

**Statement of Income and Comprehensive Income**

	<b>Three Months</b>		<b>Twelve Months</b>	
	<b>Ended December 31,</b>		<b>Ended December 31,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	(\$ in thousands except per share amounts)			
Interest Income				
Interest on real estate and other loans	\$ 56,157	\$ 54,550	\$ 217,721	\$ 214,413
Interest on investments	7,738	9,184	32,262	30,427
Total interest income	<u>63,895</u>	<u>63,734</u>	<u>249,983</u>	<u>244,840</u>
Interest Expense				
Interest on customer deposits	14,058	16,780	56,901	72,357
Interest on FHLB advances	5,653	6,461	22,906	24,466
Interest on debentures and notes	1,268	1,413	5,403	5,648
Total interest expense	<u>20,979</u>	<u>24,654</u>	<u>85,210</u>	<u>102,471</u>
Net Interest Income	42,916	39,080	164,773	142,369
Provision for loan losses	1,000	4,000	7,000	6,500
Net interest income after provision for loan losses	<u>41,916</u>	<u>35,080</u>	<u>157,773</u>	<u>135,869</u>
Noninterest Income				
Investment advisory fees	7,580	5,961	27,632	23,852
Trust fees	633	396	2,139	1,510
Brokerage fees	438	497	2,796	1,923
Deposit customer fees	474	596	1,555	1,877
Loan and related fees	960	944	4,482	3,045
Loan servicing fees (costs), net	557	(1,174)	356	(1,304)
Gain (loss) on sale of loans	(313)	5,170	12,880	12,945
Gain (loss) on sale of investment securities	1,117	(166)	282	14
Decrease in value of derivatives	--	(46)	(27)	(633)
Gain on sale of deposits	--	--	7,383	--
Income from investments in life insurance	1,014	--	2,217	--
Other income	542	422	2,481	2,071
Total noninterest income	<u>13,002</u>	<u>12,600</u>	<u>64,176</u>	<u>45,300</u>
Noninterest Expense				
Salaries and related benefits	17,468	16,015	75,260	65,106
Occupancy	6,613	6,566	27,112	21,343
Information systems	2,534	2,007	8,737	7,930
Advertising and marketing	2,453	2,436	8,538	9,123
Professional fees	1,006	1,021	4,223	4,124
Travel expenses	1,000	848	3,536	4,263
Insurance	1,158	806	3,463	2,021
Other expenses	4,645	4,699	18,130	17,538
Total noninterest expense	<u>36,877</u>	<u>34,398</u>	<u>148,999</u>	<u>131,448</u>
Income before taxes and minority interest	18,041	13,282	72,950	49,721
Provision for income taxes	9,434	4,781	29,417	17,951
Income before minority interest	8,607	8,501	43,533	31,770
Minority interest	1,953	1,400	6,483	5,369
Net income	<u>\$ 6,654</u>	<u>\$ 7,101</u>	<u>\$ 37,050</u>	<u>\$ 26,401</u>
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized gain (loss) on cash flow hedges	\$ 350	\$ (143)	\$ (328)	\$ (143)
Unrealized net gain (loss) on securities	(677)	(26)	(1,608)	4,050
(Gain) loss on securities included in net income	(536)	106	(169)	(11)
Comprehensive Income	<u>\$ 5,791</u>	<u>\$ 7,038</u>	<u>\$ 34,945</u>	<u>\$ 30,297</u>
Earnings per share - basic	<u>\$ 0.45</u>	<u>\$ 0.49</u>	<u>\$ 2.55</u>	<u>\$ 1.85</u>
Earnings per share - diluted	<u>\$ 0.41</u>	<u>\$ 0.46</u>	<u>\$ 2.41</u>	<u>\$ 1.70</u>
Weighted average shares - basic	14,862,672	14,548,952	14,505,151	14,286,936
Weighted average shares - diluted	16,216,224	15,609,607	15,480,909	15,679,050

