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): February 7, 2023

FIRST REPUBLIC BANK

(Exact name of registrant as specified in its charter)

California	**80-0513856**
(State or other jurisdiction of incorporation)	**(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**FRC**	**New York Stock Exchange**
Depositary 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**
Depositary 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**
Depositary 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**
Depositary 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**
Depositary 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**
Depositary 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**
Depositary 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 7.01 Regulation FD Disclosure

On February 7, 2023, First Republic Bank (the "Bank") issued a press release announcing that it has agreed to sell 2,000,000 shares of its common stock, par value $0.01 per share, in an underwritten public offering (the "Offering"). The Bank has also granted the underwriters a 30-day option to purchase up to an additional 300,000 shares from the Bank. The last reported sale price of the Bank's common stock on February 6, 2023 was $142.27 per share. BofA Securities, Inc., J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC are serving as the joint bookrunning managers. In connection with the Offering, the Bank distributed a preliminary offering circular on February 7, 2023 to investors. Copies of the press release and the preliminary offering circular are attached hereto as Exhibits 99.1 and 99.2, respectively.

The information furnished by the Bank pursuant to this item and Item 9.01, including Exhibits 99.1 and 99.2, 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 offering circular of the Bank or any of its filings under the Securities Act of 1933, as amended, if applicable, or the Exchange Act.

Item 8.01 Other Events

In connection with the underwritten public offering of the Bank's common stock, the Bank is providing updated risk factors, which are attached hereto as Exhibit 99.3 and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release, dated February 7, 2023

99.2 Preliminary Offering Circular, dated February 7, 2023

99.3 Updated Risk Factors

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: February 7, 2023

First Republic Bank

By:	/s/ Olga Tsokova
Name:	Olga Tsokova
Title:	Executive Vice President, Deputy Chief Financial Officer and Chief Accounting Officer

PRESS RELEASE
FOR IMMEDIATE RELEASE

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FIRST REPUBLIC BANK ANNOUNCES COMMON STOCK OFFERING

SAN FRANCISCO, February 7, 2023 – First Republic Bank ("First Republic") (NYSE:FRC), a leading private bank and wealth management company, announced today that it has agreed to sell 2,000,000 shares of its common stock in an underwritten public offering. First Republic has also granted the underwriters a 30-day option to purchase up to an additional 300,000 shares from First Republic. BofA Securities, J.P. Morgan, Goldman Sachs & Co. LLC and Morgan Stanley are serving as joint bookrunning managers.

First Republic intends to use the net proceeds from the offering for general corporate purposes, which may include, among other things, funding loans or purchasing investment securities for its portfolio.

Closing of the offering is expected to occur on or about February 10, 2023, subject to the satisfaction of customary closing conditions.

The offering will be made only by means of an offering circular. The preliminary offering circular relating to the offering will be available at www.frc-offering.com and furnished on a Current Report on Form 8-K that will be filed with the Federal Deposit Insurance Corporation. Copies of the preliminary offering circular may also be obtained from BofA Securities, NC1-004-03-43, 200 North College Street, 3rd Floor, Charlotte, North Carolina 28255-0001, Attention: Prospectus Department, or email: dg.prospectus_requests@bofa.com; from J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, or by telephone at 1-866-803-9204, or by email at prospectus-eq_fi@jpmchase.com; from Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282 Attention: Prospectus Department, telephone: (866) 471-2526 or email: prospectus-ny@ny.email.gs.com; or from Morgan Stanley & Co. LLC - Attn: Prospectus Department - 180 Varick Street, 2nd Floor - New York, New York 10014.

This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy the securities, nor shall there be any sale of the securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The securities are neither insured nor approved by the Federal Deposit Insurance Corporation or any other governmental agency.

About First Republic Bank

Founded in 1985, First Republic and its subsidiaries offer private banking, private business banking and private wealth management. First Republic specializes in delivering exceptional, relationship-based service and provides a complete line of products, including residential, commercial and personal loans, deposit services, and 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.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future 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. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout our public filings under the Securities Exchange Act of 1934, as amended. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

FRC-F

Investors:

Andrew Greenebaum / Kimberly Esterkin
Addo Investor Relations
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kesterkin@addo.com
(310) 829-5400

Media:

Greg Berardi
Blue Marlin Partners
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Exhibit 99.2

Information contained herein is subject to completion or amendment. This offering circular shall not constitute an offer to buy nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Subject to Completion
Preliminary Offering Circular, dated February 7, 2023

OFFERING CIRCULAR

Shares

FIRST REPUBLIC BANK
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Common Stock

First Republic Bank, a California state-chartered, non-member bank, is offering shares of its common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "FRC." The last reported sale price of our common stock on February 6, 2023 was $142.27 per share.

Investing in our common stock involves risks. See the section entitled "Risk Factors" beginning on page 5 of this offering circular and the information in Exhibit 99.3 (Updated Risk Factors) to the Current Report on Form 8-K filed on February 7, 2023 and incorporated herein by reference.

THIS OFFERING CIRCULAR COVERS SECURITIES THAT ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 PURSUANT TO SECTION 3(A)(2) THEREOF. NONE OF THE SECURITIES AND EXCHANGE COMMISSION, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION OR ANY OTHER FEDERAL OR STATE REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SHARES OF OUR COMMON STOCK ARE NOT SAVINGS ACCOUNTS OR DEPOSITS, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, AND ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE ENTIRE AMOUNT YOU INVEST.

The underwriters have agreed to purchase the shares of common stock from First Republic at a price of $ per share, which will result in $ of proceeds to First Republic before expenses. The underwriters propose to offer the shares of common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or negotiated prices, subject to their right to reject any order in whole or in part.

The underwriters may also exercise their option to purchase up to an additional shares of common stock from First Republic Bank, at the price per share set forth above, for 30 days after the date of this offering circular.

The shares of common stock sold in this offering will be ready for delivery on or about February , 2023.

Joint Bookrunning Managers

BofA Securities **J.P. Morgan** **Goldman Sachs & Co. LLC** **Morgan Stanley**

The date of this offering circular is February , 2023

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ABOUT THIS OFFERING CIRCULAR

We have prepared and are only responsible for the information contained in this offering circular and any supplement or addendum, including any documents incorporated by reference herein or therein, that may be provided to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information, and we take no responsibility for any other information that others may give you. The underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this offering circular and any supplement or addendum, including any documents incorporated by reference herein or therein, is accurate only as of the dates thereof, regardless of the time of delivery of this offering circular or any such supplement or addendum or the time of any sale of shares of our common stock. Our financial condition, liquidity, results of operations, business and prospects may have changed since any such date.

Notice to Prospective Investors in the European Economic Area

This offering circular (and any supplement or addendum) is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). This offering circular and any related supplement or addendum have been prepared on the basis that any offer of shares of common stock in any Member State of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of shares of common stock. Accordingly any person making or intending to make an offer in that Member State of shares of common stock which are the subject of the offering contemplated in this offering circular and any related supplement or addendum may only do so in circumstances in which no obligation arises for First Republic Bank or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation in relation to such offer. Neither First Republic Bank nor the underwriters have authorized, nor do they authorize, the making of any offer of shares of common stock in circumstances in which an obligation arises for First Republic Bank or the underwriters to publish a prospectus for such offer.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom ("UK"), this offering circular (and any supplement or addendum) is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the "UK Prospectus Regulation"). This offering circular and any related supplement or addendum have been prepared on the basis that any offer of shares of common stock in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of shares of common stock. Accordingly any person making or intending to make an offer in the UK of shares of common stock which are the subject of the offering contemplated in this offering circular and any related supplement or addendum may only do so in circumstances in which no obligation arises for First Republic Bank or any of the underwriters to publish a prospectus pursuant to Section 85 of the UK's Financial Services and Markets Act 2000, as amended (the "FSMA") in relation to such offer. Neither First Republic Bank nor the underwriters have authorized, nor do they authorize, the making of any offer of shares of common stock in circumstances in which an obligation arises for First Republic Bank or the underwriters to publish a prospectus for such offer.

The communication of this offering circular, any related supplement or addendum and any other document or materials relating to the issue of the shares of common stock offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This document and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) are outside the UK, (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. In the UK, the shares of common stock offered hereby are only available to, and any investment or investment activity to which this offering circular, any related supplement or addendum and any other document or materials relates will be engaged in only with relevant persons. Any person in the UK that is not a relevant person should not act or rely on this offering circular or any related supplement or addendum or any of their contents.

Except as otherwise indicated or as the context indicates otherwise, the terms "First Republic," the "Bank," "we," "our" and "us" used throughout this offering circular mean First Republic Bank, a California-chartered commercial bank, including all its subsidiaries.

AVAILABLE INFORMATION

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as administered and enforced by the Federal Deposit Insurance Corporation (the "FDIC"), and we are subject to FDIC rules promulgated thereunder. Consequently, we file annual, quarterly and current reports, proxy statements and other information with the FDIC, copies of which are made available to the public over the Internet at *https://efr.fdic.gov/fcxweb/efr/index.html*.

Copies of the FDIC filings referenced below in "Incorporation of Certain Documents by Reference" are also available at a website maintained by us at *https://www.frc-offering.com*. You may request a copy of these filings at no cost by writing or by telephoning us at the following address or telephone number:

First Republic Bank
111 Pine Street, 2nd Floor
San Francisco, CA 94111
Attention: Investor Relations
(415) 392-1400

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Certain information previously filed with the FDIC has been "incorporated by reference" into this offering circular. This means that we disclose important information to you by referring you to other documents filed with the FDIC under the Exchange Act. The information incorporated by reference is deemed a part of this offering circular. We incorporate by reference into this offering circular the following documents filed with the FDIC (other than, in each case, those documents or portions of those documents that are furnished and not filed):

- Our Annual Report on Form 10-K for the year ended December 31, 2021;

- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022;

- Our Current Reports on Form 8-K or 8-K/A, as applicable, filed on January 3, 2022 (solely with respect to Item 5.02), January 11, 2022, January 12, 2022, February 17, 2022 (solely with respect to Item 5.02), March 7, 2022 (solely with respect to Item 5.02), March 14, 2022 (solely with respect to Item 5.02), March 22, 2022, May 6, 2022, May 17, 2022, August 3, 2022 (solely with respect to Items 3.02 and 8.01), August 4, 2022 (solely with respect to Item 5.02), August 23, 2022 (solely with respect to Item 5.02), September 7, 2022 (solely with respect to Item 5.02), September 15, 2022, December 16, 2022 and February 7, 2023 (solely with respect to Item 8.01);

- The portions of our Proxy Statement on Schedule 14A for the Bank's Annual Meeting of Shareholders held on May 17, 2022 that are incorporated by reference into Part III of our Annual Report; and

- All documents that we file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this offering circular (except for information in those filings that is furnished and not filed) and before the termination of the offering of securities under this offering circular.

You may obtain a copy of these filings as described under "Available Information."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering circular, including the documents that are incorporated by reference, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this offering circular 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 Exchange Act. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future 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. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Our actual results could differ materially from those expressed or anticipated in such forward-looking statements as a result of risks and uncertainties more fully described under "Risk Factors" beginning on page 5 of this offering circular and in Exhibit 99.3 (Updated Risk Factors) to our Current Report on Form 8-K filed on February 7, 2023.

Forward-looking statements involving such risks and uncertainties include, but are not limited to, statements regarding:

- Projections of loans, assets, deposits, liabilities, revenues, expenses, tax liabilities, net income, net interest income, net interest margin, capital expenditures, liquidity, dividends, capital structure, investments or other financial items;
- Forecasts of future economic conditions generally and in our market areas in particular, including expectations relating to interest rates and inflation, which may affect our net interest margin, the ability of borrowers to repay their loans and the value of real property or other property held as collateral for such loans;
- Expectations regarding the banking and wealth management industries;
- Descriptions of plans or objectives of management for future operations, products or services;
- Our opportunities for growth and our plans for expansion (including opening new offices);
- Expectations about the performance of any new offices;
- Projections about the amount and the value of intangible assets;
- Future provisions for credit losses on loans and debt securities, as well as for unfunded loan commitments;
- Changes in nonperforming assets;
- Expectations regarding the impact and duration of the COVID-19 pandemic;
- Expectations regarding our executive transitions;
- Projections about future levels of loan originations or loan repayments;
- Projections regarding costs, including the impact on our efficiency ratio; and
- Descriptions of assumptions underlying or relating to any of the foregoing.

Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Economic and market conditions, including volatility in the financial and securities markets, which may negatively impact the valuation of our investment securities portfolio, credit losses on our loans and debt securities, and the performance of our wealth management business;
- Inflation;
- Interest rate risk and credit risk;
- Significant competition to attract and retain banking and wealth management customers, from both traditional and non-traditional financial services and technology companies;

- Our ability to recruit and retain key managers, employees and board members;
- Natural or other disasters, including earthquakes, wildfires, pandemics or acts of terrorism affecting the markets in which we operate;
- The adverse effects of climate change on our business, clients and counterparties;
- The negative impacts and disruptions resulting from the COVID-19 pandemic on our colleagues and clients, the communities we serve and the domestic and global economy, which may have an adverse effect on our business, financial position and results of operations;
- Our ability to maintain and follow high underwriting standards;
- Real estate prices generally and in our markets;
- Our geographic and product concentrations;
- Demand for our products and services;
- Developments and uncertainty related to the future use and availability of some reference rates;
- 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, including more stringent liquidity requirements and heightened capital requirements applicable if we become a Category III banking organization under the FDIC's regulations by reporting $250 billion or more in total consolidated assets or $75 billion or more in weighted short-term wholesale funding, nonbank assets or off-balance sheet exposure, based on a four quarter trailing average;
- Legislative and regulatory actions affecting us and the financial services industry, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), including increased compliance costs, limitations on activities and requirements to hold additional capital, as well as changes to the Dodd-Frank Act pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act;
- Changes in federal, state or local tax laws;
- Our ability to avoid litigation and its associated costs and liabilities;
- Future FDIC special assessments or changes to regular assessments;
- Fraud, cybersecurity and privacy risks; and
- Custom technology preferences of our customers and our ability to successfully execute on initiatives relating to enhancements of our technology infrastructure, including client-facing systems and applications.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout our public filings. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

OFFERING CIRCULAR SUMMARY

This summary highlights certain material information contained elsewhere or incorporated by reference into this offering circular. Because this is a summary, it may not contain all of the information that is important to you when deciding whether to invest in our common stock. Therefore, you should carefully read this entire offering circular, as well as the information incorporated by reference herein, before investing. You should pay special attention to the information under "Risk Factors" beginning on page 5 of this offering circular and in Exhibit 99.3 (Updated Risk Factors) to our Current Report on Form 8-K filed on February 7, 2023 as well as our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2021 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022.

First Republic Bank

Our Business

Founded in 1985, we are a California-chartered commercial bank and trust company headquartered in San Francisco with deposits insured by the FDIC. We offer private banking, private business banking and private wealth management. First Republic specializes in delivering exceptional, relationship-based service and provides a complete line of products, including residential, commercial and personal loans, deposit services, and 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. We provide our services through 94 offices, of which 85 are licensed deposit-taking offices and 9 offices offer exclusively lending or wealth management services.

Our Business Strategy

Our core business principles and service-based culture have successfully guided our efforts over the past 37 years. We believe focusing on these principles will enable us to expand our capabilities for providing value-added services to our urban, coastal client base and generate steady, long-term growth.

Deliver Superior Client Service. We believe that stable long-term growth and profitability are the result of building strong client relationships one at a time while maintaining superior credit discipline. The most effective way to achieve this is through the continued delivery of superior, carefully coordinated client service without compromising the credit quality of our assets. Our employees strive to understand our clients' needs and identify appropriate financial solutions through our comprehensive suite of products and services. Our client-focused culture has allowed us to broaden and deepen these relationships over time. In turn, these clients do more business with us, along with the substantial portion of our new clients coming to us from "word-of-mouth" referrals from satisfied existing clients. We believe that delivering superior client service differentiates us from our competition.

Originate High Quality Loans. We focus on originating high-quality loans for existing and new clients. Our lending activities provide an opportunity for our bankers to also introduce other services to these clients, which develop into comprehensive relationships as a result of the delivery of superior client service. This enables us to expand our business in a disciplined manner while maintaining superior credit quality.

Grow Deposits. An important aspect of our franchise is the ability to gather deposits, which provides us with a stable, low-cost source of funding. We focus on growing core deposits by expanding relationships with existing clients and acquiring new deposit clients, both business and consumer. Growth in our deposit base reflects our value-added strategy of introducing deposits to loan clients, wealth management clients, businesses and non-profit organizations.

Grow Our Wealth Management Business. We offer integrated investment management, brokerage, trust, custody, financial planning, insurance and foreign exchange services, which are an extension of our banking franchise. We expand our wealth management business through our relationship-based approach. We increase our assets under management or administration by increasing services offered to Bank clients, acquiring new clients and hiring additional professionals, who bring their clients with them. We believe that our brand name, superior client service and service culture will enable us to continue to expand this business.

Attract, Retain and Develop Diverse Talented Professionals. Attracting and retaining diverse talented professionals is critical to driving the development of our business and delivering superior financial performance. We have experienced low turnover across our workforce and intend to continue hiring and developing professionals who are key to our business objectives, brand, and culture. We believe our distinct business model, culture, scalable platform, and incentive compensation structure enable us to attract and retain diverse talent. We remain committed to empowering our colleagues to reach their full potential so they can take care of our clients and communities and in turn grow our business.

