



FIRST REPUBLIC REPORTS STRONG SECOND QUARTER 2018 RESULTS

Year-Over-Year Total Revenues Increased 16% and Wealth Management Assets Increased 27%

San Francisco, California, July 13, 2018 – First Republic Bank (NYSE: FRC) today announced financial results for the quarter ended June 30, 2018.

“First Republic had an excellent second quarter and first half of the year,” said Jim Herbert, Chairman and CEO. “Our client-focused service model continues to attract many new households, and business remains very good across the enterprise.”

Quarterly Highlights

Financial Results

- Year-over-year:
 - Revenues were \$744.1 million, up 16.0%.
 - Net income was \$209.8 million, up 12.4%.
 - Diluted earnings per share of \$1.20, up 13.2%.
 - Loan originations totaled \$9.4 billion, our best quarter ever.
 - Tangible book value per share was \$42.15, up 11.4%.
- Net interest margin was 2.95%, compared to 2.97% last quarter.
- Efficiency ratio was 63.5%, compared to 64.0% last quarter.

Continued Capital and Credit Strength

- Common Equity Tier 1 ratio was 10.18%, compared to 10.72% a year ago.
- Nonperforming assets remained very low at 5 basis points of total assets.
- Net charge-offs were only \$771,000, or less than 1 basis point of average loans.

Continued Franchise Development

- Year-over-year:
 - Loans, excluding loans held for sale, totaled \$69.1 billion, up 19.7%.
 - Deposits were \$72.8 billion, up 15.0%.
 - Wealth management assets were \$121.1 billion, up 26.9%.
 - Wealth management revenues were \$104.9 million, up 21.5%.

“Total revenues increased 16% and net interest income grew 15% compared to a year ago,” said Mike Roffler, Chief Financial Officer. “We are pleased to have very successfully accessed the capital markets with a perpetual preferred stock offering during the quarter.”

Quarterly Cash Dividend Declared

The Bank declared a cash dividend for the second quarter of \$0.18 per share of common stock, which is payable on August 9, 2018 to shareholders of record as of July 26, 2018.

Very Strong Asset Quality

Credit quality remains very strong. Nonperforming assets were only 5 basis points of total assets at June 30, 2018.

The Bank had net charge-offs for the quarter of \$771,000, while adding \$19.4 million to its allowance for loan losses due to continued loan growth.

Continued Capital Strength and Access to Capital Markets

The Bank’s Common Equity Tier 1 ratio was 10.18% at June 30, 2018, compared to 10.72% a year ago.

During the second quarter, the Bank issued \$300.0 million of 5.50% noncumulative perpetual preferred stock, which qualifies as Tier 1 capital. The Bank currently expects to redeem its \$200.0 million of 7.00% Noncumulative Perpetual Series E Preferred Stock when such stock becomes redeemable at the Bank’s option on or after December 28, 2018, subject to all applicable regulatory approvals.

Tangible Book Value Growth

Tangible book value per common share at June 30, 2018 was \$42.15, up 11.4% from a year ago.

Continued Franchise Development

Strong Loan Originations

Loan originations were \$9.4 billion for the quarter, compared to \$7.3 billion for the same quarter a year ago, an increase of 28.1%, primarily due to increases in business lines of credit, multifamily, stock secured and other secured lending.

Loans, excluding loans held for sale, totaled \$69.1 billion at June 30, 2018, up 19.7% compared to a year ago.

Deposit Growth

Total deposits increased to \$72.8 billion, up 15.0% compared to a year ago.

At June 30, 2018, checking accounts totaled 60.4% of deposits.

Investments

Total investment securities at June 30, 2018 were \$16.5 billion, consistent with the prior quarter and down 2.4% compared to a year ago.

High-quality liquid assets, including eligible cash, totaled \$11.0 billion at June 30, 2018, and represented 12.3% of average total assets.

Mortgage Banking Activity

During the second quarter, the Bank sold \$721.9 million of loans and recorded a gain on sale of \$4.0 million, compared to loan sales of \$439.8 million and a gain of \$841,000 during the second quarter of last year.