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**Balance Sheet**

	<b>As of December 31,</b>	
	<b>2003</b>	<b>2002</b>
	(\$ in thousands except per share amounts)	
<b>Assets</b>		
Cash and short term investments	\$ 79,810	\$ 91,213
Investment securities available-for-sale	635,063	686,690
Investment securities held-to-maturity	92,662	39,395
Total cash and investments	<u>807,535</u>	<u>817,298</u>
<b>Loans</b>		
Single family mortgages	2,248,003	1,766,507
Home equity lines of credit	535,560	426,446
Commercial mortgages	694,613	628,782
Multifamily mortgages	439,126	430,876
Commercial business loans	184,525	150,204
Construction loans	161,981	186,509
Unsecured loans and lines	87,806	49,673
Stock secured loans	73,038	44,096
Other secured loans	56,518	24,056
Net deferred loan costs	5,235	4,172
Allowance for loan losses	<u>(31,412)</u>	<u>(28,729)</u>
Loans, net	4,454,993	3,682,592
Loans held for sale	397,843	116,515
Investments in life insurance	93,217	--
FHLB stock	56,632	51,554
Goodwill	61,549	60,640
Real estate owned (REO)	--	--
Other assets	<u>131,174</u>	<u>126,096</u>
<b>Total Assets</b>	<b><u>\$ 6,002,943</u></b>	<b><u>\$ 4,854,695</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Noninterest-bearing demand accounts	\$ 568,834	\$ 330,376
NOW checking	665,353	451,875
MMA and passbook	2,508,766	1,756,531
Certificates of deposit	839,943	1,087,367
Total deposits	4,582,896	3,626,149
Interest payable	5,579	6,729
Other liabilities	41,259	38,901
FHLB advances	829,000	740,500
Subordinated debentures and notes	63,770	70,237
Minority interest in subsidiary	148,740	89,000
Total stockholders' equity	<u>331,699</u>	<u>283,179</u>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 6,002,943</u></b>	<b><u>\$ 4,854,695</u></b>
Number of shares of common stock outstanding	<u>15,564,188</u>	<u>14,541,192</u>
Book value per share	<u>\$ 21.31</u>	<u>\$ 19.47</u>
Tangible book value per share	<u>\$ 17.36</u>	<u>\$ 15.30</u>
<b>Capital Ratios</b>		
Leverage ratio	6.11%	5.98%
Tier 1 risk-based capital ratio	9.18%	9.59%
Total risk-based capital ratio	13.21%	13.45%

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**Operating Information**

	<b>Three Months</b>		<b>Twelve Months</b>	
	<b>Ended December 31,</b>		<b>Ended December 31,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>(\$ in thousands)</b>			
Loan Origination Volume	\$ 884,756	\$ 963,378	\$ 3,846,827	\$ 3,231,196
Loans Sold or Securitized	\$ 229,451	\$ 584,991	\$ 1,224,875	\$ 1,609,790
Average Bank Assets per Full-time Bank Employee	\$ 9,889	\$ 9,152	\$ 9,510	\$ 8,782
Average Bank and Other Assets under Management per Full-time Employee	\$ 27,466	\$ 24,003	\$ 26,068	\$ 23,292
Return on Average Bank Assets <sup>(1)</sup>	0.45%	0.58%	0.68%	0.58%
Return on Average Common Equity <sup>(1)</sup>	8.24%	10.07%	12.07%	10.01%
Efficiency Ratio <sup>(1)</sup>	66.4%	68.4%	70.5%	71.8%
<b><u>Yields/Rates</u></b> <sup>(1)</sup>				
Investments	3.94%	4.60%	4.06%	4.30%
Loans	4.70%	5.60%	5.02%	5.84%
Total Interest-Earning Assets	<u>4.59%</u>	<u>5.42%</u>	<u>4.87%</u>	<u>5.59%</u>
Customer Deposits	1.26%	1.87%	1.43%	2.15%
Borrowings	2.88%	3.37%	2.96%	3.75%
Total Interest-Bearing Liabilities	<u>1.54%</u>	<u>2.18%</u>	<u>1.72%</u>	<u>2.45%</u>
Net Interest Spread	<u>3.05%</u>	<u>3.24%</u>	<u>3.14%</u>	<u>3.14%</u>
Net Interest Margin	<u>3.11%</u>	<u>3.34%</u>	<u>3.21%</u>	<u>3.25%</u>

<sup>(1)</sup>Quarterly data is annualized.