Recent Developments

On January 13, 2023, we reported our earnings for the quarter ended December 31, 2022.

For the quarter ended December 31, 2022, net income was $386 million and diluted earnings per share were $1.88, down 3.6% and 6.9%, respectively, compared to the quarter ended December 31, 2021. Revenues for the quarter ended December 31, 2022 were $1.4 billion, up 5.2% compared to the quarter ended December 31, 2021.

Total assets were $212.6 billion at December 31, 2022, up 17.4% from December 31, 2021. During the quarter ended December 31, 2022, loan originations were $15.6 billion, compared to $16.9 billion for the quarter ended December 31, 2021. Our total loans outstanding as of December 31, 2022 were

$166.9 billion, up 23.6% from December 31, 2021. Our total deposits as of December 31, 2022 increased to $176.4 billion, up 12.9% from December 31, 2021. Checking accounts were 58.8% of total deposits as of December 31, 2022. Total wealth management assets as of December 31, 2022 were $271.2 billion, a decrease of 2.9% from December 31, 2021.

Nonperforming assets were 5 basis points of total assets at December 31, 2022. In addition, net charge-offs for the quarter were $0.9 million, representing less than one basis point of average loans. The provision for credit losses was $30 million for the quarter ended December 31, 2022. Our Tier 1 leverage ratio and Common Equity Tier 1 ratio were 8.51% and 9.07%, respectively, at December 31, 2022, and continued to exceed regulatory guidelines for well-capitalized institutions. Book value per common share and tangible book value per common share were $75.38 and $74.19, respectively, at December 31, 2022, up 10.3% and 10.6%, respectively, from December 31, 2021.

Noninterest expense was $919 million for the quarter ended December 31, 2022, up 6.2% compared to the quarter ended December 31, 2021. The efficiency ratio was 63.9% for the quarter ended December 31, 2022, compared to 63.3% for the quarter ended December 31, 2021.

Also, on January 13, 2023, we declared a quarterly dividend of $0.27 per share of common stock, which is payable on February 9, 2023 to shareholders of record as of January 26, 2023.

On February 2, 2023, we gave notice of our intention to redeem in full the $500 million outstanding principal amount of our 1.912% Senior Fixed-to-Floating Rate Notes due 2024 on February 12, 2023 at a redemption price equal to the sum of 100% of the aggregate principal amount of the notes and any accrued and unpaid interest.

Offices

Our principal executive offices are located at 111 Pine Street, 2nd Floor, San Francisco, California 94111. The main telephone number at these offices is (415) 392-1400 and our website address is www.firstrepublic.com. Information contained on our website is not part of or incorporated by reference into this offering circular.

THE OFFERING

Securities Offered by First Republic	shares of common stock, par value $0.01 per share.
Shares of Common Stock Outstanding After This Offering	shares of common stock.[1]
Dividends	The decision to declare and pay any dividends in the future will be at the sole discretion of our board of directors (the "Board") and may be reduced or eliminated at any time. Any future determination to pay dividends on our common stock will depend upon our results of operations, financial condition, capital requirements, regulatory and contractual restrictions, our business strategy and other factors that the Board deems relevant, and will be subject to bank regulatory limits and possible approval requirements. In addition, we cannot declare or pay dividends on our common stock or redeem or repurchase our common stock for any period for which we have not declared and paid in full dividends on our preferred stock. See "Common Stock Dividends."
Voting Rights	Each holder of our common stock is entitled to one vote per share held on all matters on which shareholders generally are entitled to vote, except as otherwise required by law and subject to the rights and preferences of the holders of any outstanding series of our preferred stock, par value $0.01 per share. We currently have outstanding 3,632,500 shares of preferred stock (with an aggregate liquidation preference of approximately $3.6 billion) in seven series, none of which currently has voting rights, but all of which may acquire certain limited voting rights as described herein. See "Description of Capital Stock—Common Stock" and "—Preferred Stock."
Use of Proceeds	We intend to use the net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares of common stock from us), after underwriting discounts and estimated offering expenses payable by us, for general corporate purposes, which may include, among other things, funding loans or purchasing investment securities for our portfolio.

New York Stock Exchange Symbol................................	"FRC"
Risk Factors...........................	An investment in our common stock involves a high degree of risk. See the section entitled "Risk Factors" beginning on page 5 of this offering circular and the information in Exhibit 99.3 (Updated Risk Factors) to the Current Report on Form 8-K, as filed on February 7, 202with the FDIC and incorporated by reference into this offering circular.

Except as otherwise noted, all information in this offering circular assumes that the underwriters do not exercise their option to purchase from us up to an additional shares of common stock.

[1] Based on 183,283,568 shares outstanding as of February 3, 2023. Does not include 4,029,348 restricted stock units and performance share units that have been awarded, 4,009,060 shares reserved for future awards under our 2017 Omnibus Award Plan, and 289,297 shares reserved for future purchase under our Employee Stock Purchase Plan.

RISK FACTORS

An investment in our common stock involves a high degree of risk. There are risks, many beyond our control, that could cause our financial condition, liquidity or results of operations to differ materially from management's expectations. This offering circular does not describe all of those risks. The following is a list of certain risks specific to our common stock. Before purchasing shares of our common stock, you should carefully consider these risks, the more detailed explanation of risks described in Exhibit 99.3 (Updated Risk Factors) to our Current Report on Form 8-K filed on February 7, 2023 and other information included in or incorporated by reference into this offering circular. Any of these risks, by itself or together with one or more other factors, may materially and adversely affect our business, results of operations, liquidity or financial condition or the market price or liquidity of our common stock. These risks and the risks presented below are not the only risks that we face. Additional risks that we do not presently know or that we currently deem immaterial may also materially and adversely affect our business, results of operations, liquidity or financial condition or the market price or liquidity of our common stock. Further, to the extent that any of the information contained herein constitutes forward-looking statements, the risk factors below and in the documents incorporated by reference also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any such forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" on page iv of this offering circular.

Shares of our common stock are not insured deposits.

Shares of our common stock are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency. An investment in our common stock has risks, and you may lose your entire investment.

The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our shareholders.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your shares of common stock at or above your purchase price, if at all. The market price of our common stock could fluctuate or decline significantly in the future. Some, but certainly not all, of the factors that could negatively affect the price of our common stock, or result in fluctuations in the price or trading volume of our common stock, include:

- Variations in our quarterly operating results or failure to meet the market's earnings expectations;
- Publication of news and research reports about us or the financial services industry in general;
- Departures of or additions to our key personnel;

- Adverse market reactions to any indebtedness we may incur or securities we may issue in the future;
- Actions by our shareholders;
- The operating and securities price performance of companies that investors consider to be comparable to us;
- Changes or proposed changes in laws or regulations affecting our business; and
- Actual or potential litigation and governmental investigations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, including as a result of speculatory activity, the trading price of the common stock could decline for reasons unrelated to our business, results of operations or financial condition. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We may not continue to pay dividends on our common stock.

Holders of our common stock are only entitled to receive such dividends as our Board may declare out of funds legally available for payment. We are not required to pay dividends on our common stock and may reduce or eliminate dividends on our common stock at any time in the future. This could adversely affect the market price of our common stock. Dividends on our common stock are also subject to bank regulatory limits and possible approval requirements. In addition, we cannot declare or pay dividends on our common stock or redeem or repurchase our common stock for any period for which we have not declared and paid in full dividends on our preferred stock. Our capital planning and risk management is subject to supervisory review, and, as a result of that review, our discretion to pay dividends or determine the amount of any dividend could be limited. Our Board will continue to evaluate the payment of dividends based on our results of operations, financial condition, capital requirements, regulatory and contractual restrictions, our business strategy and other factors our Board deems relevant.

Future sales of our common stock may adversely affect our stock price.

The market price of our common stock may be adversely affected by the sale of a significant quantity of our outstanding common stock (including any securities convertible into or exercisable or exchangeable for common stock), or the perception that such a sale could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to raise additional capital by selling equity securities in the future at a time and price that we deem appropriate.

Future issuances of equity securities may adversely affect our stock price.

We have historically approached the capital markets opportunistically, making public offerings of our common stock and preferred stock, from time to time. To the extent practicable, we expect to continue this approach. In addition, we may issue debt securities convertible into or exercisable or exchangeable for our equity securities. In each case, we access the capital markets to raise additional capital, support growth or make acquisitions. Further, we issue stock options and other stock awards to retain and motivate our employees, executives and directors, and we expect to continue to do so. These issuances of securities may dilute the voting and economic interests of our existing shareholders. These issuances or the perception that such issuances may occur could also adversely affect the market price of our common stock.

Our common stock is subordinate to our existing and future indebtedness and preferred stock.

Shares of our common stock are equity interests and do not constitute indebtedness. As such, our common stock ranks junior to all our deposits and indebtedness, and other non-equity claims on us, with respect to assets available to satisfy claims. Additionally, holders of common stock are subject to the prior dividend and liquidation rights of the holders of seven outstanding series of preferred stock, as described under "Description of Capital Stock—Preferred Stock," and any other series of preferred stock we may issue.

Various factors could make a takeover attempt of us more difficult to achieve.

Certain provisions of our organizational documents, in addition to certain federal and state banking laws and regulations, could make it more difficult for a third-party to acquire us without the consent of our Board, even if doing so were perceived to be beneficial to our shareholders. These provisions also make it more difficult to remove our current Board or management or to appoint new directors, and also regulate the timing and content of shareholder proposals and nominations, and qualification for service on our Board. These provisions could effectively inhibit a non-negotiated merger or other business combination, which could adversely impact the value of our common stock.

USE OF PROCEEDS

We intend to use the net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares of common stock from us), after underwriting discounts and estimated offering expenses payable by us, for general corporate purposes, which may include, among other things, funding loans or purchasing investment securities for our portfolio.

COMMON STOCK DIVIDENDS

Our common stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "FRC." As of February 3, 2023, there were 183,283,568 shares of common stock issued and outstanding. As of February 3, 2023, there were fewer than 20 shareholders of record of our common stock, although we believe shares are held by approximately 300,000 beneficial owners.

Common Stock Dividends

The following table presents cash dividends per share of our common stock declared and paid by First Republic Bank for the periods indicated:

	2022	2021	2020	2019
Quarter:				
Fourth Quarter	$ 0.27 (1)	$ 0.22	$ 0.20	$ 0.19
Third Quarter	$ 0.27	$ 0.22	$ 0.20	$ 0.19
Second Quarter	$ 0.27	$ 0.22	$ 0.20	$ 0.19
First Quarter	$ 0.22	$ 0.20	$ 0.19	$ 0.18

(1) On January 13, 2023, we declared a dividend of $0.27 per share of common stock, which is payable on February 9, 2023 to shareholders of record as of January 26, 2023.

For information on dividend restrictions, refer to "Business—Supervision and Regulation—Restrictions on Dividends and Other Distributions" in our Annual Report on Form 10-K for the year ended December 31, 2021 and "Risk Factors—We may not continue to pay dividends on our common stock" in Exhibit 99.3 (Updated Risk Factors) to our Current Report on Form 8-K filed on February 7, 2023 and incorporated herein by reference.

The decision to declare and pay any dividends in the future will be at the sole discretion of our Board and may be reduced or eliminated at any time. Any future determination to pay dividends on our common stock will depend upon our results of operations, financial condition, capital requirements, regulatory and contractual restrictions, our business strategy and other factors that the Board deems relevant, and will be subject to bank regulatory limits and possible approval requirements. In addition, we cannot declare or pay dividends on our common stock or redeem or repurchase our common stock for any period for which we have not declared and paid in full dividends on each series of our preferred stock.

We are subject to bank regulatory requirements that in some situations could affect our ability to pay dividends. The FDIC's prompt corrective action regulations prohibit institutions such as us from making any "capital distribution," which includes any transaction that the FDIC determines, by order or regulation, to be "in substance a distribution of capital," unless the institution will continue to be at least adequately capitalized after the distribution is made. Pursuant to these provisions, it is possible that the FDIC would seek to prohibit the payment of dividends on our capital stock if we would fail to maintain a status of at least adequately capitalized after such dividend. Applicable

California banking laws contain similar provisions. All dividends out of capital stock are payable out of our capital surplus. Our capital planning and risk management is subject to supervisory review, and, as a result of that review, our discretion to pay dividends or determine the amount of any dividend could be limited.

CAPITALIZATION

The following table sets forth our capitalization and capital ratios as of September 30, 2022 (i) on an actual basis and (ii) on an as adjusted basis to give effect to the sale of shares of common stock by us in this offering, assuming the underwriters do not exercise their option to purchase additional shares from us, after underwriting discounts and estimated offering expenses payable by us. You should read this table in conjunction with our consolidated financial statements and the notes thereto included in the documents incorporated by reference into this offering circular.

	As of September 30, 2022	
	Actual	**As Adjusted**
	(In millions, except share amounts)	
Capitalization		
Shareholders' Equity		
Preferred Stock, 5.125% Noncumulative Perpetual Series H, $0.01 par value, $1,000 liquidation preference per share; 200,000 shares authorized, issued and outstanding	$ 200	
Preferred Stock, 5.50% Noncumulative Perpetual Series I, $0.01 par value, $1,000 liquidation preference per share; 300,000 shares authorized, issued and outstanding	300	
Preferred Stock, 4.70% Noncumulative Perpetual Series J, $0.01 par value, $1,000 liquidation preference per share; 400,000 shares authorized, 395,000 shares issued and outstanding.	395	
Preferred Stock, 4.125% Noncumulative Perpetual Series K, $0.01 par value, $1,000 liquidation preference per share; 500,000 shares authorized, issued and outstanding	500	
Preferred Stock, 4.250% Noncumulative Perpetual Series L, $0.01 par value, $1,000 liquidation preference per share; 747,500 shares authorized, issued and outstanding	748	
Preferred Stock, 4.000% Noncumulative Perpetual Series M, $0.01 par value, $1,000 liquidation preference per share; 750,000 shares authorized, issued and outstanding	750	
Preferred Stock, 4.500% Noncumulative Perpetual Series N, $0.01 par value, $1,000 liquidation preference per share; 747,500 shares authorized, 740,000 shares issued and outstanding	740	
Common Stock, par value $0.01 per share, 400,000,000 shares authorized, 182,903,656 and shares outstanding on an actual and adjusted basis, respectively[(1),(2)]	2	
Additional paid-in capital	6,230	
Retained earnings	7,591	
Accumulated other comprehensive loss	(337)	
Total Shareholders' Equity	$ 17,119	$
Capital Ratios		
Tier 1 leverage ratio	8.59%	%
Common Equity Tier 1 ratio	9.28%	%
Tier 1 risk-based capital ratio	11.76%	%
Total risk-based capital ratio	12.81%	%

(*Continued on next page*)

(1) As of September 30, 2022, shares outstanding do not include (a) 4,617,685 restricted stock units and performance share units that have been awarded, (b) 3,976,720 shares reserved for future awards under our 2017 Omnibus Award Plan, and (c) 387,848 shares reserved for future purchase under our Employee Stock Purchase Plan.

(2) If the underwriters exercise in full their option to purchase additional shares, (a) an aggregate of shares of common stock will be issued in the offering, resulting in aggregate net proceeds of approximately $ million, after underwriting discounts and estimated offering expenses payable by us, and (b) our stockholders' equity, as adjusted for this offering, will increase to $ billion.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because it is only a summary, it may not contain all the information that is important to you. For a complete description, you should refer to our Restated Articles of Incorporation (the "Articles"), Amended and Restated Bylaws (the "Bylaws"), certificates of determination and any applicable provisions of relevant law.

General

The Articles authorize us to issue a total of 425,000,000 shares of capital stock, of which we are authorized to issue 400,000,000 shares of common stock, par value $0.01 per share, and 25,000,000 shares of preferred stock, par value $0.01 per share. As of February 3, 2023, there were 183,283,568 shares of common stock outstanding held by fewer than 20 record holders and we believe approximately 300,000 beneficial owners. As of February 3, 2023, we had seven series of preferred stock issued and outstanding, for a total of 3,632,500 shares of preferred stock issued and outstanding, with each series held by one record holder.

Common Stock

Voting. Each holder of our common stock is entitled to one vote per share held on all matters on which shareholders generally are entitled to vote, except as otherwise required by law and subject to the rights and preferences of the holders of any outstanding series of our preferred stock. Holders of common stock are not entitled, however, to vote on any amendment to the Articles that relates solely to the terms of one or more outstanding series of preferred stock if the holders of such series are entitled, either separately or together with the holders of one or more other such series, to vote on such amendment pursuant to the Articles or the California General Corporation Law (the "CGCL"). Other than elections to office, any shareholder entitled to vote on a matter may vote part of the shares such shareholder is entitled to vote in favor of the matter and refrain from voting the remaining shares or vote them against the matter. If a shareholder fails to specify the number of shares such shareholder is voting affirmatively, however, it is conclusively presumed that the shareholder is voting affirmatively with respect to all shares such shareholder is entitled to vote. Our Articles do not allow shareholders to cumulate votes in the election of directors.

Dividends and Other Distributions. Subject to the rights and preferences of the holders of any outstanding series of preferred stock, dividends may be declared and paid on our common stock at the discretion of our Board from any lawfully available funds. Holders of our common stock are also entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, winding up or dissolution, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our stock.