Loans serviced for investors at quarter-end totaled \$12.4 billion, up 4.9% from a year ago.

Continued Expansion of Wealth Management

Wealth management revenues totaled \$104.9 million for the quarter, up 21.5% compared to last year's second quarter. Such revenues represented 14.1% of the Bank's total revenues for the quarter.

Total wealth management assets were \$121.1 billion at June 30, 2018, up 7.2% for the quarter and up 26.9% compared to a year ago. The growth in wealth management assets was due to both net new assets from existing and new clients, and market appreciation.

Wealth management assets included investment management assets of \$59.3 billion, brokerage assets and money market mutual funds of \$51.9 billion, and trust and custody assets of \$9.9 billion.

Income Statement and Key Ratios

Strong Revenue Growth

Total revenues were \$744.1 million for the quarter, up 16.0% compared to the second quarter a year ago.

Strong Net Interest Income Growth

Net interest income was \$611.7 million for the quarter, up 15.0% compared to the second quarter a year ago. The increase in net interest income resulted primarily from growth in average earning assets.

Net Interest Margin

The net interest margin was 2.95% for the second quarter, compared to 2.97% for the prior quarter.

Noninterest Income

Noninterest income was \$132.4 million for the quarter, up 21.1% compared to the second quarter a year ago. The increase was primarily from growth in wealth management revenues and gain on sale of loans.

Noninterest Expense and Efficiency Ratio

Noninterest expense was \$472.6 million for the quarter, up 19.0% compared to the second quarter a year ago. The efficiency ratio was 63.5% for the quarter, compared to 61.9% for the second quarter a year ago. The increases were primarily due to increased salaries and benefits and information systems costs from the continued investments in the expansion of the franchise.

Income Taxes

Beginning in 2018, federal tax reform legislation reduces the federal tax rate for corporations from 35% to 21% and changes or limits certain tax deductions.

The Bank's effective tax rate for the second quarter of 2018 was 16.8%, compared to 19.2% for the first quarter of 2018. The decrease in the second quarter was the result of increased tax benefits from the vesting of stock awards. For the first six months of 2018, the Bank's effective tax rate was 18.0%.

Conference Call Details

First Republic Bank's second quarter 2018 earnings conference call is scheduled for July 13, 2018 at 7:00 a.m. PT / 10:00 a.m. ET. To access the event by telephone, please dial (877) 407-0792 approximately 10 minutes prior to the start time (to allow time for registration). International callers should dial +1 (201) 689-8263.

The call will also be broadcast live over the Internet and can be accessed in the Investor Relations section of First Republic's website at firstrepublic.com. To listen to the live webcast, please visit the site at least 10 minutes prior to the start time to register, download and install any necessary audio software.

For those unable to join the live presentation, a replay of the call will be available beginning July 13, 2018, at 10:00 a.m. PT / 1:00 p.m. ET, through July 20, 2018, at 8:59 p.m. PT / 11:59 p.m. ET. To access the replay, dial (844) 512-2921 and use conference ID #13680929. International callers should dial +1 (412) 317-6671 and enter the same conference ID number. A replay of the webcast also will be available for 90 days following, accessible in the Investor Relations section of First Republic Bank's website at firstrepublic.com.

The Bank's press releases are available after release in the Investor Relations section of First Republic Bank's website at firstrepublic.com.

About First Republic Bank

Founded in 1985, First Republic and its subsidiaries offer private banking, private business banking and private wealth management, including investment, trust and brokerage services. First Republic specializes in delivering exceptional, relationship-based service, with a solid commitment to responsiveness and action. 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; and later in 2018, Jackson, Wyoming. First Republic offers a complete line of banking products for individuals and businesses, including deposit services, as well as residential, commercial and personal loans. For more information, visit firstrepublic.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this press release 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, as amended. 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.

Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: 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; the possibility of earthquakes, fires and other natural disasters affecting the markets in which we operate; interest rate risk and credit risk; our ability to maintain and follow high underwriting standards; economic and market conditions affecting the valuation of our investment securities portfolio, which could result in other-than-temporary impairment if the general economy deteriorates, credit ratings decline, the financial condition of issuers deteriorates, interest rates increase or the liquidity for securities is limited; real estate prices generally and in our markets; our geographic and product concentrations; demand for our products and services; the regulatory environment in which we operate, our regulatory compliance and future regulatory requirements; the impact of tax reform legislation; the phase-in of the capital requirements under the Basel III framework, and any future changes to regulatory capital requirements; legislative and regulatory actions affecting us and the financial services industry, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, including increased compliance costs, limitations on activities and requirements to hold additional capital; our ability to avoid litigation and its associated costs and liabilities; the impact of new accounting standards; future Federal Deposit Insurance Corporation (“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. 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 any subsequent reports filed by First Republic with the FDIC. 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. 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.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)	Quarter Ended June 30,		Quarter Ended March 31,	Six Months Ended June 30,	
	2018	2017	2018	2018	2017
Interest income:					
Loans	\$ 589,912	\$ 462,810	\$ 541,313	\$ 1,131,225	\$ 891,208
Investments	133,992	130,435	138,270	272,262	248,493
Other	4,850	2,784	4,978	9,828	6,155
Cash and cash equivalents	5,685	3,126	3,913	9,598	5,794
Total interest income	734,439	599,155	688,474	1,422,913	1,151,650
Interest expense:					
Deposits	62,027	26,355	50,387	112,414	48,406
Borrowings	60,719	40,836	50,329	111,048	71,595
Total interest expense	122,746	67,191	100,716	223,462	120,001
Net interest income	611,693	531,964	587,758	1,199,451	1,031,649
Provision for loan losses	19,370	23,938	13,000	32,370	33,026
Net interest income after provision for loan losses	592,323	508,026	574,758	1,167,081	998,623
Noninterest income:					
Investment management fees	82,925	68,819	78,117	161,042	129,714
Brokerage and investment fees	8,826	6,965	10,532	19,358	15,004
Trust fees	3,606	3,448	3,489	7,095	6,650
Foreign exchange fee income	9,547	7,081	7,397	16,944	12,942
Deposit fees	6,280	5,655	5,985	12,265	11,027
Loan and related fees	4,134	3,375	3,617	7,751	6,641
Loan servicing fees, net	3,186	3,577	3,519	6,705	6,348
Gain on sale of loans	4,045	841	689	4,734	4,205
Gain (loss) on investment securities, net	(1,027)	(602)	9,197	8,170	(2,037)
Income from investments in life insurance	9,612	9,538	9,477	19,089	19,173
Other income	1,287	675	1,083	2,370	1,164
Total noninterest income	132,421	109,372	133,102	265,523	210,831
Noninterest expense:					
Salaries and employee benefits	271,935	221,929	277,024	548,959	443,836
Information systems	59,530	51,053	58,964	118,494	96,823
Occupancy	37,216	33,631	36,172	73,388	66,997
Professional fees	15,588	12,236	13,414	29,002	23,401
FDIC assessments	16,064	13,601	15,532	31,596	26,751
Advertising and marketing	15,120	11,560	11,928	27,048	20,586
Other expenses	57,104	53,090	48,547	105,651	97,245
Total noninterest expense	472,557	397,100	461,581	934,138	775,639
Income before provision for income taxes	252,187	220,298	246,279	498,466	433,815
Provision for income taxes	42,406	33,698	47,196	89,602	70,441
Net income	209,781	186,600	199,083	408,864	363,374
Dividends on preferred stock	12,163	14,344	12,222	24,385	29,496
Net income available to common shareholders	\$ 197,618	\$ 172,256	\$ 186,861	\$ 384,479	\$ 333,878
Basic earnings per common share	\$ 1.22	\$ 1.10	\$ 1.16	\$ 2.37	\$ 2.14
Diluted earnings per common share	\$ 1.20	\$ 1.06	\$ 1.13	\$ 2.33	\$ 2.07
Dividends per common share	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.35	\$ 0.33
Weighted average shares—basic	162,152	157,302	161,752	161,953	156,163
Weighted average shares—diluted	165,013	162,335	164,839	164,929	161,390

