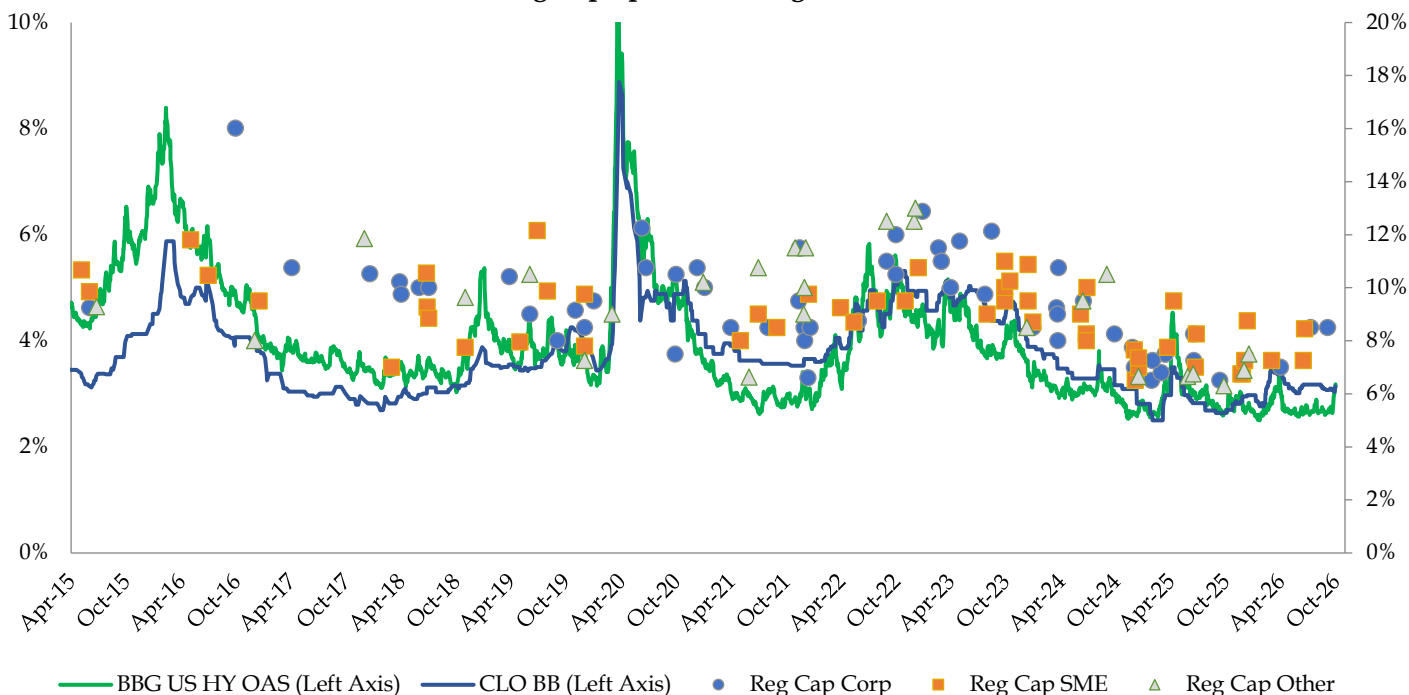


October 6, 2026

## Reg Cap Spread Trends

Recent Reg Cap pricing ranged between 600 and 850bps, while HY spreads widened by 47bp during the month of September.

