

**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): September 25, 2014

**FIRST REPUBLIC BANK**

(Exact name of registrant as specified in its charter)

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

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

**111 Pine Street, 2nd Floor**  
**San Francisco, CA 94111**  
(Address, including zip code, of principal executive office)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 8.01 Other Information**

First Republic Bank (the “Bank”), a leading private bank and wealth management company, hereby provides an update to its financial position relative to its investment portfolio and other preparations for enhanced regulatory requirements, including those that become applicable when the Bank reaches \$50 billion in total assets, as well as cost containment and mortgage banking activities thus far in the third quarter of 2014.

### **Changes in Investment Portfolio**

The Bank anticipates that it will meet the requirements of the modified Basel III liquidity coverage ratio rule (the “LCR Rule”) in January 2016. During the third quarter, the Bank took meaningful steps to continue to restructure its investment portfolio by significantly increasing the level of securities meeting the definition of “High Quality Liquid Assets” (“HQLA”) in the LCR Rule. The pace of building a portfolio of HQLA securities was quicker than previously indicated as a result of: (i) favorable conditions in the securities markets and (ii) the clarity provided when the LCR Rule was finalized during this quarter.

The restructuring actions taken with respect to the Bank’s investment portfolio are summarized as follows:

1. All Collateralized Loan Obligations, with an amortized cost of \$719 million, have been sold.
2. All Non-Agency Commercial Mortgage-Backed Securities, with an amortized cost of \$549 million, have been sold.

These combined sales will result in net pre-tax gains on sales of investments of approximately \$23 million in the third quarter of 2014.

The proceeds from these sales were reinvested into HQLA, including U.S. Treasuries, agencies, and agency mortgage-backed securities.

The Bank’s HQLA securities, which were approximately \$600 million at June 30, 2014, will total approximately \$2.2 billion at September 30, 2014. This is an increase of approximately \$1.6 billion since June 30, 2014.

### **Cost Containment and Core Efficiency Ratio**

The Bank previously provided guidance, which remains unchanged, on anticipated expense increases related to investments to address enhanced regulatory standards, compliance, and related infrastructure build-out as the Bank approaches \$50 billion in total assets.

During the third quarter of 2014, the Bank formulated and began executing an enterprise-wide cost containment program focused on all non-regulatory related expenditures, including personnel. As a result of this program, the Bank currently anticipates that a meaningful portion of the increased regulatory and infrastructure expenses will be offset by these cost containment efforts.

Accordingly, the Bank's core efficiency ratio through the end of 2015 on a quarterly basis is expected to range from 57% to 61% (excluding the seasonal elevated payroll tax impact in the first quarter of 2015). This is an improvement over the previous core efficiency ratio guidance of 59% to 62%.

### **Mortgage Banking Activity and Balance Sheet Management**

The Bank remains very active in the secondary loan sale market. These loan sales are used in the ordinary course of business to help provide a full range of lending options for clients, manage asset growth, and manage interest rate risk. Strong demand has continued in the secondary market during the third quarter for the Bank's high quality single family loans.

To date during the third quarter of 2014, the Bank has sold \$1.3 billion of loans. The Bank anticipates additional loan sales of approximately \$400 million, closing by the end of the third quarter. Total loan sales are thus estimated to be \$1.7 billion for the quarter. The gain on loan sale margin for the third quarter is estimated to be approximately 70 basis points. The Bank maintains servicing on all loans sold, along with the banking and wealth management relationships of such clients.

The Bank currently anticipates that the average of its four quarter ending total assets will first exceed \$50 billion at September 30, 2015.

## **Forward-Looking Statements**

This Current Report on Form 8-K (“Form 8-K”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this Form 8-K that are not historical facts are hereby identified as “forward-looking statements” for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934. 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 and include statements concerning our asset growth, the timing and impact of compliance with regulatory requirements, increased regulatory and infrastructure expenses, the success and impact of our cost containment efforts, the improvement in our efficiency ratio in future periods, mortgage banking activity and the gain on loan sale margin, and restructuring of the Bank’s investment portfolio and the related net gain on sale of investments, among other statements. 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. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: economic conditions in our markets; conditions in financial markets and economic conditions generally; regulatory restrictions on our operations and current or future legislative or regulatory changes affecting the banking and investment management industries; our ability to execute our cost containment program; our ability to compete for banking and wealth management customers; earthquakes and other natural disasters in our markets; changes in interest rates; and our ability to maintain high underwriting standards. For a discussion of these and other risks and uncertainties, see First Republic’s FDIC filings, including, but not limited to, the risk factors in First Republic’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. These filings are available in the Investor Relations section of our website. 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. 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

## SIGNATURES

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

Date: September 25, 2014.

First Republic Bank

By: /s/ Michael J. Roffler  
Name: Michael J. Roffler  
Title: Senior Vice President and Deputy  
Chief Financial Officer