CONSOLIDATED BALANCE SHEETS

(\$ in thousands)	As of		
	June 30, 2018	March 31, 2018	June 30, 2017
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,993,226	\$ 3,839,931	\$ 2,295,125
Investment securities available-for-sale	2,163,773	2,256,295	2,235,923
Investment securities held-to-maturity	14,284,071	14,264,992	14,642,402
Equity securities (fair value)	19,997	19,734	—
Loans:			
Single family (1-4 units)	34,276,540	32,211,100	29,078,735
Home equity lines of credit	2,613,639	2,575,234	2,681,502
Multifamily (5+ units)	9,707,084	9,152,736	7,453,388
Commercial real estate	6,321,195	6,173,825	5,809,698
Single family construction	650,181	621,847	523,478
Multifamily/commercial construction	1,285,072	1,256,370	987,712
Business	9,603,626	8,991,752	7,981,609
Stock secured	1,380,255	1,207,646	994,413
Other secured	1,039,448	954,317	837,423
Unsecured	2,269,854	2,047,107	1,412,117
Total loans	69,146,894	65,191,934	57,760,075
Allowance for loan losses	(397,377)	(378,778)	(338,307)
Loans, net	68,749,517	64,813,156	57,421,768
Loans held for sale	46,753	686,393	202,348
Investments in life insurance	1,349,823	1,340,170	1,292,238
Tax credit investments	1,054,536	1,088,602	1,113,378
Prepaid expenses and other assets	1,533,840	1,265,806	1,146,712
Premises, equipment and leasehold improvements, net	312,278	299,587	260,308
Goodwill and other intangible assets	281,550	285,749	304,716
Mortgage servicing rights	62,096	63,093	61,383
Other real estate owned	—	—	1,930
Total Assets	\$ 93,851,460	\$ 90,223,508	\$ 80,978,231
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Deposits:			
Noninterest-bearing checking	\$ 28,428,832	\$ 27,496,642	\$ 25,769,912
Interest-bearing checking	15,490,545	16,809,785	14,374,273
Money market checking	10,054,060	9,088,019	9,019,626
Money market savings and passbooks	8,599,957	8,865,304	8,099,880
Certificates of deposit	10,198,556	8,995,322	6,030,015
Total Deposits	72,771,950	71,255,072	63,293,706
Short-term borrowings	600,000	—	150,000
Long-term FHLB advances	9,650,000	8,500,000	7,550,000
Senior notes	895,572	895,147	893,865
Subordinated notes	777,278	777,180	776,895
Other liabilities	880,687	959,571	1,053,682
Total Liabilities	85,575,487	82,386,970	73,718,148
Shareholders' Equity:			
Preferred stock	1,140,000	840,000	990,000
Common stock	1,626	1,619	1,577
Additional paid-in capital	3,772,323	3,797,419	3,525,283
Retained earnings	3,379,725	3,211,804	2,741,041
Accumulated other comprehensive income (loss)	(17,701)	(14,304)	2,182
Total Shareholders' Equity	8,275,973	7,836,538	7,260,083
Total Liabilities and Shareholders' Equity	\$ 93,851,460	\$ 90,223,508	\$ 80,978,231

