

## **FIRST REPUBLIC BANK AUDIT COMMITTEE CHARTER**

### **I. Audit Committee Purpose**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of First Republic Bank (the “Bank”) is appointed by the Board to assist in fulfilling the Board’s oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the Bank’s financial reporting process and systems of internal controls regarding finance, accounting and certain legal compliance;
- Assist the Board in oversight of (i) the integrity of the Bank’s financial statements, (ii) the Bank’s compliance with certain legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence, and (iv) the performance of the independent auditors and the Bank’s internal audit function (“Internal Audit”);
- Prepare an audit committee report as required by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations thereunder for inclusion in the Bank’s annual proxy statement; and
- Provide an avenue of communication among the independent auditors, management, the internal auditors, and the Board.

The function of the Committee is oversight. The management of the Bank is responsible for the preparation, presentation and integrity of the Bank’s financial statements and for the effectiveness of internal control over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Bank’s annual financial statements and of the Bank’s internal control over financial reporting prior to the filing of each annual report on Form 10-K, reviewing the Bank’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. Internal Audit is responsible for providing independent and objective assurance over the Bank’s governance, risk management, and internal control practices. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Bank and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards.

The independent auditors shall submit to the Committee annually a formal written statement (the “Auditors’ Statement”) describing: the auditors’ internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or

professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the independent auditors and the Bank, including each non-audit service provided to the Bank, if any, and at least the matters set forth in the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB").

The independent auditors shall submit to the Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Bank's annual financial statements and the reviews of the financial statements included in the Bank's quarterly reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Bank's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

## **II. Audit Committee Composition and Meetings**

Members of the Committee must meet all requirements of the New York Stock Exchange, Inc. (the "NYSE"), Rule 10A-3 of the Exchange Act and all pertinent rules and regulations of the Federal Deposit Insurance Corporation (the "FDIC"), including those that pertain to banks with total assets in excess of \$3 billion contained in 12 C.F.R. Part 363.

The Committee shall be comprised of at least three directors as determined by the Board, each of whom the Board has determined to be an outside, non-executive director with no material relationship with the Bank and otherwise "independent" under the rules of the NYSE and Rule 10A-3 under the Exchange Act as set forth in "Definitions" below. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements such that all members of the Committee are considered financially literate. At least two members of the Committee shall have "banking or related management experience," as such phrase is defined in "Definitions" below. The Board shall also determine that at least one member of the Committee has "accounting or related financial management expertise," as such as such qualification is interpreted by the Board in its business judgment, and at least one member of the Committee is an "audit committee financial expert," as defined by the rules of the Securities and Exchange Commission (the "SEC"). To help meet these requirements, the Committee will provide its members with annual continuing education opportunities in financial reporting and other relevant areas.

No director may serve as a member of the Committee if such director serves on the audit committees of more than two public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on

the Committee, and discloses this determination in the Bank's annual proxy statement. Additionally, no director may serve as a member of the Committee if such director is, or is a controlling person of any entity which is, in the determination of the Board, a "large customer" of the Bank, as such term is defined in "Definitions" below.

Committee members shall be appointed by the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Committee shall designate one member of the Committee as its chairperson (the "Chair"). In the event of a tie vote on any issue, the Chair's vote shall decide the issue. At least annually, the Board shall determine whether all existing and potential Committee members are independent of management of the Bank in accordance with the guidelines set forth in this Charter.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as necessary. The Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session, at least annually, separately with each of management, Internal Audit, the Bank's General Counsel and the independent auditors to discuss any matter that the Committee or each of these groups believes should be discussed. In addition, the Committee, or at least the Chair, should communicate with management and the independent auditors at least quarterly to review the Bank's financial statements and significant findings based upon the independent auditors' limited review procedures. The Committee may request any officer or employee of the Bank or the Bank's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

### **III. Audit Committee Responsibilities and Duties**

To carry out its purposes, the Committee shall have the following duties and responsibilities:

#### Independent Auditors

1. to be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Committee;
2. to be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Committee; provided that, in performing its duties with respect to the appointment of any registered public accounting firm, the Committee shall ensure that engagement

letters and any related agreements with such registered public accounting firm for services to be performed do not contain any limitation of liability provisions that: (A) indemnify such registered public accountant against claims made by third parties; (B) hold harmless or release such registered public accounting firm from liability for claims or potential claims that might be asserted by the Bank, other than claims for punitive damages; or (C) limit the remedies available to the Bank;