Pre-emptive and Other Rights. Our Articles do not grant any pre-emptive rights to our shareholders. There are no sinking fund, conversion or redemption provisions applicable to our common stock.

Preferred Stock

The Articles permit the Board to issue one or more series of preferred stock, fix the number of shares and determine the rights, preferences, privileges and restrictions of any such series of preferred stock. There are currently seven series of preferred stock issued and outstanding: (1) a series of 200,000 shares of 5.125% Noncumulative Perpetual Series H Preferred Stock ("Series H Preferred Stock"), represented by 8,000,000 depositary shares, each representing a 1/40th interest in a share of Series H Preferred Stock; (2) a series of 300,000 shares of 5.50% Noncumulative Perpetual Series I Preferred Stock ("Series I Preferred Stock"), represented by 12,000,000 depositary shares, each representing a 1/40th interest in a share of Series I Preferred Stock; (3) a series of 395,000 shares of 4.70% Noncumulative Perpetual Series J Preferred Stock ("Series J Preferred Stock"), represented by 15,800,000 depositary shares, each representing a 1/40th interest in a share of Series J Preferred Stock; (4) a series of 500,000 shares of 4.125% Noncumulative Perpetual Series K Preferred Stock ("Series K Preferred Stock"), represented by 20,000,000 depositary shares, each representing a 1/40th interest in a share of Series K Preferred Stock; (5) a series of 747,500 shares of 4.250% Noncumulative Perpetual Series L Preferred Stock ("Series L Preferred Stock"), represented by 29,900,000 depositary shares, each representing a 1/40th interest in a share of Series L Preferred Stock; (6) a series of 750,000 shares of 4.000% Noncumulative Perpetual Series M Preferred Stock ("Series M Preferred Stock"), represented by 30,000,000 depositary shares, each representing a 1/40th interest in a share of Series M Preferred Stock; and (7) a series of 740,000 shares of 4.500% Noncumulative Perpetual Series N Preferred Stock ("Series N Preferred Stock"), represented by 29,600,000 depositary shares, each representing a 1/40th interest in a share of Series N Preferred Stock.

Each outstanding series of our preferred stock has a liquidation preference of $1,000 per share and is perpetual. Each series of our preferred stock is entitled to receive noncumulative cash dividends when, as and if declared by the Board on a quarterly basis, at a rate per annum as follows: 5.125% on the Series H Preferred Stock, 5.50% on the Series I Preferred Stock, 4.70% on the Series J Preferred Stock, 4.125% on the Series K Preferred Stock, 4.250% on the Series L Preferred Stock, 4.000% on the Series M Preferred Stock and 4.500% on the Series N Preferred Stock. Each outstanding series of our preferred stock has no pre-emptive rights, is not subject to a sinking fund, and is not convertible into or exchangeable or exercisable for any of our other securities. Each outstanding series of preferred stock is redeemable at our option either (i) in whole or in part, from time to time, for cash, at any time in the case of the Series H Preferred Stock, on or after June 30, 2023, in the case of the Series I Preferred Stock, on or after December 31, 2024, in the case of the Series J Preferred Stock, on or after October 30, 2025, in the case of the Series K Preferred Stock, on or after March 30, 2026, in the case of the Series L Preferred Stock, on or after August 30, 2026, in the case of the Series M Preferred Stock and on or after December 31, 2026, in the case of Series N Preferred Stock, or (ii) in whole but not in part at any time within 90 days following our good faith determination that, as a result of a change or proposed change in law or regulation or an administrative or judicial action that there is more than an insubstantial risk that we will not be entitled to treat the full liquidation value of such series of preferred stock then outstanding as Tier 1 capital. In either case, no redemption premium will be paid.

Each outstanding series of our preferred stock ranks senior to our common stock, and equally with all existing series of preferred stock, as well as with all future series of preferred stock that by their terms do not rank junior to such series with respect to the payment of dividends and distributions upon liquidation, dissolution or winding up. Each series of our preferred stock generally has no voting rights. However, if dividends on any outstanding shares of any series of our preferred stock are not paid (whether or not declared) for any six dividend periods (whether or not consecutive), holders of that series of preferred stock, voting as a separate class with the holders of all other series of preferred stock upon which like voting rights have been conferred and are exercisable, will be entitled to elect two directors to serve on our Board until all dividends on that series are paid in full for at least four consecutive dividend periods. The holders of all of our outstanding series of preferred stock together will not have the right to elect more than two directors to serve on our Board. In addition, the affirmative vote or written consent of holders of at least two-thirds of the outstanding shares of any outstanding series of preferred stock will be required to (i) create any class or series of shares that ranks, as to dividends and distributions upon liquidation, senior to that series or (ii) alter or change the provisions of our Articles, the certificate of determination governing that series of preferred stock or our Bylaws so as to adversely affect the voting powers, preferences or special rights of the holders of that series.

Transfer Restrictions

All shares of common stock currently outstanding were, and the shares sold in this offering will be, offered and sold pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), and other exemptions provided by the laws of the United States and other jurisdictions where such securities were offered and sold. Shares of our common stock may only be transferred or sold in compliance with all applicable state, federal and foreign securities laws.

Ownership Limitations

Federal and state banking laws prevent any holder of the Bank's capital stock from acquiring "control" of the Bank, as defined under applicable statutes and regulations, without obtaining the prior approval of the Federal Reserve, the FDIC or the California Department of Financial Protection and Innovation, as applicable.

Listing and Trading

Our common stock is listed on the NYSE under the symbol "FRC."

No preferred stock series is currently listed on any securities exchange or displayed on any electronic communications network. Our depositary shares, each representing 1/40th interest in a share of Series H Preferred Stock, are listed on the NYSE under the symbol "FRC-PrH". Our depositary shares, each representing 1/40th interest in a share of Series I Preferred Stock, are listed on the NYSE under the symbol "FRC-PrI". Our depositary shares, each representing 1/40th interest in a share of Series J Preferred Stock, are listed on the NYSE under the symbol "FRC-PrJ". Our depositary shares, each representing 1/40th interest in a share of Series K Preferred Stock, are listed on the NYSE under the symbol "FRC-PrK". Our depositary shares, each representing 1/40th interest in a share of Series L Preferred Stock, are listed on the NYSE under the symbol "FRC-PrL". Our depositary shares, each representing 1/40th interest in a share of Series M Preferred Stock, are listed on the NYSE under the symbol "FRC-PrM". Our depositary shares, each representing 1/40th interest in a share of Series N Preferred Stock, are listed on the NYSE under the symbol "FRC-PrN".

Book Entry, Delivery and Form

The Depository Trust Company ("DTC") acts as securities depositary for the common stock. The common stock sold in this offering will be registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depositary Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or through intermediaries ("Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at *www.dtcc.com* and *http://www.dtc.org*.

Purchases of shares of common stock under the DTC system must be made by or through Direct Participants, which will receive a credit for the shares of common stock on DTC's records. The ownership interest of each actual purchaser of shares of common stock (the "beneficial owner") is in turn recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial owner entered into the transaction. Transfers of ownership interest in the common stock will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in the common stock, except in the event that use of the book-entry system for the common stock is discontinued. Conveyance of notices and other communications by DTC to Direct Participants, by Direct

Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

To facilitate subsequent transfers, the shares of our common stock deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of common stock with DTC and its registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the common stock. DTC's records reflect only the identity of the Direct Participants to whose accounts are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

In those instances where a vote is required, neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the common stock unless authorized by a Direct Participant. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the common stock is credited on the record date, which accounts are identified in a listing attached to the omnibus proxy.

Distributions and dividend payments on the common stock will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from us or our agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), us or any agent of ours, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and dividends to Cede & Co. (or such other DTC nominee) is the responsibility of us or our agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depositary with respect to the common stock at any time by giving reasonable notice to us or our agent. Additionally, we may decide to discontinue the book- entry only system of transfers with respect to the common stock. Under such circumstances, if a successor depositary is not obtained, we will print and deliver certificates in fully registered form for the common stock.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Transfer Agent

Computershare Inc. and Computershare Trust Company, N.A., collectively, act as registrar and transfer agent for our common stock. Registration of transfers of shares of the common stock will be effected without charge but only upon payment of any tax or other governmental charges that may be imposed in connection with any transfer or exchange.

Certain Provisions of California Law and of Our Articles and Bylaws

Amendment of Articles of Incorporation and Bylaws

Under California law, a California corporation cannot amend its articles of incorporation unless the amendment is approved by the Board and, except for certain limited matters as prescribed by law, by the affirmative vote of a majority of the outstanding shares entitled to vote, either before or after the approval by the Board, and in matters affecting a particular class of shares, by the affirmative vote of holders of a majority of the outstanding shares of that class. Our Articles specify that amendments of certain provisions require the affirmative vote of two-thirds of the outstanding shares entitled to vote. Additionally, under California law, a California bank cannot amend its articles of incorporation unless the amendment is approved by the California Commissioner of Financial Protection and Innovation (the "Commissioner").

Under California law, the Board or the shareholders may adopt, amend or repeal the Bank's Bylaws with the affirmative vote of a majority of the directors then in office or the affirmative vote of the holders of a majority of the Bank's shares entitled to be cast; *provided*, *however*, that Bylaws specifying a fixed number of directors, or the maximum or minimum number of directors, or changing from a fixed to a variable board of directors or vice versa, may only be adopted by the vote of a majority of the outstanding shares. Under California law, a bank may not amend the articles of incorporation or its bylaws so as to reduce the number of directors below five.

Power to Authorize and Issue Additional Shares of Common Stock and Preferred Stock

The Board, with approval by an affirmative vote of a majority of the outstanding shares entitled to vote, and in some cases, the approval by an affirmative vote of a majority of the outstanding shares of certain classes, has the authority to amend the Articles to increase or decrease the aggregate number of shares of stock or the number of shares of authorized stock of any class or series that the Bank has the authority to issue. The Board can cause us to issue additional authorized shares without shareholder approval, unless shareholder approval is required by applicable law or by the rules of the NYSE. Although we have no present intention of doing so, we could issue a class or series of stock that could delay, defer or prevent a transaction or a change in control of the Bank that might involve a premium price for holders of common stock or otherwise be in their best interest.

Restrictions on the Bank's Sale of Its Securities

Under California law, a California bank may not offer or sell its own securities unless the Commissioner has issued a permit authorizing the sale, with certain limited exceptions. For a permit to be issued, the Commissioner must find that the proposed sale is "fair, just, and equitable."

Meetings of Shareholders

Under our Bylaws, with respect to annual meetings of shareholders, nominations of persons for election as directors and the proposal of business to be considered may be made: (i) pursuant to our notice of meeting; (ii) by the Board; (iii) by any shareholder entitled to vote at the meeting who has complied with the advance notice procedures in our; or (iv) by any eligible shareholder who has satisfied the requirements of the proxy access provisions in our Bylaws.

Special meetings of shareholders may be called at any time by the Board or our Chairman, if any, President, if any, or shareholders entitled to cast at least one-tenth of the votes which all shareholders are entitled to cast at an annual or special meeting of shareholders. Only business specified in the notice of a special meeting of shareholders may be conducted at the meeting. Nominations of persons for election as directors at a special meeting at which directors are to be elected may be made: (i) by the Board; or (ii) by any shareholder entitled to vote at the meeting who has complied with the advance notice procedures in our Bylaws.

Board of Directors

Under our Bylaws, the number of directors will not be less than nine nor more than fifteen. Under our Bylaws, the exact number of directors is fixed, from time to time, by the approval of the Board. No person may serve as a director if that person is not qualified to serve as a director under applicable banking laws or regulations or if that person's service as a director is opposed in writing by any bank regulatory official having jurisdiction over us.

The Board is not divided into different classes of directors. At each annual meeting of shareholders, in an uncontested election, each nominee receiving the affirmative vote of the majority of the shares present or represented and voting (and a majority of shares required to constitute a quorum) will be elected as a director and, in a contested election, the nominees receiving the highest number of votes will be elected as directors.

Supermajority Voting for Fundamental Transactions

The Articles require the approval of two-thirds of the outstanding shares of common stock entitled to vote to approve a merger or consolidation with or into any other corporation or a sale or lease of all substantial part of our assets to any other corporation, person or other entity, unless such transaction was previously approved by the Board or is with a majority-owned subsidiary of the Bank.

Removal of Directors

Any or all of the directors may be removed without cause if such removal is approved by a majority of the outstanding common stock, except that no director may be removed (unless the entire Board is removed) when the votes cast against removal, or not consenting in writing to removal, would be sufficient to elect such director if voted cumulatively at an election in which the same total number of votes were cast and the entire number of directors authorized at the most recent election were then being elected.

Limitation of Liability and Indemnification

California law permits us to include in the Articles a provision limiting the liability of our directors to us and our shareholders for money damages, except for liability resulting from: (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law; (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director; (iii) any transaction from which a director derived an improper personal benefit; (iv) acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or its shareholders; (v) acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders; (vi) acts arising from an interested director transaction listed under Section 310 of the CGCL; or (vii) acts arising from the approval of specific corporate action listed under Section 316 of the CGCL.

The Articles and Bylaws contain provisions which eliminate directors' liability to the fullest extent permitted by California law. Under California law and our Bylaws, we are authorized to obtain and have obtained directors' and officers' liability insurance.

California law grants us the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that the person is or was an agent of the corporation (including but not limited to a director, officer or employee) against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding if that person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. California law permits us to advance expenses incurred in defending any proceeding prior to its final disposition upon receipt of an undertaking by or on behalf of the agent to repay that amount if it is determined ultimately that the agent is not entitled to be indemnified.

California law does not allow us to indemnify our agents for: (i) any claim, issue or matter as to which the person has been adjudged to be liable to the corporation in the performance of that person's duty to the corporation and its shareholders, unless and only to the extent that the court in which the proceeding is or was pending will determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court determines; (ii) any amounts paid in settling or otherwise disposing of a pending action without court approval; and (iii) any expenses incurred in defending a pending action which is settled or otherwise disposed of without court approval.

The Articles and Bylaws state that we will, to the fullest extent permitted by California law, provide indemnification to our agents against losses if they acted in good faith and in a manner they reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, if they had no reasonable cause to believe their conduct was unlawful. Except in the case of expenses incurred in a successful defense, indemnification requires that the person to be indemnified is determined to have met the necessary standard of conduct by (i) a majority of a quorum of directors who are not parties to the proceeding, (ii) if such a quorum is unobtainable, by independent legal counsel in a written opinion, (iii) approval of shareholders as set forth in Section 153 of the CGCL or (iv) the court in which the proceeding is or was pending. Under federal banking law, we may not indemnify our agents against liability or legal expenses with regard to certain administrative proceedings or civil actions brought by the FDIC. We have entered into agreements with our directors indemnifying them to the fullest extent permitted by law and all applicable limitations imposed by the FDIC and the California Department of Financial Protection and Innovation.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS

This section summarizes certain U.S. federal income and estate tax consequences of the ownership and disposition of shares of our common stock by a non-U.S. holder. You are a non-U.S. holder if you are, for U.S. federal income tax purposes:

- A nonresident alien individual,
- A foreign corporation, or
- An estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from our common stock.

This section does not consider the specific facts and circumstances that may be relevant to a particular non- U.S. holder and does not address the treatment of a non-U.S. holder under the laws of any state, local or foreign taxing jurisdiction. This section also does not address the special tax rules applicable to particular non-U.S. holders, such as corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, banks, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-qualified retirement plans, holders who hold or receive our common stock pursuant to the exercise of employee stock options or otherwise as compensation, holders holding our common stock as part of a hedge, straddle or other risk reduction strategy, conversion transaction or other integrated investment, holders deemed to sell our common stock under the constructive sale provisions of the Internal Revenue Code of 1986, as amended (the "Code"), controlled foreign corporations, passive foreign investment companies and certain former U.S. citizens or long-term residents. This section is based on the tax laws of the United States, including the Code, existing and proposed regulations, and administrative and judicial interpretations, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding shares of our common stock should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the common stock.

You should consult a tax advisor regarding the U.S. federal tax consequences of acquiring, holding and disposing of shares of our common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

Dividends

If we make a distribution of cash or other property (other than certain distributions of shares of our stock) in respect of shares of our common stock, the distribution generally will be treated as a dividend to the extent of our current or accumulated earnings and profits, as determined under U.S.

federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits will generally be treated first as a tax-free return of capital, on a share-by-share basis, to the extent of your tax basis in our common stock (and will reduce your basis in such common stock), and, to the extent such portion exceeds your tax basis in shares of our common stock, the excess will be treated as gain from the taxable disposition of the shares of our common stock, the tax treatment of which is discussed below under “Gain on Disposition of Common Stock”.

Except as described below, if you are a non-U.S. holder of shares of our common stock, dividends paid to you are subject to withholding of U.S. federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments made to you, unless you have furnished to us or another payor:

- A valid U.S. Internal Revenue Service (“IRS”) Form W-8BEN, Form W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a non-U.S. person and your entitlement to the lower treaty rate with respect to such payments, or

- In the case of payments made outside the United States to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with U.S. Treasury regulations.

If you are eligible for a reduced rate of U.S. withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the IRS.

