First Republic Bank

Annual Company-Run Stress Test Results

Dodd-Frank Act Stress Test Disclosure

Supervisory Severely Adverse Scenario

June 21, 2018
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About First Republic Bank

First Republic Bank (“First Republic” or the “Bank”) is a California-chartered commercial bank and trust company headquartered in San Francisco with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”). First Republic has operated for over 32 years and the current legal entity has been operating since July 1, 2010. 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; and New York, New York. First Republic offers a complete line of banking products for individuals and businesses, including deposit services, as well as residential, commercial and personal loans.

First Republic is an FDIC-insured non-member state bank without a bank holding company. We are examined, supervised and regulated by the FDIC and the California Department of Business Oversight’s Division of Financial Institutions.

Overview

In accordance with Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), and pursuant to the requirements of 12 CFR Section 325.207, the Bank is required to conduct an annual company-run stress test (“Dodd-Frank Act Stress Test” or “DFAST”) and disclose the results of the severely adverse scenario of the DFAST annually, which are contained herein. Any differences in the presentation of information contained herein relative to how such information is presented for other purposes is solely due to First Republic’s efforts to comply with the DFAST requirements. The information contained herein does not, in any way, reflect changes to the business plans, practices, or strategy of the Bank. The projections contained herein are based on the severely adverse scenario provided by the FDIC (“Supervisory Severely Adverse Scenario”), in coordination with the Board of Governors of the Federal Reserve System (“Federal Reserve”) and the Office of the Comptroller of the Currency (“OCC”), which was released on February 6, 2018. Accordingly, these projections represent hypothetical estimates that involve an economic outcome more adverse than expected, and are not the Bank’s actual projections of expected pre-provision net revenue (“PPNR”), losses, net income before taxes or capital ratios.

The DFAST does not require the use of specified capital action assumptions for banks such as First Republic. This assumption differs considerably from the DFAST rules for a bank holding company, which require specified capital actions. As a result, the capital actions reflected in the Bank’s pro forma capital ratios reflect management’s judgment of actions that would occur over the nine-quarter planning horizon.

The results of First Republic’s annual DFAST indicate that the Bank would have the financial resources to successfully navigate a severe economic downturn, coupled with a one-time credit loss event, while continuing to grow both total assets and risk-weighted assets. Throughout the hypothetical Supervisory Severely Adverse Scenario, the Bank maintains capital levels that are well in excess of the minimum capital ratio plus the fully phased-in capital conservation buffer of 2.5% as established under the Basel III capital rules.
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

Risks Included in the Dodd-Frank Act Stress Test

First Republic assessed various types of risks in its stress testing activities. As part of its ongoing capital adequacy program, First Republic uses a comprehensive risk identification process to help ensure that its capital adequacy is based upon the Bank’s material risks, its associated risk profile, and the business operating environment. The following risks are directly stressed by the Supervisory Severely Adverse Scenario:

Credit Risk

Credit risk arises when the organization extends, commits to, invests in, or is otherwise exposed to repayment risk through direct or indirect obligations. Credit-related products that create this risk include, but are not limited to, real estate secured loans, business or consumer loans, counterparty risk, and investment securities.

Credit losses may be attributed to factors such as a borrower’s deteriorating financial condition, inadequate collateral, underwriting or portfolio management deficiencies, economic cycles, or other unexpected events, which have a negative impact on a borrower’s repayment abilities.

Interest Rate/Market Risk

Interest rate risk refers to adverse changes in income and value of the organization’s assets and liabilities in response to fluctuation in the interest rate environment. Interest rate volatility has the potential to negatively impact the willingness of investors to make investment decisions, which would affect the organization’s financial growth and results. Interest rates affect the pricing and mix of interest-earning assets and interest-bearing liabilities, which are impacted by external factors such as the local economy, competition for loans and deposits, federal monetary policy, and market interest rates. Additionally, changes in interest rates have the potential to impact loan refinancing activity, the slope of the yield curve, and borrower repayments for adjustable-rate products.

