



# TURMOIL IN THE BANKING SYSTEM

Dr. Boaz Barack, Bonart Financial Performance Ltd (CH)  
Founder and CEO.



# The Big Reset

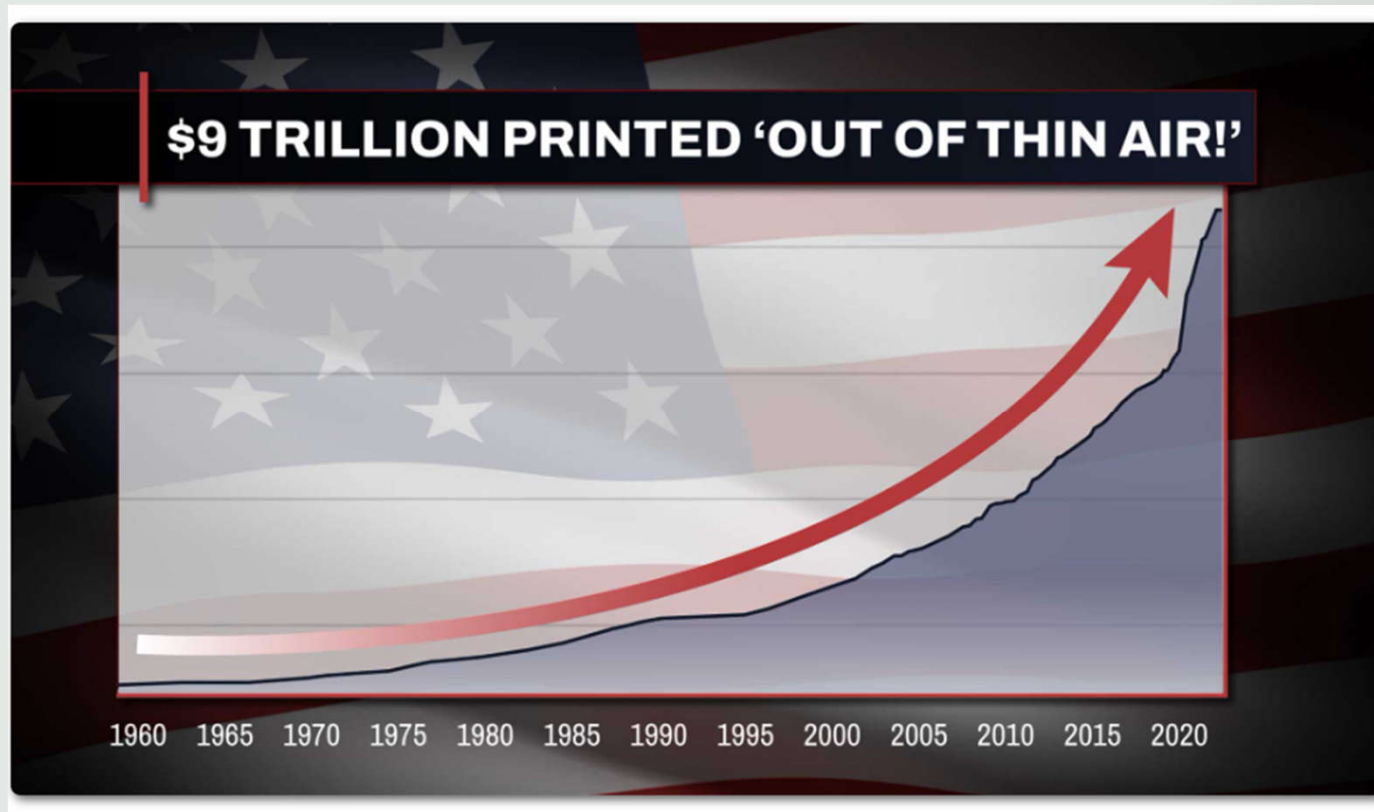
# STRUGGLING AMERICANS RACK UP CREDIT CARD DEB

## Historic Debt

How did we get here?

