



# The Economy, SVB and Credit Suisse

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# Mauro Tortone

Mauro is a former investment banker who advises organisations in finance, technology and mobility (select start-ups and larger businesses), and leads the Strategy & Finance Practice of P27. His expertise is in strategic change, financial markets and more. Mauro has over 25 years of experience working on projects for banks such as UBS and Deutsche Bank, smaller financials, fintechs and others across Europe, the US and Asia. His projects include project portfolio management, business valuation, funding options, automated trading, wealthtech and ESG. Mauro is a Chartered Member of the Chartered Institute for Securities and Investment (CISI), where he sat on the Corporate Finance Forum Committee for over ten years. He is a CISI external specialist and mentor, and an alumnus of London Business School (Investment Management Programme) and Henley (MBA).



# The Sustainable Change Partner

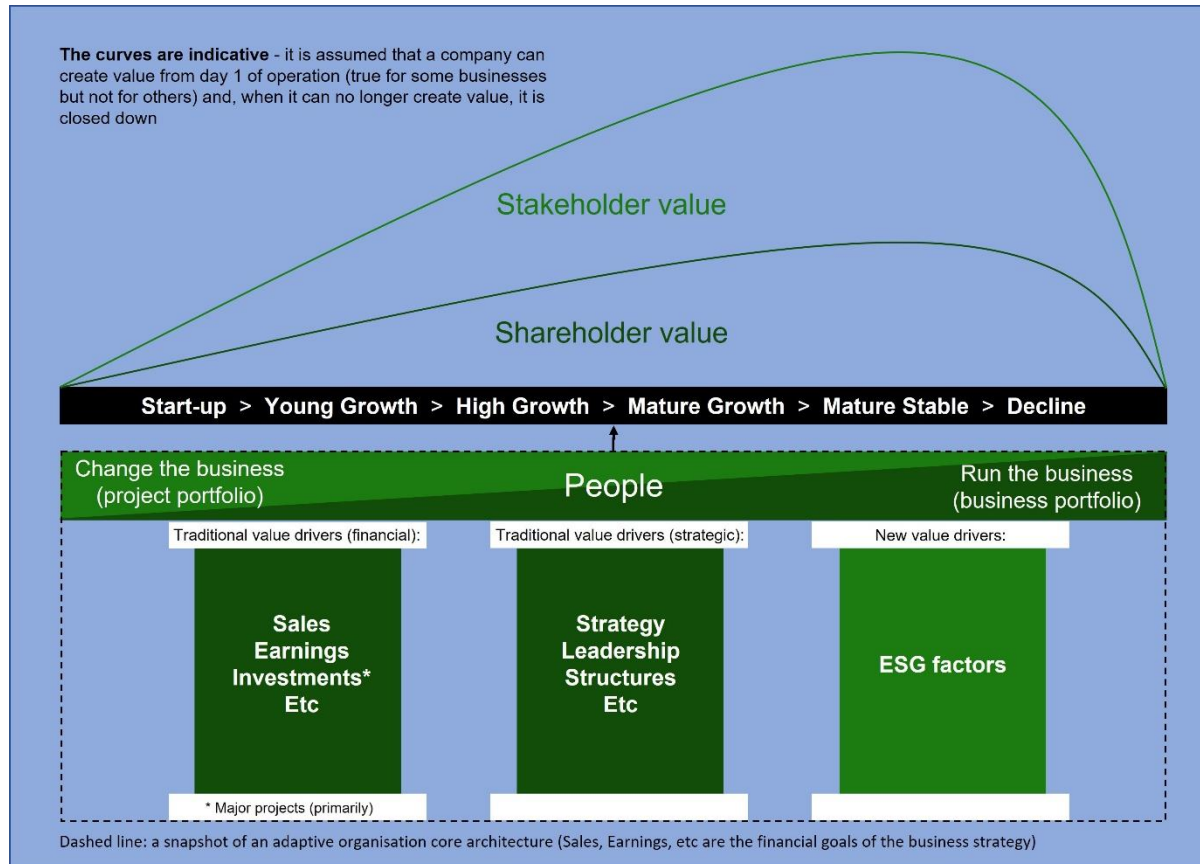


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We are a London-based firm incorporated in 2004 that offers services, such as Expert Advice and Venture Support, and operate the Green Business Marketplace (GBM).

We are a member of the [CDRT](#) – the Coalition for the Decarbonisation of Road Transport established by the Green Finance Institute, supported by HM Treasury.

# Sustainable Change: the three pillars



**To change sustainably, firms must manage:**

1. The traditional financial drivers of value, such as sales, earnings and investments to increase shareholder value over time, rather than short-term profit
2. The traditional strategic drivers of value, such as the strategy (non-financial goals), leadership, and structures to maintain an innovative organisation
3. The new drivers of value – the ESG factors to increase stakeholder value over time\*

\* This model was introduced by Mauro Tortone, director at P27, in the article [Sustainable change: the new model for value creation](#), published in The Review, the journal of the Chartered Institute for Securities & Investment (CISI).

# The World Economy



- The economy is adjusting to the post-Covid, deglobalising, climate-challenged world
- Covid kicked off global inflation, and the Ukraine-Russia crisis accelerated it
- Both Covid and Ukraine also accelerated deglobalisation (regionalisation)
- They also made it much more difficult to deal with global challenges such as climate change
- The central banks' response to inflation (raising interest rates) triggered bank failures
- The bank failures may lead to a credit crisis, but not like in 2007-2008
- A more selective approach to opportunities can still uncover great opportunities

# Silicon Valley Bank



- On 10 March 2023, Silicon Valley Bank (SVB) failed after a bank run
- SVB is the 2nd-largest bank failure in the US history
- Two other US banks failed in March 2023: Silvergate and Signature (all three were crypto-friendly)
- Many of its clients were start-ups and VCs based in the Silicon Valley
- SVB invested many of their deposits in the long-term treasury bonds
- Bonds fell in value when the Fed started to increase interest rates
- SVB was forced to sell bonds at a loss...





# Credit Suisse



- Credit Suisse is a global bank based in Switzerland
- Founded in 1856, it was Switzerland's second-largest bank and one of the 30 globally systemic ones
- Did rather well in the 2007-2008 crisis, but after that it made several strategic errors
- On 19 March 2023, UBS (Switzerland's largest bank) announced that it will acquire Credit Suisse for \$3.25 billion
- The deal was negotiated with the Swiss government to prevent the bank's collapse
- Credit Suisse remains operational, while the deal undergoes due diligence

# Final Thoughts

- The recent failures of SBV and other crypto-friendly banks in the US and Credit Suisse in Europe as well as banking problems in China are refocusing the world on financial markets
- The hope is that this, especially if it gets worse, will at least prompt the West and China to push for negotiations between Russia and Ukraine to start sooner rather than later
- Experience of the 2007 & 2008 financial crisis (triggered by a credit crunch) and what seen in finance since are telling us that markets will get worse before they get better
- When the Ukraine-Russia crisis is resolved (possibly with a “Korea solution”), businesses will have a less uncertain world to understand and opportunity selection will be easier
- In any case, we now live in a increasingly multipolar world where geopolitical factors are as important as economic ones in determining the right business or corporate strategy





# Questions

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