Liquidity Risk

Liquidity is defined as a bank’s capacity to meet its cash and collateral obligations at a reasonable cost. Liquidity risk is the risk that a bank’s financial condition or safety is adversely affected by an inability to meet its funding obligations. Specific liquidity risk may arise from funding mismatches, market constraints on converting assets into cash or accessing sources of funds. We include liquidity stresses to reflect the impact of stressed economic scenario assumptions on the Bank’s ability to access debt markets, withstand incrementally higher interest expense, and accrete capital.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. For DFAST purposes, this includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Strategic Risk

In the context of DFAST, we view PPNR as a key component of strategic risk, as it encompasses the entirety of our earning capacity. As a strategic risk consideration, PPNR addresses non-interest income and non-interest expense sensitivity to stress and the resulting impact on capital.
**Annual Company-Run Stress Test Results**

**Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario**

**Model Risk**

Consistent with guidance issued by the Federal Reserve, OCC, and FDIC, a “Model” is a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. The definition of a model also covers complex and material quantitative approaches whose inputs are partially or wholly quantitative or based on expert judgment, provided that the output is quantitative in nature. Models are simplified representations of real-world relationships among observed characteristics, values, and events. Models are used in the banking industry to generate quantitative estimates. These estimates are then used for risk management purposes and sound business planning. Model risk occurs for primarily two reasons: (1) a model may have fundamental errors and may produce inaccurate outputs, and (2) a model may be used inappropriately.

**Legal/Regulatory/Compliance Risk**

Legal risk arises from the potential that unenforceable contracts, lawsuits or adverse judgments can disrupt or otherwise negatively affect the operations or conditions of the Bank. Core banking activities that contain legal risk include loan documentation in lending foreclosure procedures in collections, and fiduciary claims arising out of wealth management activities.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily to protect depositors, the public, the FDIC’s Deposit Insurance Fund (“DIF”), and the banking system as a whole. The banking laws, regulations and policies related to us govern a broad range of matters including but not limited to: the regulation of certain debt obligations, changes in the control and maintenance of adequate capital, the general business operations conducted by us, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, restrictions on dividends, establishment of new offices and the maximum interest rates that may be charged by law.

Failure to comply with laws and regulations can result in fines, penalties, lawsuits, or examination findings that are costly, prohibit our ability to take advantage of growth opportunities or damage our reputation.

**Methodologies and Processes Used in the Dodd-Frank Act Stress Test**

First Republic uses models, methods and processes that have been used in planning and managing various parts of the business to generate stress test results. The Bank uses the supervisory interest rate and economic growth scenarios to project balance sheet volumes and mix, earning asset yields, and funding rates, which in turn is used to project net interest income. The Bank also uses quantitative models and qualitative judgment to estimate the impact of the economic scenarios on credit losses and required provision levels at the product level.

Such models and estimation techniques are used to translate the economic and financial variables in the Supervisory Severely Adverse Scenario to project the Bank’s balance sheet, risk-weighted assets, loss estimation, net interest income and expenses, non-interest income and expenses, and capital ratios. General descriptions of the methodologies used in the company-run stress test under the Supervisory Severely Adverse Scenario are described below.

As measures to ensure objectivity and accuracy, the Bank has set forth a significant “review and challenge” framework that spans various business units and levels of subject matter experts, including the Board of Directors, internal audit, independent model validation, and program self-assessments. The Bank’s review and challenge framework ensures models, model outputs, expert judgments and risk assessments are created with input from the appropriate set of Bank leaders. In these meetings, Bank business leaders with expert knowledge of the subject at hand review and challenge key aspects of the model or risk framework. After review by the business leaders, models, expert judgments and risks are presented to the Capital Stress Test Executive Steering Committee, composed of members of the Bank’s senior management team. The results are ultimately reviewed and approved by the Board of Directors before submission to the regulatory agencies.
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

Macro Scenario Variables

First Republic’s Markets

The Bank operates in urban coastal markets, which include the San Francisco Bay Area, New York City, Los Angeles, Boston, Portland, San Diego and Palm Beach. About 80% of the Bank’s loan balances come from San Francisco/Silicon Valley, New York City and Los Angeles. As a result, the Bank does not rely solely upon national level data to estimate accurate income and loss estimates. The Bank instead partners with an outside firm to translate national level supervisory data into regional economic projections.

