

The Broxus Times

Edition n° 3

Friday, March 17, 2023

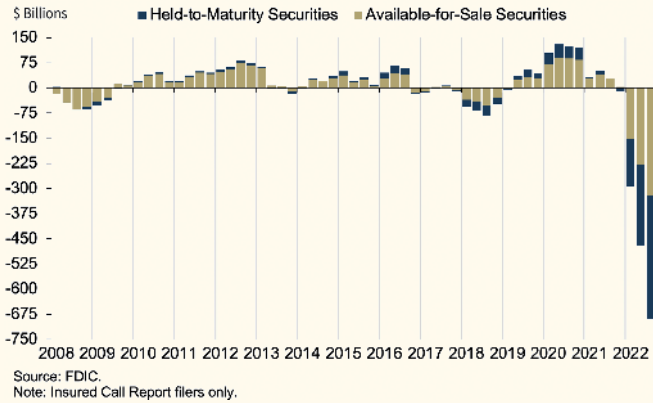
EVER \$0.092 ▲ 2.2%

BRIDGE \$1.25 ▲ 5.9%

QUBE \$2.06 ▲ 1.5%

BTC \$26,144 ▲ 31.5%

Unrealized Gains (Losses) on Investment Securities



Bankicide In America

Nearly a year after the fastest Fed rate hike in history, the U.S. banking system cracked late last week. On Friday, March 10th, Silicon Valley Bank (SVB) collapsed and was taken over by the FDIC, becoming the second-largest bank to fail in history with total assets of nearly \$210 billion. A deeper examination of the bank's financial statements revealed a fatal error: it had been heavily overweighted with long-dated bonds over the past year without hedging for the risk of interest-rate hikes. As rates rose, the value of the bond portfolio fell, creating a liquidity crunch where the bank was unable to accommodate clients looking to withdraw their funds. *Continued on page 4 →*

Rust Cup Warm-Up Rewards (Option B) Fully Paid

In accordance with the original Rust Cup terms, the Payout Team has distributed over 1mn EVERS of warm-up rewards (option B). The recipients of these rewards decided to receive their total warm-up rewards simultaneously with the accrual of their locked stakes prizes.

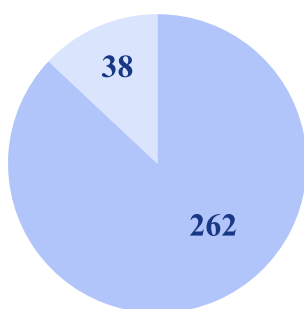
Those who have chosen Option A instead will continue receiving rewards according to the vesting schedule. The only exception is vesting stakes in terminated MLudi depools - the remainder of these will be converted into Option B payouts and released shortly.

Rust Cup Payouts Update

The Rust Cup Payout Team has been busy over the last week. They have verified an additional 28 winners and 65 more participants who have fulfilled all the

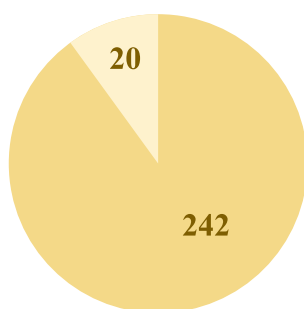
conditions for distribution. Moreover, the first 25 winners have received their locked stakes prizes and started validation.

Wallets verified



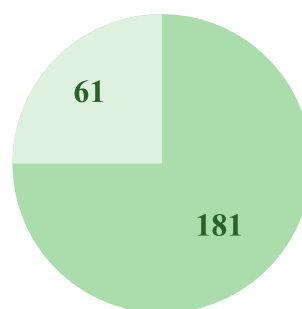
■ Verified
■ Not verified

Confirmed by depools



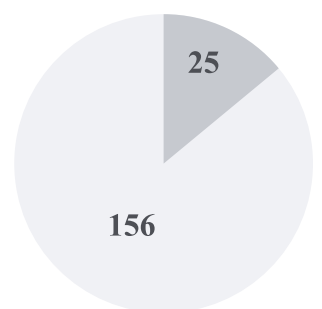
■ Confirmed
■ Not confirmed

Ready for distribution



■ Ready
■ Not ready

Distributed prize locks



■ Distributed
■ Not distributed

Broxus Internship: Time's Running Out

Don't miss the opportunity to apply for an internship at Broxus!

Simply send an email via Qamon to hr.broxus.ever from an address that holds any Broxie NFT with your ideas on how you would improve the company.

The deadline for applications is *March 31st*.

AMA Time: NFT Culture - Still Alive Or Kind Of Dead?

On Friday at 4 p.m. UTC, Broxus will host an AMA session dedicated to the present and future of NFT technology and culture with invited guests Nikita Inshakov and Vyacheslav Semenchuk. The AMA will take place on Broxus' Twitter Space. Be sure to mark it on your calendar!