If dividends paid to you are “effectively connected” with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, *provided* that you have furnished to us or another payor a valid IRS Form W-8ECI or an acceptable substitute form upon which you represent, under penalties of perjury, that:

- You are a non-U.S. person, and

- The dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

“Effectively connected” dividends are taxed at rates applicable to United States citizens, resident aliens and domestic U.S. corporations.

If you are a corporate non-U.S. holder, “effectively connected” dividends that you receive may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Gain on Disposition of Common Stock

If you are a non-U.S. holder, you generally will not be subject to U.S. federal income tax on gain that you recognize on a disposition of shares of our common stock unless:

- The gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition to subjecting you to U.S. taxation on a net income basis,

- You are an individual, you hold shares of our common stock as a capital asset, you are present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist, or

- We are or have been a "U.S. real property holding corporation" (as described below), at any time within the five-year period preceding the disposition or your holding period, whichever period is shorter, you are not eligible for a treaty exemption, and either (i) shares of our common stock are not regularly traded on an established securities market at any time during the calendar year in which the sale or disposition occurs or (ii) you owned or are deemed to have owned, at any time within the five- year period preceding the disposition or your holding period, whichever period is shorter, more than 5% of shares of our common stock.

If you are a non-U.S. holder and the gain from the taxable disposition of shares of our common stock is effectively connected with your conduct of a trade or business in the United States (and, if required by a tax treaty, the gain is attributable to a permanent establishment that you maintain in the United States), you will be subject to tax on the net gain derived from the sale at rates applicable to U.S. citizens, resident aliens and domestic U.S. corporations. If you are a corporate non-U.S. holder, "effectively connected" gains that you recognize may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. If you are an individual non-U.S. holder described in the second bullet point immediately above, you will be subject to a flat 30% tax, unless you are eligible for the benefits of an income tax treaty that modifies such taxation, on the gain derived from the sale, which may be offset by U.S. source capital losses, even though you are not considered a resident of the United States.

We will be a U.S. real property holding corporation at any time that the fair market value of our "United States real property interests," as defined in the Code and applicable Treasury Regulations, equals or exceeds 50% of the aggregate fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business (all as determined for the U.S. federal income tax purposes). We believe that we are not, and do not anticipate becoming in the foreseeable future, a U.S. real property holding corporation.

Foreign Account Tax Compliance Act ("FATCA") Withholding

Pursuant to sections 1471 through 1474 of the Code, commonly known as FATCA, a 30% withholding tax ("FATCA Withholding") may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Dividend payments you receive in respect of shares of our common stock could be subject to this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold shares of our common stock through a non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA Withholding). You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA Withholding.

Federal Estate Taxes

Shares of our common stock held by a non-U.S. holder at the time of death will be included in the non-U.S. holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

If you are a non-U.S. holder, we and other payors are required to report payments of dividends on IRS Form 1042-S even if the payments are exempt from withholding. You are otherwise generally exempt from backup withholding and information reporting requirements with respect to dividend payments and the payment of the proceeds from the sale of shares of our common stock effected at a U.S. office of a broker provided that either (i) the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person, or (ii) you otherwise establish an exemption.

Payment of the proceeds from the sale of shares of our common stock effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You may generally obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by timely filing a refund claim with the IRS.

CERTAIN ERISA CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan (each, a "Plan") subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in our common stock. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan, and whether the investment would involve a prohibited transaction under ERISA or the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans, as well as individual retirement accounts, Keogh plans or any other plans that are subject to Section 4975 of the Code (also "Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the Plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA or the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("Non-ERISA Arrangements") are not subject to the requirements of Section 406 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, non-U.S. or other laws ("Similar Laws").

The acquisition of common stock by a Plan or any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") with respect to which we, the underwriters or certain of our affiliates is or becomes a party in interest or disqualified person may result in a prohibited transaction under ERISA or Section 4975 of the Code, unless the common stock is acquired pursuant to an applicable exemption. The U.S. Department of Labor has issued several prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of common stock. These exemptions include PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-house asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities offered hereby, *provided* that neither the issuer of securities offered hereby nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and *provided further* that the Plan pays no more and receives no less than "adequate consideration" in connection with the transaction (the "service provider exemption"). There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Any purchaser of our common stock or any interest therein will be deemed to have represented, by its purchase of such common stock offered hereby, that it either (i) is not a Plan, a Plan Asset Entity or a Non-ERISA Arrangement and is not purchasing the shares of common stock on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement or (ii) the purchase of the common stock will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation under any applicable Similar Laws. Neither this discussion nor anything in this offering circular is or is intended to be investment advice directed at any potential purchaser that is a Plan, Plan Asset Entity or Non-ERISA Arrangement, or at such purchasers generally, and such purchasers should consult and rely on their counsel and advisors as to whether an investment in our common stock is suitable and consistent with ERISA, the Code and any Similar Laws, as applicable.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing shares of our common stock on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the service provider exemption or the potential consequences of any purchase or holding under Similar Laws, as applicable. Purchasers of common stock have exclusive responsibility for ensuring that their purchase and holding of common stock do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions of Similar Laws. The sale of any shares of common stock to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement.

UNDERWRITING

BofA Securities, Inc., J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC are acting as the underwriters. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed to purchase from us, severally and not jointly, the number of shares of common stock set forth opposite its name below, at a price of $ per share, which will result in $ million of proceeds to us before expenses.

Underwriters	Number of Shares
BofA Securities, Inc.	
J.P. Morgan Securities LLC	
Goldman Sachs & Co. LLC	
Morgan Stanley & Co. LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters may receive from purchasers of the shares nominal brokerage commissions in amounts agreed with the purchasers. The underwriters propose to offer the shares of common stock for sale from time to time in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. The underwriters may effect such transactions by selling the shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or purchasers of shares of common stock for whom they act as agents or to whom they sell as principals. The difference between the price at which the underwriters purchase shares of common stock and the price at which the underwriters resell such shares common stock may be deemed underwriting compensation.

We have agreed to indemnify the underwriters against certain liabilities or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The expenses of the offering, not including the underwriting discount, are estimated at $400,000 and are payable by us.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this offering circular, to purchase up to additional shares at the price per share set forth on the cover of this offering circular. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We and our executive officers have agreed not to sell, transfer or otherwise dispose of or hedge any common stock or securities convertible into, exchangeable for or exercisable for common stock, for a period ending on, but not including, the date that is 90 days, in our case, and 10 days, in the case of our executive officers, from the date of this offering circular without first obtaining the written consent of the underwriters. Specifically, we and our executive officers have agreed, with certain limited exceptions, not to directly or indirectly:

- Offer, pledge, sell or contract to sell any common stock,
- Sell any option or contract to purchase any common stock,
- Purchase any option or contract to sell any common stock,
- Grant any option, right or warrant for the sale of any common stock,
- Otherwise dispose of or transfer any common stock,
- Request or demand that we file a registration statement related to the common stock, or
- Enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into, exchangeable for or exercisable for shares of common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Electronic Offer, Sale and Distribution of Shares

In connection with the offering, certain of the underwriters and securities dealers may distribute offering circulars by electronic means, such as e-mail. In addition, certain of the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers or may allocate a limited number of shares for sale to their online brokerage customers. An electronic offering circular is available on the Internet web site maintained by such underwriters. Other than the offering circular in electronic format, the information on any such web site is not part of this offering circular.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities or instruments or those of our affiliates. The underwriters and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Further, in the ordinary course of business, certain of the underwriters in this offering may purchase mortgages, including mortgages originated by the Bank. Under certain circumstances disputes could arise based on the representations and warranties made in, and the terms and conditions of, these transactions, and whether any repurchases from the foregoing disputes are required. There are currently no such disputes or requests outstanding for repurchase.

Notice to Prospective Investors in the EEA

In relation to each Member State of the EEA (each a "Relevant State"), no shares of common stock have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares of common stock which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the shares of common stock may be offered to the public in that Relevant State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by First Republic Bank for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the shares of common stock shall result in a requirement for First Republic Bank or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares of common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock.

Notice to Prospective Investors in the United Kingdom

No shares of common stock have been offered or will be offered pursuant to the offering to the public in the UK prior to the publication of a prospectus in relation to the shares of common stock which has been approved by the Financial Conduct Authority, except that the shares of common stock may be offered to the public in the UK at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by First Republic Bank for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the shares of common stock shall require First Republic Bank or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares of common stock in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), in connection with the issue or sale of the shares of common stock may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to First Republic Bank.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the shares of common stock in, from or otherwise involving the UK.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This offering circular has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this offering circular nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this offering circular nor any other offering or marketing material relating to the offering, the Bank or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this offering circular will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering circular relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering circular nor taken steps to verify the information set forth herein and has no responsibility for the offering circular. The shares to which this offering circular relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this offering circular, you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

The shares have not been and will not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and no advertisement, invitation or document relating to the shares has been or will be issued or has been or will be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Singapore

This offering circular has not been and will not be registered as a prospectus under the Securities and Futures Act 2001 (the "SFA") by the Monetary Authority of Singapore, and the offer of the shares of common stock in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the shares of common stock may not be circulated or distributed, nor may the shares of common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) (an "Accredited Investor") or other relevant person (as defined in Section 275(2) of the SFA) (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the shares of common stock are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

the securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the shares of common stock except:

(1) to an Institutional Investor, an Accredited Investor, a Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the shares of common stock are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and accordingly each underwriter has acknowledged and agreed that it has not offered or sold and will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to, or for the account or benefit of, others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 "Prospectus Exemptions" or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 "Registration Requirements, Exemptions and Ongoing Registrant Obligations." Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

VALIDITY OF COMMON STOCK

The validity of the common stock sold in this offering will be passed upon for us by Sullivan & Cromwell LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Sidley Austin LLP, New York, New York. From time to time, Sullivan & Cromwell LLP and Sidley Austin LLP provide legal services to us and our subsidiaries.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated balance sheets of First Republic Bank and subsidiaries (the "Bank") as of December 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and related notes (collectively, the "consolidated financial statements"), and the Bank's assessment of the effectiveness of internal control over financial reporting as of December 31, 2021 are included in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and incorporated by reference herein. The consolidated financial statements and the Bank's effectiveness of internal control over financial reporting as of December 31, 2021 have been audited by KPMG LLP, an independent registered public accounting firm, as stated in the report of KPMG LLP also included in the Bank's Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated by reference herein.

Shares

FIRST REPUBLIC BANK

It's a privilege to serve you®

Common Stock

OFFERING CIRCULAR

Joint Bookrunning Managers

BofA Securities

J.P. Morgan

Goldman Sachs & Co. LLC

Morgan Stanley

February , 2023

Item 1A. Risk Factors.

First Republic Bank (the "Bank, "we," "us," and "our") subject to a variety of risks, some of which are specific to us and some of which are inherent to the financial services industry. There are risks, many beyond our control, that could cause our financial condition, liquidity or results of operations to differ materially from management's expectations. Some of the risks that may affect us are described below. Any of the risks described below, by itself or together with one or more other factors, may materially and adversely affect our business, results of operations, liquidity or financial condition or the market price or liquidity of our common stock. Additional risks that we do not presently know or that we currently deem immaterial may also materially and adversely affect our business, results of operations, liquidity or financial condition or the market price or liquidity of our common stock.

Risk Factor Summary

Credit Risk

- The markets in which we operate are subject to the risk of earthquakes and other natural disasters, which could negatively affect real estate property values and our operations.
- We must maintain and follow high underwriting standards to grow safely.
- Our operations and clients are concentrated in the United States' largest metropolitan areas, which could be the target of terrorist attacks, which may disrupt our operations and our clients' businesses and negatively affect real estate property values.
- Our loan portfolio is concentrated in single family residential mortgage loans.
- Weakness in the commercial real estate and construction markets could adversely affect our performance.
- We have increased our lending to businesses and have expanded our unsecured lending, and these loans expose us to greater risk than mortgages.
- We may be adversely affected by the soundness of other financial institutions.
- Climate risk could adversely affect our business and clients and damage our reputation.

Market and Interest Rate Risk

- Our business may be adversely affected by conditions in the financial markets and economic conditions generally as well as economic conditions in the markets in which we operate.
- We are subject to interest rate risk and fluctuations in interest rates may negatively impact our net interest income.
- Our wealth management business has been, and may in the future be, negatively impacted by changes in economic and market conditions, and clients have sought and may continue to seek legal remedies for investment performance.
- Downgrades of the U.S. government's credit rating could have a material adverse effect on our business, financial condition and liquidity.
- Our loan portfolio possesses increased risk due to our level of adjustable-rate loans.
- We may not be able to sell loans in the secondary market, which may adversely impact our ability to manage our growth.

Business and Strategic Risk

- We face significant competition to attract and retain banking clients.
- We face significant competition to attract and retain wealth management clients.
- Our ability to maintain, attract and retain client relationships is highly dependent on our reputation and damage to our reputation could also impair the confidence of our employees, counterparties, business partners and investors.
- Leadership transitions and our ability to attract and retain key personnel could adversely affect our business.

- We may not be able to manage our growth successfully.
- We face competition with respect to our deposits. The inability to maintain or grow our deposits could force us to use more expensive and less stable sources of funding.
- Adverse changes in the ratings for our long-term debt or preferred stock could have a material adverse effect on our business, financial condition and liquidity and may increase our funding costs or impair our ability to effectively compete for business and clients.
- We may take actions to maintain client satisfaction that result in losses or reduced earnings.
- We may be adversely affected by risks associated with completed and potential acquisitions.

Operational and Technology Risk

- Our operations have been and could continue to be interrupted to the extent our third-party service providers experience difficulties, terminate their services or fail to comply with banking regulations.
- We and our third-party service providers have been, and may in the future be, adversely affected by disruptions to our respective network and computer systems as a result of denial-of-service and other cyber attacks, any of which could cause substantial harm.
- We face risks related to the ability of our information technology systems to support our existing operations and future growth.
- The network and computer systems on which we depend could fail or experience additional security breaches.
- We are subject to certain operational risks, including fraud by employees and third parties and data processing system failures and errors.
- We rely on the accuracy and completeness of information about our clients and counterparties.
- The systems and models we employ to analyze, monitor and mitigate risks, as well as for other business purposes, are inherently limited, may not be effective in all cases and, in any case, cannot eliminate all risks that we face.
- Failure to properly manage and aggregate data may result in our inability to manage risk and business needs and inaccurate financial, regulatory and operational reporting.
- Pandemics or other public health emergencies have caused and may in the future cause substantial disruptions to the domestic and global economy, and the communities we serve, which may have an adverse effect on our business, financial position and results of operations.

Liquidity Risk

- We are subject to liquidity risk, which could impair our ability to fund various obligations.

Financial Reporting Risk

- Our financial results depend on management’s selection of accounting methods and certain assumptions and estimates.
- Our allowance for credit losses (“ACL”) on loans, unfunded loan commitments, and held-to-maturity debt securities may be inadequate.
- If we fail to maintain internal controls over financial reporting, we may not be able to accurately report our financial results, which could harm our reputation and have a negative effect on the price of our common stock.
- The value of our goodwill and other intangible assets may decline in the future.

Legal and Regulatory Risk

- The banking industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations
- The investment management and brokerage businesses are highly regulated.
- We are subject to stringent capital requirements, which impact our ability to conduct business.

- If we continue to grow and if we report $250 billion or more in total consolidated assets or $75 billion or more in weighted short-term wholesale funding, nonbank assets or off-balance sheet exposure, we would become subject to new and more stringent regulatory requirements.
- Differences in regulation can affect our ability to compete effectively.
- Reforms of the Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal Home Loan Banks (the "FHLBs") could adversely impact us.
- We could be held responsible for environmental liabilities of properties acquired through foreclosure.
- We are subject to legal and litigation risk.
- Tax regulations could be subject to potential legislative, administrative or judicial changes or interpretations.
- The transition away from LIBOR and other reference rates may adversely affect our business.
- Regulation of incentive compensation under the Dodd-Frank Act may adversely affect our ability to retain our key employees.
- The ability-to-repay requirement for residential mortgage loans may limit our ability to sell or securitize certain of our mortgage loans and give borrowers potential claims against us.
- Increases in Federal Deposit Insurance Corporation (the "FDIC") insurance premiums may adversely affect our earnings.
- Changes in consumer privacy laws, such as in California, or any non-compliance with such laws, could adversely affect our business, financial condition and results of operations.

Credit Risk

The markets in which we operate are subject to the risk of earthquakes and other natural disasters, which could negatively affect real estate property values and our operations.

A significant number of our properties, and real estate properties currently securing loans made by us and our borrowers, are located in California. California has had and will continue to have major earthquakes in many areas, including the San Francisco Bay Area, where a significant portion of the collateral and assets of our borrowers is concentrated, and the Southern California coastal regions.

Our markets are also prone to drought, wildfires, mudslides, floods, hurricanes and other natural disasters, the frequency and severity of which have increased in recent years and may be impacted by climate change. Our properties and the collateral and assets of our borrowers may not be insured or may be underinsured against such occurrences. Borrowers are not required to and may not insure for these hazards other than flood, wind and fire damage. In addition to possibly sustaining damage to our premises and disruption of our operations, if there is a major natural disaster in California or elsewhere in our markets, we will face the risk that many of our borrowers may experience uninsured or underinsured property losses or sustained job interruption or loss that may materially impair their ability to meet the terms of their loan obligations. In addition, such events may have other adverse impacts on economic conditions in our markets that are difficult to predict. A major earthquake, drought, wildfire, mudslide, flood, hurricane or other natural disaster in our California markets or our other markets could materially and adversely affect our business, results of operations or financial condition.

