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by [Tyler Durden](#), [ZeroHedge](#)

For much of the day, anyone doing analysis on the now-liquidated Silicon Valley Bank was confined to using stale financial data as of Dec. 31... we certainly were when analyzing the impact of SVB's contagion (see [here](#)) as excerpted below:

For those who slept through yesterday, here is what you missed and why the US banking system is suffering its worst crisis since 2020. Silicon Valley Bank, aka SIVB, the [18th largest bank in the US](#) with \$212 billion in assets of which \$120 billion are securities (of which most or \$57.7BN are Held to Maturity (HTM) Mortgage Backed Securities and another \$10.5BN are CMO, while \$26BN are Available for Sale, more on that later)...

(Dollars in millions)	December 31,	
	2022	2021
AFS securities, at fair value:		
U.S. Treasury securities	\$ 16,135	\$ 15,850
U.S. agency debentures	101	196
Foreign government debt securities	1,088	61
Residential MBS:		
Agency-issued MBS	6,603	8,589
Agency-issued CMO—fixed rate	678	982
Agency-issued CMBS	1,464	1,543
Total AFS securities	26,069	27,221
HTM securities, at net carry value:		
U.S. agency debentures	486	609
Residential MBS:		
Agency-issued MBS	57,705	64,439
Agency-issued CMO—fixed rate	10,461	10,226
Agency-issued CMO—variable rate	79	100
Agency-issued CMBS	14,471	14,959
Municipal bonds and notes	7,416	7,156
Corporate bonds	703	706
Total HTM securities	91,321	98,195
Non-marketable and other equity securities:		
Non-marketable securities (fair value accounting):		
Consolidated venture capital and private equity fund investments	147	130
Unconsolidated venture capital and private equity fund investments	110	208
Other investments without a readily determinable fair value	183	164
Other equity securities in public companies (fair value accounting)	32	117
Non-marketable securities (equity method accounting):		
Venture capital and private equity fund investments	605	671
Debt funds	\$	\$
Other investments	276	294
Investments in qualified affordable housing projects, net	1,306	954
Total non-marketable and other equity securities	2,664	2,543
Total investment securities	\$ 120,054	\$ 127,959

... funded by over \$173 billion in deposits (of which \$151.5 billion are uninsured), has long been viewed as the bank at the heart of the US startup industry due to its singular focus on venture-capital firms. In many ways it echoes the issues we saw at Silvergate, which banked crypto firms almost exclusively.

The big question, of course, is what happened in the past 24 hours to not only snuff the bank's proposed equity offering,

but to push the bank into insolvency.

So how many deposits were pulled from SIVB in the past 24 hours. Everyone going off the Dec 31 number

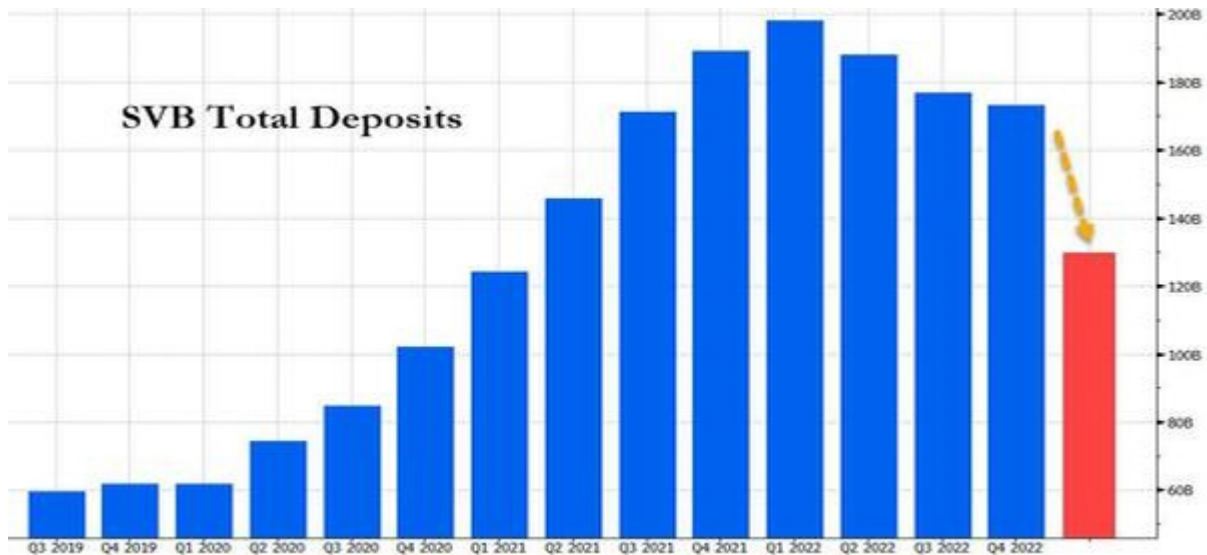
– zero hedge (@zero hedge) [March 10, 2023](#)

