

## CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(\$ in thousands except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Interest income:				
Interest on real estate and other loans	\$ 116,419	\$ 85,350	\$ 223,615	\$ 162,142
Interest on investments	25,880	14,102	48,229	24,838
Total interest income	<u>142,299</u>	<u>99,452</u>	<u>271,844</u>	<u>186,980</u>
Interest expense:				
Interest on customer deposits	52,609	27,727	101,805	50,179
Interest on FHLB advances and other borrowings	16,505	8,249	24,783	14,353
Interest on subordinated notes	1,268	1,268	2,536	2,536
Total interest expense	<u>70,382</u>	<u>37,244</u>	<u>129,124</u>	<u>67,068</u>
Net interest income	71,917	62,208	142,720	119,912
Provision for loan losses	—	1,000	—	2,000
Net interest income after provision for loan losses	<u>71,917</u>	<u>61,208</u>	<u>142,720</u>	<u>117,912</u>
Noninterest income:				
Investment advisory fees	10,481	9,780	20,658	20,004
Brokerage fees	1,252	795	2,348	1,609
Trust fees	1,015	1,016	2,145	1,832
Loan and related fees	1,718	1,722	3,534	2,671
Loan servicing fees, net	1,006	929	1,456	2,023
Deposit customer fees	1,415	1,093	2,710	2,112
Gain on sale of loans	222	1,582	1,890	3,992
Loss on sale of investment securities	—	(23)	—	(308)
Income from investments in life insurance	1,616	887	3,202	1,849
Other income	366	245	488	247
Total noninterest income	<u>19,091</u>	<u>18,026</u>	<u>38,431</u>	<u>36,031</u>
Noninterest expense:				
Salaries and related benefits	33,439	27,501	66,049	53,970
Occupancy	9,628	8,053	18,860	15,847
Advertising and marketing	4,617	3,399	8,839	6,611
Information systems	4,196	3,268	8,078	6,218
Professional fees	1,805	2,658	3,747	4,290
Travel expenses	1,697	1,268	3,009	2,454
Insurance	986	821	1,974	1,778
Other expenses	7,846	6,423	15,573	12,359
Total noninterest expense	<u>64,214</u>	<u>53,391</u>	<u>126,129</u>	<u>103,527</u>
Income before minority interest and income taxes	26,794	25,843	55,022	50,416
Minority interest expense	<u>3,270</u>	<u>3,270</u>	<u>6,541</u>	<u>6,541</u>
Income before income taxes	23,524	22,573	48,481	43,875
Provision for income taxes	<u>6,263</u>	<u>7,957</u>	<u>14,000</u>	<u>15,466</u>
Net income	17,261	14,616	34,481	28,409
Dividends on preferred stock	<u>1,870</u>	<u>1,870</u>	<u>3,740</u>	<u>3,071</u>
Net income available to common stockholders	<u>\$ 15,391</u>	<u>\$ 12,746</u>	<u>\$ 30,741</u>	<u>\$ 25,338</u>
Other comprehensive income (loss), net of tax:				
Net income	\$ 17,261	\$ 14,616	\$ 34,481	\$ 28,409
Unrealized loss on cash flow hedges	—	(69)	(34)	(41)
Unrealized net loss on securities	(2,054)	(84)	(1,771)	(478)
Loss on securities included in net income	—	14	—	179
Comprehensive income	<u>\$ 15,207</u>	<u>\$ 14,477</u>	<u>\$ 32,676</u>	<u>\$ 28,069</u>
Earnings per common share – basic	<u>\$ 0.60</u>	<u>\$ 0.53</u>	<u>\$ 1.20</u>	<u>\$ 1.05</u>
Earnings per common share – diluted	<u>\$ 0.57</u>	<u>\$ 0.50</u>	<u>\$ 1.15</u>	<u>\$ 0.99</u>
Dividends declared per common share	<u>\$ 0.15</u>	<u>\$ 0.125</u>	<u>\$ 0.275</u>	<u>\$ 0.225</u>
Weighted average shares – basic	<u>25,640,154</u>	<u>24,236,466</u>	<u>25,513,625</u>	<u>24,057,158</u>
Weighted average shares – diluted	<u>27,126,245</u>	<u>25,776,460</u>	<u>26,880,183</u>	<u>25,654,402</u>

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**CONSOLIDATED BALANCE SHEET**