Average Balances, Yields and Rates	Quarter Ended June 30,						Quarter Ended March 31,		
	2018			2017			2018		
	Average Balance	Interest Income/ Expense ⁽¹⁾	Yields/ Rates ⁽²⁾	Average Balance	Interest Income/ Expense ⁽¹⁾	Yields/ Rates ⁽²⁾	Average Balance	Interest Income/ Expense ⁽¹⁾	Yields/ Rates ⁽²⁾
<i>(\$ in thousands)</i>									
Assets:									
Cash and cash equivalents	\$ 1,404,683	\$ 5,685	1.62%	\$ 1,321,995	\$ 3,126	0.95%	\$ 1,126,806	\$ 3,913	1.41%
Investment securities ⁽³⁾	16,536,827	153,257	3.70%	16,522,412	171,954	4.17%	17,199,928	158,446	3.68%
Loans ⁽³⁾	67,579,518	596,434	3.51%	55,752,697	474,401	3.39%	64,062,925	547,610	3.42%
FHLB stock	300,068	4,850	6.48%	221,393	2,784	5.04%	280,962	4,978	7.19%
Total interest-earning assets	<u>85,821,096</u>	<u>760,226</u>	3.53%	<u>73,818,497</u>	<u>652,265</u>	3.52%	<u>82,670,621</u>	<u>714,947</u>	3.46%
Noninterest-earning cash	344,451			333,651			347,567		
Goodwill and other intangibles	283,575			307,275			287,948		
Other assets	3,472,410			3,258,671			3,440,748		
Total noninterest-earning assets	<u>4,100,436</u>			<u>3,899,597</u>			<u>4,076,263</u>		
Total Assets	<u><u>\$89,921,532</u></u>			<u><u>\$77,718,094</u></u>			<u><u>\$86,746,884</u></u>		
Liabilities and Equity:									
Checking	\$43,377,084	5,478	0.05%	\$38,014,639	1,435	0.02%	\$42,440,377	5,509	0.05%
Money market checking and savings	16,885,281	21,787	0.52%	16,336,980	7,130	0.18%	17,132,181	18,138	0.43%
CDs	8,710,862	34,762	1.60%	5,774,830	17,790	1.24%	7,641,580	26,740	1.42%
Total deposits	<u>68,973,227</u>	<u>62,027</u>	0.36%	<u>60,126,449</u>	<u>26,355</u>	0.18%	<u>67,214,138</u>	<u>50,387</u>	0.30%
Short-term borrowings	1,419,945	6,652	1.88%	1,433,516	3,698	1.03%	685,000	2,510	1.49%
Long-term FHLB advances	8,904,396	39,045	1.76%	6,541,209	24,439	1.50%	8,354,444	32,800	1.59%
Senior notes ⁽⁴⁾	895,364	5,925	2.65%	534,418	3,469	2.60%	894,940	5,923	2.65%
Subordinated notes ⁽⁴⁾	777,230	9,097	4.68%	776,850	9,093	4.68%	777,133	9,096	4.68%
Other borrowings	—	—	—%	25,147	137	2.20%	—	—	—%
Total borrowings	<u>11,996,935</u>	<u>60,719</u>	2.03%	<u>9,311,140</u>	<u>40,836</u>	1.76%	<u>10,711,517</u>	<u>50,329</u>	1.90%
Total interest-bearing liabilities	<u>80,970,162</u>	<u>122,746</u>	0.61%	<u>69,437,589</u>	<u>67,191</u>	0.39%	<u>77,925,655</u>	<u>100,716</u>	0.52%
Noninterest-bearing liabilities	899,451			1,036,242			980,290		
Preferred equity	900,989			966,374			841,667		
Common equity	7,150,930			6,277,889			6,999,272		
Total Liabilities and Equity	<u><u>\$89,921,532</u></u>			<u><u>\$77,718,094</u></u>			<u><u>\$86,746,884</u></u>		
Net interest spread ⁽⁵⁾			2.92%			3.13%			2.94%
Net interest income (fully taxable-equivalent basis) and net interest margin ^{(3),(6)}		<u>\$ 637,480</u>	2.95%		<u>\$ 585,074</u>	3.16%		<u>\$ 614,231</u>	2.97%
Reconciliation of tax-equivalent net interest income to reported net interest income:									
Tax-equivalent adjustment ⁽³⁾		(25,787)			(53,110)			(26,473)	
Net interest income, as reported		<u>\$ 611,693</u>			<u>\$ 531,964</u>			<u>\$ 587,758</u>	

⁽¹⁾ Interest income is presented on a fully taxable-equivalent basis.

⁽²⁾ Yields/rates are annualized.

⁽³⁾ Beginning in 2018, tax equivalent adjustments to interest income and yields reflect the corporate federal tax rate of 21%.

⁽⁴⁾ Average balances include unamortized issuance discounts and costs. Interest expense includes amortization of issuance discounts and costs.