3. to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors; provided that (A) such procedures are detailed as to the particular services rendered, (B) the Committee is informed of each such service and (C) such procedures do not include delegation to management of the Committee's responsibilities under the Exchange Act;
4. to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Bank's independent auditors;
5. to obtain from the independent auditors in connection with any audit a timely report relating to the Bank's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles ("GAAP") for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences;
6. to discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Bank, including the independent auditors' response to any identified accounting deficiencies;
7. to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors;
8. to take into account the opinions of management and the Bank's internal auditors in assessing the independent auditors' qualifications, performance and independence;
9. to discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner;

10. to consider whether there should be regular rotation of the independent auditing firm and to present its conclusions with respect thereto to the Board;
11. to discuss the results of the audit with the independent auditors prior to releasing the quarterly and year-end earnings;

#### Internal Audit Department

12. to review the performance, appointment and replacement of the head of Internal Audit, and the outside firms selected to support Internal Audit;
13. to perform the functions required of the Trust Audit Committee as set forth in the Administrative Regulations of the California Department of Business Oversight, currently codified in Section 10.3511 of the California Code of Regulations, or any successor regulations thereto. Such functions shall include review of internal audit reports regarding First Republic Trust Company;
14. the Chair, and other members of senior management as necessary, will provide input on the annual performance appraisal of the head of Internal Audit for the Chief Executive Officer to prepare and deliver. The Chair also will provide input on the level of incentive compensation and salary adjustments, if any, for the head of Internal Audit, consistent with the terms of any offer letter, and general corporate practices, to the Chief Executive Officer and/or head of Human Resources;
15. on an annual basis, to review and approve Internal Audit's charter, budgeted hours, the Bank's audit plan (including any changes thereto), and overall risk-assessment methodology;
16. to review changes in plans, activities, organizational structure, reporting lines, staffing and qualifications of Internal Audit as needed;
17. to advise the head of Internal Audit that he or she is expected to provide to the Committee summaries of and, as appropriate, full copies of the significant reports to management prepared by Internal Audit and management's responses thereto. At a minimum, the Committee should receive the following data with respect to Internal Audit:
  - Audit results with a focus on areas rated less than satisfactory;
  - Audit plan completion status;
  - Audit plan changes, including the rationale for significant changes;
  - Audit issue information, including aging, past-due status
  - Information on higher-risk issues, indicating the potential impact and remediation status;
  - Results of internal and external quality assurance reviews;
  - Reporting of significant changes in audit staffing levels;

- Significant changes in internal audit processes, including a periodic review of key internal audit policies; and
- Information on major projects;

### Legal Compliance

18. to review the internal audits relating to compliance with applicable laws and regulations, including consumer compliance regulations and those relating to the Bank Secrecy Act, anti-money laundering and privacy;
19. at least annually, to review with the Bank's counsel any legal matters that could have a significant impact on the Bank's financial statements, the Bank's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies;
20. at least annually, to discuss with the Bank's General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Bank's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies;

### Accounting Principles and Policies

21. to advise management, Internal Audit and the independent auditors that they are expected to provide to the Committee a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting;
22. to consider any reports or communications (and management's and/or Internal Audit's responses thereto) submitted to the Committee by the independent auditors required by or referred to in applicable PCAOB or other applicable standards;
23. to meet with management, the independent auditors and, if appropriate, the head of Internal Audit:
  - to discuss the scope of the annual audit;
  - to review and discuss the annual audited financial statements and quarterly financial statements, including the Bank's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
  - to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, Internal Audit or the independent auditors, relating to the Bank's financial statements;

- to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
  - to discuss any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Bank;
  - to review the form of opinion the independent auditors propose to render to the Board and shareholders;
  - to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Bank’s selection or application of accounting principles, and major issues as to the adequacy of the Bank’s internal selection or application of accounting principles, and major issues as to the adequacy of the Bank’s internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Bank;
24. to inquire of the Bank’s Chief Executive Officer and Chief Financial Officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank’s ability to record, process, summarize and report financial information and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank’s internal control over financial reporting;
25. to discuss guidelines and policies governing the process by which senior management of the Bank and the relevant departments of the Bank assess and manage the Bank’s exposure to financial reporting risk, and to discuss the Bank’s financial reporting risk exposures and the steps management has taken to monitor and control such exposures;
26. to discuss, in a general manner, the Bank’s other risk assessment and management policies, coordinating with the Directors’ Enterprise Risk Management Committee, as appropriate;
27. to discuss and assess the quality of financial data flowing through the Bank’s information technology systems;

28. to obtain from the independent auditors assurance that it will promptly inform the Committee if the independent auditors detect or otherwise become aware, in the course of the audit, that an illegal act has or may have occurred, unless the illegal act is clearly inconsequential within the meaning of Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act;
29. to discuss and review the type and presentation of information to be included in earnings press releases;
30. to discuss the types of financial information and earnings guidance, if any, provided, and the types of presentations made, to analysts and rating agencies;
31. to establish procedures for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Bank employees of concerns regarding questionable accounting or auditing matters;
32. to establish hiring policies for employees or former employees of the independent auditors;

