

# FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

## FORM 8-K

### CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 24, 2023



FIRST REPUBLIC BANK

(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction  
of incorporation)

**80-0513856**  
(I.R.S. Employer  
Identification No.)

**111 Pine Street, 2nd Floor  
San Francisco, CA 94111**

(Address, including zip code, of principal executive office)

**Registrant's telephone number, including area code: (415) 392-1400**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

#### Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	FRC	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 5.125% Noncumulative Perpetual Series H Preferred Stock	FRC-PrH	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 5.50% Noncumulative Perpetual Series I Preferred Stock	FRC-PrI	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 4.70% Noncumulative Perpetual Series J Preferred Stock	FRC-PrJ	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 4.125% Noncumulative Perpetual Series K Preferred Stock	FRC-PrK	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 4.250% Noncumulative Perpetual Series L Preferred Stock	FRC-PrL	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 4.000% Noncumulative Perpetual Series M Preferred Stock	FRC-PrM	New York Stock Exchange
Depository Shares, Each Representing a 1/40th Interest in a Share of 4.500% Noncumulative Perpetual Series N Preferred Stock	FRC-PrN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 2.02 Results of Operations and Financial Condition**

Attached as Exhibit 99.1 and incorporated into this item by reference is a press release issued by First Republic Bank (the “Bank”) on April 24, 2023, regarding its financial results for the quarter ended March 31, 2023. The information furnished by the Bank pursuant to this item shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

## **Item 9.01 Financial Statements and Exhibits**

### **(d) Exhibits**

- 99.1 Press Release issued by the Bank, dated April 24, 2023, with respect to the Bank’s financial results for the quarter ended March 31, 2023.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 24, 2023

First Republic Bank

By: /s/ Neal Holland

Name: Neal Holland

Title: Executive Vice President,  
Chief Financial Officer

**PRESS RELEASE**

FOR IMMEDIATE RELEASE

**FIRST REPUBLIC BANK**

It's a privilege to serve you®

**FIRST REPUBLIC REPORTS FIRST QUARTER 2023 RESULTS**

**SAN FRANCISCO, April 24, 2023** – First Republic Bank (NYSE: FRC) today announced financial results for the quarter ended March 31, 2023.

Jim Herbert, Founder and Executive Chairman, and Mike Roffler, CEO and President of First Republic said, “With the stabilization of our deposit base and the strength of our credit quality and capital position, we continue to take steps to strengthen our business. We remain fully committed to serving our communities, and we are grateful for the ongoing support of our clients and colleagues.”

Financial Results

- Year-over-year:
  - Revenues were \$1.2 billion, down 13.4%.
  - Net interest income was \$923 million, down 19.4%. <sup>(1)</sup>
  - Net income was \$269 million, down 32.9%.
  - Diluted earnings per share of \$1.23, down 38.5%.
  - Book value per share was \$76.97, up 10.4%.
- Net interest margin was 1.77%, compared to 2.45% for the prior quarter. <sup>(1)</sup>
- Efficiency ratio was 70.4%, compared to 63.9% for the prior quarter.

Capital Position and Credit Quality

- Tier 1 leverage ratio was 8.25%.
- Common Equity Tier 1 ratio was 9.32%.
- Nonperforming assets were 0.06% of total assets.
- Net recoveries were \$0.2 million.

Wealth Management

- Year-over-year:
  - Wealth management assets were \$289.5 billion, up 5.6%.
  - Wealth management revenues were \$223 million, up 0.7%.

Balance Sheet

- Year-over-year:
  - Loans totaled \$173.3 billion, up 22.6%.
  - Deposits were \$104.5 billion, down 35.5%. <sup>(2)</sup>
  - Borrowings were \$106.7 billion, up \$101.2 billion.

<sup>(1)</sup> Following the recent industry developments, net interest income and net interest margin were, and continue to be, materially impacted due to the unprecedented loss of deposits resulting in higher funding costs.

<sup>(2)</sup> Deposits were down 40.8% from December 31, 2022. Deposits at March 31, 2023 included \$30 billion of time deposits received from the large U.S. banks.

Neal Holland, Chief Financial Officer of First Republic said, “With the closure of several banks in March, we experienced unprecedented deposit outflows. We moved swiftly and leveraged our high-quality loan and securities portfolios to secure additional liquidity. We are working to restructure our balance sheet and reduce our expenses and short-term borrowings.”

<b>Selected Financial Data and Ratios</b>	<b>As of or for the Quarter Ended March 31, 2023</b>	<b>As of or for the Quarter Ended December 31, 2022</b>	<b>As of or for the Quarter Ended March 31, 2022</b>
(\$ in millions, except per share amounts)			
<b>Financial Results</b>			
Revenues .....	\$ 1,209	\$ 1,437	\$ 1,396
Net interest income .....	\$ 923	\$ 1,174	\$ 1,145
Net income .....	\$ 269	\$ 386	\$ 401
Diluted earnings per share .....	\$ 1.23	\$ 1.88	\$ 2.00
Book value per share .....	\$ 76.97	\$ 75.38	\$ 69.70
Net interest margin .....	1.77 %	2.45 %	2.68 %
Efficiency ratio <sup>(1)</sup> .....	70.4 %	63.9 %	62.0 %
<b>Capital Position and Credit Quality</b>			
Tier 1 leverage ratio .....	8.25 %	8.51 %	8.70 %
Common Equity Tier 1 ratio .....	9.32 %	9.17 %	9.48 %
Nonperforming assets to total assets .....	0.06 %	0.05 %	0.08 %
Net loan charge-offs (recoveries) .....	\$ (0.2)	\$ 0.9	\$ (0.3)
<b>Wealth Management</b>			
Total wealth management assets .....	\$ 289,464	\$ 271,244	\$ 274,195
Total wealth management revenues .....	\$ 223	\$ 210	\$ 221
<b>Balance Sheet</b>			
Total loans .....	\$ 173,311	\$ 166,868	\$ 141,313
Total deposits <sup>(2)</sup> .....	\$ 104,474	\$ 176,437	\$ 162,060
Short-term borrowings .....	\$ 80,365	\$ 6,700	\$ —
Long-term borrowings .....	\$ 26,304	\$ 8,579	\$ 5,478