The external vendor’s regional forecasting models produce forecasts of state and metropolitan-area measures of general economic activity, including state and metro-area real output, employment by industry, and housing construction, among other variables. The models utilize a set of structural econometric models that use the FDIC-prescribed scenarios. The Bank utilizes certain regional data from the outside vendor to assist with the Bank’s models that project credit losses.

Additional Interest Rates

The Bank interpolates yield curve term points that are not explicitly provided by the FDIC as part of the regulatory supervisory scenarios. Additionally, as supplements to the FDIC-provided 30-Year Fixed Mortgage rate, the Bank projects mortgage rates applicable to the Bank’s loan products.

Balance Sheet Projections

First Republic utilizes the expert judgment of its business leaders and subject matter experts to project its balance sheet and ensure the results are consistent with each stress scenario. Key balance sheet drivers include the growth rate of loans and deposits, loan sales, prepayment activity on loans, investment portfolio activity and other borrowing assumptions.

Pre-Provision Net Revenue

First Republic’s PPNR is comprised of net interest income, non-interest income and non-interest expense.

First Republic utilizes a quantitative asset/liability management system with inputs such as loan or deposit balance and mix forecasts, yields on earning assets and costing liabilities, interest rate projections, credit spreads, and prepayment speeds to project relevant cash flows and net interest income.

Non-interest income includes items such as investment management, trust, brokerage and investment fees and gain/loss on sale of loans. The Bank projects non-interest income based on the underlying macroeconomic variables, such as equity market assumptions, and utilizes primary and secondary drivers such as balance sheet size to project other non-interest income.

Non-interest expense includes items such as salaries and benefits expenses, occupancy costs, information services and professional services. The Bank projects non-interest expense by segmenting it into components and uses primary and secondary drivers such as macroeconomic data and projected balances to project these items.

Loss Estimation

First Republic has developed and maintains models for use in forecasting credit losses. The credit loss forecasting models use the projected portfolio balances from the balance sheet and the macroeconomic variables prescribed by the regulatory Supervisory Severely Adverse Scenario as primary inputs.
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

Credit risk models for estimating credit losses are segmented into the following three buckets:

1. Residential mortgages, which include 1-4 family residential mortgages, home equity lines of credit and single family construction loans;
2. Commercial real estate loans, which include commercial real estate mortgages, multifamily mortgages and multifamily/commercial real estate construction; and
3. Commercial, industrial, and consumer loans, which include commercial business loans, tax-exempt loans, other secured loans, including stock secured, and unsecured loans.

Investment securities, which include municipal bonds, non-agency residential mortgage backed securities (“RMBS”), and other investments, are projected using expert judgment.

Residential Mortgages

In modeling credit losses associated with residential mortgages, the loss model is at the loan level and combines borrower and loan characteristics with macroeconomic variables to project monthly cash flows and losses for each individual loan in the Bank’s residential real estate portfolio.

For each loan, the projected losses are calculated by projecting the probability of default, the exposure at default and the loss given default. The probability of default is driven by borrower-level characteristics (e.g., FICO score), loan-level characteristics (e.g., current loan-to-value), and various macroeconomic factors (e.g., home price index and unemployment rate). The exposure at default is driven by the funded balance, unfunded commitments, scheduled repayments and prepayments. The loss given default is driven by the geographic location of the property and projected sale price.

Commercial Real Estate Loans

The loss modeling of commercial real estate loans is at the loan level and incorporates loan characteristics and key macroeconomic variables to project cash flows, defaults, and losses for each individual loan in the Bank’s commercial real estate portfolio. The model has two major components: the probability of default and the loss given default, both of which were developed statistically with loan-level characteristics (e.g., loan-to-value, debt service coverage ratio, etc.) and key macroeconomic variables (e.g., Commercial Real Estate Price Index, unemployment rate).

Commercial, Industrial and Consumer Loans

The loss modeling of commercial, industrial and consumer loans is at the loan level and combines loan-level characteristics with macroeconomic variables to project monthly cash flows and losses for each individual loan in the Bank’s portfolio. For each loan, the projected losses are calculated by projecting the probability of default, the exposure at default and the loss given default. In addition, certain expert judgment techniques are also used where appropriate.

