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## Silicon Valley Bank and Signature Bank Failures

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### Silicon Valley Bank (SVB)

SVB failed on Friday, March 10; and on Monday, March 13, the Federal Deposit Insurance Corporation (FDIC) transferred all deposits — both insured and uninsured — and substantially all of SVB’s assets, including all qualified financial contracts, to Silicon Valley Bridge Bank, N.A. (SVBB). On March 14, SVBB confirmed all commitments to advance funds under all existing credit agreements. Loan customers to the former SVB should continue making loan payments to SVBB. According to a [statement released by SVBB](#) on its website, it “fully stepped into the shoes of the former Silicon Valley Bank” and is open for business. Notably, however, [pursuant to the FDIC](#), shareholders and certain holders of unsecured debts are not protected.

### Signature Bank (SB)

On Sunday, March 12, SB failed; and subsequently, the FDIC transferred all deposits — both insured and uninsured — and substantially all assets, including all qualified financial contracts, of the former SB to Signature Bridge Bank, N.A. (SBB). [According to the FDIC](#), depositors and borrowers will continue to have uninterrupted service.

### Sale

Typically, the FDIC has a 90-day window to arrange a sale when it determines a bank may fail. Further, applicable law requires the FDIC to accept the arrangement that is least expensive to the insurance fund. The process involves estimating asset values, assessing the failed bank’s insured deposits, accepting bids, and setting up a

receivership to manage any remaining balance sheet items. Apparently, the FDIC received no realistic offers when it initially looked for buyers. The former SVB and former SB have very focused, albeit different, loan portfolios. While SVB's loan portfolios focus on the startup sector, primarily in the tech industry, SB's loan portfolio consists of loans primarily in the commercial real estate and crypto spaces.

As of Monday, March 20, 2023, for SBB, the [FDIC identified New York Community Bancorp's Flagstar Bank, N.A.](#) , as the buyer of certain assets and substantially all deposits (except \$4 billion of deposits related to the digital banking business), including core bank deposit relationships, wealth management and broker-dealer business; and for SVBB, the [FDIC has extended the bidding window](#) because of "substantial interest from multiple parties" and the need for additional time to explore options to maximize value. The FDIC, in order to "simplify the bidding process," will consider separate bids for SVBB and its subsidiary Silicon Valley Private Bank.

## For More Information

As the situation regarding the collapse of Silicon Valley Bank and Signature Bank constantly evolves, we strive to provide you with regular updates while we continue to monitor and assess the current status of the developments.

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