We must maintain and follow high underwriting standards to grow safely.

Our ability to grow our assets safely depends on maintaining disciplined and prudent underwriting standards and ensuring that our relationship managers and business bankers follow those standards. The weakening of these standards for any reason, such as to seek higher yielding loans, or a lack of discipline or diligence by our employees in underwriting and monitoring loans, may result in loan defaults, foreclosures and additional charge-offs and may necessitate that we significantly increase our ACL on loans, each of which could adversely affect our net income. As a result, our business, results of operations or financial condition could be adversely affected.

Our operations and clients are concentrated in the United States' largest metropolitan areas, which could be the target of terrorist attacks, which may disrupt our operations and our clients' businesses and negatively affect real estate property values.

The vast majority of our operations and our clients, as well as the properties securing our real estate loans outstanding are located in the San Francisco Bay Area and the New York City, Los Angeles, and Boston metropolitan areas. These areas have been and may continue to be the target of terrorist attacks. A successful, major terrorist attack in one of these areas could severely disrupt our operations and the ability of our clients to do business with us and cause losses to loans secured by properties in these areas. Such an attack would therefore adversely affect our business, results of operations or financial condition.

Our loan portfolio is concentrated in single family residential mortgage loans, including non-conforming, adjustable-rate, initial interest-only period and jumbo mortgages.

Our single family mortgage loans, including loans held for sale, represent over half of our total loan portfolio. Single family mortgage loans primarily consist of hybrid ARMs that will adjust within one to ten years in the future, as well as loans that are currently adjustable rate. Increases in prevailing market interest rates result in increased payments for borrowers who have ARMs, which may increase the possibility of defaults. In addition, a substantial portion of single family mortgage loans have an initial interest-only period of generally ten years. When an interest-only loan converts to fully-amortizing status, monthly payments are subject to change and may increase by a substantial amount. Even without an increase in prevailing market interest rates, borrowers may not be able to afford the increased monthly payments, which may result in higher loan delinquency levels. In addition, real estate values may decline and credit standards may tighten in concert with the higher payment requirements, which may make it difficult for borrowers to sell their homes or refinance their loans to pay off their mortgage obligations. As a result, interest-only loans are considered to have an increased risk of delinquency, default and foreclosure compared to conforming loans and may result in higher levels of realized losses. Furthermore, a substantial portion of our single family loans consists of jumbo loans. The secondary market for jumbo mortgages has historically been less liquid compared to conforming loans, which could impact the amount of loans that we sell in the secondary market. All of these factors related to our single family mortgages could, consequently, adversely affect our business, results of operations or financial condition.

Weakness in the commercial real estate and construction markets could adversely affect our performance.

Our loan portfolio includes commercial real estate loans and loans for the construction and ownership of properties other than owner-occupied single family homes. The factors that impact the valuation of these loans, and the valuation of the underlying commercial real estate or undeveloped land, are more complicated than the valuation of single family mortgage loans. Commercial real estate loans and loans secured by undeveloped land also tend to have shorter maturities than residential mortgage loans and usually are not fully amortizing, meaning that they may have a significant principal balance or "balloon" payments due on maturity. In addition, commercial real estate properties, particularly industrial and warehouse properties, are generally subject to relatively greater environmental risks than noncommercial properties and to the corresponding burdens and costs of compliance with environmental laws and regulations. Also, there may be costs and delays involved in enforcing rights of a property owner against commercial tenants in default under the terms of their leases. For example, tenants may seek the protection of bankruptcy laws, which could result in termination of lease contracts.

A borrower's ability to repay a commercial real estate loan depends on leasing to tenants through the life of the loan or the borrower's successful operation of a business. Weak economic conditions may impair a borrower's business operations, typically slow the execution of new leases and could result in rent volatility and increased vacancies. The combination of these factors could result in further deterioration in the fundamentals underlying the stability of the commercial real estate market and result in the deterioration in value of some of our loans. Any such deterioration could adversely affect the ability of our borrowers to repay the amounts due under their loans. As a result, our business, results of operations or financial condition may be adversely affected.

In the case of construction loans, borrowers face the additional risks that construction may take longer or be more expensive than expected, and that when completed, the value of the property, and therefore rents or sale proceeds, may be less than expected. Any of these circumstances could significantly impair borrowers' cash flows and their ability to repay the amounts due under their loans, and, as a result, our business, results of operations or financial condition may be adversely affected.

We have increased our lending to businesses and have expanded our unsecured lending, and these loans expose us to greater risk than mortgages.

In the past several years, we have expanded our lending to businesses, including capital call lines of credit, tax-exempt, and other business lending. Business loans inherently have more risk of loss than real estate secured loans, in part because business loans may be larger or more complex to underwrite than mortgages, the loans or portions thereof often lack real estate collateral, and the value of any collateral may be severely impacted by the performance of the business. In addition, our unsecured loans, which include household debt refinance loans consisting of term loans and personal lines of credit, and other unsecured lines of credit, have also increased over the past several years. If a decline in economic conditions or other issues cause difficulties for our business or unsecured borrowers or we fail to evaluate the credit of the loan accurately when we underwrite the loan, it could result in delinquencies or defaults and a material adverse effect on our business, results of operations or financial condition.

We may be adversely affected by the soundness of other financial institutions.

As a result of trading, clearing or other relationships, we have exposure to many different counterparties and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers, dealers and investment banks. Many of these transactions expose us to credit risk in the event of a default by a counterparty. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by various institutions. This systemic risk may adversely affect financial intermediaries, such as clearing agencies, banks and exchanges with which we interact on a daily basis, or key funding providers. In addition, the criteria for and manner of governmental support of financial institutions and other economically important sectors remain uncertain and may change over time. Further, the consolidation of financial services firms and the failures of other financial institutions has in the past, and may in the future, increase the concentration of, or otherwise affect the nature of, our counterparty risk. Our credit risk may also be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to us. Any such losses could have a material adverse effect on our business, results of operations or financial condition.

Climate risk could adversely affect our business and clients and damage our reputation.

The physical risk of climate change, including the increased frequency and severity of extreme weather events and natural disasters, could disrupt our operations and those of our third-party service providers, clients and counterparties, which may cause losses, increase our costs and negatively affect our ability to service and interact with our clients. The transition risk of climate change, including the transition to a less carbon-dependent economy, may also have a negative impact on the financial condition or operations of our clients and counterparties, which may decrease revenues from those clients and counterparties and increase the credit risk associated with loans and other credit exposures to those clients and counterparties. We have made commitments to offset certain emissions, purchase renewable energy and restrict lending to certain environmentally sensitive industries. Our efforts to meet these commitments could strain our resources, put us at a disadvantage to our competitors, or otherwise adversely affect our business. Additionally, our reputation may be damaged as a result of our or our clients' involvement in certain activities or industries associated with climate change, as well as any decisions we make to continue or conduct or change our activities in response to considerations relating to climate change. If we are unable to achieve our objectives or commitments relating to climate change or our response to climate change is perceived to be ineffective or insufficient, our business and reputation may suffer. Climate change has also impacted, and may continue to impact, the broader economy, including through disruptions to supply chains. As a result, our business, results of operations or financial condition may be adversely affected.

Concerns regarding climate risk have led to, and are expected to lead to further governmental efforts to mitigate those risks, as well as changes in behavior and preferences by consumers and businesses. New governmental regulations or guidance relating to climate risk, as well as the perspectives of regulators, shareholders, employees, clients and other stakeholders, may affect our product and service offerings. Federal and state banking regulators and supervisory authorities, shareholders and other stakeholders have increasingly viewed financial institutions such as us as playing an important role in helping to address risks related to climate change, both directly and with respect to their clients, which has resulted in increased pressure regarding the disclosure and management of climate risks and related lending, investment and advisory activities. We may also become subject to new or heightened regulatory requirements related to climate change, such as climate-related disclosure requirements and requirements relating to operational resiliency or stress testing for various climate stress scenarios. Any such new or heightened requirements could result in increased regulatory compliance or other costs or higher capital requirements. In addition, we could face increased regulatory, reputational and legal scrutiny as a result of our climate and other sustainability-related commitments.

The risks associated with, and the perspective of regulators, shareholders, employees, clients and other stakeholders regarding climate change are continuing to evolve rapidly, which can make it difficult to assess the ultimate impact on us of climate change-related risks and uncertainties, and we expect that climate change-related risks will increase over time.

Market and Interest Rate Risk

Our business may be adversely affected by conditions in the financial markets and economic conditions generally as well as economic conditions in the markets in which we operate.

Our financial performance generally, and in particular, the ability of borrowers to pay interest on and repay the principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services we offer and whose success we rely on to drive our future growth, is highly dependent on the business environment in the markets in which we operate and in the United States as a whole.

Some elements of the business environment that affect our financial performance include short-term and long-term interest rates, the prevailing yield curve, inflation, consumer spending, employment levels, home prices, bankruptcies, U.S. fiscal and monetary policies, fluctuations in the debt and equity capital markets, state and local regulations, and the strength of the domestic economy and the local economies in the markets in which we operate. Our operations are concentrated geographically in California, particularly the San Francisco Bay Area, and the New York City and Boston metropolitan areas. Adverse changes in economic conditions in these areas, including as a result of the unfavorable impacts of state and local regulation or population shifts out of these areas, can have a significant impact on the demand for our products and services, our loans and our wealth management business. Unfavorable market conditions can result in, among other things, a deterioration of the credit quality of borrowers, adverse changes in payment patterns, an increase in the number of loan delinquencies, defaults and charge-offs, additional provisions for credit losses, declines in credit usage, adverse asset values and a reduction in assets under management ("AUM") or assets under custody or administration ("AUA").

The majority of our loan portfolio is secured by real estate, and is concentrated in California in general and the San Francisco Bay Area in particular. A decline in real estate values can negatively impact our ability to recover our investment should the borrower become delinquent. Loans secured by stock or other collateral may be adversely impacted by a downturn in the economy and other factors that could reduce the recoverability of our investment. Unsecured loans are dependent on the solvency of the borrower, which can deteriorate, leaving us with a risk of loss.

Difficult market conditions may impact the process we use to estimate losses inherent in our credit exposure. The process requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of our borrowers to repay their loans. In difficult market conditions, our usual process may be less reliable than when market conditions are favorable.

Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence, limitations on the availability of or increases in the cost of credit and capital, increases in inflation or interest rates, high unemployment, natural disasters, state or local government insolvency, or a combination of these or other factors. Economic slowdown and instability outside of the United States, including as a result of the current or anticipated impact of military conflicts, such as the conflict between Russia and Ukraine, terrorism or other geopolitical events, may adversely affect economic and market conditions in the United States.

Uncertainty about federal fiscal policymaking, the medium and long-term fiscal outlook of the federal government, future tax rate legislation and employment costs is a concern for businesses, consumers and investors in the United States. Any unfavorable changes in the general business environment in which we operate, or in the United States as a whole or abroad, could adversely affect our business, results of operations or financial condition.

We are subject to interest rate risk and fluctuations in interest rates may negatively impact our net interest income.

Fluctuations in interest rates may negatively impact our banking business. Our primary source of income from operations is net interest income, which is the difference between the interest income received on interest-earning assets (primarily loans and investment securities) and the interest expense incurred on interest-bearing liabilities (usually deposits and borrowings). The level of net interest income is primarily a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities and the spread between the yield on such assets and the cost of such liabilities during a given period. These factors are influenced by the volume, pricing and mix of both interest-earning assets and interest-bearing liabilities which, in turn, may be impacted by external factors such as the economy, client demand and product preferences, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve System ("FOMC") and market interest rates. Conditions such as inflation, deflation, recession, unemployment, money supply, or other factors beyond our control may also affect interest rates. The timing, pace, and methods of monetary stimulus withdrawal by the FOMC can meaningfully impact the interest rate environment, which may affect our net interest income and net interest margin.

The rate paid on a portion of our deposits and short-term borrowings may be influenced by short-term interest rates, the level of which is driven primarily by the FOMC's monetary policy actions and levels of liquidity in markets. However, the yields generated by certain loans and securities may also be driven by medium- and longer-term interest rates, which are set by the market and at times, influenced by FOMC's actions. The level of net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. If the interest rates on our interest-bearing liabilities increase faster than the interest rates on our interest-earning assets, our net interest income may decline and with it, a decline in our earnings may occur. Conversely, the yield the Bank earns on assets could fall faster or further than the Bank's ability to lower rates paid on deposits or borrowings. Various assets and liabilities may also reset to different indices, which may not always move in the same direction or to the same degree (basis risk). Financial instruments with embedded optionality or prepayment risk may further impact net interest income. As a result, our business, results of operations or financial condition may be adversely affected, perhaps materially.

In addition, customers may move money from bank deposits into investments, such as equity markets, federal government and corporate securities, or other investment vehicles that provide higher rates of return than financial institution deposits. This may cause the Bank to lose some of its main source of low cost funding. Customers may also move noninterest-bearing deposits into interest-bearing accounts, thus increasing overall deposit costs. Higher funding costs may reduce the Bank's net interest margin and net interest income.

Furthermore, our securities portfolio includes long-term municipal bonds with fixed interest rates. The yields on these bonds do not change with prevailing interest rates. In a rising rate environment, the prices of such securities would likely decline, which would likely result in unrealized losses for the Bank. Inversely, in a falling rate environment, we may not realize the full benefit of price increases for bonds with embedded optionality. However, most of our long-term municipal bonds are held-to-maturity.

Changes in interest rates can also affect the slope of the yield curve and consequently impact our net interest margin. In general, a negative parallel shift in the yield curve or prolonged periods with a flatter or inverted yield curve could cause our net interest income and net interest margin to contract. Changes in the yield curve may also adversely affect the duration and expected cash flows of certain callable investment securities or loans by increasing call option exercise or prepayment risks.

An increase in interest rates on loans could also have a negative impact on our results of operations by reducing the ability of borrowers to make payments under adjustable-rate loan obligations. These circumstances could not only result in increased loan defaults, foreclosures and charge-offs, but also necessitate further increases to the ACL, which may materially and adversely affect our business, results of operations or financial condition. In addition, a decrease in interest rates on loans may result in loans in the servicing portfolio repaying more rapidly, which could result in decreases in servicing income.

Our wealth management business has been, and may in the future be, negatively impacted by changes in economic and market conditions, and clients have sought and may continue to seek legal remedies for investment performance.

Our wealth management business has been, and may in the future be negatively impacted by changes in general economic and market conditions because the performance of such business is directly affected by conditions in the financial and securities markets.

The financial markets and businesses operating in the securities industry are highly volatile and are directly affected by, among other factors, domestic and foreign economic conditions, general trends in business and finance, and changes to the securities laws and regulations, all of which are beyond our control. We cannot guarantee that broad market performance will be favorable in the future. Declines in the financial markets or a lack of sustained growth may result in declines in the performance of our wealth management business and the level of AUM or AUA.

The investment advisory contracts of First Republic Investment Management, Inc. ("FRIM"), our investment advisory subsidiary, generally provide for fees payable for investment advisory services based on the market value of AUM. Because most contracts provide for fees based on the market values of securities, declines in securities prices may reduce our wealth management fees and have an adverse effect on our business, results of operations or financial condition.

Market volatility and/or weak economic conditions may further affect investment preferences, trading activities, and savings patterns, which impact demand for certain products and services that we provide. In addition, following periods of volatile or declining market conditions, investment advisory or brokerage clients may seek legal remedies for investment performance. We may be required to defend against lawsuits involving our broker-dealer and investment management subsidiaries arising from clients' investment losses. These types of lawsuits may result in significant legal expenses or other costs that may not be covered by insurance. We may also face reputational risks with regard to such suits which could impair our ability to effectively compete to attract and retain clients. As a result, any such current or future lawsuits could adversely affect our business, results of operations or financial condition.

Downgrades of the U.S. government's credit rating could have a material adverse effect on our business, financial condition and liquidity.

Future uncertainty over U.S. fiscal policy could result in a downgrade or a reduction in the outlook of the U.S. long-term sovereign credit rating by one or more credit ratings agencies. Any downgrade, or perceived future downgrade, in the U.S. sovereign credit rating or outlook could adversely affect global financial markets and economic conditions. Prices of U.S. Treasury securities and debt securities issued by Fannie Mae, Freddie Mac and other government-sponsored or government-related entities may be adversely affected by past or future credit rating downgrades. Further, the FHLBs, Fannie Mae and Freddie Mac may face higher costs of capital that could reduce their lending and secondary mortgage market activities, respectively, or increase the cost of any future advances which we may borrow from the Federal Home Loan Bank of San Francisco. As a member of the Federal Home Loan Bank of San Francisco, we are required to maintain stock ownership at least equal to 2.7% of outstanding advances. Negative credit rating actions with respect to U.S. government obligations may have unpredictable impacts on financial markets and economic conditions in the United States and abroad, which could in turn have a material adverse effect on our business, results of operations, financial condition or liquidity.

Our loan portfolio possesses increased risk due to our level of adjustable-rate loans.

Our loan portfolio primarily consists of adjustable-rate loans. Any rise in prevailing market interest rates has resulted and may continue to result in increased payments for some borrowers who have adjustable-rate loans, increasing the possibility of defaults. This could have an adverse effect on our business, results of operations or financial condition.