Investment Securities

The Bank projects investment portfolio losses based on the following types of investments: municipal bonds, non-agency RMBS, and other investments.

Projected municipal bond credit losses are based on expert judgment, with additional attention paid to specific securities with recent downgrades or elevated risk. The Bank utilizes historical and industry data as part of the analysis. Non-agency RMBS credit losses are based on expert judgement applied to losses associated with the underlying loans as described above for residential mortgages. Other investment projected losses are based on historical pricing and judgment.
**Annual Company-Run Stress Test Results**

**Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario**

**Allowance for Loan Losses**

Allowance for loan losses (“ALL”) is a reserve that is established against projected credit losses within the Bank's loan portfolio. The projected ALL is based on losses projected by the credit loss models and the forecasted loan balances from the PPNR process.

**Changes in Capital Position over the Planning Horizon**

Changes to the Bank’s capital position and capital ratios are calculated by analyzing the impact to capital of projected earnings, changes in asset balances, and the Bank’s projected capital actions.

Risk-weighted assets are projected based on the projected balance sheet accounts. The calculated amounts are in accordance with the Basel III rules.

**Supervisory Severely Adverse Scenario**

The Supervisory Severely Adverse Scenario published by the FDIC is characterized by a severe recession with high unemployment, significant declines in real gross domestic product (“GDP”) and real estate prices, and a sharp drop in the equities market. The projected yield curve steepens significantly compared to December 31, 2017 as short-term interest rates drop dramatically to 10 basis points and remain there over the entire projection horizon, while a global aversion to long-term fixed assets keeps the 10-year Treasury yield at 240 basis points over the projection horizon. The prime rate decreases and then remains largely unchanged throughout the scenario.

The following table summarizes the key macroeconomic metrics from the Supervisory Severely Adverse Scenario.1

<table>
<thead>
<tr>
<th>Key Economic Metrics from the Supervisory Severely Adverse Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth - Trough</td>
</tr>
<tr>
<td>Unemployment Rate - Peak Level</td>
</tr>
<tr>
<td>Home Prices - Current to Trough</td>
</tr>
<tr>
<td>Commercial Real Estate Prices - Current to Trough</td>
</tr>
<tr>
<td>Dow Jones Total Stock Market Index - Current to Trough</td>
</tr>
<tr>
<td>3 Month Treasury Yield - Trough</td>
</tr>
<tr>
<td>10 Year Treasury Yield - Trough</td>
</tr>
<tr>
<td>Prime Rate - Trough</td>
</tr>
</tbody>
</table>

In addition to the above metrics, 30 year mortgage rates increase to 6.0% by the first quarter of 2019 before decreasing to 5.5% by the end of the planning horizon. Mortgage spreads to Treasury yields increase 140 basis points by the first quarter of 2018, averaging 3.3% in 2018 and 3.5% in 2019.

To ensure a reasonably conservative projection, in the Supervisory Severely Adverse Scenario, First Republic included a company-specific idiosyncratic event related to a significant projected one-time credit loss resulting from a non-macroeconomic client event. Additionally, the Bank included a liquidity stress event that resulted in increased stress to funding costs.

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Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

Summary of Results for the Dodd-Frank Act Stress Test under the Supervisory Severely Adverse Scenario

The following tables present the quantitative results under the Supervisory Severely Adverse Scenario.

<table>
<thead>
<tr>
<th>Projected Losses, Revenue and Net Income for Q1 2018 through Q1 2020 under the Supervisory Severely Adverse Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in Millions</td>
</tr>
<tr>
<td>Pre-provision net revenue</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Provision for loan losses</td>
</tr>
<tr>
<td>Realized gains/losses on AFS and HTM securities</td>
</tr>
<tr>
<td>Other losses/gains</td>
</tr>
<tr>
<td>Net income before taxes (2)</td>
</tr>
<tr>
<td>Taxes</td>
</tr>
<tr>
<td>Net income (2)</td>
</tr>
</tbody>
</table>

(1) Average assets is the nine-quarter average of total assets.
(2) Numbers may not sum due to rounding.