### 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 Oct. 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) |                         |
| Sep-26       | 700                      | Subprime Auto | US                        | No                      | USD            | 3.6         | No                      |
| Sep-26       | 850                      | Corporate     | US                        | No                      | USD            | 3.5         | No                      |
| Sep-26       | 625                      | Corporate     | US                        | No                      | USD            | 3.5         | No                      |
| Aug-26       | 780                      | Auto          | US                        | No                      | USD            | 4.6         | No                      |
| Aug-26       | 600                      | Auto          | US                        | No                      | USD            | 6.1         | No                      |
| Jun-26       | 725                      | SME           | Spain                     | No                      | EUR            | 4.4         | No                      |
| 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                     |

<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 4Q rush is upon us, with one or more bids due seemingly every day. 2026 is on track to set another issuance record in the Reg Cap market, with Europe the clear leader. Mid-size and large European banks that lack a regular Reg Cap issuance program are seen as outliers. Demand remains strong, bolstered by continued strong fundamental performance, as multi strategy investors and allocators continue to focus attention on the sector, and insurance companies seek new ways to gain exposure. Continued strong market growth has given rise to a menu of different transaction types and risk profiles. Some transactions at the risky end of this menu are bound to underperform expectations, especially where banks transfer risks they are not fundamentally comfortable holding. Too many such transactions could taint the market and threaten the virtuous cycle.

The market is eagerly awaiting the completion of the Basel Endgame legislation in the US, which is expected to facilitate issuance by US banks, and which is rumored to be imminent. While structural differences between the US and European economies and banking sectors generally make European banks more motivated to use SRT, we expect significant pent-up supply to be unleashed in the US.

## Reg Cap News

### New Issue News

***Hybrid protection structure underpins latest corporate SRT*** (Structured Credit Investor, 9/28/26)

BNP Paribas completed the sixth Reg Cap deal (aka “Regulatory Capital Relief” aka “Significant Risk Transfer” or “SRT”) in its Echo program, transferring €140mn of mezzanine credit risk on a €1.75bn portfolio of sub-investment-grade large corporate and LBO exposures. The bank retains the first 2.50% of losses and the protection detaches 10.50%.

The protection combines €95mn of funded credit-linked notes with €25mn and €20mn of unfunded insurance protection across three pari-passu tranches. The blind portfolio spans multiple regions across EMEA, the Americas and Asia-Pacific, as well as the banks’ French retail network. Given the unfunded tranches, the deal was not eligible for STS treatment.

***Deutsche Bank Plans Risk Trade Tied to \$2 Billion in Fund Loans*** (BN, 9/30/26)

Deutsche Bank is preparing a potential SRT referencing about \$2bn of subscription lines. These short-term loans help private equity and credit firms bridge investments before calling capital from investors. Strong investor demand is allowing banks to use SRTs beyond corporate lending, the traditional SRT mainstay. Currently, Standard Chartered, Goldman Sachs and NatWest are all exploring subscription-line transactions. Deutsche Bank is also developing additional platforms for regulatory capital relief. Its other planned trades reference about \$4bn of large corporate loans, \$2.3bn of project-finance debt including data centers, and €1.5bn of German SME loans. At the end of Q2, SRTs provided relief equivalent to 75–80 bps of DB’s CET1 ratio.

***Development bank-backed SRT unlocks fresh capital for Polish MSMEs*** (Structured Credit Investor, 10/1/26)

IFC is providing credit protection on about \$1.6bn of Bank Millennium retail loans in a synthetic securitization specifically designed to support new lending to Polish micro, small and medium-sized enterprises “MSMEs”. Millennium, Poland’s seventh-largest bank, has agreed to redeploy the capital released from its retail business toward MSME lending. IFC expects the capital released “to support economic growth, productivity, and employment in Poland,” including a substantial number of displaced Ukrainians who own MSMEs. IFC has also supported initiatives to help “forcibly displaced Ukrainian people demonstrate their credit history and improve access to financial services in Poland.”

IFC is bringing a private investor into the structure alongside it. “This is the first time that this investor will invest in SRT and in Poland,” he says. “We are bringing new capital, and we are trying to bridge this new capital with the developmental purpose that we have.”

The deal forms part of IFC’s roughly \$3bn of credit-risk-transfer exposure across about 21 transactions. IFC reports strong demand and a strong pipeline for next year, with Asia its next major expansion area and Turkey and Africa also of interest. Future transactions could direct released capital toward agriculture or other development priorities.