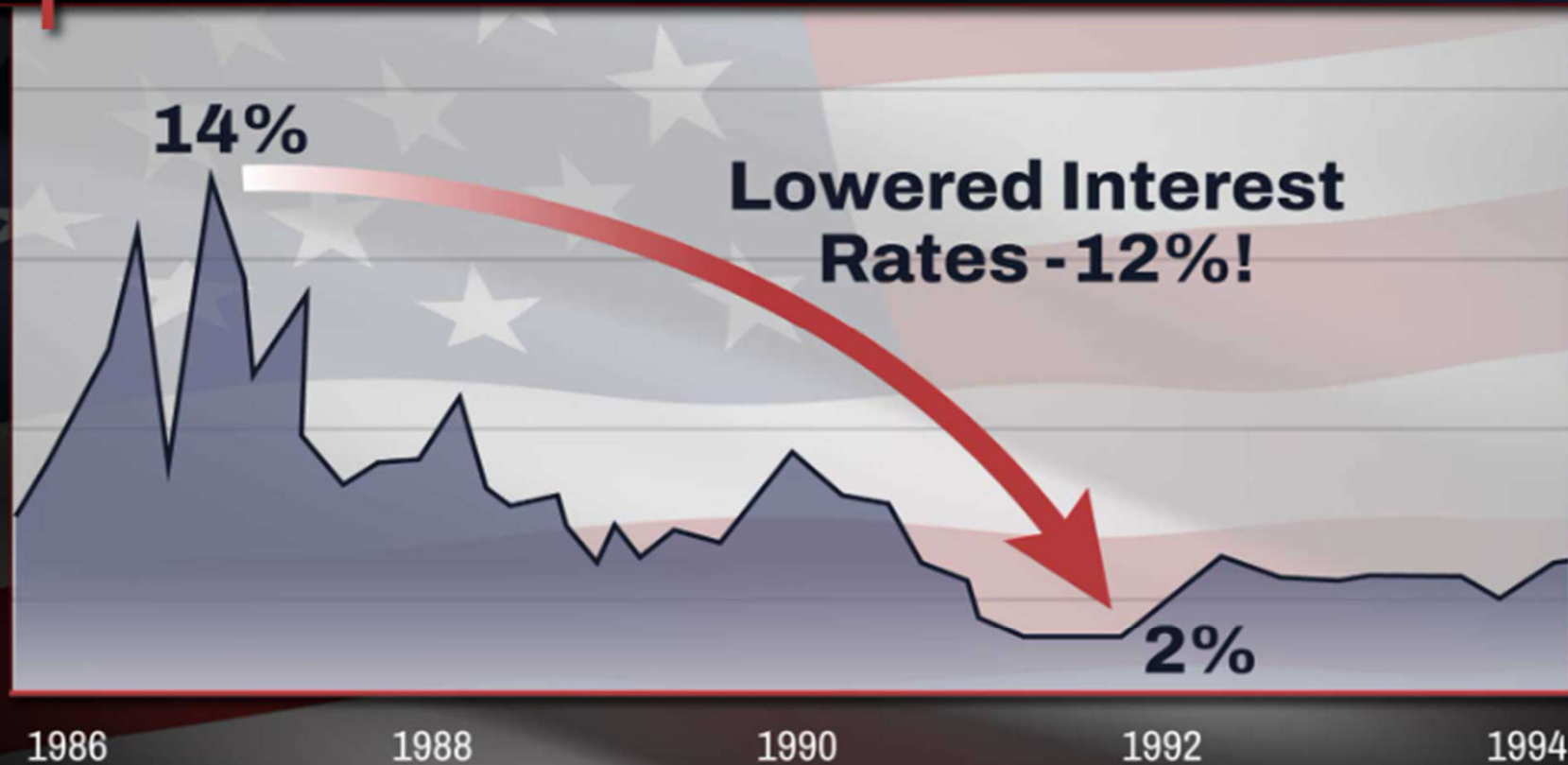


# The Origin of inflating Assets Values

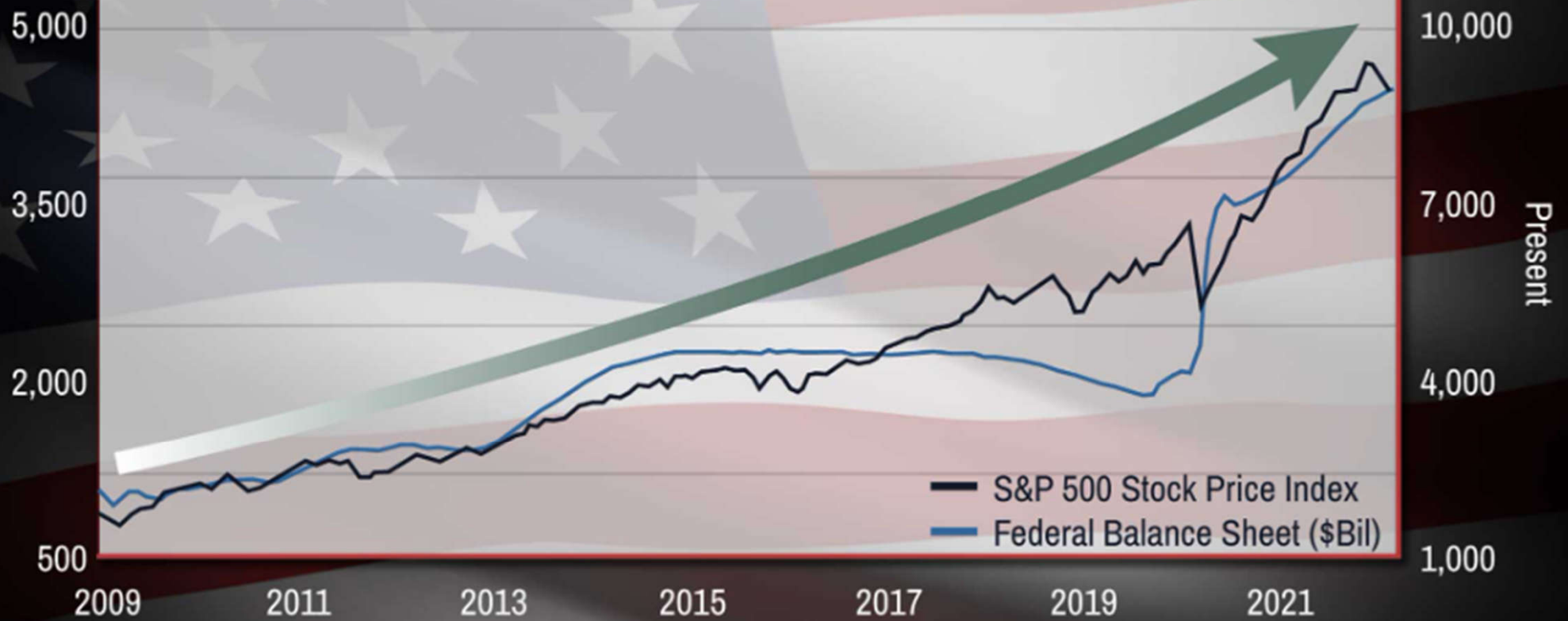




## THE FED SPARKS THE BEGINNING OF 1990'S BOOM



## MONEY PRINTING FORCES THE