First Republic’s pre-tax net income is estimated to be $719 million over the nine-quarter horizon. The primary driver in the reduction of pre-tax net income from historical levels is the elevated level of provision for loan losses. In addition, pre-provision net revenue is also projected to decline substantially from historical levels. The primary drivers of lower PPNR include lower net interest income and reductions in non-interest income (principally investment management fees) as well as non-interest expenses that remain relatively consistent regardless of the economic scenario.
**Annual Company-Run Stress Test Results**

**Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario**

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**Projected Loan Losses by Type of Loans for Q1 2018 through Q1 2020 under the Supervisory Severely Adverse Scenario**

<table>
<thead>
<tr>
<th>Loan Losses:</th>
<th>$ in Millions</th>
<th>Portfolio Loss Rates (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First lien mortgages</td>
<td>$ 72</td>
<td>0.2%</td>
</tr>
<tr>
<td>Junior liens and home equity lines of credit</td>
<td>104</td>
<td>2.9%</td>
</tr>
<tr>
<td>Commercial and industrial (2)</td>
<td>311</td>
<td>4.5%</td>
</tr>
<tr>
<td>Commercial real estate (3)</td>
<td>236</td>
<td>1.3%</td>
</tr>
<tr>
<td>Credit card</td>
<td>—</td>
<td>—%</td>
</tr>
<tr>
<td>All other loans (4)</td>
<td>178</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Total (5)</strong></td>
<td><strong>$ 901</strong></td>
<td><strong>1.3%</strong></td>
</tr>
</tbody>
</table>

(1) Average balances used to calculate portfolio loss rates include loans held for sale and are calculated over nine quarters.

(2) Includes a significant projected one-time credit loss related to a non-macroeconomic client event.

(3) Includes multifamily, commercial real estate, and all construction loans.

(4) Includes secured and unsecured consumer loans.

(5) Numbers may not sum due to rounding.

Loan losses during the nine-quarter Supervisory Severely Adverse Scenario are estimated to be $901 million. This level of losses represents a significant increase from the levels of losses that the Bank is currently experiencing. The losses are driven primarily by commercial and industrial loans, commercial real estate, and multifamily loans. Commercial and industrial loan losses are projected to increase due to the overall decline in business activity associated with the economic downturn, along with a significant projected one-time credit loss related to a non-macroeconomic client event. Commercial real estate and multifamily losses are projected to increase primarily due to the lower real estate values associated with the economic downturn.
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

### Actual Q4 2017 and Projected Q1 2020 Risk-Weighted Assets under the Supervisory Severely Adverse Scenario

<table>
<thead>
<tr>
<th>$ in Millions</th>
<th>Actual Q4 2017</th>
<th>Projected Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-weighted assets</td>
<td>$61,054</td>
<td>$67,817</td>
</tr>
</tbody>
</table>

The Bank projects that risk-weighted assets will grow 11% over the nine-quarter horizon under the Supervisory Severely Adverse Scenario. The growth in risk-weighted assets is driven primarily by loan growth. The growth in risk-weighted assets is one of the primary impacts that results in the Bank’s declining capital ratios over the nine-quarter stress horizon.

### Actual and Projected Capital Ratios through Q1 2020 under the Supervisory Severely Adverse Scenario

<table>
<thead>
<tr>
<th>Capital Ratios</th>
<th>Actual Q4 2017</th>
<th>Q1 2020</th>
<th>Minimum over Projection Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity Tier 1 Ratio</td>
<td>10.6%</td>
<td>9.8%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Tier 1 Risk-Based Capital Ratio</td>
<td>12.2%</td>
<td>11.0%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Total Risk-Based Capital Ratio</td>
<td>14.1%</td>
<td>13.1%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Tier 1 Leverage Ratio</td>
<td>8.9%</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

(1) The projected ratios reflect the transition adjustments applicable to the Bank under the Basel III rules, which are fully phased in effective in 2018.