We got the answer just a few moments after that tweet, when the [California Department of Financial Protection and Innovation reported](#) that shortly after the Bank announced a loss of approximately \$1.8 billion from a sale of investments and was conducting a capital raise (which we now know failed), and despite the bank being in sound financial condition prior to March 9, 2023, **“investors and depositors reacted by initiating withdrawals of \$42 billion in deposits from the Bank on March 9, 2023, causing a run on the Bank.”**

As a result of this furious drain, as of the close of business on Thursday, March 9, **“the bank had a negative cash balance of approximately \$958 million.”**

At this point, despite attempts from the Bank, with the assistance of regulators, “to transfer collateral from various sources, the Bank did not meet its cash letter with the Federal Reserve. **The precipitous deposit withdrawal has caused the Bank to be incapable of paying its obligations as they come due, and the bank is now insolvent.**”

Some context: as a reminder, SIVB had \$173 billion in deposits as of Dec 31., **which means that in just a few hours a historic bank run drained a quarter of the bank’s funding!**



But not everyone got out in time obviously, **there is a long line of depositors who are over the \$250,000 FDIC insured limit** (in fact only somewhere between 3 and 7% of total deposits are insured). The following list, while incomplete, is approximately sorted by size of exposure:

- **USDC – Crypto Stablecoin run by Circle – Silicon Valley Bank is one of six banking partners Circle uses for managing the ~25% portion of USDC reserves held in cash.** While we await clarity on how the FDIC receivership of SVB will impact its depositors, Circle & USDC continue to operate normally.
- **ROKU – Roku had 26% of its cash, \$487 million with Silicon Valley Bank**
- **BLOCKFI – [BlockFi has \\$227 million in “unprotected” funds in Silicon Valley Bank](#),** according to a bankruptcy document, and may be in violation of U.S. bankruptcy law.
- **RBLX – Roblox said 5% of its \$3b cash and securities balance is held at SVB.**
- **DNA – Gingko Bioworks:** Only the cash balance of the company’s wholly-owned subsidiary Zymergen Inc. is held in deposit accounts at SVB, representing **approximately \$74M or 6% of the company’s cash and cash equivalents** as of December 31, 2022
- **RKLB – RocketLab USA had about \$38 million in its**

accounts with the bank, representing about 7.9% of the startup's cash and equivalents

- **LC – Lending Club warned about potentially losing funds on deposit at SVB of \$21 million**, said amount isn't material to its liquidity position or capital levels, and doesn't pose a risk to the group's business or operations.
- **PAYO – Payoneer**: Of the company's approximately \$6.4B in total cash balances as of December 31, 2022, less than \$20M is held at SVB
- **PTGX – Protagonist Therapeutics** considers its exposure to any liquidity concern at SVB to be limited, given that cash held at SVB is approximately \$13 million as of March 9, 2023.
- **ACHR – Archer Aviation** entered into a \$20 million loan with SVB in 2021, \$10 million of which is due for repayment in 2023
- **COHU – Cohu** announced that it has deposit accounts with SVB with an aggregate balance of approximately \$12.3M, which is approximately 3.8% of the company's total cash and investments.
- **IGMS – IMG Biosciences**: 'As of March 10, 2023, the Company holds less than \$5.0 million in deposits at SVB. Therefore, the Company believes it does not have any material exposure to any liquidity concerns at SVB.'
- **RYTM – Rhythm Pharmaceuticals** announced that it has deposit accounts with SVB with an aggregate balance of approximately \$3.4 million, which is approximately 1.1% of the Company's total cash and cash equivalents.'
- **SYRS – Syros Pharmaceuticals** discloses that, as of March 10, 2023, it has two deposit accounts at Silicon Valley Bank. One of these accounts has a balance of less than \$250,000, and the other has a balance of approximately \$3.1 million pursuant to a letter of credit that the Company was required to provide to its landlord in connection with the execution of the lease for its corporate headquarters...