**Other Information**

	<b>As of December 31,</b>	
	<b>2003</b>	<b>2002</b>
	<b>(\$ in thousands)</b>	
Investment assets under management - Froley Revy	\$ 4,147,504	\$ 2,049,650
Investment assets under management - Trainer Wortham	3,879,532	3,390,500
Investment assets under management - Starbuck Tisdale	852,335	744,274
Assets administered by First Republic Trust Company	1,263,006	917,831
Assets in brokerage accounts and money market mutual funds	779,728	651,794
Total wealth management assets	<u>10,922,105</u>	<u>7,754,049</u>
Loans serviced for investors	<u>3,048,560</u>	<u>3,044,783</u>
Total fee-based assets	<u>\$13,970,665</u>	<u>\$10,798,832</u>
Nonperforming assets:		
Nonaccrual loans	\$ 13,438	\$ 15,892
REO	--	--
Total nonperforming assets	<u>\$ 13,438</u>	<u>\$ 15,892</u>
Nonperforming assets to total assets	<u>0.22%</u>	<u>0.33%</u>
Loans past due 90 days or more on accrual status	<u>\$ --</u>	<u>\$ 1,412</u>
Performing restructured loans	<u>\$ --</u>	<u>\$ 738</u>

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**Average Bank Balance Sheet**

	<b>Three Months</b>		<b>Twelve Months</b>	
	<b>Ended December 31,</b>	<b>Ended December 31,</b>	<b>Ended December 31,</b>	<b>Ended December 31,</b>
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>(\$ in thousands)</b>			
<b>Assets</b>				
Interest-earning deposits with other institutions	\$ 480	\$ 3,924	\$ 2,012	\$ 4,464
Short-term investments	40,339	17,578	42,405	35,639
Investment securities	<u>785,981</u>	<u>789,607</u>	<u>777,687</u>	<u>673,371</u>
Subtotal	826,800	811,109	822,104	713,474
Loans, net	<u>4,723,018</u>	<u>3,877,979</u>	<u>4,339,407</u>	<u>3,670,607</u>
Total interest-earning assets	5,549,818	4,689,088	5,161,511	4,384,081
Noninterest-earning assets	<u>314,915</u>	<u>199,311</u>	<u>267,160</u>	<u>172,483</u>
Total average assets	<u>\$5,864,733</u>	<u>\$4,888,399</u>	<u>\$5,428,671</u>	<u>\$4,556,564</u>
<b>Liabilities and Stockholders' Equity</b>				
Noninterest-bearing demand checking	\$ 474,925	\$ 302,244	\$ 388,499	\$ 245,190
NOW checking	568,420	380,939	505,253	332,875
MMA and passbook	2,515,583	1,767,065	2,208,618	1,697,448
Certificates of deposit	<u>853,582</u>	<u>1,102,171</u>	<u>889,138</u>	<u>1,097,490</u>
Total customer deposits	4,412,510	3,552,419	3,991,508	3,373,003
FHLB advances and other borrowings	854,930	856,998	890,521	732,792
Subordinated debentures and notes	<u>63,770</u>	<u>70,237</u>	<u>67,455</u>	<u>70,243</u>
Total borrowings	<u>918,700</u>	<u>927,235</u>	<u>957,976</u>	<u>803,035</u>
Total interest-bearing liabilities	5,331,210	4,479,654	4,949,484	4,176,038
Noninterest-bearing liabilities	58,466	37,562	50,729	29,705
Minority interest	152,171	89,000	121,605	87,119
Stockholders' equity	<u>322,886</u>	<u>282,183</u>	<u>306,853</u>	<u>263,702</u>
Total average liabilities and stockholders' equity	<u>\$5,864,733</u>	<u>\$4,888,399</u>	<u>\$5,428,671</u>	<u>\$4,556,564</u>

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