(2) The capital ratios are calculated reflecting management’s judgment of capital actions that would occur over the nine-quarter planning horizon. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period Q1 2018 to Q1 2020.
**Annual Company-Run Stress Test Results**

**Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario**

**Explanation of the Most Significant Causes for the Changes in Regulatory Capital Ratios**

Throughout the nine-quarter horizon of the Supervisory Severely Adverse Scenario, all of the Bank’s key capital ratios are projected to remain above the fully phased in well-capitalized levels as established under the Basel III capital rules.

Capital ratios remain strong but trend downward over the nine-quarter horizon as risk-weighted asset and tangible asset growth outpace the growth of the Bank’s capital base. The Bank’s capital grows less quickly due to increased credit losses driven by the assumed deteriorating economic environment of the scenario and lower PPNR.

The charts below show the changes in each of the capital ratios from Q4 2017 through Q1 2020.

![Common Equity Tier 1 ("CET1") Ratio Chart](chart.png)

(1) Pre-provision net revenue  
(2) Includes dividends and equity impact of stock compensation  
(3) Includes provision for loan losses and other-than-temporary impairment losses  
(4) Numbers may not sum due to rounding
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

TIER 1 RISK-BASED CAPITAL RATIO

<table>
<thead>
<tr>
<th>Component</th>
<th>Tier 1 Risk-Based Capital Ratio 4Q17</th>
<th>Increased Risk-Weighted Assets</th>
<th>PPNR (1)</th>
<th>Capital Actions (2)</th>
<th>Losses (3)</th>
<th>Income Taxes</th>
<th>Tier 1 Risk-Based Capital Ratio 1Q20 (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.2%</td>
<td>2.7%</td>
<td>(1.2)%</td>
<td>(0.5)%</td>
<td>(1.7)%</td>
<td>(0.5)%</td>
<td>11.0%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Pre-provision net revenue
(2) Includes redemption of $150 million Series C Preferred Stock in January 2018, dividends, and equity impact of stock compensation
(3) Includes provision for loan losses and other-than-temporary impairment losses
(4) Numbers may not sum due to rounding

TOTAL RISK-BASED CAPITAL RATIO

<table>
<thead>
<tr>
<th>Component</th>
<th>Total Risk-Based Capital Ratio 4Q17</th>
<th>Increased Risk-Weighted Assets</th>
<th>PPNR (1)</th>
<th>Capital Actions (2)</th>
<th>Additional Tier 2 Capital (3)</th>
<th>Losses (4)</th>
<th>Income Taxes</th>
<th>Total Risk-Based Capital Ratio 1Q20 (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.1%</td>
<td>2.7%</td>
<td>(1.4)%</td>
<td>(0.5)%</td>
<td>(1.7)%</td>
<td>(0.5)%</td>
<td>13.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Pre-provision net revenue
(2) Includes redemption of $150 million Series C Preferred Stock in January 2018, dividends, and equity impact of stock compensation
(3) Includes increases in allowance for loan losses
(4) Includes provision for loan losses and other-than-temporary impairment losses
(5) Numbers may not sum due to rounding
Annual Company-Run Stress Test Results
Dodd-Frank Act Stress Test Disclosure – Supervisory Severely Adverse Scenario

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including projections of our financial results and condition and capital ratios under a hypothetical scenario that incorporates a set of assumed economic and financial conditions prescribed by our regulators, which are more adverse than expected. The projections are not intended to be our forecast of expected future economic or financial conditions or our forecast of the Bank’s expected future financial results or condition, but rather reflect possible results under the prescribed hypothetical scenario. Our actual future financial results and condition could differ materially from the results reflected herein and will be influenced by actual economic and financial conditions and other factors described in our reports filed with the FDIC, including our Annual Report on Form 10-K for the year ended December 31, 2017. In addition, if this scenario described above, or one comparable, were to occur, First Republic could either underperform or over-perform relative to the presented results. First Republic assumes no obligation to update any forward-looking statements contained herein.

(1) Pre-provision net revenue
(2) Includes redemption of $150 million Series C Preferred Stock in January 2018, dividends, and equity impact of stock compensation
(3) Includes provision for loan losses and other-than-temporary impairment losses
(4) Numbers may not sum due to rounding