<sup>(1)</sup> Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

<sup>(2)</sup> As of March 31, 2023, included \$30 billion of time deposits received from the large U.S. banks.

## Recent Industry Events

The recent industry events, beginning in March 2023, have impacted the Bank's funding sources.

As of March 9, 2023, total deposits were \$173.5 billion, down 1.7% from year-end 2022. On March 10, 2023, following the highly public closure of a large regional bank, First Republic began experiencing unprecedented deposit outflows.

On March 16, 2023, First Republic received uninsured deposits totaling \$30 billion from a group of America's largest banks. This support for First Republic allowed the Bank to reduce its short-term borrowings. At that time, daily deposit outflows had slowed considerably.

Deposit activity began to stabilize beginning the week of March 27, 2023, and has remained stable through Friday, April 21, 2023. Total deposits were \$102.7 billion as of April 21, 2023, down only 1.7% from March 31, 2023, primarily reflecting seasonal client tax payments that occur each April.

In response to the unprecedented deposit outflows, the Bank enhanced its financial position through access to additional liquidity from the Federal Reserve Bank, the Federal Home Loan Bank and JP Morgan Chase & Co. Total borrowings peaked on March 15, 2023, at \$138.1 billion. At that time, the Bank had \$34.0 billion of cash on its balance sheet. Total borrowings totaled \$104.0 billion, and cash and cash equivalents totaled \$10.0 billion as of April 21, 2023. This includes \$25.5 billion of long-term advances with the Federal Home Loan Bank, compared to \$7.3 billion as of December 31, 2022.

As a result of the recent events, the Bank is taking actions to strengthen its business and restructure its balance sheet. These actions include efforts to increase insured deposits, reduce borrowings from the Federal Reserve Bank, and decrease loan balances to correspond with the reduced reliance on uninsured deposits. Through these actions, the Bank intends to reduce the size of its balance sheet, reduce its reliance on short-term borrowings, and address the challenges it continues to face. Refer to the Forward-Looking Statements below.

The Bank is also taking steps to reduce expenses, including significant reductions to executive officer compensation, condensing corporate office space, and reducing non-essential projects and activities. The Bank also expects to reduce its workforce by approximately 20-25% in the second quarter.

In addition to these actions, the Bank is pursuing strategic options to expedite its progress while reinforcing its capital position.

## Suspension of Dividends on Common Stock and Noncumulative Preferred Stock

In response to recent events, as announced on March 16, 2023, the Bank's Board of Directors determined to suspend its common stock dividend. In addition, on April 6, 2023, the Bank's Board of Directors determined to suspend payment of the quarterly cash dividend on each series of the Bank's outstanding noncumulative perpetual preferred stock.

## Asset Quality

Nonperforming assets were 6 basis points of total assets at March 31, 2023.

The provision for credit losses for the quarter was \$16 million. The Bank had net loan recoveries of \$0.2 million for the quarter.

## Book Value

Book value per common share at March 31, 2023 was \$76.97, up 2.1% from the prior quarter.

## Capital Position

The Bank's Tier 1 leverage ratio was 8.25% at March 31, 2023, compared to 8.51% in the prior quarter. The Common Equity Tier 1 ratio was 9.32% at March 31, 2023, compared to 9.17% in the prior quarter.

In February 2023, the Bank sold 2,875,000 new shares of common stock in an underwritten public offering, which added \$397 million to common equity.

## Balance Sheet

### Loans

Loans totaled \$173.3 billion at March 31, 2023, up 3.9% compared to the prior quarter. The increase was primarily due to increases in single family and multifamily loans, as well as higher capital call lines of credit outstanding due to increased utilization in March.

### Investments

Total investment securities at March 31, 2023 were \$34.8 billion, a 9.8% increase compared to the prior quarter. High-quality liquid assets, including eligible cash and unencumbered investment securities, totaled \$14.4 billion at March 31, 2023, and represented 6.6% of quarterly average total assets.

### Deposits

Total deposits declined \$72.0 billion during the quarter, to \$104.5 billion at March 31, 2023 reflecting outflows toward the middle of March 2023. At March 31, 2023, excluding the \$30 billion of deposits made by the large U.S. banks, total deposits consisted of 58.4% in checking deposits, 15.0% in other liquid deposits, and 26.6% in CDs. At March 31, 2023, excluding the \$30 billion of deposits made by the large U.S. banks, our estimated uninsured deposits totaled \$19.8 billion, or 27% of total deposits. Insured deposits declined moderately during the quarter and have remained stable from March 31 through April 21. Refer to the Deposits table for additional details regarding our deposits.

### Funding

Other sources of funding at March 31, 2023 included secured short-term borrowings from the Federal Reserve, securities sold under agreements to repurchase, and short-term and long-term FHLB advances, which totaled \$105.9 billion.