We may not be able to sell loans in the secondary market, which may adversely impact our ability to manage our growth.

We sell a portion of our loans that we originate in the secondary market. If secondary mortgage market conditions were to deteriorate in the future and we cannot sell loans at our desired levels, our loan origination volume may be limited. As a result, our ability to create new relationships and manage our growth, as well as our revenue from loan sales and servicing, would be limited, and our business, results of operations or financial condition may be adversely affected.

Business and Strategic Risk

We face significant competition to attract and retain banking clients.

We operate in the highly competitive banking industry and face significant competition for banking clients from other banks and financial institutions located both within and beyond our principal markets. We compete with commercial banks, mortgage companies, insurance companies, credit unions, non-bank financial services companies, money market funds, brokerage firms and other financial institutions operating within or near the areas we serve, particularly service-focused community banking institutions that target the same clients we do. We also face competition for home loans from large, nationwide banks and for deposits from nationwide and regional banks specializing in private banking. Additionally, we compete with companies that solicit loans and deposits or offer asset management services in our principal markets or over the Internet.

Many of our non-bank competitors are not subject to the same extensive regulations that govern our activities and may have greater flexibility in competing for business. Many of our competitors are also larger and have significantly more resources, greater name recognition and larger market shares than we do, enabling them to maintain more banking locations, mount extensive promotional and advertising campaigns, be more aggressive than we are in competing for loans and deposits, and offer additional products and services. Certain of our similarly sized competitors may be acquired by larger institutions, thus giving them certain incremental competitive advantages. We expect competition to continue to intensify due to the continuing consolidation of many financial institutions. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes. Additionally, some of our current commercial banking clients may seek alternative banking sources as they develop needs for credit facilities larger than we may be able to accommodate.

In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. As a result, we compete with other alternative lenders, including “marketplace” lenders, peer-to-peer lenders, and other FinTech lenders. Our ability to compete successfully will depend on a number of factors, including, among other things:

- Our ability to build and maintain long-term client relationships while ensuring safe and sound banking practices;
- The scope, relevance and pricing of products and services offered to meet client needs and demands;
- The regulatory environment for FinTech lenders as compared to traditional banks;
- Our ability to attract, retain and develop key personnel;
- Our ability to respond to rapid technological change;
- Client satisfaction with our products and services; and
- Industry and general economic trends.

Our failure to perform or weakness in any of these areas could significantly and negatively impact our competitive position, which could adversely affect our growth and profitability, which, in turn, could have a material adverse effect on our business, results of operations or financial condition. See “Item 1. Business—Competition” in our Annual Report on Form 10-K for the year ended December 31, 2021 (the “Form 10-K”).

We face significant competition to attract and retain wealth management clients.

We face significant competition to attract and retain wealth management clients primarily from commercial banks, trust companies, mutual funds, investment advisory firms, brokerage firms, investment companies, insurance companies, and other financial services companies. We also compete with private equity firms, venture capital firms, hedge funds and other alternative investment firms, and Internet-based companies. Competition is especially keen in our principal markets because numerous well-established and successful investment advisory and brokerage firms exist throughout each of the markets in which we operate. In addition, the Bank faces increased competition from firms offering lower-priced investment products and services, including automated investment management services and index funds. Our ability to successfully attract and retain wealth management clients will depend on, among other things, our ability to compete with our competitors’ scope and quality of investment products and services offered, level of investment performance, price, client services, marketing and distribution capabilities. In addition, our ability to retain wealth management clients may be impaired by the fact that investment advisory and brokerage contracts are typically terminable at will. Most of our clients may withdraw funds from accounts under management or administration at their discretion or close accounts at any time for any reason, including the performance of the investment account, a change in an investment strategy, change in investment advisor or any other reason in their discretion. If we cannot effectively compete to attract and retain clients, our business, results of operations or financial condition may be adversely affected.

The profitability of our wealth management business could be impacted by investments in acquiring assets and key personnel and the costs of maintaining and improving a business platform that can support a substantial asset base. Profitability in this area is also a function of the incurrence of legal and compliance costs and the management of lower-margin assets, such as sub-advisory, brokerage, money market and custody assets that support our overall client service and relationship model. Further increased costs in our wealth management business could materially and adversely affect our business, results of operations or financial condition.

Our wealth management business is highly dependent on investment managers and wealth advisors to produce investment returns and to solicit and retain clients. The market for investment managers and wealth advisors is extremely competitive and is increasingly characterized by frequent movement of such persons among different firms. In addition, our individual investment managers and wealth advisors often have regular direct contact with particular clients, which can lead to a strong client relationship based on the client's trust in the individual manager or advisor. The loss of a key investment manager or wealth advisor could jeopardize our relationships with our clients and lead to the loss of client accounts. Losses of such accounts could materially and adversely affect our results of operations or financial condition.

Our ability to maintain, attract and retain client relationships is highly dependent on our reputation and damage to our reputation could also impair the confidence of our employees, counterparties, business partners and investors.

Our clients rely on us to deliver superior, highly personalized financial services with the highest standards of ethics, performance, professionalism and compliance. A significant driver of new clients has been, and we expect will continue to be, the reputation we maintain and the recommendations of satisfied clients. Damage to our reputation could undermine the confidence of our current and potential clients in our ability to provide financial services. Such damage could also impair the confidence of our employees, counterparties, business partners and investors, adversely affect our business, results of operations or financial condition and expose us to litigation and regulatory action.

Maintenance of our reputation depends not only on our success in maintaining our service-focused culture and controlling and mitigating our various risk exposures, including those described in the Form 10-K. In addition, negative public opinion may result from actual or alleged issues in areas such as potential conflicts of interest, anti-money laundering ("AML"), lending and loan servicing practices, client personal information, cybersecurity and privacy issues, record-keeping, discriminating or harassing behavior, compensation or sales practices, environmental, social and governance practices and disclosures, legal and regulatory compliance, and actions taken by government regulators, community organizations, and social and environmental activists in response thereto. Adverse or misleading publicity or information distributed on social media websites or other media, whether or not factually correct, may also harm our reputation, which may adversely affect our business, results of operations or financial condition.

Maintaining our reputation also depends on our ability to successfully prevent third-parties from infringing on the "First Republic" brand and associated trademarks. Defense of our reputation and our trademarks, including through litigation, could result in costs adversely affecting our business, results of operations or financial condition.

Leadership transitions and our ability to attract and retain key personnel could adversely affect our business.

Effective March 13, 2022, Mr. James H. Herbert, II, our founding CEO who led First Republic since it was founded in 1985, transitioned to Executive Chairman and Michael J. Roffler, our former CFO, transitioned to the position of CEO. Leadership changes may create uncertainty among investors, employees, business partners and other stakeholders of the Bank concerning an organization's future and performance.

Although we have been successful in hiring and promoting experienced professionals on our management team, we need to continue to develop and retain senior management and have the ability to attract qualified individuals to succeed existing key personnel to ensure the continued growth and successful operation of our business.

In addition, because we specialize in providing relationship-based banking and wealth management services, we need to continue to attract and retain qualified private banking personnel and wealth managers to expand. Competition for such personnel can be intense, and we may not be able to hire or retain such personnel. In recent years, the availability of remote working arrangements has increased and has intensified, and could continue to intensify, competition for prospective new employees or impair our ability to retain current employees. Our current or future in-office or remote working arrangements may not meet the needs or expectations of our employees or may not be perceived as favorable compared to the policies of our competitors. The loss of the services of any senior management personnel, relationship managers or wealth managers, or the inability to recruit and retain qualified personnel in the future, including to succeed key personnel, could have an adverse effect on our business, results of operations or financial condition. Additionally, to attract and retain personnel with appropriate skills and knowledge to support our business or succeed key personnel, we may offer a variety of benefits which may reduce our earnings or adversely affect our business, results of operations or financial condition.

We may not be able to manage our growth successfully.

We seek to grow safely and consistently. Successful and safe growth requires that we follow adequate loan underwriting standards, balance loan, investment portfolio and deposit growth without increasing interest rate risk or compressing our net interest margin, maintain satisfactory regulatory capital at all times, raise capital in advance of growth, scale our operations and systems to support our growth, employ an effective risk management framework and hire and retain qualified employees. Growth may place significant demands on our operations and management. If we do not manage our growth successfully, then our business, results of operations or financial condition may be adversely affected. New offices that we open in connection with our growth may not be successful or otherwise satisfy expectations, and any plans to open new offices may change.

We face competition with respect to our deposits. The inability to maintain or grow our deposits could force us to use more expensive and less stable sources of funding.

Deposits provide us with a stable, low-cost source of funding. We face significant competition from other financial institutions with respect to deposit accounts. Most deposit accounts do not have significant restrictions on withdrawal, and clients can generally withdraw some or all of the funds in their accounts with us upon little or no notice.

If we need to offer higher interest rates to maintain current clients or attract new clients, our interest expense on deposits will increase, perhaps materially, and there is no guarantee that we may be able to offer high enough interest rates to maintain current clients or attract new clients. An outflow of deposits because clients seek investments with higher yields or greater financial stability, prefer to do business with our competitors, or for other reasons could force us to rely more heavily on borrowings and other sources of funding to fund our business and meet withdrawal demands, adversely affecting our net interest margin. We may also be forced, as a result of any outflow of deposits, to rely more heavily on equity to fund our business, resulting in greater dilution of our existing shareholders. The occurrence of any of these events could materially and adversely affect our business, results of operations or financial condition.

Adverse changes in the ratings for our long-term debt or preferred stock could have a material adverse effect on our business, financial condition and liquidity and may increase our funding costs or impair our ability to effectively compete for business and clients.

The major rating agencies regularly evaluate us, and their ratings of us and our long-term debt and preferred stock are based on a number of factors, including our financial strength and conditions affecting the financial services industry generally. In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix and level and quality of earnings, and we may not be able to maintain our current credit ratings and preferred stock ratings. Our ratings remain subject to change at any time, and it is possible that any rating agency will take action to downgrade us in the future.

The ratings for our debt securities and preferred stock impact our ability to obtain funding. Reductions in any of the ratings for our debt securities or preferred stock could adversely affect our ability to borrow funds and raise capital. Downgrades in our ratings could trigger additional collateral or funding obligations, which may adversely impact our liquidity. Therefore, any negative credit rating actions could have a material adverse effect on our business, results of operations, financial condition or liquidity.

Furthermore, our clients and counterparties may be sensitive to the risks posed by a downgrade to our ratings and may terminate their relationships with us, may be less likely to engage in transactions with us, or may only engage in transactions with us at a substantially higher cost. We cannot predict the extent to which client relationships or opportunities for future relationships could be adversely affected due to a downgrade in our ratings. The inability to retain clients or to effectively compete for new business may have a material and adverse effect on our business, results of operations or financial condition.

Additionally, the rating agencies may, from time to time, make or may be required to make substantial changes to their ratings policies and practices. Such changes may, among other things, adversely affect the ratings of our securities or other securities in which we have an economic interest.

We may take actions to maintain client satisfaction that result in losses or reduced earnings.

We may find it necessary to take actions or incur expenses in order to maintain client satisfaction even though we are not required to do so by law. The risk that we will need to take such actions and incur the resulting losses or reductions in earnings is greater in periods when financial markets and the broader economy are performing poorly or are particularly volatile. As a result, such actions may adversely affect our business, results of conditions, or financial condition perhaps materially.

We may be adversely affected by risks associated with completed and potential acquisitions.

We plan to continue to grow our business organically, although, from time to time, we may consider potential acquisition opportunities that we believe complement our activities and have the ability to enhance our profitability, including acquisitions of wealth management and related businesses. Acquisitions involve numerous risks, including:

- The risk that certain material information was not adequately disclosed during the due diligence process;
- The risk that the acquired business accounted for certain items outside of financial accounting and reporting standards;
- The risk that the acquired business will not perform to our expectations or that the synergies or benefits are not as great as expected;

- Difficulties, inefficiencies or cost overruns in integrating the personnel, operations, services and products of the acquired business with ours;

- The diversion of management's attention from other aspects of our business;

- Entering geographic and product markets in which we have limited or no direct prior experience;

- The potential loss of key employees; and

- The potential for liabilities and claims arising out of the acquired businesses.

If we were to consider acquisition opportunities, we expect to face significant competition from numerous other financial services institutions, many of which will have greater financial resources than we do. Accordingly, attractive acquisition opportunities may not be available. We may not be successful in identifying or completing any future acquisitions, integrating any acquired business into our operations or realizing any projected cost savings or other benefits associated with any such acquisition.

We must generally satisfy a number of meaningful conditions prior to completing any acquisition, including, in certain cases, federal and state bank and other regulatory approvals, which can be difficult to obtain. Bank regulators consider a number of factors when determining whether to approve a proposed transaction, including the ratings and compliance history of all institutions involved, the AML and Bank Secrecy Act ("BSA") compliance history of all institutions involved, CRA examination results and the effect of the transaction on financial stability. We may fail to pursue, evaluate or complete strategic and competitively significant business opportunities as a result of our inability, or our perceived inability, to obtain required regulatory approvals in a timely manner or at all.

Operational and Technology Risk

Our operations have been and could continue to be interrupted to the extent our third-party service providers experience difficulties, terminate their services or fail to comply with banking regulations.

We depend to a significant extent on a number of relationships with third-party service providers, including Internet, mobile technology and cloud service providers. Specifically, we receive core systems processing, essential web hosting and other Internet systems, deposit processing, wire processing and other processing services from third-party service providers. If these third-party service providers experience difficulties (including due to cyber attacks or other incidents described below), do not perform the relevant services properly or terminate their services and we are unable to replace them with other service providers, our operations could be interrupted. While we conduct due diligence prior to engaging with third party vendors and perform ongoing monitoring of vendor controls as part of our vendor management policies and practices, these policies and practices cannot eliminate this risk. If an interruption were to continue for a significant period of time, our business, results of operations or financial condition could be adversely affected, perhaps materially, and we may be subject to regulatory action. Even if we are able to replace them, it may be at higher cost to us, which could adversely affect our business, results of operations or financial condition.

We and our third-party service providers have been, and may in the future be, adversely affected by disruptions to our respective network and computer systems as a result of denial-of-service and other cyber attacks, any of which could cause substantial harm.

We and our third-party service providers have experienced, and may in the future experience, disruptions and failures in our respective computer systems and network infrastructure or otherwise as a result of denial-of-service and other cyber attacks or other security incidents. Like the financial services industry generally, we are under continuous threat of loss as a common target of cyber attacks and we routinely experience denial-of-service and other cyber attacks or other security incidents. Examples of recent matters that could impact our operations or data (including client data) include two incidents in early 2023 that impacted our third party service providers and their computer systems (and for which our investigation remains ongoing). This risk has increased significantly in recent years in part because of the proliferation of new technologies, such as online and mobile banking to conduct financial transactions, increased interconnectedness of operating environments, devices and delivery channels, and the increased sophistication of the external parties behind cyber attacks. In addition, the techniques used in such attacks change frequently, may not be recognized until launched and can be initiated from a variety of sources. Cyber attacks at third-party service providers are also becoming increasingly common, and, as a result, risks relating to cyber attacks on our vendors have been increasing. Some of these vendors supply essential services to us such as providers of financial information, systems and analytical tools, and providers of electronic payment and settlement systems. Computer break-ins, whether physical or electronic, and other disruptions could jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability to us and deter potential clients.

In recent years, federal and state regulators, including the FDIC, SEC, and the Financial Industry Regulatory Authority ("FINRA"), have made statements concerning cybersecurity risk management, preparedness and resiliency for financial institutions such as us. These statements range from issues with respect to client account protections to business continuity, and represent the regulators' expectations for financial institutions to have more robust cybersecurity risk management and a preparedness and resiliency program for themselves and their service providers. A financial institution is also expected to develop processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution, or its critical service providers, fall victim to this type of cyber attack. Any cyber incidents, such as those of our third party vendors, could result, among other things, in increased regulatory scrutiny and adverse regulatory or civil litigation consequences.

The occurrence of a cyber-threat scenario could cause interruptions in our operations and result in the incurrence of significant costs, including those related to forensic analysis and legal counsel, each of which may be required to ascertain the extent of any potential harm to our customers, or employees, or damage to our information systems and any legal or regulatory obligations that may result therefrom. The occurrence of a cyber-threat may therefore have a material adverse effect on our financial condition and results of operations. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by us and our clients.

Due to the increasing sophistication of such attacks, we have not been able, and may in the future not be able, to prevent denial-of-service or other cyber attacks that could compromise our normal business operations or the normal business operations of our clients, or result in the unauthorized use or disclosure of clients' confidential and proprietary information. The occurrence of any failure, interruption or security breach of network and computer systems resulting from denial-of-service or other cyber attacks or security incidents, including those described above, could impact our ability to operate and serve our clients, damage our reputation, result in a loss of client business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could adversely affect our business, results of operations or financial condition.

We face risks related to the ability of our information technology systems to support our existing operations and future growth.

We have developed, and are continuously developing, information technology and other systems and processes to support our business operations. As our business grows, we continue to invest in and enhance these systems and processes. The financial services industry experiences rapid technological change with regular introductions of new technology-driven products and services, and the ability to access and use technology is an increasingly important competitive factor in the financial services industry. These investments and enhancements entail significant costs and create risks associated with implementing new systems and integrating them with existing ones. If not implemented effectively, these changes may result in business interruptions, client losses, additional costs or damage to our reputation. Any failure in our information technology systems as a result of such changes could have an adverse effect on our business, results of operations or financial condition, perhaps materially.