⁽⁵⁾ Net interest spread represents the average yield on interest-earning assets less the average rate on interest-bearing liabilities.

⁽⁶⁾ Net interest margin represents net interest income on a fully taxable-equivalent basis divided by total average interest-earning assets.

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	Six Months Ended June 30,					
	2018			2017		
<i>Average Balances, Yields and Rates</i>	Average Balance	Interest Income/Expense ⁽¹⁾	Yields/Rates ⁽²⁾	Average Balance	Interest Income/Expense ⁽¹⁾	Yields/Rates ⁽²⁾
<i>(\$ in thousands)</i>						
Assets:						
Cash and cash equivalents	\$ 1,266,512	\$ 9,598	1.53%	\$ 1,385,012	\$ 5,794	0.84%
Investment securities ⁽³⁾	16,866,545	311,703	3.70%	15,981,192	327,359	4.10%
Loans ⁽³⁾	65,830,937	1,144,044	3.47%	54,428,721	914,055	3.35%
FHLB stock	290,568	9,828	6.82%	191,517	6,155	6.48%
Total interest-earning assets	84,254,562	1,475,173	3.50%	71,986,442	1,253,363	3.48%
Noninterest-earning cash	346,000			320,576		
Goodwill and other intangibles	285,750			309,937		
Other assets	3,456,666			3,213,682		
Total noninterest-earning assets	4,088,416			3,844,195		
Total Assets	\$ 88,342,978			\$ 75,830,637		
Liabilities and Equity:						
Checking	\$ 42,911,318	10,987	0.05%	\$ 37,684,917	2,561	0.01%
Money market checking and savings	17,008,048	39,925	0.47%	16,318,179	12,119	0.15%
CDs	8,179,175	61,502	1.52%	5,561,809	33,726	1.22%
Total deposits	68,098,541	112,414	0.33%	59,564,905	48,406	0.16%
Short-term borrowings	1,054,503	9,161	1.75%	781,353	4,217	1.09%
Long-term FHLB advances	8,630,939	71,845	1.68%	6,165,746	45,054	1.47%
Senior notes ⁽⁴⁾	895,153	11,849	2.65%	466,615	6,046	2.59%
Subordinated notes ⁽⁴⁾	777,182	18,193	4.68%	684,284	16,008	4.68%
Other borrowings	—	—	—%	25,509	270	2.12%
Total borrowings	11,357,777	111,048	1.97%	8,123,507	71,595	1.77%
Total interest-bearing liabilities	79,456,318	223,462	0.57%	67,688,412	120,001	0.36%
Noninterest-bearing liabilities	939,648			1,038,605		
Preferred equity	871,492			985,228		
Common equity	7,075,520			6,118,392		
Total Liabilities and Equity	\$ 88,342,978			\$ 75,830,637		
Net interest spread ⁽⁵⁾			2.93%			3.12%
Net interest income (fully taxable-equivalent basis) and net interest margin ^{(3),(6)}		\$ 1,251,711	2.96%		\$ 1,133,362	3.14%
Reconciliation of tax-equivalent net interest income to reported net interest income:						
Tax-equivalent adjustment ⁽³⁾		(52,260)			(101,713)	
Net interest income, as reported		\$ 1,199,451			\$ 1,031,649	

⁽¹⁾ Interest income is presented on a fully taxable-equivalent basis.⁽²⁾ Yields/rates are annualized.⁽³⁾ Beginning in 2018, tax equivalent adjustments to interest income and yields reflect the corporate federal tax rate of 21%.⁽⁴⁾ Average balances include unamortized issuance discounts and costs. Interest expense includes amortization of issuance discounts and costs.⁽⁵⁾ Net interest spread represents the average yield on interest-earning assets less the average rate on interest-bearing liabilities.⁽⁶⁾ Net interest margin represents net interest income on a fully taxable-equivalent basis divided by total average interest-earning assets.