Our unused, available borrowing capacity at the Federal Reserve Bank discount window and FHLB at March 31, 2023 was \$12.4 billion and \$1.7 billion, respectively. This available borrowing capacity is supported by pledged loans and investment securities. In addition, at March 31, 2023, cash and cash equivalents totaled \$13.2 billion.

As of April 21, 2023, the Bank had \$45.1 billion of cash and cash equivalents and unused available borrowing capacity, representing more than two times our estimated uninsured deposits, excluding the \$30 billion of deposits made by the large U.S. banks.

## **Wealth Management**

Total wealth management assets were \$289.5 billion at March 31, 2023, up 6.7% compared to the prior quarter and included investment management assets of \$118.9 billion, brokerage assets and money market mutual funds of \$149.7 billion, and trust and custody assets of \$20.9 billion.

Wealth management fees, which consist of investment management, brokerage and investment, insurance, trust and foreign exchange fee income, totaled \$223 million for the quarter, up 6.7% compared to the prior quarter. Such revenues represented 18.5% of the Bank's total revenues.

Following the recent industry events and as of April 21, 2023, wealth management assets from teams that have departed First Republic were responsible for less than 20% of total wealth management assets as of March 31, 2023. As of April 21, 2023, First Republic has retained nearly 90% of its total wealth professionals and anticipates retaining a portion of the wealth management assets associated with departing teams.

## **Income Statement and Key Ratios**

### Revenue

Total revenues were \$1.2 billion for the quarter, down 15.9% compared to the prior quarter. The decrease was due to a decrease in net interest income, partially offset by an increase in noninterest income. Following the recent industry developments, net interest income and net interest margin were, and continue to be, materially impacted due to the unprecedented loss of deposits resulting in higher funding costs.

### Net Interest Income

Net interest income was \$923 million for the quarter, down 21.4% compared to the prior quarter. The decrease in net interest income was primarily due to substantially higher funding costs, which was partially offset by CD withdrawal penalties that reduced interest expense on deposits by approximately \$57 million.

### Net Interest Margin

The net interest margin decreased to 1.77% for the quarter, from 2.45% in the prior quarter. The decrease was primarily due to higher short-term borrowings, which was partially offset by the impact of CD withdrawal penalties that increased the net interest margin by 11 basis points.



### Noninterest Income

Noninterest income was \$286 million for the quarter, up 8.7% compared to the prior quarter. The increase was primarily driven by higher investment management fees.

### Noninterest Expense and Efficiency Ratio

Noninterest expense was \$852 million for the quarter, down 7.4% compared to the prior quarter. The decrease was primarily due to a reversal of previously recognized share-based compensation expense related to performance-based stock awards of \$107 million. The decrease was partially offset by higher FDIC assessment expense of \$27 million and goodwill impairment of \$25 million. The impaired goodwill consisted of all of the Commercial Banking operating segment's goodwill. The Commercial Banking operating segment is one of the Bank's two reportable operating segments as identified in the Bank's Annual Report on Form 10-K for the year ended December 31, 2022.

The efficiency ratio was 70.4% for the quarter, compared to 63.9% for the prior quarter.

### Income Taxes

The Bank's effective tax rate for the first quarter of 2023 was 21.2%, compared to 20.9% for the prior quarter.

### **Conference Call Details**

First Republic Bank's first quarter 2023 earnings conference call is scheduled for April 24, 2023 at 1:30 p.m. PT / 4:30 p.m. ET.

To access the conference call by telephone, please dial (877) 400-0505 and provide confirmation code 3782547 approximately 15 minutes prior to the start time (to allow time for registration).

International callers should dial +1 (856) 344-9221 and provide the same confirmation code.

To access the conference call online, please visit the Investor Relations section of First Republic's website at [ir.firstrepublic.com/events-calendar](https://ir.firstrepublic.com/events-calendar) approximately 15 minutes prior to the start time (to allow time to register, download and install any necessary audio software).

For those unable to join on April 24, 2023, a replay will be available following, accessible in the Investor Relations section of First Republic Bank's website at [ir.firstrepublic.com/events-calendar](https://ir.firstrepublic.com/events-calendar).

The Bank's press releases are available after release in the Newsroom and Investor Relations section of First Republic Bank's website at [firstrepublic.com](https://firstrepublic.com).

## About First Republic Bank

Founded in 1985, First Republic specializes in delivering exceptional, relationship-based service. First Republic provides a complete line of banking products, including residential, commercial and personal loans, deposit services, as well as private wealth management, including investment, brokerage, insurance, trust and foreign exchange services. Services are offered through preferred banking or wealth management offices primarily in San Francisco, Palo Alto, Los Angeles, Santa Barbara, Newport Beach and San Diego, California; Portland, Oregon; Boston, Massachusetts; Palm Beach, Florida; Greenwich, Connecticut; New York, New York; Jackson, Wyoming; and Bellevue, Washington. First Republic is a constituent of the S&P 500 Index and KBW Nasdaq Bank Index. For more information, visit [firstrepublic.com](http://firstrepublic.com).

## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this press release that are not historical facts are hereby identified as “forward-looking statements” for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements about our expectations, beliefs, projections, future plans and strategies, objectives, assumptions or anticipated events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “anticipates,” “believes,” “can,” “could,” “may,” “predicts,” “potential,” “should,” “will,” “estimates,” “plans,” “projects,” “continuing,” “ongoing,” “expects,” “intends” and similar words or phrases.

