and a stable amount of retail finance with high risk weight (€50bn or 13%).

Figure 6

SRT Issuance 2020-2025 – Risk Weight (RW) of Underlying Loan Pools 5th, 50th, and 95th Percentile

 | (*) RW prior to securitization, calculated as a percentage of underlying EAD.

[3]Specialized lending is a type of exposure towards an entity specifically created to finance or operate physical assets, where the primary source of income and repayment of the obligation lies directly with the assets being financed : project finance, object finance (ships, aircrafts, etc.), commodity finance, income producing real estate.

Because of the non-neutrality factors introduced in the Basel securitization formula, banks cannot release capital by SRT on low-risk weight (RW) assets. Therefore, SRT is not economically viable at present on low-risk assets like most of banks' portfolios of prime residential mortgages.

The average RW of the underlying pools at inception stayed around **60%** for **IRB** assets and **75%** for assets in **Standardized Approach**. Although the minimum RW of securitized assets remained stable at around 40%, the maximum IRB RW has been increasing in the last three years from 80% to 113%.

Changes in the **private SRT market** (as noted in previous IACPM annual Bank SRT surveys and indicated in the table below) accelerated in 2025:

	Before 2022	2022 - 2024	2025
Regulatory Approach	Mostly IRB and large banks	Growing share of non-IRB and regional banks	20+% non-IRB and 48% non-G-SIB issuers
Issuer Region	85% Europe (EU 57%)	70% Europe (EU 54%), stable share of North America	Again, stronger growth in Europe, with 80% (EU 63%)
Underlying Portfolios	Mostly loans to SMEs, large corporates, specialized lending	Growing share of retail loans and residential mortgages	Stable mortgages, increasing share of specialized lending
Protected Tranches	Only funded CLNs or collateralized tranches	Growing share of unfunded mezzanine protection	Stable share of unfunded protections on first loss and mezzanine
Protection Providers	Specialized SRT funds, pension funds	Growing share of multi-strategy asset managers and credit arms of non-life insurers	Multi-strategy asset managers close to the specialized SRT funds

Structuring of protections provided to banks

North American banks - global and regional - entered the SRT market mainly after 2023, when the Basel III Endgame draft was published, with sizable **public** transactions of retail finance, including auto loans and residential mortgages, as well as corporate loans. These transactions attracted large multi-strategy asset managers, an investor class which was absent from the niche and **private** European market.

After the Basel III Endgame (B3EG) re-proposal, the incentive for capital release softened significantly for US banks, but SRT issuance still makes economic sense for risk mitigation on asset classes such as fund financing, leveraged lending or long duration assets.

Differences in structuring practices between **European and North American SRT transactions** can be explained by differences in

a) regulatory capital absorbed by the underlying assets (driving the thickness of protected tranches),
b) regulatory standards for securitization, and
c) depth of local investors' credit markets.

	Europe (EU and Non-EU)	Other Regions, mostly North America
Asset types	High share of relationship lending to SMEs and large co rporates	Leveraged loans, fund finance, Retail Finance, RRE, CRE, corporate loans
SPV	Decrease in usage of SPVs stabilizing, with 69% direct protections in 2025 (73% EU)	Decreasing usage of SPV structures with 67% direct CLNs in 2025 (vs 62% in 2024)
Tranche thickness on corporate loans	0% to 7-8% (7.1% average)	0% to 12.5% (9.9% average)
Type of issuance	Programmatic issuance of core SME/ Corporate loans	Ad-hoc issuance of sector-based concentrations
STS/STC qualification	52% of SRT transactions qualifying as STS for synthetic securitization in the EU	No STC label for synthetic securitization
Regulators' approval	SRT assessment before issuance, with possible fast-track in EU	Pre-approval of direct CLNs only
Regulator's limits in volume	No	Limits per bank at 10% of capital should disappear after B3EG
Funded SRT instruments	83% financial guarantees (70% collateralized or embedded in CLNs)	CLNs with embedded credit default swap
Unfunded SRT insurance	Eligible on non-STS transactions only	Not eligible for capital release
Amortization	97% Pro-rata to sequential	Sequential, with pro-rata to sequential structures increasing (56%)
Time calls	Standardized, 70% SRT specific calls	Less standardized regulatory calls

The share of EU banks' trades qualifying for the **STS label** (Simple, Transparent and Standardized) is stabilizing around half of the number of trades in 2025. Smaller EU issuers face challenges in meeting STS criteria due to country rating cap, homogeneity criteria and growing usage of unfunded insurance.