STOCK MARKET TO SURGE

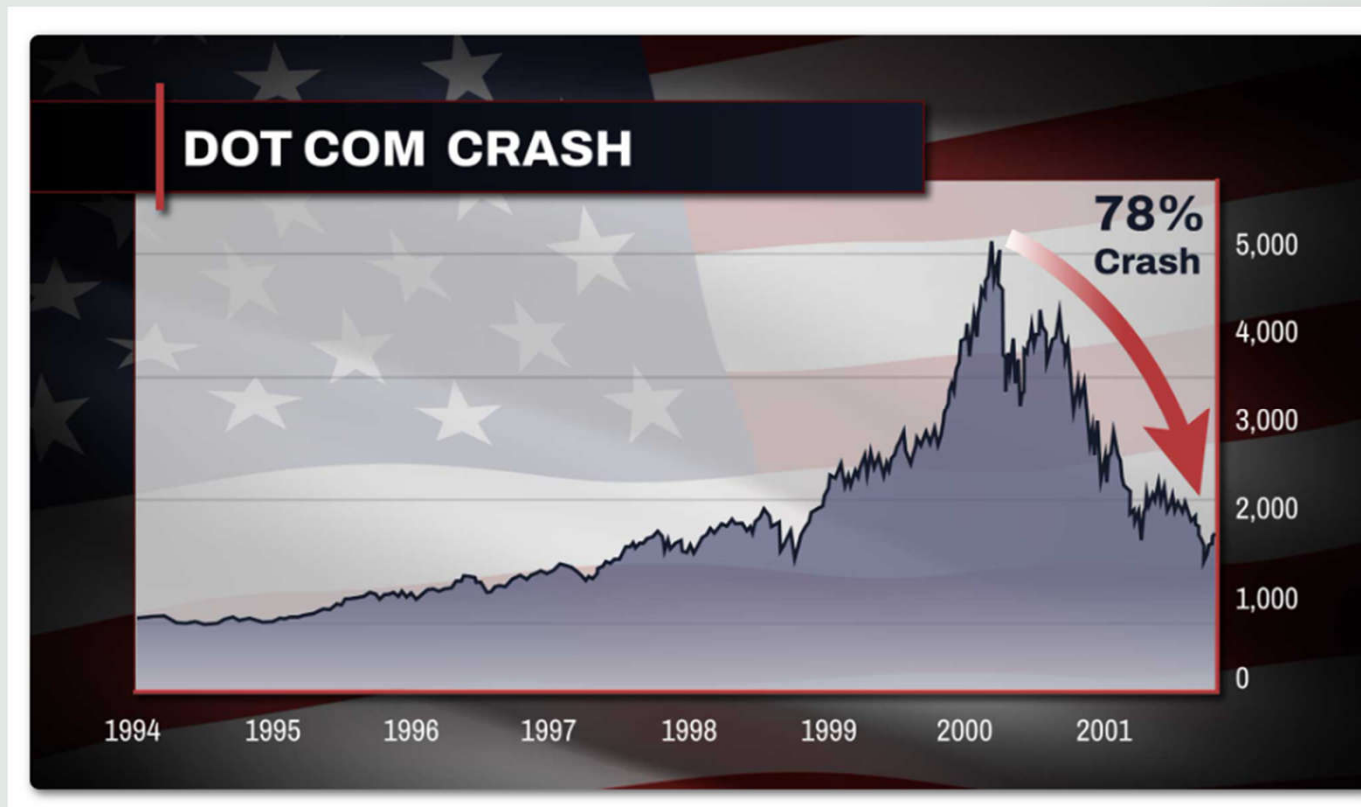


**America Is On The Cusp Of A New  
Catastrophe Unlike Anything We've Seen Since  
World War II – and Most People Are *Stunningly*  
Unprepared**