Examples of forward-looking statements and general risks include, among others: statements regarding our expectations with regard to our business, financial and operating results; forecasts of future economic conditions generally and in our markets in particular, including expectations relating to interest rates and inflation, and their impact on our net interest margin; and our plans and actions to strengthen our business following recent industry developments, such as restructuring our balance sheet, reducing our expenses, repaying our borrowings, reducing reliance on uninsured deposits and increasing our insured deposit base, decreasing loan balances and pursuing other strategic options; and descriptions of assumptions underlying or relating to any of the foregoing. The forward-looking statements contained herein reflect our current views about future events and financial performance and are subject to risks, uncertainties, assumptions and changes in circumstances, including in the near term, that may cause our actual results to differ materially from historical results and those expressed in any forward-looking statement.

There can be no certainty that the Bank will be able to take actions to strengthen our business within a time frame that is acceptable to the market or our regulators. There can be no certainty as to the future of the Bank if we are not able to do so.

Some factors that could cause actual results to differ materially from historical results or expected outcomes include, but are not limited to: demand for our products and services, including deposit attrition or further significant deposit outflows; our ability to retain our banking and wealth

management clients, including those associated with departing wealth management teams; our ability to access adequate sources of funding and liquidity, in particular through the Federal Reserve, the Federal Home Loan Bank and other sources where our borrowings are far above historic levels or where we had not previously borrowed; our ability to satisfy our obligations when they become due; our ability to reduce our funding costs and improve our asset and liability mix; difficulties encountered by, or the soundness of, other financial institutions; adverse publicity about First Republic or the banking industry more generally, including as a result of bank failures and concerns about capital and liquidity; changes in our credit ratings and the impact on the cost of, and the ability to access, additional funding and capital, and our ability to conduct bank operations (such as offering our products and services and acting as a loan servicer); inflation and actions by central banks to manage inflation; interest rate risk (sensitivity to increases or decreases to interest rate fluctuations) and credit risk; our ability to retain key managers and employees, including those in our wealth management business; the regulatory environment in which we operate, our regulatory compliance and future regulatory requirements, which may result in costs, fees, penalties, business restrictions, reputational harm or other adverse consequences; any changes to liquidity and regulatory capital requirements applicable to us; legislative and regulatory actions affecting us, the banking industry or the financial services industry more generally; litigation, investigations and other legal actions or proceedings, and associated costs and liabilities; future Federal Deposit Insurance Corporation ("FDIC") special assessments or changes to regular assessments; and other matters discussed in the risk factors included in the Bank's Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the FDIC. In addition, state and federal banking regulators, including the California Department of Financial Protection and Innovation and the FDIC, have broad authority to oversee the Bank and to close the Bank and commence a conservatorship or receivership under various circumstances specified in state and federal banking laws.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements, whether written or oral, that may be made from time to time, set forth in this press release to reflect new information, future events or otherwise.

**Non-GAAP Financial Measures**

Our management uses and believes that investors benefit from using certain non-GAAP measures of our financial performance, which include return on average tangible common shareholders' equity and net interest income on a fully taxable-equivalent basis. Management believes that return on average tangible common shareholders' equity is a useful additional measure to evaluate our performance and capital position without the impact of goodwill and other intangible assets and preferred stock. In addition, to facilitate relevant comparisons of net interest income from taxable and tax-exempt interest-earning assets, when calculating yields and net interest margin, we adjust interest income on tax-exempt securities and tax-advantaged loans so such amounts are fully equivalent to interest income on taxable sources. We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information that is not otherwise required by GAAP or other applicable requirements. These non-GAAP financial measures should be considered in addition to, not as a substitute for, financial measures prepared in accordance with GAAP. A reconciliation of the non-GAAP calculation of the financial measure to the most comparable GAAP financial measure is presented in relevant tables in this document.

**Explanatory Note**

Some amounts presented within this document may not recalculate due to rounding.

## CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)	Quarter Ended March 31,		Quarter Ended December 31,
	2023	2022	2022
Interest income:			
Loans	\$ 1,565	\$ 1,002	\$ 1,438
Investments	252	180	231
Cash and cash equivalents	74	5	24
Other	6	2	6
Total interest income	1,897	1,189	1,699
Interest expense:			
Deposits	555	20	428
Borrowings	419	24	97
Total interest expense	974	44	525
Net interest income	923	1,145	1,174
Provision for credit losses	16	10	30
Net interest income after provision for credit losses	907	1,135	1,144
Noninterest income:			
Investment management fees	159	165	141
Brokerage and investment fees	29	22	29
Insurance fees	3	4	8
Trust fees	8	7	7
Foreign exchange fee income	24	23	25
Deposit fees	8	6	7
Loan and related fees	10	9	10
Income from investments in life insurance	38	14	34
Other income, net	7	1	2
Total noninterest income	286	251	263
Noninterest expense:			
Salaries and employee benefits	453	560	551
Information systems	115	107	123
Occupancy	77	69	73
Professional fees	30	23	27
Advertising and marketing	17	13	23
FDIC assessments	46	15	19
Goodwill impairment	25	—	—
Other expenses	89	79	103
Total noninterest expense	852	866	919
Income before provision for income taxes	341	520	488
Provision for income taxes	72	119	102
Net income	269	401	386
Dividends on preferred stock	40	37	40
Net income available to common shareholders	\$ 229	\$ 364	\$ 346
Basic earnings per common share	\$ 1.24	\$ 2.03	\$ 1.89
Diluted earnings per common share	\$ 1.23	\$ 2.00	\$ 1.88
Weighted average shares—basic	185	180	183
Weighted average shares—diluted	186	182	184