The network and computer systems on which we depend could fail or experience additional security breaches.

Our computer systems are vulnerable to unforeseen problems and threat actors, which is further heightened by our increased use of mobile and cloud technologies. Because we conduct our business over the Internet and outsource several critical functions to third-parties, our operations depend on our ability, as well as that of third-party service providers, to protect computer systems and network infrastructure against cyber attacks, damage from fire, power loss, telecommunications failure, physical break-ins or similar catastrophic events. From time to time, we and our third-party service providers experience cyber attacks, such as Distributed Denial of Service, ransomware or the exploitation of newly found vulnerabilities such as zero-day attacks. Any damage or failure that causes interruptions to our operations could have a material adverse effect on our business, results of operations or financial condition.

We also rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems, including due to hacking or other similar breaches of information technology security protocols, could result in failures or disruptions in our client relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if it does occur, that it will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of client business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could adversely affect our business, results of operations or financial condition.

We are subject to certain operational risks, including fraud by employees and third parties and data processing system failures and errors.

We rely on business processes and branch activity that largely depend on people and technology, including access to information technology systems as well as information, applications, payment systems and other services provided by third parties. We offer workplace flexibility to a portion of our employees, allowing them to work remotely from their homes some of the time, and technology in employees' homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. Remote work practices introduce additional operational risk, including increased cybersecurity risk. These cyber risks include greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore the systems in the event of a systems failure or interruption, greater risk of security breaches resulting in destruction or misuse of information, and potential impairment of our ability to perform critical functions, including wiring funds, all of which could expose us to risks of data or financial loss, litigation, liability and reputational damage and could seriously disrupt our operations and the operations of any impacted clients.

We are also subject to other operational risks related to employee, customer and third-party fraud or theft and data processing system failures and errors. Fraudulent activities may take many forms, including online payment transfer fraud, debit card fraud, check fraud, fraud related to ATM machines, phishing attacks, social engineering, identity theft, account takeover and other dishonest attacks. Because the nature of the financial services business involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. These fraudulent activities and system errors may result in financial losses or increased costs to us or our clients, disclosure or misuses of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation or damage to our reputation.

We maintain a system of internal controls designed to prevent, detect and mitigate against such occurrences and maintain insurance coverage for such risks. However, should such an event occur that is not prevented or detected by our internal controls, or is uninsured or in excess of applicable insurance limits, such an event could result in regulatory actions and have a significant adverse effect on our business, results of operations or financial condition.

Moreover, we rely on many third-parties in our business operations, including appraisers of the real property collateral, vendors that supply essential services such as providers of financial information, systems and analytical tools and providers of electronic payment and settlement systems, and local and federal government agencies, offices, and courthouses. Since the COVID-19 pandemic, many of these entities continue to limit the availability of and access to their services. For example, loan originations could be delayed due to the limited availability of real estate appraisers for the collateral. Loan closings could be delayed related to reductions in available staff in recording offices or the closing of courthouses in certain counties, which slows the process for title work, mortgage and UCC filings in those counties. Our ability to raise equity could be delayed by closures to or reductions in available staff at the California Secretary of State which slows the process of corporate filings. If the third-party service providers continue to have limited capacities for a prolonged period or if additional limitations or potential disruptions in these services materialize, it may negatively affect our operations.

We rely on the accuracy and completeness of information about our clients and counterparties.

In deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished by or on behalf of clients and counterparties, including financial statements and other financial information. We may also rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. If this information is inaccurate or incomplete, we may be subject to credit losses, regulatory action, reputational harm or other adverse effects on the operation of our business, results of operations or financial condition.

The systems and models we employ to analyze, monitor and mitigate risks, as well as for other business purposes, are inherently limited, may not be effective in all cases and, in any case, cannot eliminate all risks that we face.

We use various systems and models in analyzing and monitoring several risk categories, as well as for other business purposes, including determining our ACL. However, these systems and models are inherently limited because they involve techniques and judgments that cannot anticipate every economic and financial outcome in the markets in which we operate, nor can they anticipate the specifics and timing of such outcomes. Further, these systems and models may fail to quantify accurately the magnitude of the risks we face. Our measurement methodologies rely on many assumptions and historical analyses and correlations. These assumptions may be incorrect, and the historical correlations on which we rely may not continue to be relevant. Consequently, the measurements that we make may not adequately capture or express the true risk profiles of our businesses or provide accurate data for other business purposes, each of which ultimately could have a negative impact on our business, financial condition and results of operations. Errors in the underlying model or model assumptions, or inadequate model assumptions, could result in unanticipated and adverse consequences to our business or financial condition, including material losses or noncompliance with regulatory requirements or expectations.

Failure to properly manage and aggregate data may result in our inability to manage risk and business needs and inaccurate financial, regulatory and operational reporting.

We rely on our ability to manage, aggregate, interpret and use data in an accurate, timely and complete manner for effective risk reporting and management. Our policies, programs, processes and practices govern how data is managed, aggregated, interpreted and used. While we continuously update our policies, programs, processes and practices, and implement emerging technologies, our data management and aggregation processes are subject to failure, including human error or system failure. Failure to manage data effectively and to aggregate data in an accurate, timely and complete manner may limit our ability to manage current and emerging risk, to produce accurate financial, regulatory and operational reporting as well as to manage changing business needs. The failure to establish and maintain effective, efficient and controlled data management could adversely affect our business, results of operations or financial condition.

Pandemics or other public health emergencies have caused and may in the future cause substantial disruptions to the domestic and global economy, and the communities we serve, which may have an adverse effect on our business, financial position and results of operations.

Disruptions caused by pandemics or other public health emergencies, or the fear of a pandemic or other public health emergency, may cause national, regional and local economies to suffer lasting disruptions, which could result in decreased consumer spending and demand for lending, which may materially impact our business. Volatile market conditions and changed consumer behavior may have a material impact on our lending business, and in particular our real estate lending business, including through reduced demand for residential, commercial and multifamily real estate or decreasing property values. Pandemics and other public health emergencies have resulted in, and could in the future result in, interruptions in the supply chain that adversely affect many businesses and contribute to higher rates of inflation. Declines in the financial markets may negatively affect our wealth management business by reducing our wealth management fees, reducing the level of AUM or AUA or subjecting us to greater litigation risk.

These disruptions may also impair our clients' ability to repay loans. Further, as a result of pandemic or health emergency-driven disruptions, clients may seek additional loans that they may be unable to repay, particularly to the extent businesses are closed and unemployment levels rise. These circumstances could result in future delinquencies and increases in our provision for credit losses and provision for unfunded loan commitments.

Additionally, the macroeconomic forecasts used in determining the ACL could change, resulting in significant changes in the ACL. Declines in market conditions may increase the risk of default and decrease the value of collateral. Further, our ability to seek repayment for loans may be limited by government restrictions, such as government-mandated suspensions on evictions, foreclosures and mortgage payments.

From an operational perspective, pandemics and public health emergencies have in the past resulted in and could in the future result in the temporary closures of certain of our offices and the facilities of many of our clients and service providers. Remote working arrangements increase operational risks, including cybersecurity risks, resulting from increased dependencies on employees' home internet systems and their abilities to work remotely, which in turn may also be impacted by various unrelated events such as power outages or damaged infrastructure that may occur due to earthquakes, wildfires, hurricanes or other natural disasters. Additionally, although we maintain business continuity plans, public health crises may impair the availability of key employees who are necessary to conduct our business. Actions taken by U.S. or other governmental authorities that are intended to mitigate the effects of a pandemic or other public health emergency, or delays in the implementation of prior regulatory measures, may result in regulatory uncertainty and impose additional restrictions.

For any pandemic or other public health emergency, the effects on our business and financial condition will depend on, among other things, the duration and severity of the outbreak, development surrounding new strains of any pathogen, the actions to contain the pathogen or treat its impact, including the availability and effectiveness of vaccines, and how quickly and to what extent normal economic and operating conditions can resume. Any pandemic or public health emergency may heighten or otherwise affect the other risk factors presented herein, which could materially and adversely affect our business, financial position and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, results of operations or financial condition.

Liquidity Risk

We are subject to liquidity risk, which could impair our ability to fund various obligations.

We require liquidity in the normal course of business to meet our deposit and debt obligations as they come due. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy generally. Factors that could detrimentally impact our access to liquidity sources at a reasonable cost include a downturn in the geographic markets in which our loans are concentrated, increases in interest rates, volatile credit markets, changes in credit ratings, or adverse regulatory actions against us. Our access to deposits as a primary funding source may also be affected by external factors such as the liquidity needs of our depositors and changes in interest rates and returns on other investment classes, which could result in a significant outflow of deposits. In particular, a majority of our liabilities on average during 2022 were checking accounts, money market checking and savings deposits, which are payable on demand or upon several days' notice, while by comparison, a substantial majority of our assets were loans, which cannot be called or sold in the same time frame. Although we have been able to replace maturing deposits and advances historically as necessary, we might not be able to replace such funds in the future, especially if a large number of our depositors or those depositors with significant balances of deposits sought to withdraw their accounts, regardless of the reason. A failure to maintain adequate liquidity could materially and adversely affect our business, results of operations or financial condition.

Financial Reporting Risk

Our financial results depend on management's selection of accounting methods and certain assumptions and estimates.

Our accounting policies and methods are fundamental to how we record and report our results of operations and financial condition. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management's judgment of the most appropriate manner to report our financial condition and results. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet may result in our reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting our financial condition and results. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. Our critical accounting policy and estimate is the ACL on loans. Because of the uncertainty of estimates involved in this matter, we may be required to significantly increase the ACL or sustain credit losses that are significantly higher than the reserve provided. Either of these actions could adversely affect our business, results of operations or financial condition.

Our ACL on loans, unfunded loan commitments, and held-to-maturity debt securities may be inadequate.

We record an ACL representing the lifetime expected credit losses on our loans, unfunded loan commitments, and held-to-maturity debt securities. Our management determines the ACL based on available information, including the credit quality of the loan and investments portfolio, the types of loans and investments composing the respective portfolios, current and forecasted economic conditions, the value of the underlying collateral and the level of nonaccrual assets, where applicable. Although our management has established an ACL it believes is adequate to absorb expected credit losses, it is an estimate requiring difficult, subjective and complex judgments about matters that are uncertain, which may result in an inadequate ACL. If deterioration in the general economy or in our principal markets occurs, this could result in a decrease in credit quality of our loans or investments and our ACL may be inadequate. In addition, if an earthquake or other natural disaster were to occur in one of our principal markets, increases in the ACL may also be necessary to absorb expected credit losses in our loan and investment portfolio. Such increases in our ACL will result in additional provision for credit losses, which will reduce our net income, and our business, results of operations or financial condition may be materially and adversely affected.

The federal banking agencies, as an integral part of their supervisory functions, periodically review our loan portfolio and related ACL. These regulatory agencies may require us to increase our provision for credit losses for loans or to recognize further loan charge-offs based upon their judgments, which may be different from ours. In addition, changes to the accounting standards that govern financial reporting related to loans may result in unanticipated effects on the timing or amount of our loan losses. An increase in the ACL required by the federal banking agencies or the unanticipated recognition of losses on our loans could materially adversely affect our financial condition and results of operations.

If we fail to maintain internal controls over financial reporting, we may not be able to accurately report our financial results, which could harm our reputation and have a negative effect on the price of our common stock.

The Sarbanes-Oxley Act of 2002 requires our management to evaluate the Bank's disclosure controls and procedures and its internal control over financial reporting and requires our auditors to issue a report on our internal control over financial reporting. As we continue to grow, our internal controls may become more complex and require additional resources to ensure they remain effective amidst dynamic regulatory and other guidance. Additionally, our SOX program office provides an independent assessment and testing of our internal controls, policies, and procedures. Failure to maintain effective controls over financial reporting or implement new or improved controls may harm our operating results or cause us to fail to meet our reporting obligations. We are required to disclose, in our Annual Report on Form 10-K, the existence of any “material weaknesses” in our internal controls. The identification of one or more material weaknesses as of the end of any given quarter or year could result in increased regulatory scrutiny or litigation risk and could have a negative impact on our reputation, results of operations or financial condition, as well as the price of our common stock.

The value of our goodwill and other intangible assets may decline in the future.

A significant decline in our expected future cash flows, a significant adverse change in the business climate, slower growth rates, a significant and sustained decline in the price of our common stock or the poor performance of an acquired business may require us to take charges in the future related to the impairment of our goodwill and other intangible assets. The loss of several of our relationship managers to a competitor may also result in a charge against our goodwill and other intangible assets. If we were to conclude that a future write-down of our goodwill and other intangible assets is necessary, we would record the appropriate charge, which could have a material adverse effect on our business, results of operations or financial condition.

Legal and Regulatory Risk

The banking industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations, including increased legal and compliance costs.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily to protect depositors, the public, the DIF, and the banking and financial systems as a whole, not our shareholders or debtholders. We expect that our business will remain subject to extensive regulation and supervision and that the level of scrutiny and the enforcement environment will fluctuate over time, based on numerous factors, including changes in the United States presidential administration or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry). We are subject to the regulation and supervision of the FDIC, the DFPI and the Consumer Financial Protection Bureau (the "CFPB"). The banking laws, regulations and policies applicable to us govern matters ranging from the regulation of certain debt obligations, changes in the control of us and the maintenance of adequate capital to the general business operations conducted by us, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, restrictions on dividends, establishment of new offices and the maximum interest rate that may be charged by law. In addition, certain of our subsidiaries are subject to regulation, supervision and examination by other regulatory authorities, including the Securities and Exchange Commission (the "SEC") and FINRA. See "Item 1. Business—Supervision and Regulation" in the Form 10-K for more information on the laws and regulations applicable to us.

We are subject to changes in federal and state banking statutes, regulations and governmental policies, and the interpretation or implementation of them. Regulations affecting banks and other financial institutions in particular undergo continuous review and frequently change and the ultimate effect of such changes cannot be predicted. Laws, regulations and regulatory guidance may be modified at any time, including as a result in changes in the presidential administration, congress or in key personnel at our regulators, and new legislation may be enacted that will affect us or our subsidiaries. Changes in federal and state laws, as well as regulations and governmental policies, have resulted in increased compliance costs, and future legal or regulatory changes could affect us in substantial and unpredictable ways, including by limiting the types of financial services and products we may offer, increasing our litigation and regulatory costs (including if we fail to comply appropriately with new or modified legal or regulatory requirements), altering the investments we make, increasing the ability of non-bank competitors to offer competing products and services, and other ways that may adversely affect our business, results of operations or financial condition.

Federal and state banking regulators have broad authority to supervise our banking business and that of our subsidiaries, including the authority to prohibit activities that represent unsafe or unsound banking practices or constitute violations of statute, rule, regulation, or administrative order. Failure to appropriately comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory agencies, civil money penalties or damage to our reputation, all of which could adversely affect our business, results of operations or financial condition. For example, federal banking agencies have increased their focus on compliance with consumer protection laws and BSA and AML regulations, and we expect this focus to continue. There have been a number of significant enforcement actions by regulators, as well as state attorneys general and the Department of Justice, against banks, broker-dealers and non-bank financial institutions with respect to consumer compliance, AML and sanctions laws and some have resulted in substantial penalties, including criminal pleas and/or admissions of wrongdoing. Any such enforcement action or settlement could have significant consequences for a financial institution, including loss of customers, reputational harm, increased exposure to civil litigation, restrictions on the ability to access the capital markets, and the inability to operate certain businesses or offer certain products for a period of time. We have expended significant resources to enhance, and we continue to enhance, our compliance programs. These enhancements, as well as any enhancements in other compliance areas that may be required in the future, will result in incremental professional fees and personnel costs, may limit our ability to offer competitive products to our clients, may divert resources from our ongoing business development activities. Notwithstanding our enhancements to these compliance programs, our compliance programs may not be effective and regulators may impose additional requirements on us or require us to take additional actions which could increase our costs, decrease our revenues or net income and reduce or restrict our ability to expand and effectively compete.

The nature, extent, timing and impact of any future changes to the Dodd-Frank Act and related regulatory requirements or other laws and regulations impacting our business cannot be predicted. If further legislation or regulations are implemented or repealed, it may be time-consuming and expensive for us to alter our internal operations in order to comply with such changes.

As a result of the current regulatory environment and our growth in recent years, we have made and expect to continue to make substantial investments in our legal, regulatory, audit and compliance infrastructure. Our expenses associated with our legal, regulatory, audit and compliance infrastructure have increased and could also be higher than anticipated in the future, which may adversely impact our results of operations.

The investment management and brokerage businesses are highly regulated.

The investment management and brokerage business are highly regulated, primarily at the federal level. One of our subsidiaries, FRIM, is a registered investment adviser under the Investment Advisers Act of 1940, as amended ("Investment Advisers Act"), and First Republic Securities Company, LLC ("FRSC") is a registered broker-dealer regulated by the SEC, FINRA and state regulatory agencies. The Investment Advisers Act imposes numerous obligations on federally registered investment advisers, including fiduciary, record-keeping, operational and disclosure obligations.