At Seer, we applaud the efforts of supranational entities such as the IFC and the EIF (see below) to support lending, particularly in underserved jurisdictions, but we think it best that they partner with, rather than risk crowding out, private capital.

***Polish bank turns loan risk into lending capacity*** (Structured Credit Investor, 10/1/26)

BNP Paribas Bank Polska transferred significant credit risk on a PLN3.6bn (€850mn) corporate-loan portfolio to the European Investment Fund (EIF) through a synthetic securitization completed September 30. The deal allows replenishment through March 31, 2029, and runs through December 31, 2034. Based on end-June figures, the transaction is expected to raise the consolidated CET1, Tier 1 and total capital ratios by 0.25, 0.27 and 0.33 percentage points, respectively.

### Reg Cap News

***Banks play pass-the-parcel on risk for big return*** (The Times, 9/19/26)

The column questions the growing use of synthetic risk transfers by Irish banks. The author dryly notes that the regulatory framework that partly accounts for the popularity of SRT, Basel III Endgame, “... sounds like something that bankers and regulators might play on Xbox.” They go on to note AIB’s planned third SRT transaction on €2.5bn of project-finance loans, which, if completed, would mean the bank has

## Reg Cap News (continued)

securitized about €5.5bn. Competitor Bank of Ireland has completed seven issuances since 2016. The columnist argues that already well-capitalized banks are using these trades primarily to improve shareholder returns, rather than because they need capital to lend. Although the market remains small (estimated at 1.1% of global bank assets) the column raises concerns about risk moving to nonbank investors that may use leverage. It concludes by saying that the use of SRT “does ... rather blow up the quaint notion that, post-financial crisis, banks would return to utility-style operations, taking deposits and making loans and earning modest returns. If there is an opportunity to boost returns, they will take it.”

### *SCI In Focus: AI rewires the machinery behind SRT* (Structured Credit Investor, 9/28/26)

AI is beginning to support SRT documentation analysis, data harmonization, portfolio monitoring, replenishment validation and regulatory simulations. Iconicchain’s Sari platform is one of the companies developing AI tools for this market and is already in beta use.. Lower operating costs could eventually make SRT economical for smaller portfolios. “Transactions can involve complex documentation, large datasets, portfolio replenishments and continuing regulatory requirements, creating work that extends well beyond execution.” The technology does raise new governance and concentration questions.

Of course, AI infrastructure is also creating new financing exposures in data centers and GPUs, with risks around counterparty concentration, technological obsolescence and residual values. This begs the question: “...how should credit risk be transferred when the underlying collateral can become technologically obsolete faster than the financing matures?”

Separately, common tools, models and data sources could produce correlated reactions during market stress. SUERF (in English, the “European Money and Finance Forum”) is an independent, non-partisan network association that recently wrote a brief highlighting this new risk. “The paper highlights potential risks from correlated reactions, algorithmic crowding and liquidity pressure when automated systems respond to a common shock.”

### *On the Horizon: What is at stake in the third EU securitisation trilogue?* (Structured Credit Investor, 9/29/26)

The third EU securitization trilogue met in late September, with the European Parliament, Council and European Commission returning to the negotiating table. SRT, unfunded credit protection and insurer eligibility are among the main unresolved issues. Policymakers broadly recognize a role for unfunded protection in the STS framework, but eligibility rules must be set at levels such that there will be a sufficiently broad pool of insurers or the capacity may be illusory in practice. Capital calibration is another key issue. Analysis cited in the article suggests a 5% risk-weight floor could bring about €800bn of European residential mortgages into the potential SRT perimeter. The negotiations also cover due diligence, sanctions, supervision and transparency, with the central question being whether reform can expand issuance while maintaining prudent safeguards.