## **'BLACK MONDAY' CRASH**



# A Few of the None Surprising Outcomes





# America's Financial Future Explained in One Chart

- Financial World Economy
- Real World Economy



**Origin Point, 1971**



**Where are Global Banks & Markets Heading?  
Smart Market Experts are confused**

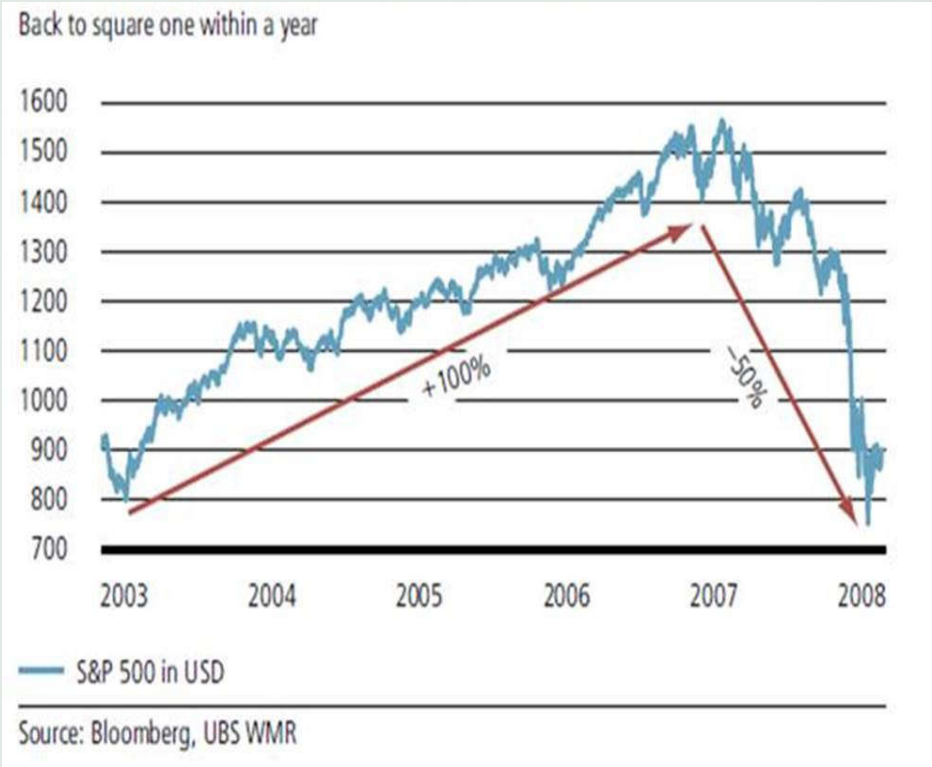


**SOCIONOMISTS ARE  
INCREASINGLY  
CERTAIN  
ABOUT  
UNCERTAINTY**

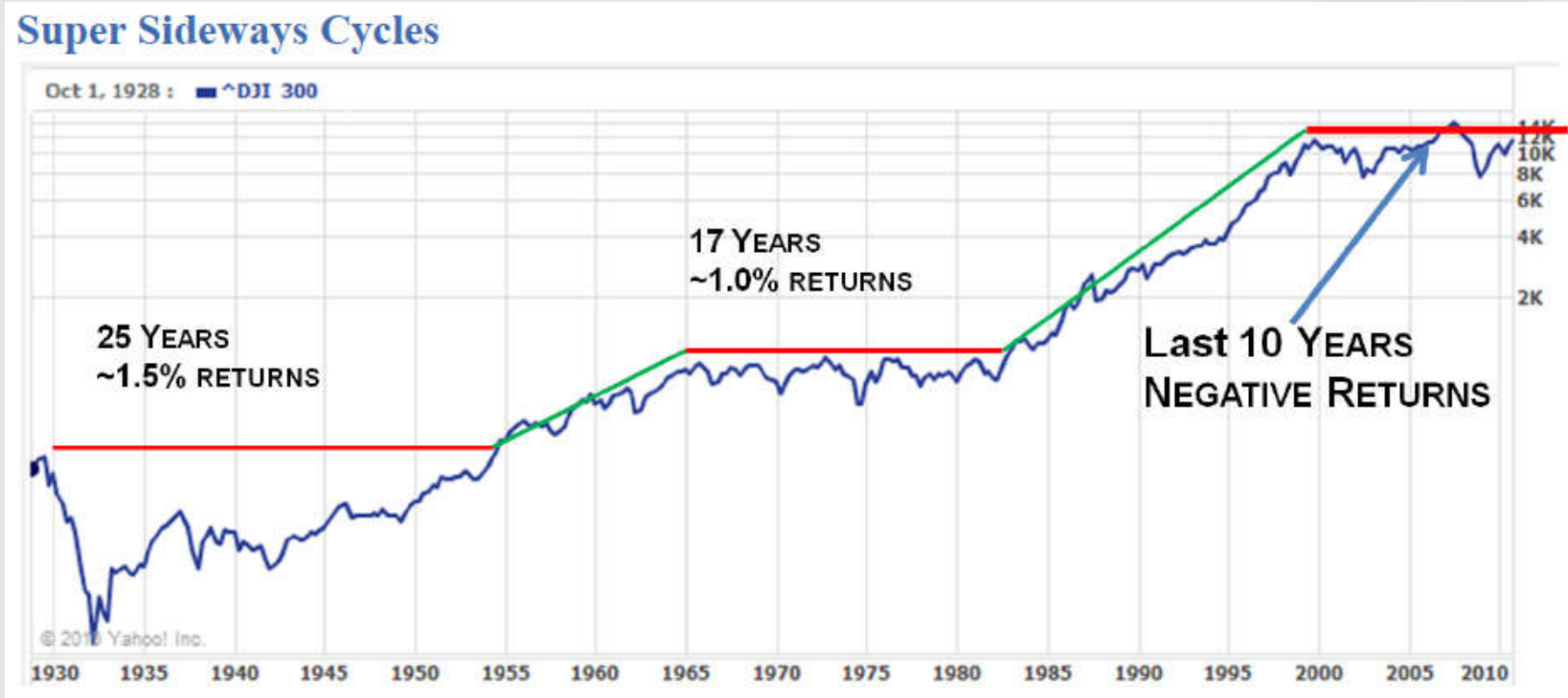


# The Fears of Clients

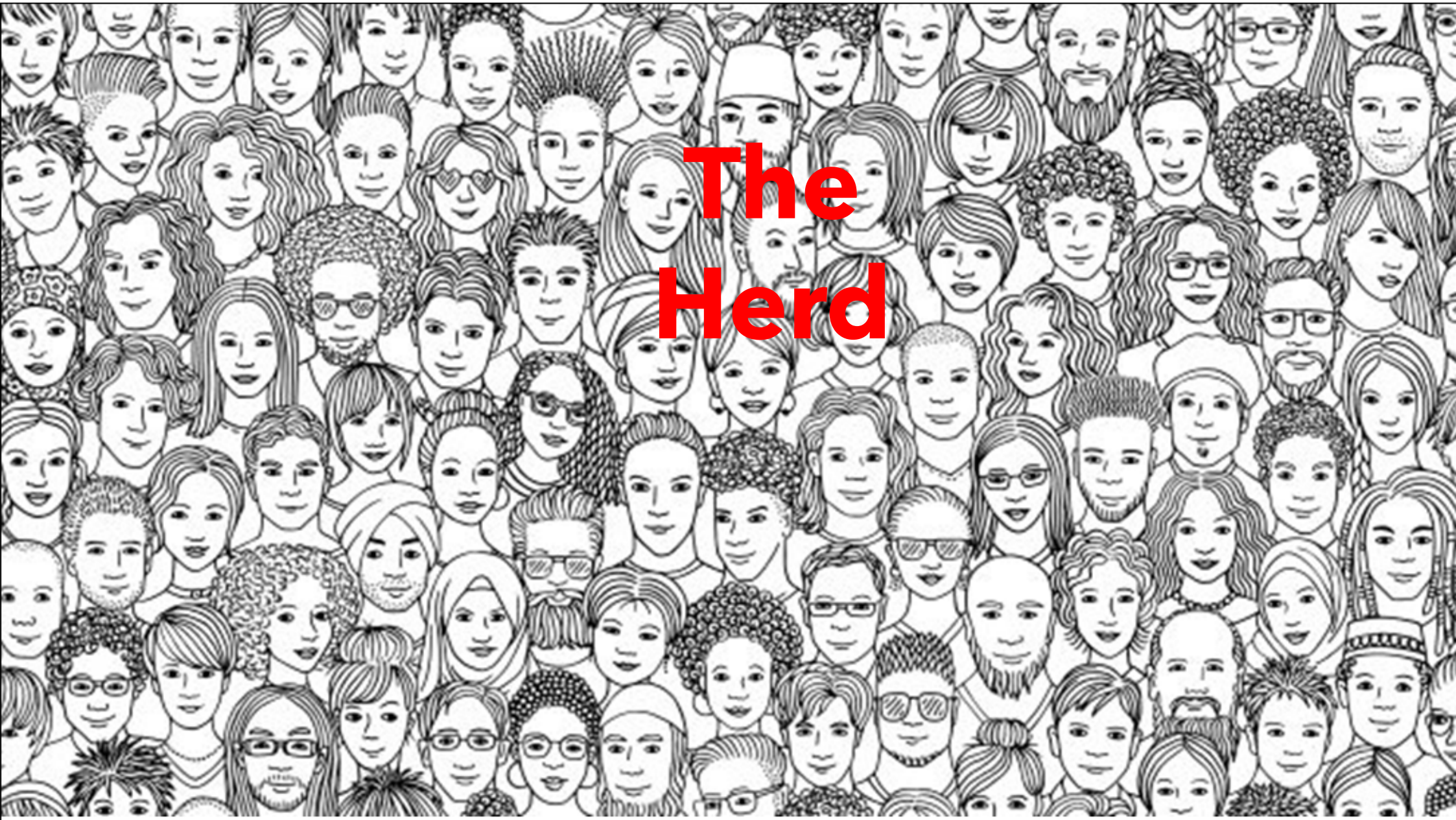
