

HSBC to take over Silicon Valley Bank's U.K. operations

HSBC (LON:HSBA) has agreed with the Bank of England to buy the U.K. operations of Silicon Valley Bank (NASDAQ:SIVB), whose collapse last week sent shudders through the U.S. financial system.

The Bank had taken control of SVBUK after its U.S. parent fell victim to a run by depositors after reports of heavy losses on its bond portfolio that wiped out a large part of its capital.

"The Bank and (His Majesty's Treasury) can confirm that all depositors' money with SVBUK is safe and secure as a result of this transaction," the Bank said in a joint statement with the Treasury. "SVBUK's business will continue to be operated normally by SVBUK. All services will continue to operate as normal, and customers should not notice any changes."

SVB, with \$212 billion in assets, was the second-biggest bank failure in U.S. history. Over the weekend, the U.S. Treasury, Federal Reserve, and Federal Deposit Insurance Corporation had put together a bailout package that essentially protected all of Silicon Valley Bank's depositors, including those with assets above the federally guaranteed \$250,000 limit.

SVB UK is ringfenced from the U.S. group, and HSBC said the assets and liabilities of the parent company were excluded from the transaction.

The deal brings to an end frantic talks between the government, regulators, and prospective buyers for the UK business over the weekend.

As of March 10, Silicon Valley Bank UK Limited had loans of around 5.5 billion pounds and deposits of around 6.7 billion pounds, HSBC said.

SVB UK's tangible equity is expected to be around 1.4 billion pounds, HSBC said.

The transaction completes immediately, the bank added.

Unlike the United States, Britain has not announced broader liquidity measures for the banking system.

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