### *SCI In Focus: SRTs await a true test of credit performance* (Structured Credit Investor, 9/29/26)

SRT portfolios remain broadly in line with or ahead of expectations, but their track record may not yet reflect testing through a challenging credit cycle. Moreover, “tighter pricing and thinner protection could raise the stakes in the next downturn.” For example, the article estimates that yields on large corporate SRTs have fallen from cash plus 10.5% several years ago to cash plus 6.5% while “...at the same time, thinner tranches mean that early losses can consume protection more quickly.”

Consumer delinquencies are on the uptick in parts of Europe. Corporate and SME performance remains relatively stable and defaults largely idiosyncratic, with pockets of deterioration in sectors affected by tariffs, such as autos, auto parts, and transportation. Regulatory LGDs have been creeping higher as banks change their internal models in response to regulatory requirements. (LGD stands for “Loss Given Default,” i.e. The percentage of a loan’s exposure a bank assumes it would lose if the borrower defaults, used to calculate regulatory capital requirements.) While banks are using higher LGD for capital calculations, actual losses have not generally increased. One commenter in the article noted that LGDs are very case specific, and “the most erratic component of SRT performance.”

Investors monitor PD (probability of default) and rating migration, stage 2 and 3 exposures and watchlists. However, a lack of hedging options and borrower-level information leaves little room to react. That places greater emphasis on underwriting upfront. Reporting commitments also need to be agreed upon upfront. An ECB working paper cited in the article finds banks update PD estimates for synthetically transferred loans 15%–30% less frequently. Documentation is also becoming more bank-friendly, including greater use of sampling to verify defaults, not only on very granular consumer portfolios but even on higher-value corporate loans.

Investors also need to track overlapping borrowers across different banks’ transactions and assess newer collateral such as CRE and leveraged loans. SRT “have passed the performance test so far. It has not necessarily passed the stress test.”

At Seer, we have observed SRTs outperforming other credit products from a fundamental perspective, albeit during relatively benign credit times. We also observed SRTs trading at significantly better prices during the market dislocation caused by Covid. We are confident that, given the alignment of interest with leading banks, well structured SRTs referencing carefully selected portfolios will outperform other credit products under severe credit stress.

### *Concentrations of Credit* (OCC, 9/30/26)

The OCC’s revised handbook defines credit concentration as direct, indirect or contingent obligations exceeding 25% of Tier 1 capital plus the allowance for credit losses. It emphasizes identifying correlated exposures across products, business lines, geographies and entities, supported by meaningful limits, monitoring, stress testing and risk management tailored to the bank’s size and complexity.

## Reg Cap News (continued)

For securitizations, the handbook distinguishes reducing credit risk from reducing the measured concentration. Reference obligations must leave the balance sheet and cease to be a direct, indirect or contingent bank exposure for the concentration amount to fall; “Securitizations do not reduce the amount of a bank’s concentrations unless the reference obligations associated with the securitization are removed from the bank’s balance sheet and are no longer a direct, indirect, or contingent bank exposure or extension of credit.” Retained interests and continuing exposures remain included. Appropriately structured securitizations can nevertheless mitigate credit risk and reduce examiners’ assessment of the quantity of concentration risk.

Market participants have lobbied for relief from concentration limits from issuance of SRT, which seems appropriate because the risk is transferred out of the institution.

### ***SRT goes bigger, broader and riskier*** (Structured Credit Investor, 9/30/26)

September’s SRT activity showed growing institutional allocations, repeat issuance and expansion into new jurisdictions and collateral. Arizona State Retirement System added a \$600mn mandate with BNP Paribas Asset Management Alts, bringing its commitment to \$1bn, while CQS is targeting about \$1bn for its fourth capital-relief fund. Around 40 banks generated approximately \$15bn of SRT issuance in H1 2026, with European banks accounting for more than 70%. Repeat programs are developing at EBRD and UniCredit, while Saudi Arabia could see its first transactions in 2027 and AfDB and DBSA are developing a potential \$2bn multi-originator platform.