Quick Toggling Between Accounts Is Now Possible In EVER Wallet Extension

One of the best features of EVER Wallet is its ability to manage an almost unlimited number of seed phrases, keys, and accounts. However, until now, this feature came at the cost of complex navigation. But fear not: the EVER Wallet Chrome extension now allows for quick searches and fast switching between accounts, which drastically reduces the time required to make a transaction.

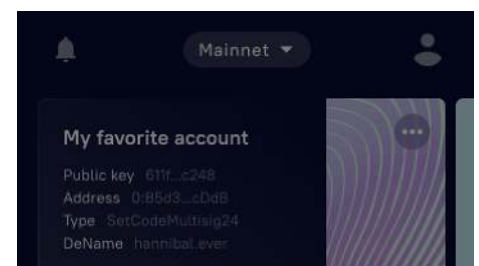
We have also made some UI tweaks here and there and would be thrilled to hear your opinion on them in the EVER Wallet Telegram chat.

DEV DIGEST

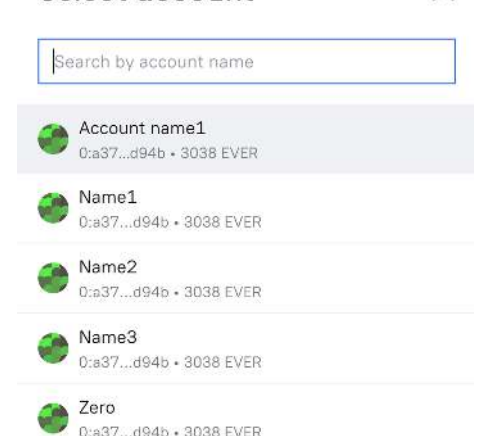
- Iteration 3 scope for IntelliJ T-Sol plugin was finalized based on developer and community feature requests
- StEVER dashboard has entered into development stage and will use new Broxus UI kit
- EVER Wallet extension v. 0.3.22 with improved accounts management was released
- FlatQube contracts gas optimisation is expected to finish this week

NON-DEV DIGEST

- Revised designs of limited orders page for FlatQube
- Revised backlog process for EVER Wallet
- Interview with one of the Broxie creators
- Guidance on redeem of remaining rewards from FlatQube v4
- Broxus Twitter has got a blue checkmark
- Update of Broxus website
- Purchased domain for stEVER dashboard
- Contracted supplier for Broxus dashboard
- Scope for the next T-Sol plugin version



Select account



Did you know?

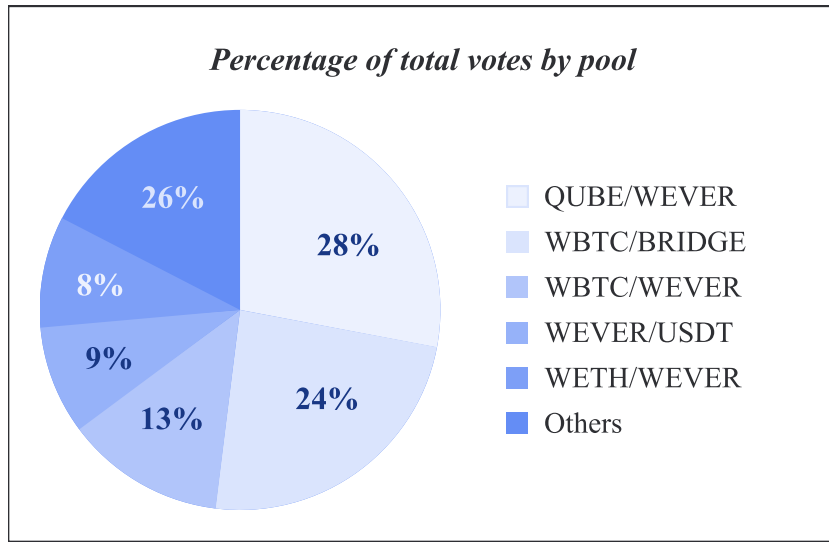
In Multisig2, the pending transactions limit applies to each custodian separately, i.e. every custodian can initiate up to 5 simultaneous transactions.

Epoch 11 On FlatQube

Recently, *Epoch 11* ended on *FlatQube DAO*, and farming rewards for the next Epoch were determined. The voting was held using veQUBE, the FlatQube asset designed for DAO votes, which users can get by locking in *QUBE*, FlatQube's utility token.

Total votes, veQUBE: 82,331

Total rewards, QUBE: 42,350



Pools will get the same percentage of the total reward as they get of the total vote.

Shashev Speaks On The Future Of Finance

Sergey Shashev *published an article in Entrepreneur*, an American media outlet focused on covering business news and trends. Entrepreneur has a global audience of more than 20 million monthly unique visitors. As a regular contributor for Entrepreneur, Sergey Shashev covers the most pressing issues concerning CBDCs, stablecoins and private chains.

In his latest article, he delves into why central bank digital currencies are inevitable and how they are going to improve the existing, outdated financial systems.

Everscale x MarsDAO Partner Staking Has Been Launched

Stake MDAO tokens and get a reward in WEVER without additional lockup periods! Partner staking will last 30 days.

Broxie Utility List

Get the most out of your Broxie!