## The Perils of Equity Investments



# Mind the Cycles







# The Herd



**One of the very First Major Bubbles**

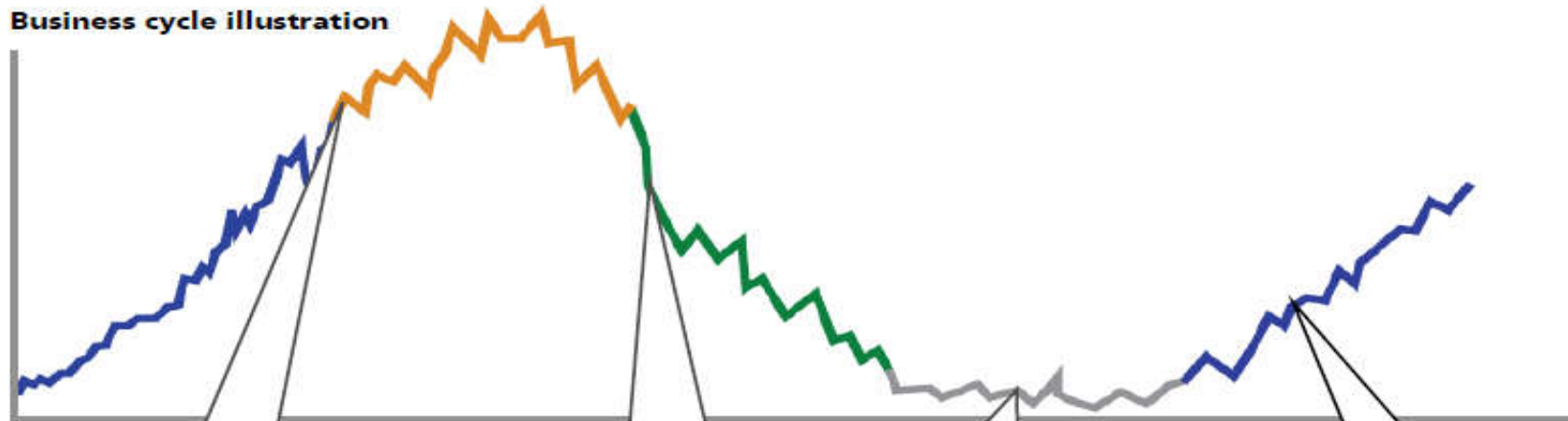


# Opportunities Seekers (with no clear strategy) Might Be Trapped Into Continuous Uncertainty

Phases of business cycles vary in sequence, magnitude and length. That can make it difficult to take the right investment decisions.

Do these situations sound familiar to you?

**Business cycle illustration**



Hmm, so difficult to predict when 'the bubble will burst'...  
but if I stay out of this booming market, that is very frustrating too...

Oh no, the stock markets have already lost 15% – this is really exaggerated!  
Shall I buy more now at the current low prices?

Gold has gone up by 20% – seems to be in high demand among many investors!...  
Shall I buy too? Or is it too late already?

Even though credit spreads have narrowed they are still wider than in „normal markets“ ...  
Shall I invest in corporate bonds now?





Even if the Congress stops deficits from expanding, the existing debt will become increasingly costly to service, thanks to the recent surge in interest rates.