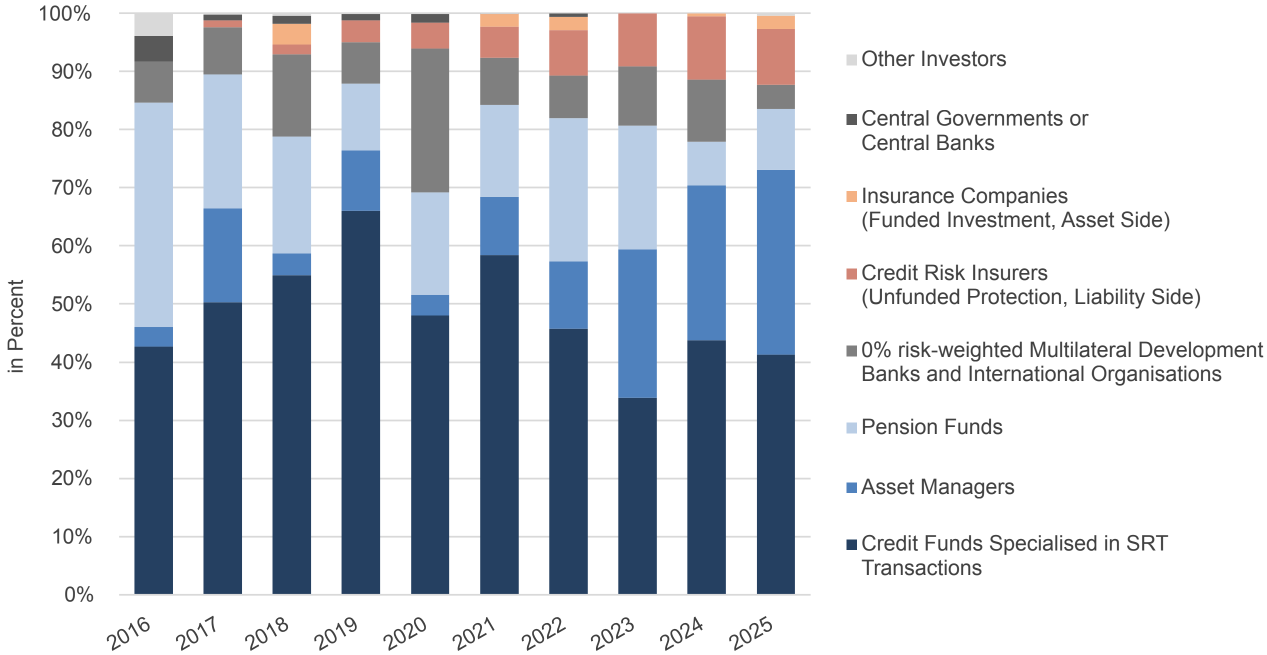
In 2025, **time calls** are common in 75% of the SRTs, and an increasing number of transactions embed a Significant Risk Transfer call.

When **collateral** is posted, 85% of the protection sellers are rated CQS2 or above, with rating triggers set at CQS3 for 60% of the trades, otherwise at CQS4, for transfer to a third-party.

Investors and protection providers

Figure 7

SRT Issuance 2016-2025 by "Direct" Investor* Type over Time



 | (*) "Direct" investors might not reflect the ultimate risk owner.

SRT investors and **protection sellers participate** in the structuring of the private transactions after a comprehensive due diligence of banks' business and risk management practices on the asset classes they want to invest in globally. These investors act as long-term partners of banks, generally as or on behalf of pension funds, looking for a stable return throughout the cycle.

The market share of **multi-strategy asset managers** increased significantly in the last 3 years to come close to the share of **specialized SRT funds**. They represent together more than **70%** of the investor base in SRT, next to long-term investors like Pension Funds (in first loss tranches), Multilateral Development Banks, and unfunded Credit Risk Insurers (in mezzanine tranches).