## CONSOLIDATED BALANCE SHEETS

(\$ in millions)	As of		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,159	\$ 4,283	\$ 7,756
Debt securities available-for-sale	3,409	3,347	3,446
Debt securities held-to-maturity, net	31,389	28,348	26,831
Equity securities (fair value)	24	24	25
Loans:			
Single family	101,109	98,768	81,833
Home equity lines of credit	2,946	2,775	2,597
Single family construction	1,307	1,217	1,041
Multifamily	22,731	21,588	16,953
Commercial real estate	11,067	10,830	8,753
Multifamily/commercial construction	2,382	2,139	1,955
Capital call lines of credit	11,486	9,988	10,970
Tax-exempt	3,770	3,713	3,656
Other business	5,549	5,092	4,313
Stock secured	4,387	4,553	3,651
Other secured	3,458	3,191	2,623
Unsecured	3,119	3,014	2,968
Total loans	<u>173,311</u>	<u>166,868</u>	<u>141,313</u>
Allowance for credit losses	(802)	(784)	(701)
Loans, net	<u>172,509</u>	<u>166,084</u>	<u>140,612</u>
Investments in life insurance	4,039	3,435	2,682
Tax credit investments	1,393	1,383	1,231
Premises, equipment and leasehold improvements, net	488	483	467
Goodwill and other intangible assets	193	218	221
Other assets	6,341	5,034	3,850
Total Assets	<u>\$ 232,944</u>	<u>\$ 212,639</u>	<u>\$ 187,121</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities:</b>			
Deposits:			
Noninterest-bearing checking	\$ 20,297	\$ 62,579	\$ 72,424
Interest-bearing checking	23,162	41,178	41,589
Money market checking	6,028	25,805	21,846
Money market savings and passbooks	5,159	21,663	19,159
Certificates of deposit <sup>(1)</sup>	49,828	25,212	7,042
Total Deposits	<u>104,474</u>	<u>176,437</u>	<u>162,060</u>
Short-term borrowings	80,365	6,700	—
Long-term FHLB advances	25,525	7,300	3,700
Senior notes	—	500	999
Subordinated notes	779	779	779
Other liabilities	3,811	3,477	3,429
Total Liabilities	<u>214,954</u>	<u>195,193</u>	<u>170,967</u>
<b>Shareholders' Equity:</b>			
Preferred stock	3,633	3,633	3,633
Common stock	2	2	2
Additional paid-in capital	6,585	6,256	5,763
Retained earnings	8,065	7,886	6,893
Accumulated other comprehensive loss	(295)	(331)	(137)
Total Shareholders' Equity	<u>17,990</u>	<u>17,446</u>	<u>16,154</u>
Total Liabilities and Shareholders' Equity	<u>\$ 232,944</u>	<u>\$ 212,639</u>	<u>\$ 187,121</u>

<sup>(1)</sup> As of March 31, 2023, included \$30 billion of time deposits received from the large U.S. banks.