(\$ in thousands except per share amounts)	As of June 30,	
	2006	2005
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 166,032	\$ 119,496
Investment securities available-for-sale	1,411,495	958,920
Investment securities held-to-maturity	605,818	431,999
Total investments securities	<u>2,017,313</u>	<u>1,390,919</u>
Loans:		
Single family mortgages	3,456,751	2,835,656
Home equity lines of credit	785,451	735,003
Commercial mortgages	1,165,458	988,591
Multifamily mortgages	857,083	602,366
Commercial business loans	488,446	291,090
Construction loans	242,580	219,649
Stock secured loans	105,518	81,732
Other secured loans	95,465	97,835
Unsecured loans and lines	226,301	151,198
Net deferred loan costs	5,645	3,968
Allowance for loan losses	(43,517)	(37,746)
Loans, net	<u>7,385,181</u>	<u>5,969,342</u>
Loans held for sale	206,697	502,544
Investments in life insurance	155,197	100,108
FHLB stock	82,368	66,411
Goodwill	77,418	71,001
Premises, equipment and leasehold improvements, net	62,652	59,708
Other real estate owned	460	—
Other assets	227,029	162,057
Total Assets	<u>\$ 10,380,347</u>	<u>\$ 8,441,586</u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Noninterest-bearing demand accounts	\$ 1,142,295	\$ 860,851
NOW checking	946,517	842,817
MMA and passbook	3,752,287	3,227,459
Certificates of deposit	1,791,876	1,282,574
Total customer deposits	<u>7,632,975</u>	<u>6,213,701</u>
FHLB advances	1,752,500	1,413,000
Other liabilities	164,262	69,582
Subordinated notes	63,770	63,770
Total liabilities	<u>9,613,507</u>	<u>7,760,053</u>
Minority interest in subsidiaries	148,590	148,590
Preferred stock	115,000	115,000
Common stockholders' equity	503,250	417,943
Total stockholders' equity	<u>618,250</u>	<u>532,943</u>
Total Liabilities and Stockholders' Equity	<u>\$ 10,380,347</u>	<u>\$ 8,441,586</u>
Number of shares of common stock outstanding	<u>27,018,238</u>	<u>25,493,962</u>
Book value per common share	<u>\$ 18.63</u>	<u>\$ 16.39</u>
Tangible book value per common share	<u>\$ 15.70</u>	<u>\$ 13.53</u>
<b><u>Capital Ratios</u></b>		
Leverage ratio	6.94%	7.56%
Tier 1 risk-based capital ratio	10.01%	11.35%
Total risk-based capital ratio	11.61%	13.27%

**ADDITIONAL FINANCIAL INFORMATION**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	(\$ in thousands)			
<b><u>Operating Information</u></b>				
Loan Origination Volume	\$ 1,554,284	\$ 1,245,103	\$ 2,617,940	\$ 2,126,032
Loans Sold or Securitized	\$ 192,674	\$ 345,563	\$ 554,125	\$ 754,820
Average Bank Assets per Full-time Bank Employee	\$ 12,732	\$ 11,697	\$ 12,611	\$ 11,449
Average Bank Assets and Other Assets under Management per Full-time Employee	\$ 33,412	\$ 30,951	\$ 32,987	\$ 30,936
Net Income to Average Bank Assets <sup>(1)</sup>	0.70%	0.73%	0.72%	0.73%
Net Income Available to Common Stockholders to Average Common Equity <sup>(1)</sup>	12.41%	12.37%	12.63%	12.53%
Efficiency Ratio <sup>(1)</sup>	70.1%	67.4%	69.6%	67.7%
<b><u>Yields/Rates</u> <sup>(1)</sup></b>				
Investments	5.79%	5.37%	5.72%	5.33%
Loans	6.35%	5.31%	6.23%	5.17%
Total interest-earning assets	6.23%	5.32%	6.12%	5.19%
Customer deposits	2.79%	1.82%	2.71%	1.70%
Borrowings	4.89%	3.21%	4.67%	3.15%
Total interest-bearing liabilities	3.13%	2.05%	2.97%	1.92%
Net interest spread	3.10%	3.27%	3.15%	3.27%
Net interest margin	3.19%	3.35%	3.25%	3.35%

<sup>(1)</sup> Data is annualized.