- EYPT – EyePoint Pharmaceuticals currently maintains a de minimis amount of cash, in the single digit millions of U.S. dollars, with Silicon Valley Bank (SIVB)
- ATRA – Atara Biotherapeutics currently maintains an account at Silicon Valley Bank (“SVB”) holding cash deposits of approximately \$2 million, which amount the Company considers to be immaterial to its liquidity.’
- ISEE – Iveric Bio currently maintains a de minimis amount of cash and cash equivalents, in the low single digit millions of U.S. dollars, with Silicon Valley Bank (“Sve”).’
- VERA – Vera Therapeutics currently holds approximately 1.2% of its cash and investments with SVB. Accordingly, the Company considers its risk exposure relating to SVB to be minimal.
- XF0R – X4 Pharmaceuticals had approximately 2.5% of its cash deposits with SVB.
- CTMX – CytomX Therapeutics does not consider its exposure to any liquidity concern at SVB to be significant. The cash held at SVB in CytomX’s operating CTMX account is at or near the FDIC-insured limit of \$250,000. CytomX also maintains a deposit account at SVB under a standby letter of credit issued pursuant to its office lease for approximately \$917,000.’
- AXSM – Axsome Therapeutics has material cash deposits with SVB.
- WVE – Wave Life Sciences aggregate amount of the company’s cash and restricted cash held at SVB is approximately \$1.5M.
- JNPR – Juniper Networks maintains operating accounts at SVB with a minimal cash balance of less than 1% of the company’s total cash
- QS – QuantumScape has very limited exposure to SVB, with only a low single digit percentage exposure relative to both the Company’s total liquidity and total assets.

And now the 64 trillion dollar question: was the bank run

sparked by the bank's attempted capital raise – which followed a modest \$1.8 billion in losses as the bank sold off its AfS holdings to boost its liquidity – or was it the result of an external influence? What we mean by this is that as reported yesterday, several prominent venture capitalists – such as Peter Thiel – advised their tech startups to withdraw money from Silicon Valley Bank on Thursday. Would the bank run have happened if it wasn't for their urging? Or another question: why would some of the VC luminaries actively encourage a bank run? Yesterday we proposed one possible answer.

Why are VC icons ganging up and Lehmaning SVB? If your business model relied on QE wouldn't you try to trigger the next QE too <https://t.co/7teJl0biji>

– zero hedge (@zero hedge) [March 9, 2023](#)

And while such a course of action by venture capitalists would be understandable, if ethically questionable, what is perhaps more notable is what [Bloomberg reported earlier](#), citing The Infomation: it wasn't just the Peter Thiels of the world:

Prominent venture capitalists [advised their tech startups](#) to withdraw money from Silicon Valley Bank, while mega institutions such as JP Morgan Chase & Co [sought to convince some SVB customers to move their funds](#) Thursday by touting the safety of their assets.

Let us get this straight: the largest US commercial bank was actively soliciting the clients of one of its biggest competitors, and the [16th largest](#) US bank, knowing full well deposit flight would almost certainly lead to the collapse of a bank which courtesy of fractional reserve banking, had only modest cash to satisfy deposit demands: certainly not enough to meet \$42 billion in deposit outflows.

Of course, Jamie, who has suddenly emerged as a key figure in

the Jeff Epstein scandal alongside Jes Staley, knows this, and would be delighted with an outcome that kills two birds with one stone: take his name off the front pages and also make JPMorgan even bigger. Actually three birds: remember it was JPM that started that “Not QE” Fed liquidity injection in Sept 2019 when the bank “suddenly” found itself reserve constrained. We doubt that JPM would mind greatly if Powell ended his rate hikes and eased/launched QE as a result of a bank crisis, a bank crisis that Jamie helped precipitate.

And while we wait to see if Dimon’s participation in the Epstein scandal will now fade from media coverage, and whether Powell will launch QE, we know one thing for sure: JPM was a clear and immediate benefactor of SIVB’s collapse because in a day when everything crashed, JPM stock was one of the handful that were up.



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