Average Balances, Yields and Rates	Quarter Ended March 31,						Quarter Ended December 31,		
	2023			2022			2022		
	Average Balance	Interest Income/Expense <sup>(1)</sup>	Yield/Rates <sup>(2)</sup>	Average Balance	Interest Income/Expense <sup>(1)</sup>	Yield/Rates <sup>(2)</sup>	Average Balance	Interest Income/Expense <sup>(1)</sup>	Yield/Rates <sup>(2)</sup>
(\$ in millions)									
<b>Assets:</b>									
Interest-bearing deposits with banks	\$ 6,372	\$ 74	4.70 %	\$ 11,342	\$ 5	0.18 %	\$ 2,704	\$ 24	3.49 %
Investment securities:									
U.S. Government-sponsored agency securities	165	1	2.05 %	117	0	1.37 %	165	1	2.05 %
Agency residential and commercial MBS	12,448	86	2.77 %	9,142	39	1.70 %	10,535	66	2.49 %
Other residential and commercial MBS	18	0	4.20 %	24	0	2.04 %	18	0	3.77 %
Tax-exempt municipal securities	17,707	147	3.33 %	15,595	151	3.87 %	17,697	175	3.97 %
Taxable municipal securities	1,773	14	3.14 %	1,715	13	2.97 %	1,774	13	3.13 %
Other investment securities	1,442	11	2.88 %	1,416	10	2.85 %	1,440	10	2.88 %
Total investment securities	33,553	259	3.08 %	28,009	213	3.04 %	31,629	265	3.37 %
Loans:									
Residential real estate	103,672	823	3.18 %	82,416	567	2.75 %	100,645	772	3.07 %
Multifamily	21,905	203	3.70 %	16,281	140	3.45 %	20,856	192	3.60 %
Commercial real estate	10,945	114	4.15 %	8,633	82	3.77 %	10,401	107	4.02 %
Multifamily/commercial construction	2,278	34	6.02 %	1,929	22	4.62 %	2,105	31	5.77 %
Business	18,649	271	5.82 %	18,971	152	3.21 %	17,771	240	5.29 %
Other	10,817	125	4.62 %	9,058	47	2.06 %	10,479	103	3.86 %
Total loans	168,266	1,570	3.73 %	137,288	1,010	2.94 %	162,257	1,445	3.53 %
FHLB stock	517	6	4.88 %	115	2	7.60 %	353	6	7.27 %
Total interest-earning assets	208,708	1,909	3.66 %	176,754	1,230	2.78 %	196,943	1,740	3.51 %
Noninterest-earning cash	522			449			478		
Goodwill and other intangibles	218			221			219		
Other assets	9,135			7,142			8,464		
Total noninterest-earning assets	9,875			7,812			9,161		
Total Assets	\$218,583			\$184,566			\$206,104		
<b>Liabilities and Shareholders' Equity:</b>									
Deposits:									
Interest-bearing checking	\$35,218	79	0.91 %	\$40,400	1	0.01 %	\$39,252	55	0.55 %
Money market checking	22,408	155	2.80 %	21,659	5	0.09 %	24,084	134	2.20 %
Money market savings and passbooks	17,954	107	2.43 %	17,925	7	0.15 %	20,423	100	1.95 %
CDs	29,541	214	2.93 %	7,217	7	0.40 %	20,546	139	2.69 %
Total interest-bearing deposits <sup>(3)</sup>	105,121	555	2.14 %	87,201	20	0.09 %	104,305	428	1.63 %
Borrowings:									
Federal Reserve Discount Window	16,302	195	4.85 %	—	—	— %	—	—	— %
Short-term FHLB advances	8,722	103	4.80 %	—	—	— %	6,131	54	3.51 %
Federal Reserve Bank Term Funding Program	2,318	26	4.57 %	—	—	— %	—	—	— %
Federal funds purchased	844	11	4.59 %	—	—	— %	419	5	4.00 %
Securities sold under agreements to repurchase	94	1	5.23 %	—	—	— %	—	—	— %
Long-term FHLB advances	9,944	73	2.99 %	3,700	9	0.95 %	6,004	26	1.79 %
Senior notes	239	1	2.10 %	998	6	2.42 %	500	3	2.15 %
Subordinated notes	779	9	4.68 %	779	9	4.68 %	779	9	4.68 %
Total borrowings	39,242	419	4.33 %	5,477	24	1.75 %	13,833	97	2.79 %
Total interest-bearing liabilities <sup>(4)</sup>	144,363	974	2.73 %	92,678	44	0.19 %	118,138	525	1.76 %
Noninterest-bearing checking	52,051			72,251			67,067		
Other noninterest-bearing liabilities	4,373			3,613			3,609		
Total noninterest-bearing liabilities	56,424			75,864			70,676		
Preferred shareholders' equity	3,633			3,633			3,633		
Common shareholders' equity	14,163			12,391			13,657		
Total Liabilities and Shareholders' Equity	\$218,583			\$184,566			\$206,104		
Net interest spread <sup>(5)</sup>			0.93 %			2.59 %			1.74 %
Net interest income (fully taxable-equivalent basis) and net interest margin <sup>(6)</sup>	\$ 935		1.77 %	\$ 1,186		2.68 %	\$ 1,215		2.45 %
<b>Reconciliation of tax-equivalent net interest income to net interest income:<sup>(7)</sup></b>									
Municipal securities tax-equivalent adjustment		(7)			(34)			(34)	
Business loans tax-equivalent adjustment		(5)			(7)			(7)	
Net interest income	\$ 923			\$ 1,145			\$ 1,174		
<b>Supplemental information:</b>									
Total deposits (interest-bearing and noninterest-bearing)	\$157,172	\$ 555	1.43 %	\$159,452	\$ 20	0.05 %	\$171,372	\$ 428	0.99 %
Total deposits (interest-bearing and noninterest-bearing) and borrowings	\$196,414	\$ 974	2.01 %	\$164,929	\$ 44	0.11 %	\$185,205	\$ 525	1.12 %

(continued on following page)

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Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

<sup>(1)</sup> Interest income on tax-exempt securities and loans has been adjusted to the fully taxable-equivalent basis using the statutory federal income tax rate in effect for each respective period presented.<sup>(2)</sup> Yields/rates are annualized.<sup>(3)</sup> Refer to supplemental information in this table for average balances, interest expense and rates for total deposits (interest-bearing and noninterest-bearing).<sup>(4)</sup> Refer to supplemental information in this table for average balances, interest expense and rates for total deposits (interest-bearing and noninterest-bearing) and borrowings.<sup>(5)</sup> Net interest spread represents the average yield on interest-earning assets less the average rate on interest-bearing liabilities.<sup>(6)</sup> Net interest margin represents net interest income on a fully taxable-equivalent basis divided by total average interest-earning assets.<sup>(7)</sup> Fully taxable-equivalent net interest income is considered a non-GAAP financial measure, and is reconciled to GAAP net interest income in this table.