Despite the economic uncertainty and expected increase in corporate credit defaults, private credit investors, acting as long-term partners of banks, continued to have an appetite in first loss tranches, with a 0% average attachment point.

To mitigate **counterparty risk** to investors, banks are receiving funded protection in the form of cash or high-quality collateral securities, or by issuing credit linked notes directly or through a SPV. To note, in 2025, three-quarters of the protected tranche volume globally has been transferred to protection sellers without the use of SPVs (up from 26% in 2016).

The number of **unfunded protections** underwritten by insurers on SRT transactions reported by participating banks increased steadily from 2% in 2018 to almost 10% in 2025. This growth happened, even though this type of protection is limited to transactions that cannot qualify as Simple, Transparent and Standardized (STS) as per EU regulations for synthetic securitizations.

Expectations for SRT growth

Expectations for growth in the risk sharing market depend largely on **bank supply**, i.e., the demand for loans, the capital required by banks' prudential regulations, and the effectiveness in regulatory capital release by SRT transactions. During the last decade, SRT emerged in all jurisdictions as the most effective instrument to release capital on own balance-sheet loans with **RW higher than 40%**.

Contrary to the true sale securitization market, mainly driven by **investors' demand** for senior-level investments, the SRT market is currently not limited by investors or insurers appetite to protect the junior tranches and to invest in the asset classes proposed by banks. The demand for SRT investment has clearly exceeded supply in 2025, which led to the observed decrease in credit spreads.

Some factors suggest that the SRT market will continue growing, because

- On the **supply** side, the demand for loans is increasing to finance digital, climate and security investments and more banks - private and DFIs - are using this instrument to increase their lending capacity
- On the **demand** side, the growth of private credit funds, multi-strategy asset managers and multiline insurers can provide additional capital to invest in this market
- On the **regulatory** side, initiatives appear supportive of broader risk sharing and synthetic securitization. Amendments proposed in the EU to securitization and prudential regulations can be a game changer, after the STS regulation for synthetic securitization in 2021. The UK is also revisiting the treatment of securitization, likewise regulators in many other jurisdictions.

Growth in the banks' SRT market is however constrained by the banks' **leverage ratio** backstop. In the EU, where banks' SRT market is most developed (€500bn – see Figure 3), we estimate that this backstop will cap the SRT market at about twice the current outstanding or **5% of total EU banks' loan book**[4].

[4] Loans of EU banks by year end 2025: €20.3tn; leverage ratio by year end 2025: 6% (EBA Risk Dashboard). EU banks have securitized synthetically **€500bn**/€20.3tn or 2.5% of their loan book. A reduction of the leverage ratio to 4% solely by increase of SRTs would grow the EU SRT market by 2% of EU banks' loan book, i.e., **€400bn**, to reach €900bn, i.e., less than 5% of EU banks' loan book.

Conclusion

To grow client relationships, manage credit portfolios and balance sheets, risk sharing is becoming a strategic imperative, and banks will increasingly use the whole toolkit of complementary risk transfer solutions, by partnership with private credit and insurance markets, acknowledging the benefits but also the limits of each risk transfer solution.

Over 10 years (2016-2025), the IACPM **Bank SRT survey** has collected data on more than 800 SRT transactions and thereby evidenced the increasing number of banks, investors and insurers joining the SRT market. Risk transfers are becoming more standardized and their expansion to low-risk asset classes will highly depend on regulators' ability to reconcile business models and regulations between banking, credit and insurance markets without compromising financial stability.

Regulators are raising concerns about the systemic risk impact of private risk sharing growth, due to interconnections between banks and non-banks, funding practices of non-banks, and roll-over risk. **Transparency** is therefore critical to inform regulators but also other market stakeholders.

The IACPM will continue to support banks, investors, insurers, and regulators so that private risk sharing continues to thrive and grow safely across jurisdictions. Data collected and lessons learned across jurisdictions will strengthen the development of prudential and transparency frameworks enabling sustainable lending growth in support of the real economy.

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