**Stock Market Will Get Worse In 2023  
Before It Gets Better**

— *Forbes*

**The US economy may not be screwed after all  
— but the stock market sure is**

— *Business Insider*

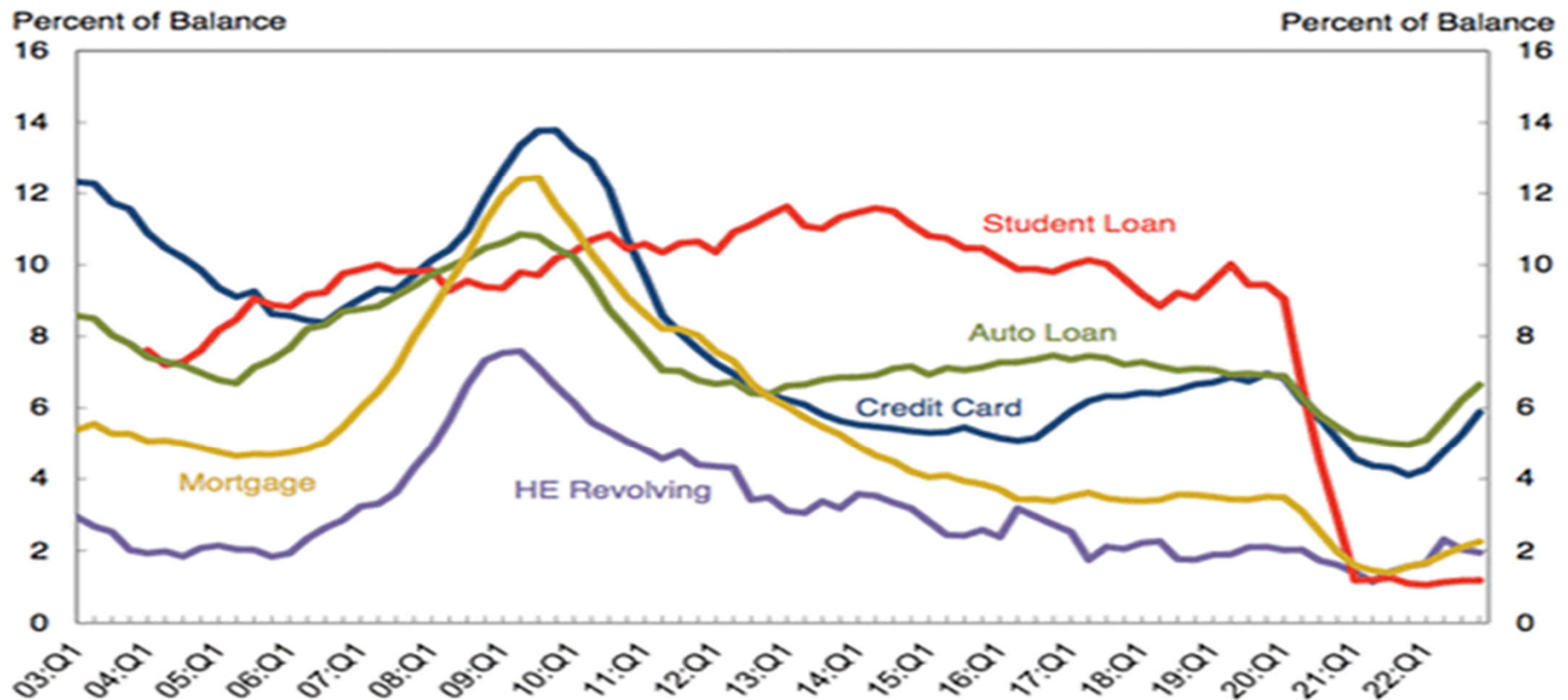
**Expect a US recession that will ravage  
markets and could send stocks spiraling  
down 24% next year**