Selected Financial Data and Ratios	Quarter Ended March 31,		Quarter Ended December 31,
	2023	2022	2022
(\$ in millions, except per share amounts)			
<b>Selected Financial Data and Ratios:</b>			
Return on average assets <sup>(1), (2)</sup>	0.50 %	0.88 %	0.74 %
Return on average common shareholders' equity <sup>(1)</sup>	6.55 %	11.91 %	10.05 %
Return on average tangible common shareholders' equity <sup>(1), (3)</sup>	6.65 %	12.12 %	10.21 %
Average equity to average assets	8.14 %	8.68 %	8.39 %
Dividends per common share	\$ 0.27	\$ 0.22	\$ 0.27
Dividend payout ratio <sup>(4)</sup>	21.9 %	11.0 %	14.4 %
Efficiency ratio <sup>(5)</sup>	70.4 %	62.0 %	63.9 %
<b>Selected Asset Quality Ratios:</b>			
Net loan charge-offs (recoveries)	\$ (0.2)	\$ (0.3)	\$ 0.9
Net loan charge-offs (recoveries) to average total loans <sup>(1)</sup>	(0.00)%	(0.00)%	0.00 %
<b>Selected Ratios (period-end):</b>			
Book value per common share	\$ 76.97	\$ 69.70	\$ 75.38

<sup>(1)</sup> Ratios are annualized.<sup>(2)</sup> Return on average assets is the ratio of net income to average assets.<sup>(3)</sup> Refer to "Return on Average Common Shareholders' Equity and Return on Average Tangible Common Shareholders' Equity" table in this document for a reconciliation of this non-GAAP financial measure to the most comparable GAAP measure.<sup>(4)</sup> As announced on March 16, 2023, the Bank's Board of Directors determined to suspend its common stock dividend. In addition, on April 6, 2023, the Bank's Board of Directors determined to suspend payment of the quarterly cash dividend on each series of the Bank's outstanding noncumulative perpetual preferred stock.<sup>(5)</sup> Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

Effective Tax Rate	Quarter Ended March 31,		Quarter Ended December 31,
	2023	2022	2022
Effective tax rate, prior to excess tax benefits—stock awards and other adjustments	19.5 %	23.4 %	21.9 %
Excess tax benefits—stock awards	0.2	(0.5)	(0.3)
Research and development tax credit adjustments	—	—	(0.7)
Goodwill impairment	1.5	—	—
Effective tax rate	<u>21.2 %</u>	<u>22.9 %</u>	<u>20.9 %</u>



<b>Provision (Reversal of Provision) for Credit Losses</b>	<b>Quarter Ended March 31,</b>		<b>Quarter Ended December 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
(\$ in millions)			
Debt securities held-to-maturity	\$ —	\$ 1	\$ —
Loans	18	7	25
Unfunded loan commitments	(2)	2	5
Total provision	<u>\$ 16</u>	<u>\$ 10</u>	<u>\$ 30</u>

<b>Loan Originations</b>	<b>Quarter Ended March 31,</b>		<b>Quarter Ended December 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
(\$ in millions)			
Single family	\$ 3,716	\$ 8,376	\$ 5,894
Home equity lines of credit	468	689	499
Single family construction	158	267	387
Multifamily	1,300	1,709	1,581
Commercial real estate	386	566	879
Multifamily/commercial construction	597	384	445
Capital call lines of credit	2,349	3,020	2,477
Tax-exempt	39	90	195
Other business	637	538	1,090
Stock secured	815	1,136	976
Other secured	684	666	839
Unsecured	289	369	360
Total loans originated	<u>\$ 11,438</u>	<u>\$ 17,810</u>	<u>\$ 15,622</u>

<b>Commercial Real Estate Portfolio</b>	<b>As of March 31, 2023</b>			
	<b>Unpaid Principal Balance<sup>(1)</sup></b>	<b>Percent of Total Loans</b>	<b>LTV<sup>(2)</sup></b>	<b>Average Loan Commitment Size</b>
(\$ in millions)				
Mixed Use	\$ 2,603	1.5 %	45 %	\$ 4.4
Retail	\$ 2,602	1.5 %	48 %	\$ 3.0
Office	\$ 2,522	1.5 %	45 %	\$ 3.8
Warehouse/Industrial	\$ 1,563	0.9 %	45 %	\$ 2.9
Hotel	\$ 623	0.4 %	46 %	\$ 8.8
Healthcare	\$ 274	0.2 %	49 %	\$ 3.1
Restaurant	\$ 155	0.1 %	48 %	\$ 1.4
Other	\$ 729	0.4 %	43 %	\$ 3.3

<sup>(1)</sup> Represents the unpaid principal balance, excluding unamortized net deferred fees and costs.

<sup>(2)</sup> Weighted average loan-to-value (LTV) at origination.

Asset Quality Information	As of				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
(\$ in millions)					
Nonperforming assets:					
Nonaccrual loans	\$ 131	\$ 109	\$ 120	\$ 137	\$ 140
Other real estate owned	—	—	—	—	—
Total nonperforming assets	<u>\$ 131</u>	<u>\$ 109</u>	<u>\$ 120</u>	<u>\$ 137</u>	<u>\$ 140</u>
Nonaccrual loans to total loans	0.08 %	0.07 %	0.08 %	0.09 %	0.10 %
Nonperforming assets to total assets	0.06 %	0.05 %	0.06 %	0.07 %	0.08 %
Accruing loans 90 days or more past due	\$ —	\$ —	\$ —	\$ —	\$ —
Allowance for loan credit losses to:					
Total loans	0.46 %	0.47 %	0.48 %	0.48 %	0.50 %
Nonaccrual loans	614.1 %	720.5 %	635.3 %	531.2 %	498.8 %