FRIM is also subject to the provisions and regulations of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") to the extent it acts as a "fiduciary" under ERISA with respect to certain of its clients. ERISA and the applicable provisions of the federal tax laws impose a number of duties on persons who are fiduciaries under ERISA and prohibit transactions involving the assets of each ERISA plan that is a client, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. FRIM and FRSC are also both licensed and regulated under state law as insurance agencies. The relationships between the Bank and its subsidiaries and the private funds advised by FRIM are subject to restrictions and requirements under the Volcker Rule.

The SEC has adopted rules that are intended to limit conflicts of interest for non-retirement and retirement accounts, which include establishing a "best interest" standard of conduct for broker-dealers when making a recommendation on any securities transaction or investment strategy to a retail customer and clarify certain aspects of the fiduciary duty that a registered investment adviser owes to its clients. In addition, the SEC issued a final rule that requires broker-dealers and investment advisers to provide a standardized summary disclosure to retail customers describing their relationship with and services offered by the broker dealer or investment adviser. Certain states are also advancing their own standard of conduct for investment advisers and broker-dealers. The impact of these new regulations is uncertain and difficult to predict, and could have varying implications for our business, including, among other things, the products and services that we are able to provide to our clients, and the new regulations could result in increases in compliance and other costs.

Our failure or the failure of our subsidiaries that provide investment management services, brokerage services, or any related regulated services to comply with applicable laws or regulations could result in civil or criminal monetary penalties, fines or restitution, suspensions of individual employees, or other sanctions, including revocation of such subsidiary's registration as an investment adviser or otherwise. Any such failure could have an adverse effect on our reputation and could adversely affect our business, results of operations or financial condition.

We are subject to stringent capital requirements, which impact our ability to conduct business.

We are subject to regulatory requirements specifying minimum amounts and types of capital that we must maintain. See "Item 1. Business—Supervision and Regulation—Capital Requirements" in the Form 10-K for additional information. If we fail to meet these minimum capital rules and other regulatory requirements, we or our subsidiaries may be restricted in the types of activities we may conduct and we may be prohibited from taking certain capital actions, such as paying dividends and repurchasing or redeeming capital securities.

Although we meet the requirements of the capital adequacy requirements set forth in the federal banking agencies capital rules (the "Basel III Capital Rules"), as implemented in the FDIC's regulations, including the capital conservation buffer, we may fail to do so in the future. In addition, these requirements could have a negative impact on our ability to lend, grow deposit balances, make acquisitions or make capital distributions in the form of increased dividends or share repurchases. Higher capital levels could also lower our return on equity.

If we continue to grow and if we report $250 billion or more in total consolidated assets or $75 billion or more in weighted short-term wholesale funding, nonbank assets or off-balance sheet exposure, we would become subject to new and more stringent regulatory requirements relating to capital and liquidity.

New and more stringent regulatory requirements will apply to us if we become a Category III banking institution by having $250 billion or more in total consolidated assets or $75 billion or more in weighted short-term wholesale funding, nonbank assets or off-balance sheet exposure based on a trailing four-quarter average. Among other things, we would be subject to enhanced capital and liquidity requirements including the Liquidity Coverage Ratio and Net Stable Funding Ratio rules. As a result we may need to increase our holdings of high-quality liquid assets and/or change the composition of our funding, which could adversely affect our net interest margin. Further, we would be subject to the supplementary leverage ratio and countercyclical capital buffer, in addition to the capital conservation buffer, under the Basel III Capital Rules and Dodd-Frank Act capital stress testing requirements. The capital, liquidity and stress testing requirements that would apply if we become a Category III institution could result in limitations on our business, as well as increased compliance costs. Depending on our levels of capital and liquidity, stress test results and other factors, we may be limited in the types of activities we may conduct and be limited as to how we utilize our capital, including with respect to dividends. Further, we may be subject to heightened supervisory expectations, which could result in additional regulatory scrutiny, higher penalties, and more severe consequences if we are unable to meet those expectations.

Differences in regulation can affect our ability to compete effectively.

The content and application of laws and regulations applicable to financial institutions vary according to the size of the institution, the jurisdictions in which the institution is organized and operates and other factors. We may be subject to more stringent regulatory requirements and supervision than smaller institutions. In addition, FinTech companies and other non-bank competitors may not be subject to banking regulation, or may be regulated by a national or state agency that does not have the same regulatory priorities or supervisory requirements as our regulators. These differences in regulation can impair our ability to compete effectively with competitors that are less regulated and that do not have similar compliance costs.

Reforms of Fannie Mae and Freddie Mac and the FHLBs could reduce demand for residential mortgage loans, limit our ability to sell residential mortgage loans in the secondary market and affect our funding sources.

The U.S. Congress may consider reforms to the federal government's involvement in the housing market. Reforms could include reducing the scale of Fannie Mae's and Freddie Mac's secondary purchases of residential mortgage loans or winding down these entities entirely. This could significantly reduce the amount of residential mortgage loans that we can sell in the secondary market, which would limit the amount of loans we can originate and in turn limit our ability to create new relationships, manage our growth and earn revenue from loan sales and servicing. Reforms could also include cutting back or eliminating the FHLB system, which could remove a significant source of term funding for our lending activities and likewise limit our ability to originate loans and manage our interest rate risk. Such reforms could also raise interest rates for residential mortgage loans, thereby reducing demand for our primary lending products, and could have an adverse effect on our business, results of operations or financial condition.

We could be held responsible for environmental liabilities of properties acquired through foreclosure.

If we are forced to foreclose on a defaulted mortgage loan to recover our investment, we may be subject to environmental liabilities related to the underlying real property. Hazardous substances or wastes, contaminants, pollutants or sources thereof may be discovered on properties during our ownership or after a sale to a third-party. The amount of environmental liability could exceed the value of real property. We could be fully liable for the entire cost of any removal and clean-up on an acquired property. In addition, we may find it difficult or impossible to sell the property before or after any environmental remediation. As a result, our business, results of operations or financial condition may be adversely affected.

We are subject to legal and litigation risk, which may adversely impact our operations, reputation and financial condition.

Because the Bank is extensively regulated by a variety of federal and state agencies, and because we are subject to a wide range of business, consumer and employment laws and regulations at the federal, state and local levels, we are at risk of governmental investigations and lawsuits as well as claims and litigation from private parties. This risk is heightened when we act as a fiduciary for our clients and may be further heightened during periods when credit, equity or other financial markets are deteriorating in value or are particularly volatile, or when clients or investors are experiencing losses. We are from time to time involved in disputes with and claims from clients, government agencies, vendors, employees and other business parties, and such disputes and claims may result in litigation or settlements. Such litigation, alone or in the aggregate, may have an adverse impact on the Bank’s operations, reputation, employee or customer relations, financial condition or results of operations as a result of the costs of any judgment, the terms of any settlement and/or the expenses incurred in defending the applicable claim. It is inherently difficult to assess the outcome of such litigation, and there can be no assurance that the Bank will prevail in any proceeding or litigation.

We estimate our potential liability for pending and threatened claims, and record reserves when appropriate pursuant to GAAP, by evaluating the facts of particular claims under current judicial decisions and legislative and regulatory interpretations. This process is inherently subject to risk, including the risks that a judge or jury could decide a case contrary to our evaluation of the law or the facts or that a court could change or modify existing law on a particular issue important to the case. Our earnings will be adversely affected to the extent that our reserves are not adequate.

Tax regulations could be subject to potential legislative, administrative or judicial changes or interpretations.

Federal income tax treatment of corporations and other federal and state tax provisions are clarified and/or modified by legislative, administrative or judicial changes or interpretations from time to time. Any such changes could adversely affect the Bank, either directly, or indirectly as a result of effects on the Bank’s customers. The U.S. presidential administration may make substantial changes to fiscal and tax policies that may adversely affect our business.

The amount of income taxes that we are required to pay on our earnings is based on federal and state legislation and regulations. We provide for current and deferred taxes in our financial statements based on our results of operations, business activity, legal structure and interpretation of tax statutes. We may take filing positions or follow tax strategies that are subject to audit and may be subject to challenge. Our net income may be reduced if a federal, state or local authority assessed charges for taxes that have not been provided for in our consolidated financial statements. Taxing authorities could change applicable tax laws, challenge filing positions or assess taxes and interest charges. If taxing authorities take any of these actions, our business, results of operations or financial condition could be adversely affected, perhaps materially.

The transition away from LIBOR and other reference rates may adversely affect our business.

Many of our loan products determine the amount of interest by reference to certain reference rates or indices that have become subject to recent regulatory guidance and reforms, including reference rates that have been discontinued or are in the process of being discontinued. The United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, and the ICE Benchmark Administration, the FCA-regulated and authorized administrator of LIBOR, have announced that the most commonly used USD LIBOR settings will cease to be published or cease to be representative after June 30, 2023. All other LIBOR settings ceased to be published or to be representative as of December 31, 2021. In March 2022, President Biden signed the LIBOR Act into law. The LIBOR Act provides a statutory framework to replace USD LIBOR with a benchmark rate based on the Secured Overnight Financing Rate ("SOFR") for contracts governed by U.S. law that have no fallbacks or fallbacks that would require the use of a poll or LIBOR-based rate. As contemplated by the LIBOR Act, in December 2022, the Board of Governors of the Federal Reserve System adopted a rule which identifies different SOFR-based replacement rates for derivative contracts, for cash instruments such as floating-rate notes and preferred stock, for consumer loans, for certain government-sponsored enterprise contracts and for certain asset-backed securities. As the transition away from LIBOR is ongoing, there continues to be uncertainty as to the ultimate effects of LIBOR and other reference rate transition, including the effect on the financial markets for LIBOR-linked financial instruments. In addition, the FHLB of San Francisco ceased calculating and publishing the 11th District Monthly Weighted Average Cost of Funds Index ("COFI") on January 31, 2022.

If and when reference rates, such as COFI and LIBOR, are no longer available or if they are not an acceptable market reference rate, we will be required, or we may exercise discretion, to implement one or more substitute reference rate(s) for the calculation of interest rates under our loan agreements with our borrowers. We ceased offering new loans indexed to COFI in the first half of 2018 and to LIBOR in the first half of 2019, have transitioned loans indexed to COFI and are currently implementing a transition plan in place with respect to existing loans indexed to LIBOR. In lieu of COFI or LIBOR, new loan originations are generally currently indexed to Prime or a 12-month average of 1-year Constant Maturity Treasury.

Although the LIBOR Act includes safe harbors if the SOFR-based replacement rate identified by the Board of Governors of the Federal Reserve System is selected, these safe harbors are untested. As a result, and despite the enactment of the LIBOR Act, for the most commonly used USD LIBOR settings, the selection of a successor rate could result in customer disputes or litigation. In addition, developments related to reference rates could adversely affect our exposure to fluctuations in interest rates as well as the amounts we receive on, and the values of, the variable rate loans. As such, any changes to the calculation of the reference rates we use in our loan products, or the transition to one or more new reference rate(s) could have an adverse effect on our business, financial condition or results of operations.

Regulation of incentive compensation under the Dodd-Frank Act may adversely affect our ability to retain our key employees.

Under the Dodd-Frank Act, federal regulators are required to issue regulations relating to incentive compensation. Regulators have not yet issued these rules. Future regulations may limit the manner and amount of incentive compensation that banking organizations provide to employees, and could adversely affect our ability to attract and retain our key employees. If we were to experience such effects with respect to our employees, our business, results of operations or financial condition could be adversely affected. We are not able to predict at this time when regulators will issue incentive compensation rules, and the impact on the Bank will depend on the final form of any such rules and how they are implemented and applied.

The ability-to-repay requirement for residential mortgage loans may limit our ability to sell or securitize certain of our mortgage loans and give borrowers potential claims against us.

Under TILA, mortgage lenders are required to show that they have verified the borrower's ability to repay a residential mortgage loan (which does not include home equity lines of credit). Borrowers could possibly claim statutory damages against us for violations of this requirement. Lenders of mortgages that meet a "qualified mortgage" standard have a safe harbor or a presumption of compliance with the requirement. Under CFPB rules, qualified mortgages cannot have negative amortization, interest-only payments, or balloon payments, terms over 30 years, or points and fees over certain thresholds.

Currently, a majority of the non-conforming mortgage loans that we originate generally have an initial interest-only period of ten years, subsequent to which these loans fully and evenly amortize over a period of generally twenty years. Such loans are not "qualified mortgages" under the standard. If institutional mortgage investors limit their mortgage purchases to "qualified mortgages," demand for our non-qualifying mortgages in the secondary market may be significantly limited in the future. We do not currently intend to discontinue originating interest-only, non-qualifying mortgages, and we may be liable to borrowers under non-qualifying mortgages for violations of the ability-to-repay requirement. If demand for our non-qualifying mortgages in the secondary market declines significantly in the future, it would limit the amount of loans we can originate and in turn limit our ability to create new relationships, manage our growth and earn revenue from loan sales and servicing, all of which could materially and adversely affect our business, results of operations or financial condition.

Increases in FDIC insurance premiums may adversely affect our earnings.

Our deposits are insured by the FDIC up to legal limits and, accordingly, we are subject to FDIC deposit insurance assessments. We generally cannot control the amount of premiums we will be required to pay for FDIC insurance. See "Item 1. Business—Supervision and Regulation—Premiums for Deposit Insurance and Assessments" in the Form 10-K and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Business and Financial Statements—Regulatory and Supervisory Matters" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 for additional information. Additional increases in our assessment rate may be required in the future to achieve the targeted reserve ratio or to address the impact of future financial institution failures. Increases of FDIC insurance premiums or special assessments, including increases as a result of any future rulemaking, may adversely affect our business, results of operations or financial condition.

Changes in consumer privacy laws, such as in California, or any non-compliance with such laws, could adversely affect our business, financial condition and results of operations.

Several states have enacted consumer privacy laws that impose compliance obligations with respect to personal information. For example, the Consumer Privacy Protection Act of 2018 (the "CCPA"), as amended by the California Privacy Rights Act ("CPRA"), imposes significant requirements on covered companies with respect to consumer data privacy rights. See "Item 1. Business—Supervision and Regulation—Financial Privacy" in the Form 10-K for additional information on the CCPA and the CPRA. Compliance with the CCPA and other state statutes or regulations designed to protect consumer personal data could potentially require us to implement substantive technology infrastructure and process changes. Non-compliance with the CCPA or similar laws and regulations could lead to substantial regulatory imposed fines and penalties, damages from private causes of action and/or reputational harm. We cannot predict whether any pending or future legislation will be adopted, or the substance and impact of any legislation on us. Future legislation could result in substantial costs to us and could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Common Stock

The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our shareholders.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, shareholders may be unable to resell their shares of common stock at or above their purchase price, if at all. The market price of our common stock could fluctuate or decline significantly in the future. Some, but certainly not all, of the factors that could negatively affect the price of our common stock, or result in fluctuations in the price or trading volume of our common stock, include:

- Variations in our quarterly operating results or failure to meet the market's earnings expectations;
- Publication of news and research reports about us or the financial services industry in general;
- Departures of or additions to our key personnel;
- Adverse market reactions to any indebtedness we may incur or securities we may issue in the future;
- Actions by our shareholders;
- The operating and securities price performance of companies that investors consider to be comparable to us;
- Changes or proposed changes in laws or regulations affecting our business; and
- Actual or potential litigation and governmental investigations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of the common stock could decline for reasons unrelated to our business, results of operations or financial condition. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We may not continue to pay dividends on our common stock.

Holders of our common stock are only entitled to receive such dividends as our Board of Directors ("Board") may declare out of funds legally available for payment. We are not required to pay dividends on our common stock and may reduce or eliminate dividends on our common stock at any time in the future. This could adversely affect the market price of our common stock. Dividends on our common stock are also subject to bank regulatory limits and possible approval requirements. In addition, we cannot declare or pay dividends on our common stock or redeem or repurchase our common stock for any period for which we have not declared and paid in full dividends on our preferred stock. Our capital planning and risk management is subject to supervisory review, and, as a result of that review, our discretion to pay dividends or determine the amount of any dividend could be limited. Our Board will continue to evaluate the payment of dividends based on our results of operations, financial condition, capital requirements, regulatory and contractual restrictions, our business strategy and other factors our Board deems relevant.

Future issuances of equity securities may adversely affect our stock price.

We have historically approached the capital markets opportunistically, making public offerings of our common stock and preferred stock, from time to time. To the extent practicable, we expect to continue this approach. In addition, we may issue debt securities convertible into or exercisable or exchangeable for our equity securities. In each case, we access the capital markets to raise additional capital, support growth or make acquisitions. Further, we issue stock options and other stock awards to retain and motivate our employees, executives and directors, and we expect to continue to do so. These issuances of securities may dilute the voting and economic interests of our existing shareholders. These issuances or the perception that such issuances may occur could also adversely affect the market price of our common stock.

Various factors could make a takeover attempt of us more difficult to achieve.

Certain provisions of our organizational documents, in addition to certain federal and state banking laws and regulations, could make it more difficult for a third-party to acquire us without the consent of our Board, even if doing so were perceived to be beneficial to our shareholders. These provisions also make it more difficult to remove our current Board or management or to appoint new directors, and also regulate the timing and content of shareholder proposals and nominations, and qualification for service on our Board. These provisions could effectively inhibit a non-negotiated merger or other business combination, which could adversely impact the value of our common stock.