	<b>As of June 30,</b>	
	<b>2006</b>	<b>2005</b>
	(\$ in thousands)	
<b><u>Assets Under Management/Administration, Net of Bank Assets Managed</u></b>		
Investment assets under management – Trainer Wortham	\$ 4,332,643	\$ 4,062,135
Investment assets under management – Frolely Revy	3,504,101	3,882,545
Investment assets under management – Starbuck Tisdale	996,515	896,838
Assets in brokerage accounts and money market mutual funds	3,595,436	1,993,173
Assets administered by First Republic Trust Company	3,013,018	2,255,527
First Republic Wealth Advisors	170,994	41,578
Total Wealth Management assets	15,612,707	13,131,796
Loans serviced for investors	4,540,408	3,877,317
Total fee-based assets	<u>\$ 20,153,115</u>	<u>\$ 17,009,113</u>

**Asset Quality Information**

Nonperforming assets:		
Nonaccrual loans	\$ 9,480	\$ 20,654
Other real estate owned	460	—
Total nonperforming assets	<u>\$ 9,940</u>	<u>\$ 20,654</u>
Nonperforming assets to total assets	<u>0.10%</u>	<u>0.24%</u>
Accruing single family loans past due 90 days or more	<u>\$ 2,953</u>	<u>\$ 6,839</u>
Restructured performing loans	<u>\$ —</u>	<u>\$ —</u>

**AVERAGE BALANCE SHEET**

	<b>Three Months</b>		<b>Six Months</b>	
	<b>Ended June 30,</b>		<b>Ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	(\$ in thousands)			
<b><u>Assets</u></b>				
Interest-earning deposits with other institutions	\$ 4,978	\$ 3,318	\$ 5,612	\$ 2,895
Short-term investments	4,567	19,706	6,308	15,676
Investment securities	<u>2,001,711</u>	<u>1,189,327</u>	<u>1,886,435</u>	<u>1,068,322</u>
Subtotal	2,011,256	1,212,351	1,898,355	1,086,893
Loans	6,960,051	5,808,478	6,783,709	5,658,749
Loans held for sale	<u>329,873</u>	<u>589,492</u>	<u>370,387</u>	<u>593,927</u>
Total interest-earning assets	9,301,180	7,610,321	9,052,451	7,339,569
Noninterest-earning assets	<u>562,825</u>	<u>415,463</u>	<u>555,555</u>	<u>407,622</u>
Total average assets	<u>\$ 9,864,005</u>	<u>\$ 8,025,784</u>	<u>\$ 9,608,006</u>	<u>\$ 7,747,191</u>
<b><u>Liabilities and Stockholders' Equity</u></b>				
Customer deposits:				
Noninterest-bearing demand checking	\$ 1,061,208	\$ 814,343	\$ 1,060,825	\$ 786,039
NOW checking	1,000,124	896,181	998,599	892,334
MMA and passbook	3,735,560	3,167,348	3,727,771	3,129,949
Certificates of deposit	<u>1,761,166</u>	<u>1,218,651</u>	<u>1,798,426</u>	<u>1,145,136</u>
Total customer deposits	<u>7,558,058</u>	<u>6,096,523</u>	<u>7,585,621</u>	<u>5,953,458</u>
FHLB advances and other borrowings	1,392,534	1,123,324	1,116,095	1,015,616
Subordinated notes	<u>63,770</u>	<u>63,770</u>	<u>63,770</u>	<u>63,770</u>
Total borrowings	<u>1,456,304</u>	<u>1,187,094</u>	<u>1,179,865</u>	<u>1,079,386</u>
Total interest-bearing liabilities	9,014,362	7,283,617	8,765,486	7,032,844
Noninterest-bearing liabilities	90,142	66,365	92,107	67,162
Minority interest in subsidiaries	148,590	148,590	148,590	148,590
Stockholders' equity:				
Preferred stock	115,000	115,000	115,000	94,005
Common stockholders' equity	<u>495,911</u>	<u>412,212</u>	<u>486,823</u>	<u>404,590</u>
Total stockholders' equity	<u>610,911</u>	<u>527,212</u>	<u>601,823</u>	<u>498,595</u>
Total average liabilities and stockholders' equity	<u>\$ 9,864,005</u>	<u>\$ 8,025,784</u>	<u>\$ 9,608,006</u>	<u>\$ 7,747,191</u>

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