— *Markets Insider*



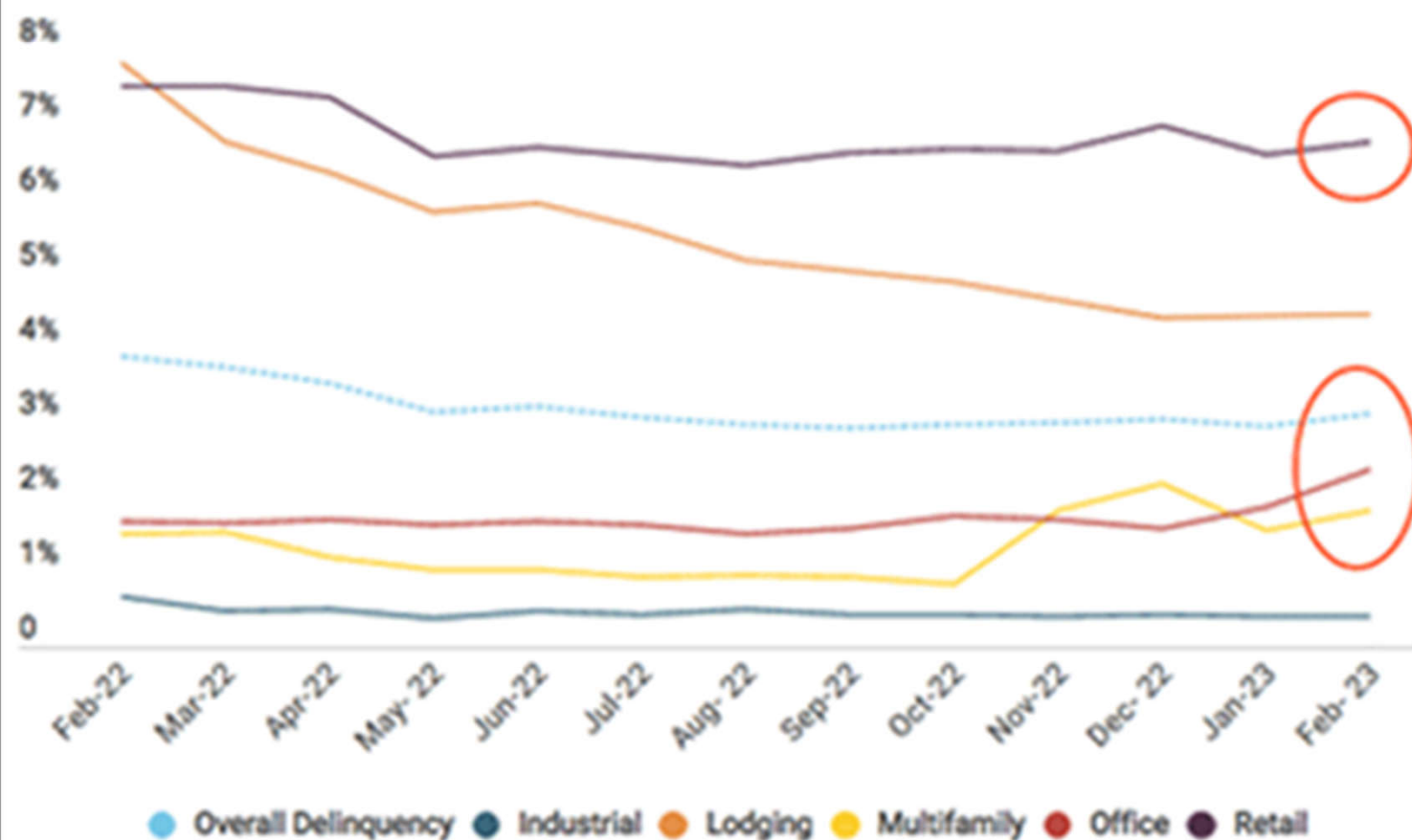
# The Growing Risks

## Transition into Delinquency (30+) by Loan Type



# CMBS Delinquency Rate Jumps in February 2023, Second Biggest Jump Since Start of Pandemic

Month-Over-Month Delinquency Rates by Major Property Type



## Delinquency Trends



10.34%

Peak Delinquency Rate  
(July 2012)



3.12%

Overall Delinquency  
Rate (February 2023)



3.87%

Overall Delinquency  
Rate (February 2022)



2.38%

Office Delinquency Rate  
(February 2023)

Chart Source: Trepp

# Risks in Switzerland

## Creating the undisputed leader in Switzerland

A highly attractive domestic market<sup>1</sup>

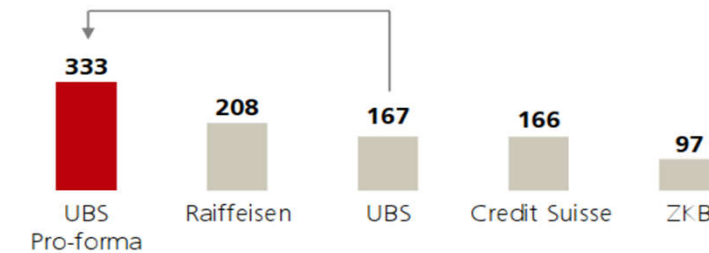
>2%  
long-term GDP growth  
over last 20 years

CHF ~250k  
average net-worth  
per capita

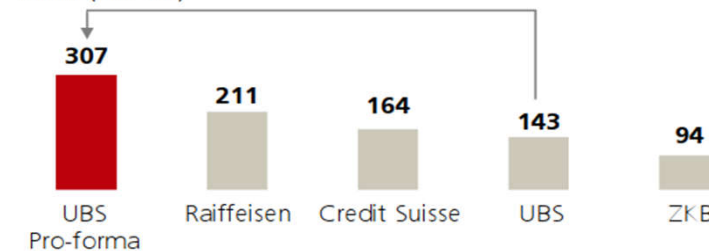
4%  
unemployment rate  
(vs. 6% EU average)

Becoming #1 Personal & Corporate banking franchise in our domestic market

Customer deposits (CHF bn)<sup>2</sup>



Loans (CHF bn)<sup>2</sup>



Combination creates a powerhouse

- ✓ Leading position in an attractive domestic market
- ✓ Accelerating growth plans in the corporate client segment
- ✓ Acquisition of a high-quality and profitable business



# There are unknown unknowns; These are the things we don't know we don't know

SUMMARY ADVICE OF BEST PRACTICES TO KNOW WHATEVER WE NEED TO KNOW:

- **Rigorously assessing risk preferences and behavioural characteristics of individual investors will improve the quality of the advice**
- **Advisors should endeavour to better understand the genetic influence on financial-risk-taking**
- **One technique to raise the emotional heat of risk discussions might be to introduce counterfactual thinking to discussions. This technique is used in psychology, where it means imagining alternative versions of reality (future scenes). On a colloquial level, a counterfactual thought is initiated with phrases like, "what if" or "if only". Showing graphics of counterfactual scenarios from the same periods that shaped the investor's worldview is very helpful. Creating a state of cognitive dissonance can trigger a more rational reassessment of our beliefs. This type of emotionally charged financial education can effectively counteract biases resulting from past experience**





