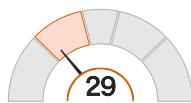


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First Republic secures \$30 billion rescue from large banks

Credit Suisse still has a fight on its hands despite \$54 billion lifeline

Unlike last year, this tax season has been going smoothly

First Republic secures \$30 billion rescue from large banks

By [Matt Egan](#), [Allison Morrow](#) and [David Goldman](#), CNN

Updated 5:30 PM EDT, Thu March 16, 2023



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New York (CNN)

First Republic Bank facing a crisis of confidence from investors and



AudioLive TV

“This show of support by a group of large banks is most welcome, and demonstrates the resilience of the banking system,” the Treasury Department said in a statement Thursday.

The major banks include JPMorgan Chase, Bank of America, Wells Fargo, Citigroup and Truist.

The \$30 billion infusion will give the struggling San Francisco lender much-needed cash to meet customer withdrawals and buttress confidence in the US banking system during a tumultuous moment for lenders.

A First Republic spokesman declined to comment.

In a statement, the banks said their action “reflects their confidence in First Republic and in banks of all sizes,” adding that “regional, midsize and small banks are critical to the health and functioning of our financial system.”

Markets volatile over liquidity woes

First Republic’s shares, which were halted several times for volatility Thursday, ended the day up more than 10%.

The bank’s problems underscored continued worries about the banking system in the aftermath of the collapse of Silicon Valley Bank and Signature Bank.

Both Fitch Ratings and S&P Global Ratings downgraded First Republic Bank's credit rating on Wednesday over concerns that depositors could pull their cash.

Many regional banks, including First Republic, have large amounts of uninsured deposits above the \$250,000 FDIC limit. Although not close to SVB's massive percentage of uninsured deposits (94% of its total), First Republic has a sizable 68% of total deposits that are uninsured, according to S&P Global.

That led many customers to exit the bank and put their money elsewhere, creating a problem for First Republic: It has to borrow money or sell assets to pay customers their deposits in cash.

To make money, banks use a portion of customers' deposits to give out loans to other customers. But First Republic has an unusually large 111% liability-to-deposit ratio, S&P Global says. That means the bank has lent out more money than it has in deposits from customers, making it a particularly risky bet for investors.

Silicon Valley Bank had one of the highest rates of uninsured deposits

SVB's percentage of both uninsured deposits and deposits that were loaned out is much higher than it is for other top banks. The latter made it more difficult for the bank to get access to cash when customers started pulling out their money.

| | Uninsured deposits | Deposits that are loans or held-to-maturity securities |
|---------------------------------|--------------------|--|
| Bank of New York Mellon | 97% | 31% |
| Silicon Valley Bank | 94% | 94% |
| State Street Bank and Trust Co. | 91% | 40% |
| Signature Bank | 90% | 93% |
| Northern Trust Co. | 83% | 55% |
| Citibank NA | 77% | 65% |
| CIBA Bank USA | 73% | 87% |
| HSBC Bank USA NA | 73% | 47% |
| City National Bank | 70% | 94% |
| First Republic Bank | 68% | 111% |
| East West Bank | 66% | 91% |
| Comerica Bank | 63% | 73% |
| BMO Harris Bank NA | 62% | 73% |
| Western Alliance Bank | 58% | 102% |
| Huntington National Bank | 56% | 91% |

Note: Data as of March 13.

Yellen organizes a quiet meeting

Treasury Secretary Janet Yellen on Thursday met privately in Washington with JPMorgan CEO Jamie Dimon before 11 banks agreed to deposit \$30 billion in First Republic Bank to stabilize the teetering lender, according to two people familiar with the matter.

The meeting served as a culmination of what had been a series of conversations over the last two days between Yellen and other US officials and leaders from some of the country's largest banks as they sought a private sector lifeline for the battered California bank.

Yellen had driven the effort from the government side, while Dimon led the effort to organize the bank executives that would eventually get behind the dramatic infusion of deposits.

Yellen first conceived of the idea of the largest US banks coming together to direct deposits toward First Republic, according to a separate source familiar with the matter. The move was seen as critical to stabilizing the bank's deposit base – but also a critical signal to financial markets about both the bank and the US financial system.

The Federal Reserve created a loan system designed to prevent regional banks from failing after SVB collapsed. The facility will allow banks to give the Fed their Treasury bonds as collateral for one-year loans. In return, the Fed will give banks the value that the banks paid for the Treasuries, which have plunged in the past year as the Fed has hiked interest rates.

That extraordinary federal intervention appears to have been insufficient to keep investors satisfied.

First Republic on Sunday announced a deal with JPMorgan to gain fast access to cash if needed, and the bank then said it had \$70 billion in unused assets that it could quickly use to pay customers' withdrawals if needed.

– CNN's Phil Mattingly contributed to this report

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