Silicon Valley Bank

House Financial Services Committee Republicans

Background:

- On Thursday, Marth 9th and into Friday, March 10th, Silicon Valley Bank (SVB) experienced a run by its depositors, roughly 90 percent of whom held balances well above the FDIC $250,000 insurance limit.
    - As described by the FDIC and Federal Reserve, Silicon Valley Bank was an "idiosyncratic" bank, with 87 or more percent of its deposit liability base falling above the FDIC $250,000 cap on amounts of deposits covered by federal deposit insurance.
    - These sorts of large deposits can be described as "flighty" and particularly prone to run risk.
- The California regulator closed Silicon Valley Bank on Friday, March 10, and the FDIC was appointed as receiver.
- On March 10, to protect insured depositors, the FDIC created the Deposit Insurance National Bank (DINB) of Santa Clara.
- The FDIC, as receiver, immediately transferred all insured deposits of Silicon Valley Bank to the DINB.
- Over the weekend, highly skilled professionals at the FDIC are combing through Silicon Valley Bank's books to identify assets, liabilities, creditors, and their types.

Regulatory Process:

- Assigning the FDIC receivership is the process for resolving a failed bank and protecting insured depositors.
- In receivership, all insured depositors will have full access to their insured deposits on or before Monday morning, March 13.
- Likely next week, the FDIC will also issue an advanced dividend to depositors with uninsured deposit amounts, the amount of which will depend on what the FDIC estimates will be available from the process of resolving Silicon Valley Bank's failure. Those advanced payments will ease liquidity conditions for uninsured depositors.
- The FDIC will also issue receivership certificates to uninsured depositors for possible additional payments, depending on value remaining in the Silicon Valley Bank's ultimately resolved balance sheet.
- On Monday morning, the main office and all 17 branches of what used to be Silicon Valley Bank will open as the Deposit Insurance National Bank (DINB) of Santa Clara.
- The federal banking regulators continue to closely monitor the situation. In particular, the FDIC has had highly skilled professionals at work since Friday examining the books of what is now DINB of Santa Clara.

Next Steps:

- As more facts come out, there will be opportunities to further explore the numerous factors that led to the collapse of Silicon Valley Bank.
- The House Financial Services Committee is diligently monitoring the situation and the banking environment as the FDIC process continues and remains in regular contact with the FDIC and other federal regulators.
- Speculation on any broader effects from Silicon Valley Bank's failure at this point would be irresponsible and would not be helpful to FDIC's diligent work to resolve the failure.
- It is likely that the FDIC will have more information to make public on or before the opening of DINB of Santa Clara on Monday morning.
- FDIC receivership and resolution of Silicon Valley Bank needs to run its course. The FDIC has a skilled workforce, legal processes, and ability to resolve this unfortunate bank failure quickly and responsibly.