Deposits	As of	
	March 31, 2023	December 31, 2022
(\$ in millions)		
Total deposits	\$ 104,474	\$ 176,437
Estimated insured deposits	\$ 54,651	\$ 57,615
Estimated uninsured deposits	\$ 49,823	\$ 118,822
Estimated insured deposits as % of total deposits	52 %	33 %
Estimated uninsured deposits as % of total deposits	48 %	67 %
Excluding \$30 billion of time deposits received from the large U.S. banks:		
Total deposits <sup>(1)</sup>	\$ 74,413	n/a
Estimated insured deposits <sup>(1)</sup>	\$ 54,648	n/a
Estimated uninsured deposits <sup>(1)</sup>	\$ 19,765	n/a
Estimated insured deposits as % of total deposits <sup>(1)</sup>	73 %	n/a
Estimated uninsured deposits as % of total deposits <sup>(1)</sup>	27 %	n/a
Deposit types as % of total deposits, excluding \$30 billion of time deposits received from the large U.S. banks:		
Checking <sup>(1)</sup>	58.4 %	58.8 %
Other liquid deposits <sup>(1)</sup>	15.0 %	26.9 %
CDs <sup>(1)</sup>	26.6 %	14.3 %

Note: Uninsured and insured amounts in the table above are based on deposit principal balances.

<sup>(1)</sup> As of March 31, 2023, excludes \$30 billion of time deposits received from the large U.S. banks.

Short-Term Borrowings	As of	
	March 31, 2023	December 31, 2022
(\$ in millions)		
Federal Reserve Discount Window	\$ 63,500	\$ —
Federal Reserve Bank Term Funding Program	13,844	—
FHLB advances	2,575	6,700
Securities sold under agreements to repurchase	446	—
Total short-term borrowings	<u>\$ 80,365</u>	<u>\$ 6,700</u>

Loan Servicing Portfolio	As of				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
(\$ in millions)					
Loans serviced for investors	\$ 3,273	\$ 3,459	\$ 3,632	\$ 3,919	\$ 4,298

Return on Average Common Shareholders' Equity and Return on Average Tangible Common Shareholders' Equity <sup>(1), (2)</sup>	Quarter Ended March 31,		Quarter Ended December 31,
	2023	2022	2022
(\$ in millions)			
Average common shareholders' equity (a)	\$ 14,163	\$ 12,391	\$ 13,657
Less: Average goodwill and other intangible assets	(218)	(221)	(219)
Average tangible common shareholders' equity (b)	\$ 13,945	\$ 12,170	\$ 13,438
Net income available to common shareholders (c)	\$ 229	\$ 364	\$ 346
Return on average common shareholders' equity (c) / (a)	6.55 %	11.91 %	10.05 %
Return on average tangible common shareholders' equity (c) / (b)	6.65 %	12.12 %	10.21 %

<sup>(1)</sup> Return on average tangible common shareholders' equity is considered a non-GAAP financial measure, and is reconciled to GAAP return on average common shareholders' equity in this table.

<sup>(2)</sup> Ratios are annualized.

Regulatory Capital Ratios and Components <sup>(1), (2)</sup>	As of				
	March 31, 2023 <sup>(3)</sup>	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
(\$ in millions)					
<b>Capital Ratios:</b>					
Tier 1 leverage ratio (Tier 1 capital to average assets)	8.25 %	8.51 %	8.59 %	8.59 %	8.70 %
Common Equity Tier 1 capital to risk-weighted assets	9.32 %	9.17 %	9.28 %	9.15 %	9.48 %
Tier 1 capital to risk-weighted assets	11.67 %	11.56 %	11.76 %	11.75 %	12.25 %
Total capital to risk-weighted assets	12.71 %	12.60 %	12.81 %	12.82 %	13.37 %
<b>Regulatory Capital:</b>					
Common Equity Tier 1 capital	\$ 14,408	\$ 13,920	\$ 13,586	\$ 12,791	\$ 12,418
Tier 1 capital	\$ 18,041	\$ 17,553	\$ 17,219	\$ 16,424	\$ 16,051
Total capital	\$ 19,637	\$ 19,118	\$ 18,755	\$ 17,924	\$ 17,521
<b>Assets:</b>					
Average assets	\$218,783	\$ 206,371	\$ 200,486	\$191,202	\$184,410
Risk-weighted assets	\$154,544	\$ 151,777	\$ 146,444	\$139,811	\$131,024

<sup>(1)</sup> As defined by regulatory capital rules.

<sup>(2)</sup> Beginning in 2020, ratios and amounts reflect the Bank's election to delay the estimated impact of the Current Expected Credit Losses ("CECL") allowance methodology on its regulatory capital, average assets and risk-weighted assets over a five-year transition period ending December 31, 2024.

<sup>(3)</sup> Ratios and amounts as of March 31, 2023 are preliminary.

<b>Wealth Management Assets</b>	<b>As of</b>				
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>
(\$ in millions)					
First Republic Investment Management .....	\$ 118,902	\$ 112,176	\$ 100,125	\$ 100,204	\$ 108,771
Brokerage and investment:					
Brokerage .....	144,565	130,844	119,299	116,979	128,129
Money market mutual funds .....	5,121	8,100	10,891	10,510	18,543
Total brokerage and investment .....	<u>149,686</u>	<u>138,944</u>	<u>130,190</u>	<u>127,489</u>	<u>146,672</u>
Trust Company:					
Trust .....	17,031	16,318	15,270	14,994	14,344
Custody .....	3,845	3,806	3,943	4,099	4,408
Total Trust Company .....	<u>20,876</u>	<u>20,124</u>	<u>19,213</u>	<u>19,093</u>	<u>18,752</u>
Total Wealth Management Assets .....	<u>\$ 289,464</u>	<u>\$ 271,244</u>	<u>\$ 249,528</u>	<u>\$ 246,786</u>	<u>\$ 274,195</u>

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