Collateral types have continued to expand and now include project finance, data centers, CRE and leasing. Structures increasingly combine funded and unfunded protection. At the same time, tighter spreads and thinner tranches raise questions about performance in a harder credit cycle. EU regulatory negotiations continue to focus on insurer eligibility, unfunded protection, and capital calibration; US discussions highlight the retained 0.5 p-factor, a proposed 15% securitization risk-weight floor and prepaid protection for directly issued CLNs.

### **Banking Industry News**

#### ***Fresh Pushback to EU’s Grand Banking Plan: Brussels Edition*** (BN, 9/23/26)

Germany is pushing to split the EU’s banking competitiveness proposal so simplification can advance while more contentious measures, e.g. pan-European deposit insurance, are deferred. While others on the commission also favor this approach, it is not unanimous.

The competitiveness proposal, unveiled in July, seeks to improve European banks’ competitiveness as US deregulation adds pressure. More than 120 feedback submissions show competing priorities: Societe Generale wants selected changes to capital requirements, while Santander says the package should go further and supports deposit insurance. “Getting an agreement over the line will be a complex task” the article notes, with divisions within the Commission as well as the required approvals from Parliament and member states complicating agreement.

#### ***Apollo’s Slok Says Financial System Risks an ‘Agent Bank Run’*** (BN, 9/28/26)

An Apollo economist warns that AI assistants could erode banks’ low-cost deposit base by helping consumers automatically move household cash into higher-yielding accounts. He cites potential available yields of 3.3%-5.0%, compared with a 0.1% national average on checking accounts, and argues that widespread adoption could disrupt the cheap funding banks rely on for lending.

AI agents can overcome customer inertia by identifying excess cash, comparing yields and moving funds. U.S. banks hold trillions of dollars in low-cost transaction deposits. Raising deposit rates to more competitive levels on some of those dollars could sharply reduce profits.

#### ***Matt Levine’s Money Stuff: Banks Recycle the Risk*** (Bloomberg Opinion, 9/28/26)

Banks have traditionally sold clients complex risks and managed the resulting exposures within their large, diversified trading books. As the author describes it:

*“There are a lot of investors in the world, and they each want to take some risks. ... Some of these risks exist naturally in the world: Asset managers can buy stocks and bonds from the companies that issue them. Many don’t...someone has to take the other side of your bet. Traditionally, that is the job of an investment bank.. The bank is skilled at pricing risk and selling it to you at a markup...they were in the risk-manufacturing business. This required them, also, to be in the risk-balancing business. An investor might ...decide on like five risks to take, and then take them wholeheartedly. A bank would just take whatever risks came in the door, not because it wanted those exact risks but because it could sell them at a markup. It had to be good at finding offsetting risks, so that it didn’t end up taking too much risk in any one direction ... This all made banks into supermarkets of risk, with the skills and desire to go out and manufacture new and complicated risks.”*

Increasingly, however, multi-strategy hedge funds and proprietary trading firms are taking over part of that risk-management role, allowing banks to keep the client-facing sales business while passing exposures to nonbanks. Structured notes are one example: firms including Citadel Securities, Jane Street, Millennium and Optiver offer comprehensive hedges that absorb as much as a quarter of some banks’ equity structured-product risk, per the article. These arrangements have supported an issuance boom. Nonbanks now have the scale and capabilities to hedge complicated portfolios that once would have been left to investment banks.

Some banks, including Goldman Sachs and JPMorgan, are skeptical, arguing that giving up risk-taking capacity could weaken their franchises and turn them into agency brokers arguing “We want to lean in for clients. Unless you have that ability to take risks, it can impair the franchise.” Levine sees room for both models: banks may focus on sales while nonbanks handle trading, or sufficiently large banks may continue doing both.

## Reg Cap News (continued)

While some of this laying off of risk may sound similar to Reg Cap, there are important differences. Reg Cap references banks' core lending book and is done for capital rather than risk management. This creates a true alignment of interests between the originator/issue and the investor.