<i>Operating Information</i>	Quarter Ended June 30,		Quarter Ended March 31,		Six Months Ended June 30,	
	2018	2017	2018	2018	2017	
<i>(\$ in thousands)</i>						
Net income to average assets ⁽¹⁾	0.94%	0.96%	0.93%	0.93%	0.97%	
Net income available to common shareholders to average common equity ⁽¹⁾	11.08%	11.01%	10.83%	10.96%	11.00%	
Net income available to common shareholders to average tangible common equity ⁽¹⁾	11.54%	11.57%	11.29%	11.42%	11.59%	
Net interest income to average interest-earning assets ⁽¹⁾	2.86%	2.89%	2.88%	2.87%	2.89%	
Dividend payout ratio	15.0%	16.0%	15.0%	15.0%	16.0%	
Efficiency ratio ⁽²⁾	63.5%	61.9%	64.0%	63.8%	62.4%	
Net loan charge-offs	\$ 771	\$ 609	\$ 154	\$ 925	\$ 1,117	
Net loan charge-offs to average total loans ⁽¹⁾	0.00%	0.00%	0.00%	0.00%	0.00%	
Allowance for loan losses to:						
Total loans	0.57%	0.59%	0.58%	0.57%	0.59%	
Nonaccrual loans	780.4%	779.8%	774.7%	780.4%	779.8%	

⁽¹⁾ Ratios are annualized.

⁽²⁾ Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

<i>Effective Tax Rate</i>	Quarter Ended June 30,		Quarter Ended March 31,		Six Months Ended June 30,	
	2018	2017	2018	2018	2017	
Effective tax rate, prior to excess tax benefits	21.5%	23.1%	21.1%	21.3%	23.1%	
Excess tax benefits—stock options	(1.3)%	(3.5)%	(1.8)%	(1.5)%	(4.1)%	
Excess tax benefits—other stock awards	(3.4)%	(4.3)%	(0.1)%	(1.8)%	(2.8)%	
Total excess tax benefits	(4.7)%	(7.8)%	(1.9)%	(3.3)%	(6.9)%	
Effective tax rate	16.8%	15.3%	19.2%	18.0%	16.2%	

<i>Mortgage Loan Sales</i>	Quarter Ended June 30,		Quarter Ended March 31,		Six Months Ended June 30,	
	2018	2017	2018	2018	2017	
<i>(\$ in thousands)</i>						
Loans sold:						
Flow sales:						
Agency	\$ 7,724	\$ 34,261	\$ 14,047	\$ 21,771	\$ 83,993	
Non-agency	32,865	72,829	55,655	88,520	129,031	
Total flow sales	40,589	107,090	69,702	110,291	213,024	
Bulk sales:						
Non-agency	681,332	332,735	91,709	773,041	872,556	
Total loans sold	\$ 721,921	\$ 439,825	\$ 161,411	\$ 883,332	\$ 1,085,580	
Gain on sale of loans:						
Amount	\$ 4,045	\$ 841	\$ 689	\$ 4,734	\$ 4,205	
Gain as a percentage of loans sold	0.56%	0.19%	0.43%	0.54%	0.39%	

Loan Originations	Quarter Ended June 30,		Quarter Ended March 31,	Six Months Ended June 30,	
	2018	2017	2018	2018	2017
<i>(\$ in thousands)</i>					
Single family (1-4 units)	\$ 3,125,316	\$ 3,053,014	\$ 2,326,712	\$ 5,452,028	\$ 5,569,688
Home equity lines of credit	416,098	424,223	346,333	762,431	838,546
Multifamily (5+ units)	921,723	646,538	761,584	1,683,307	1,055,484
Commercial real estate	341,707	336,054	275,683	617,390	731,623
Construction	384,236	496,813	464,806	849,042	735,614
Business	3,097,056	1,654,184	2,057,454	5,154,510	2,606,612
Stock and other secured	748,450	450,674	666,546	1,414,996	934,196
Unsecured	318,227	236,884	428,342	746,569	467,758
Total loans originated	<u>\$ 9,352,813</u>	<u>\$ 7,298,384</u>	<u>\$ 7,327,460</u>	<u>\$ 16,680,273</u>	<u>\$ 12,939,521</u>

