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As SVB fallout continues, what are the risks for other banks?

Article

The news: Volatility reigns in the fallout from Silicon Valley Bank's collapse. On Monday, shares in several regional US lenders tanked amid concerns over another bank run similar to the one that toppled SVB. But on Tuesday, stocks rebounded as investor fears cooled following government intervention.

Pressure remains on regional banks: Here are four of the hardest-hit banks and why they could be at risk.

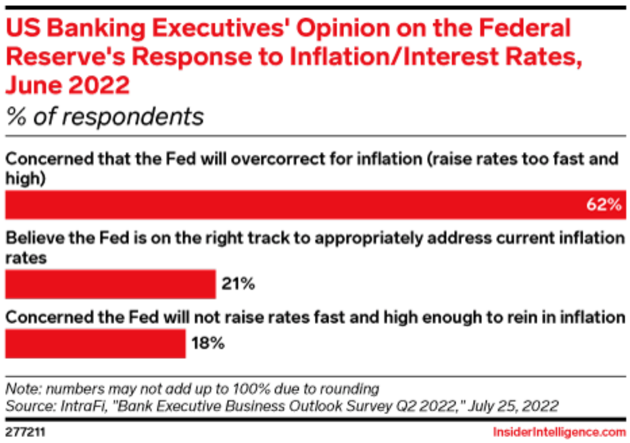
1. **First Republic:** The San Francisco-based bank tried to reassure customers on Sunday by saying it had secured "additional liquidity" from the **Federal Reserve Bank** and **JPMorgan**. But that didn't stop its shares from slumping on Monday, triggering several trading halts. Much of this activity was driven by concerns that First Republic has too high a proportion of uninsured deposits, leaving customers liable to losses.
2. **PacWest:** Shares nosedived on worrying similarities between its position and SVB's. They both catered to small, middle-market, and venture-backed firms; both recently sold securities for a loss to raise cash. Los Angeles-based PacWest was quick to distance itself from SVB, saying it was a "well-performing, well-diversified, full-service commercial bank."
3. **Western Alliance:** The regional lender tried to kill market panic, saying that it had cash reserves of more than $25 billion and had taken "additional steps to strengthen its liquidity position," including increasing borrowing capacity.
4. **Zions Bank:** Much like PacWest, Zions' focus on banking for small and medium-sized firms spooked investors and led to shares tanking. The Utah lender has also rushed to reassure clients it isn't at risk in the same way that SVB was.

Fear and panic could lead to more bank runs: The US government hopes that its intervention will calm markets and restore faith in regional banks. Anxiety over lenders that are perceived to be in a similar position to SVB could lead to more bank runs. The most at-risk banks are midsize regionals that focus on venture-backed startups and have large uninsured deposit bases and a less-diversified clientele.

Big Six US banks are unlikely to be at risk:

- The biggest Wall Street lenders will have some exposure to the uncertainty surrounding regional banks, but they're **well prepared to weather the storm** that's hurting less established lenders.
- Due to regulation introduced after the financial crisis, major banks are **sitting on billions of dollars of capital** and have strong liquidity to shield against incidents like this.
- And they **must pass stress tests** and keep to capital and liquidity requirements .

The Big Six lenders may even benefit from the situation. They've been swamped with applications from customers aiming to move their money out of smaller banks amid fears that SVB contagion could wipe out other regional lenders.



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