### ***Self-fulfilling bank runs just aren't really a thing*** (Financial Times, 9/29/26)

Collaborators at both the New York and Richmond Federal Reserve Banks, along with a professor at MIT, have created a database of banks runs in the US back to the year 1800, and their analysis of that data seems to debunk a commonly held belief and the work of Nobel scholars including former Fed chair Ben Bernanke. The researchers used LLMs to sift through 380 million newspaper reports and identify the history of bank runs in the US. Their work shows that the idea that runs kill solvent banks is "dramatically overstated." Banks that can't withstand a run, the data show, were almost always "very insolvent" to begin with, which is underscored when you consider that they also found that recoveries generally amounted to about 50c on the dollar of book value.

The researchers counted 3,984 bank runs. Of those only 53 were based on misinformation and only six of those failed. The supposition that even a strong bank can be undone by a bank run is part of the justification for deposit insurance, so if these findings are true, they may have policy implications.

### ***Fed Votes to Overhaul Stress Tests in Win for Big Banks*** (BN, 9/30/26)

#### ***Stress Testing Final Rules, Model Changes, and Model Change NPR*** (TD Securities, 10/1/26)

The Federal Reserve voted 6-1 to finalize two stress-test rules that largely follow its 2025 proposals. The annual stress test was established in the wake of the GFC to gauge how banks would fare under a hypothetical recession. The changes require public input on scenarios and material model changes, revise the scenario framework and global market shock, and adjust the testing calendar. Fed Vice Chair for Supervision Bowman said in a statement, "Today's changes preserve (stress test) resilience by ensuring that it is transparent, granular and risk-sensitive." Governor Michael Barr dissented, warning that the changes would weaken bank resilience.

For firms tested in consecutive years, the Fed will average results from the two most recent annual tests when calculating stress capital buffers, beginning in 2028. The Fed expects the combined changes to reduce YOY capital-requirement volatility by about 50% without materially affecting aggregate requirements.

### ***Bank Organic Growth, M&A Shape Deposit Share*** (Bloomberg Intelligence, 10/1/26)

Bloomberg Intelligence did an analysis of the FDIC's 2026 deposit data and published the results. Their work showed JPMorgan Chase is driving organic retail deposit gains through branch expansion, capturing an estimated 19 bp market share increase across key growth markets. Meanwhile, regional banks including Fifth Third, Huntington and PNC added scale through acquisitions. Wells Fargo maintained its deposit share despite a 1.4% branch reduction, positioning it for future growth following the June 2025 removal of an asset-cap limitation placed on the bank by regulators following customer-abuse scandals. Bank of America saw its overall deposit share slip by 25 bps amid footprint pruning, though its deposits per branch remain strong and expansion markets gained share. Citi's share held at 2.2%, with about \$250mn of retail deposits per branch across six large affluent metros, where it focusses on wealth referrals, investment relationships and branch refreshes.

### ***ECB's Sleijpen Says Central Banks Can't Ignore Climate Change*** (BN, 10/1/26)

ECB Governing Council member Olaf Sleijpen says central banks must account for the economic effects of climate change, including extreme-weather shocks, uncertainty and structural changes. Those effects bear on monetary-policy transmission, equilibrium real interest rates and central-bank communication.

Speaking as chair of the Network for Greening the Financial System, Sleijpen stressed that the impact is measurable rather than simply ideological. "It is no longer possible to deny the economic impact of climate change," he said. "We can see it, we can feel it, we can measure it. That has nothing to do with ideology, that is reality." The ECB continues integrating climate risks into its operations and supervision. The Fed left the network in January 2025 and dismantled internal climate-risk groups, saying the network's work extended beyond its mandate.

### ***Pulte's FHFA to Ease Credit Data Requirement for Fannie, Freddie*** (BN, 10/1/26)

The FHFA plans to require lenders selling loans to Fannie Mae and Freddie Mac to obtain credit data from two major bureaus rather than all three. Director Bill Pulte has pressed credit bureaus and FICO to lower fees as part of efforts to reduce mortgage closing costs. A similar plan was delayed under the Biden administration after concerns about risk-pricing accuracy.