Loan Servicing Portfolio	As of				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
<i>(\$ in millions)</i>					
Loans serviced for investors	<u>\$ 12,374</u>	<u>\$ 12,192</u>	<u>\$ 12,495</u>	<u>\$ 12,111</u>	<u>\$ 11,791</u>

Asset Quality Information	As of				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
<i>(\$ in thousands)</i>					
Nonperforming assets:					
Nonaccrual loans	\$ 50,920	\$ 48,895	\$ 37,656	\$ 37,922	\$ 43,384
Other real estate owned	—	—	—	—	1,930
Total nonperforming assets	<u>\$ 50,920</u>	<u>\$ 48,895</u>	<u>\$ 37,656</u>	<u>\$ 37,922</u>	<u>\$ 45,314</u>
Nonperforming assets to total assets	0.05%	0.05%	0.04%	0.04%	0.06%
Accruing loans 90 days or more past due	\$ —	\$ —	\$ —	\$ —	\$ —
Restructured accruing loans	\$ 11,568	\$ 11,853	\$ 12,605	\$ 18,242	\$ 13,001

Book Value Ratios	As of				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
<i>(in thousands, except per share amounts)</i>					
Number of shares of common stock outstanding	<u>162,638</u>	<u>161,863</u>	<u>161,696</u>	<u>157,930</u>	<u>157,686</u>
Book value per common share	<u>\$ 43.88</u>	<u>\$ 43.23</u>	<u>\$ 42.23</u>	<u>\$ 40.76</u>	<u>\$ 39.76</u>
Tangible book value per common share	<u>\$ 42.15</u>	<u>\$ 41.46</u>	<u>\$ 40.43</u>	<u>\$ 38.90</u>	<u>\$ 37.83</u>

Capital Ratios	As of				
	2018		2017		
	June 30 ⁽¹⁾	March 31	December 31	September 30	June 30
Tier 1 leverage ratio (Tier 1 capital to average assets) . .	8.83%	8.64%	8.85%	8.78%	8.99%
Common Equity Tier 1 capital to risk-weighted assets .	10.18%	10.47%	10.63%	10.58%	10.72%
Tier 1 capital to risk-weighted assets	11.90%	11.80%	12.22%	12.27%	12.49%
Total capital to risk-weighted assets	13.68%	13.65%	14.11%	14.23%	14.51%
Regulatory Capital ⁽²⁾					
<i>(\$ in thousands)</i>					
Common Equity Tier 1 capital	\$ 6,766,573	\$ 6,624,101	\$ 6,488,618	\$ 6,140,330	\$ 5,975,457
Tier 1 capital	\$ 7,906,573	\$ 7,464,101	\$ 7,457,944	\$ 7,121,330	\$ 6,960,057
Total capital	\$ 9,095,028	\$ 8,633,859	\$ 8,615,389	\$ 8,259,581	\$ 8,087,714
Assets ⁽²⁾					
<i>(\$ in thousands)</i>					
Average assets	\$ 89,560,555	\$ 86,378,664	\$ 84,238,404	\$ 81,125,539	\$ 77,419,255
Risk-weighted assets	\$ 66,461,528	\$ 63,239,135	\$ 61,054,077	\$ 58,027,938	\$ 55,730,798

⁽¹⁾ Ratios and amounts as of June 30, 2018 are preliminary.

⁽²⁾ As defined by regulatory capital rules.

Wealth Management Assets	As of				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
<i>(\$ in millions)</i>					
First Republic Investment Management	\$ 59,329	\$ 55,104	\$ 52,712	\$ 50,318	\$ 47,530
Brokerage and investment:					
Brokerage	50,356	46,150	43,015	40,652	37,658
Money market mutual funds	1,575	2,104	1,671	1,201	1,402
Total brokerage and investment	51,931	48,254	44,686	41,853	39,060
Trust Company:					
Trust	5,125	4,694	4,678	4,441	4,276
Custody	4,739	4,938	4,885	4,734	4,559
Total Trust Company	9,864	9,632	9,563	9,175	8,835
Total Wealth Management Assets	\$ 121,124	\$ 112,990	\$ 106,961	\$ 101,346	\$ 95,425

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