#### Credit Review

33. to approve the appointment or dismissal of the firm selected to perform the Credit Review function for the Bank;
34. at least annually, to review with management the performance of the firm performing the Credit Review function to determine such firm's effectiveness and service;
35. to review and discuss with management the annual scope and fees for the performance of the Bank's loan review;
36. to review the results of the Credit Reviews and discuss related significant internal control matters with external audit, Internal Audit and with the Bank's management, including significant reports to management prepared by the Credit Review function and management's responses and related status of resolution;

#### Other Audit Committee Responsibilities

37. to perform any other activities consistent with this Charter, the Bank's articles of incorporation, bylaws and governing law, or as expressly delegated by the Board from time-to-time;



38. to maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities;
39. to review the financial and accounting personnel succession planning within the Bank;
40. to review annually policies and procedures associated with directors' and executive officers' expense accounts and perquisites;
41. in connection with each periodic report of the Bank, to review management's disclosures to the Committee under Section 302 of the Sarbanes-Oxley Act of 2002, as amended ("SOX") and the contents of the Chief Executive Officer and the Chief Financial Officer certificates to be filed under Sections 302 and 906 of SOX;
42. to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Bank's annual proxy statement;
43. to prepare any report or other information required by the rules and regulations of the FDIC in 12 C.F.R. Part 363, including annual financial reporting and audit committee requirements;
44. to prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report;
45. to review and reassess the adequacy of this Charter at least annually, submit the Charter to the Board for approval with any recommended changes and require the Bank to publish the Charter at least every three years in accordance with FDIC regulations; and
46. to report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.

#### **IV. Delegation to Subcommittee**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting. The Committee shall not delegate to a subcommittee or one or more of its members any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

## **V. Resources and Authority of the Committee**

The Committee shall have the resources and authority to discharge its duties and responsibilities, including the authority to conduct any investigation appropriate to fulfilling its responsibilities and shall have direct access to, and complete and open communication with, the Bank's management, the independent auditors and any other employee or agent of the Bank. The Committee shall have the ability, at the Bank's expense, to select, retain, terminate and approve the fees and other retention terms of outside or special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties, without prior permission of the Board or the Bank's management.

The Bank shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Bank;
- Compensation of any advisers employed by the Committee; and
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## DEFINITIONS

**Banking or Related Financial Management Experience:** A person will be considered to have “banking or related financial management experience” if the person has significant executive, professional, educational, or regulatory experience in financial, auditing, accounting, or banking matters as determined by the Board. Significant experience as an officer or member of the Board or audit committee of a financial services company would satisfy these criteria, as would any person who has the attributes of an “audit committee financial expert” as set forth in the SEC’s rules. (12 C.F.R. Part 363, Appendix A, paragraph 32.)

**Independent Director:** a director is not independent if:

- The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company. Employment as an interim chairman or chief executive officer or other executive officer shall not disqualify a director from being considered independent following that employment.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by a director for former service as an interim chairman or chief executive officer or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the listed company (other than an executive officer) need not be considered in determining independence under this test.
- (A) The director is a current partner or employee of a firm that is the listed company’s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company’s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company’s audit within that time.
- The director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company’s present executive officers at the same time serves or served on that company’s compensation committee.
- The director is a current employee, or an immediate family member is a current

executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

- The director is an affiliated person of the Bank or any of the Bank's subsidiaries.

For purposes of defining "independent director," an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When looking-back to determine the independence of a director, one need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

**Large Customer:** A person or entity (including a controlling person of any such entity) is considered a large customer of the Bank if, in the determination of the Board, such person or entity has such a significant direct or indirect credit or other relationship with the Bank that the termination of such relationship would likely materially and adversely affect the Bank's financial condition or results of operations. (12 C.F.R. Part 363, Appendix A, paragraph 33.)

**Statement of Auditing Standards (SAS) No. 114:** SAS 114 requires that auditors communicate with those charged with governance matters, including audit committees, related to the financial statement audit that are, in the auditor's professional judgment, significant and relevant to the responsibilities of those charged with governance, such as audit committees, in overseeing the financial reporting process to discuss certain matters with audit committees. Communication for significant findings should be in writing. Other communications may be in writing or oral. Items to be communicated include:

- The auditor's responsibility under Generally Accepted Auditing Standards (GAAS);
- An overview of the planned scope and timing of the audit; and
- Significant findings from the audit.