— Qamon email: Broxie owners are the first to know about special offers, product betas, or even early bird access to some products.

— SpartaCats: Any Broxie NFT + Sparta NFT gives you 1 boost for free per fight in the game!

— Pokerton: Free private tournaments only for Broxie holders.

— Everplay: Periodic X2 reward boosts on the platform. Free private tournaments only for Broxie holders.

— TokStock: Personal avatars on Tokstock. Soon - lower fees on the marketplace.

— Broxus Internship: Unique opportunity to apply for Broxus internship only for Broxie holders.

— Everpoint VIP pass: Having a Broxie NFT on your account is one of the conditions to get access to the VIP section at Everpoint.



Bankicide In America

→ Continued from page 1

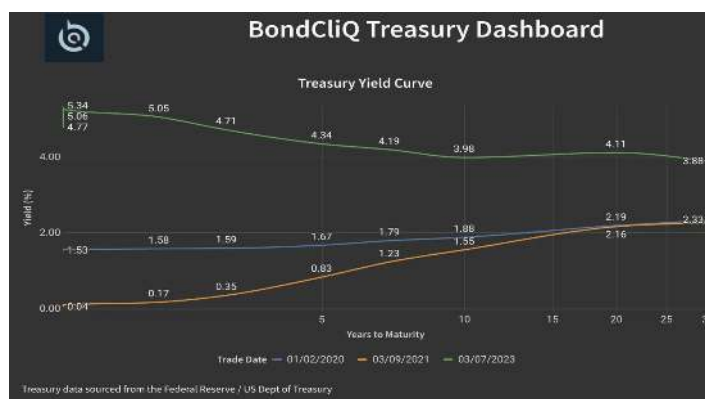
The same problem exists with all U.S. banks, and the market knows it: stock prices have been falling across the board. The Fed knows just as much, which is why a new liquidity program was launched, to buy back bonds at par.

SVB was aggressively building its deposit base, from \$60 billion in 2020 to \$190 billion in 2022, aided by a boom in venture capital financing. As rates rose, the number of depositors among Silicon Valley venture capitalists shrank, forcing the bank to incur significant bond losses when depositors demanded their money back. An attempt to raise capital through a stock issuance failed, raising fears of the bank's collapse and leading many prominent venture capitalists to call for withdrawal.

SVB's genuinely unique feature was its deposit profile, not its investment profile. Because SVB was not a retail bank, but rather a corporate bank focused on serving the startup and venture capital community, it had a unique deposit profile where the vast majority of its deposit accounts were corporate in nature and far in excess of FDIC-insured limits. When it became known that SVB was raising equity capital to offset losses to its held-to-maturity portfolio, the small community of venture capitalists and startups in Silicon Valley using the bank rushed en masse to withdraw money. An incredible \$42B worth of deposits have flowed out of SVB in two days, amounting to roughly 25% of the bank's total deposits.

What else could cause depositors to take money out of banks, besides a crisis of confidence? The high costs that result from high inflation is another cause. Coupled with the inability of banks to attract credit and we get one of the initial hallmarks of a hyperinflation crisis, namely a lack of money, or, in the general case, liquidity. On top of that, we have the inversion of the yield curve, which merely demonstrates the flight of institutions from bonds. Bonds become less liquid, even unprofitable, as the SVB situation has shown, and coupon yields cannot compensate for losses as inflation remains at record highs.

Analysts have been paying attention to the correlation of the M2 monetary aggregate and Bitcoin prices for a long time.



Something is spilling over into the crypto market, not to mention into the stock markets, precious metals and real estate, so Bitcoin could be called a valve. A less sensitive valve than crypto is venture capital investment, which started to surge around the beginning of QE, after the global financial crisis of 2008. Now, we may be seeing the consequences of pumping the financial system with free money.

SVB management based its activity on its prediction that the Central Bank would not raise the rate until 2024, as it had signaled. However, the Fed raised the rate earlier, leaving SVB in a vulnerable position. Interestingly, other medium-size US banks are experiencing deposit outflows as well, while giants, like JPMorgan, are taking in huge amounts of deposits. The public hopes that they will be bailed out anyway, ignoring the real size of the problem.

The situation in some ways replicates the 2008-2009 crisis: rating agency and auditor KPMG gave Silicon Valley Bank a "clean" audit report 14 days before its collapse. Likewise, Signature Bank's accounting was approved 11 days earlier — but we'll come back to Signature Bank in a bit. In an interesting parallel, Bear Sterns Bank went bust the same weekend in 2008 as SVB did 15 years later.

Among the repercussions of the SVB collapse is that the designation of systemically important financial institutions was expanded to include SVB. The Federal Deposit Insurance Corporation announced that it would create a special bank and that all depositors would be made whole, establishing a precedent in American financial history. If compared to the Great Depression, when the FDIC was created, then a total of 9,000 banks collapsed, taking \$7 billion of depositors' assets with them. There was no such thing as deposit insurance in the 1930s, it was born out of Roosevelt's New Deal reform.