### ***Warren, Van Hollen Tell OppFi to Follow Enova, Ax Bank Deal*** (Bloomberg Law, 10/1/26)

US Senators Warren and Van Hollen urged subprime consumer lender OppFi to abandon its \$130mn acquisition of BNC National Bank after Enova (an Oppfi competitor) withdrew a similar bank deal last month. "Enova correctly changed course by abandoning its plans to acquire a national bank," they write in a letter sent to OppFi's CEO. Owning a federally chartered bank could allow OppFi to bypass state usury laws. The senators stated that OppFi's loan rates can reach 195%, and charge offs are 55%. The company disputed both figures, noting that the senators had annualized an interest rate on loans that typically mature in four months, and also claimed lifetime charge off

# Reg Cap Recap

October 6, 2026



## Reg Cap News (continued)

rates of 20-25%. OppFi argues that “politicizing” attacks on its charter application hurt consumers who need credit and argues that the acquisition would support growth and product diversification.

The dispute comes as the Trump administration encourages regulators to admit more fintech lenders into the banking system. The President signed an executive order in May calling for the “agencies to update their regulations, supervisory practices, and charter applications to ‘facilitate innovation’ and increase competition in the banking system.” The transaction requires approval from the Fed, OCC and FDIC.

### *French Banks’ Credit Risk Has Surged Above Major European Peers* (BN, 10/5/26)

French banks’ CDS spreads have risen above those of major European peers as fiscal and political uncertainty spreads into credit markets. For example, credit protection on €10mn of Societe Generale senior debt for five years cost €103,000 annually on Monday, €16,500 more than comparable Deutsche Bank debt, nearly a 20% difference. Just this past August, there was no difference in the cost of protection on SocGen vs. DB. BNP Paribas and Credit Agricole are all also trading well above major UK, German, Swiss and Spanish peers. Sovereign yields and the premium over German bunds have also risen sharply and “recently hit the highest level since the euro area debt crisis.”

### *Intesa Edges Closer to Paschi Deal After Swaying Key Investor* (BN, 10/5/26)

Intesa Sanpaolo, Italy’s largest bank, is close to completing a massive €34.6 billion buyout of Banca Monte dei Paschi di Siena after winning the support of the target’s biggest shareholder. This major breakthrough occurred after Intesa raised its bid, putting pressure on Monte dei Paschi’s investors to abandon a rival expansion plan proposed by their own CEO. The deal would cement Intesa’s absolute dominance over the Italian banking market.

### *UBS Is Headed for Radical Change* (Bloomberg Opinion, 10/5/26)

“It looks as if Switzerland no longer wants a national champion in global banking.” The columnist argues that Switzerland’s proposed capital rules will ultimately force UBS to change substantially, potentially separating its Swiss banking businesses from international operations. Following Credit Suisse’s collapse (and UBS own troubles in 2008) Swiss lawmakers want foreign subsidiaries to be financed largely with equity, rather than shouldering that risk in the Swiss banking system. “The government’s aim is to protect taxpayers from a massive bill should UBS ever collapse.”

The Senate’s latest compromise would require 90% equity capitalization, which UBS says would require \$16bn of additional equity. Other changes add \$2bn, taking the total increase to \$18bn, or about 25% of UBS’ current common equity.

Some shareholders favor leaving Switzerland, but the columnist sees a wholesale move as difficult, and a takeover as unlikely at the current valuation (~1.5 times forecasted book value). That said, he also questions whether the bank’s Swiss identity retains its historic commercial advantage, given changes in the country’s reputation, tax secrecy and political independence.

The lower house must still debate the rules, and UBS would not have to meet them until around 2034. If the requirements remain, the columnist expects pressure on profitability and eventually valuation, making it too costly for UBS to run an international investment bank. His base case expectation is a gradual breakup of UBS over time.

## 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.