

First Citizens Bank to acquire Silicon Valley Bank, FDIC says

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The Silicon Valley Bank logo is seen at an open branch in Pasadena, Calif., on March 13. DAMIAN DOVARGANES/ASSOCIATED PRESS

NEW YORK (AP) — North Carolina-based First Citizens will buy Silicon Valley Bank, the tech industry-focused financial institution that collapsed earlier this month, rattling the banking industry and sending shockwaves around the world.

The sale involves the sale of all deposits and loans of SVB to First-Citizens Bank and Trust Co., the FDIC said in a statement late Sunday. Customers of SVB automatically will become customers of First Citizens, which is headquartered in Raleigh. The 17 former branches of SVB will open as First Citizens branches Monday.

The collapse of Silicon Valley Bank on March 10 prompted the FDIC and other regulators to act to protect depositors to prevent wider financial turmoil.

The bank, based in Santa Clara, California, failed after depositors rushed to withdraw money amid fears about the bank's health. It was the second-largest bank collapse in U.S. history after the 2008 failure of Washington Mutual.

On March 12, New York-based Signature Bank was seized by regulators in the third-largest bank failure in the U.S.

In both cases, the government agreed to cover deposits, even those that exceeded the federally insured limit of \$250,000, so depositors at Silicon Valley Bank and Signature Bank were able to access their money.

Mid-sized San Francisco-based First Republic Bank, which serves a similar clientele as Silicon Valley Bank and appeared to be facing a similar crisis, was in turn battered by investors worried that it, too, might collapse. That led 11 of the biggest banks in the country to announced a \$30 billion rescue package.

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The acquisition of SVB by First Citizens gives the FDIC shares in the latter worth \$500 million. Both the FDIC and First Citizens will share in losses and the potential recovery on loans included in a loss-share agreement, the FDIC said.

First Citizens Bank was founded in 1898 and says it has more than \$100 billion in total assets, with more than 500 branches in 21 states as well as a nationwide bank. It reported net profit of \$243 million in the last quarter.

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