



FIRST REPUBLIC REPORTS STRONG 2019 RESULTS

Record Loan Origination Year; Revenues Increased 10% for the Year

San Francisco, California, January 14, 2020 – First Republic Bank (NYSE: FRC) today announced financial results for the quarter and year ended December 31, 2019.

“2019 was another very strong year across the board,” said Founder, Chairman and CEO Jim Herbert. “Loans, deposits and wealth management assets all grew nicely. Our results continue to reflect the strength of our unique, client-focused service model.”

Full Year Highlights

Financial Results

- Revenues were \$3.3 billion, up 9.7%.
- Net interest income was \$2.8 billion, up 10.5%.
- Net income was \$930.3 million, up 9.0%.
- Diluted earnings per share of \$5.20, up 8.1%.
- Loan originations totaled \$38.0 billion, our best year ever.
- Tangible book value per share was \$50.24, up 11.0%.
- Efficiency ratio was 64.2%, compared to 63.0% last year.

Continued Capital and Credit Strength

- Tier 1 leverage ratio was 8.39%, compared to 8.68% a year ago.
- Nonperforming assets remained at a low 12 basis points of total assets.
- Net charge-offs were only \$4.6 million, or less than 1 basis point of average loans.

Continued Franchise Development

- Loans, excluding loans held for sale, totaled \$90.8 billion, up 19.7%.
- Deposits were \$90.1 billion, up 14.0%.
- Wealth management assets were \$151.0 billion, up 19.7%.
- Wealth management revenues were \$470.7 million, up 8.5%.

Quarterly Highlights

- Compared to last year's fourth quarter:
 - Revenues were \$877.5 million, up 8.2%.
 - Net interest income was \$720.1 million, up 7.9%.
 - Net income was \$246.3 million, up 6.4%.
 - Diluted EPS of \$1.39, up 7.8%.
- Loan originations were \$11.2 billion, our best quarter ever.
- Net recoveries were \$1.1 million.
- Net interest margin was 2.73%, compared to 2.80% for the prior quarter.
- Efficiency ratio was 63.7%, compared to 63.8% for the prior quarter.
- Wealth management assets were \$151.0 billion, up 7.7% from the prior quarter.

“We're pleased with revenue growth of 9.7% and net interest income growth of 10.5% for the year, despite a very challenging interest rate environment in 2019,” said Chief Financial Officer Mike Roffler. “Capital and credit quality remain excellent.”

Quarterly Cash Dividend Declared

The Bank declared a cash dividend for the fourth quarter of \$0.19 per share of common stock, which is payable on February 13, 2020 to shareholders of record as of January 30, 2020.

Very Strong Asset Quality

Credit quality remains strong. Nonperforming assets were only 12 basis points of total assets at December 31, 2019.

The Bank had net recoveries for the quarter of \$1.1 million, while adding \$9.6 million to its allowance for loan losses due to continued loan growth. During the full year, the Bank had net charge-offs of only \$4.6 million, while adding \$61.7 million to its allowance for loan losses.

Continued Capital Strength

The Bank's Tier 1 leverage ratio was 8.39% at December 31, 2019, compared to 8.68% a year ago.

During the fourth quarter, the Bank redeemed all of the outstanding shares of its 5.50% Noncumulative Perpetual Series D Preferred Stock, which totaled \$190.0 million. In addition, the Bank issued \$395.0 million of 4.70% Noncumulative Perpetual Series J Preferred Stock, which qualifies as Tier 1 capital.

Tangible Book Value Growth

Tangible book value per common share at December 31, 2019 was \$50.24, up 11.0% from a year ago.

Continued Franchise Development

Loan Originations

Loan originations were \$11.2 billion for the quarter, up 42.5% compared to the same quarter a year ago. For 2019, loan originations totaled \$38.0 billion, up 20.7% compared to the prior year. The increase for the quarter was primarily due to increases in single family, stock and other secured, and multifamily lending. The increase for the year was primarily due to increases in single family, stock and other secured, and commercial real estate lending.

Loans, excluding loans held for sale, totaled \$90.8 billion at December 31, 2019, up 19.7% compared to a year ago, primarily due to increases in single family, multifamily, commercial real estate and business loans.

Deposit Growth

Total deposits increased to \$90.1 billion, up 14.0% compared to a year ago.

At December 31, 2019, checking accounts totaled 58.6% of deposits.

Investments

Total investment securities at December 31, 2019 were \$18.4 billion, up 5.9% compared to the prior quarter and up 13.6% compared to a year ago.

High-quality liquid assets, including eligible cash, totaled \$14.5 billion at December 31, 2019, and represented 12.7% of average total assets.

Wealth Management

Wealth management revenues totaled \$128.4 million for the quarter, up 7.3% compared to last year's fourth quarter. For all of 2019, wealth management revenues were \$470.7 million, an increase of 8.5% compared to the prior year. Such revenues represented 14.6% of the Bank's total revenues for the quarter and 14.1% of the Bank's total revenues for the year.

Total wealth management assets were \$151.0 billion at December 31, 2019, up 7.7% for the quarter and up 19.7% compared to a year ago. The increases in wealth management assets were driven by market appreciation and net new assets from existing and new clients.

Wealth management assets included investment management assets of \$66.0 billion, brokerage assets and money market mutual funds of \$73.1 billion, and trust and custody assets of \$11.9 billion.

Income Statement and Key Ratios*Revenue Growth*

Total revenues were \$877.5 million for the quarter, up 8.2% compared to the fourth quarter a year ago and were \$3.3 billion for 2019, up 9.7% compared to the prior year.

Net Interest Income Growth

Net interest income was \$720.1 million for the quarter, up 7.9% compared to the fourth quarter a year ago, and was \$2.8 billion for 2019, up 10.5% compared to the prior year. The increases in net interest income resulted primarily from growth in average earning assets.

Net Interest Margin

The net interest margin was 2.73% for the fourth quarter, compared to 2.80% for the prior quarter. For 2019, the net interest margin was 2.83%, compared to 2.96% for the prior year. The decrease for the quarter was primarily due to a greater decline in the average yield on loans, compared to a modest decrease in total funding costs. The decrease for the year was primarily due to an increase in total funding costs, partially offset by an increase in the average yield on loans.

Noninterest Income

Noninterest income was \$157.3 million for the quarter, up 9.6% compared to the fourth quarter a year ago, and was \$577.2 million for 2019, up 6.2% compared to the prior year. The increases were primarily from growth in wealth management fees and income from investments in life insurance.

Noninterest Expense and Efficiency Ratio

Noninterest expense was \$558.8 million for the quarter, up 12.1% compared to the fourth quarter a year ago, and was \$2.1 billion for 2019, up 12.0% compared to the prior year. The increases were primarily due to increased salaries and benefits, occupancy and information systems expenses from the continued investments in the expansion of the franchise.

The efficiency ratio was 63.7% for the quarter, compared to 61.5% for the fourth quarter a year ago. For 2019, the efficiency ratio was 64.2%, compared to 63.0% for 2018.

Income Taxes

The Bank's effective tax rate for the fourth quarter of 2019 was 20.3%, compared to 19.4% for the fourth quarter a year ago.

The effective tax rate for 2019 was 17.9%, compared to 18.8% for 2018. The decrease for the year was primarily the result of higher excess tax benefits from an increase in stock options exercised by employees.

Conference Call Details

First Republic Bank's fourth quarter and full year 2019 earnings conference call is scheduled for January 14, 2020 at 7:00 a.m. PT / 10:00 a.m. ET. To access the event by telephone, please dial (800) 353-6461 and use confirmation code 7083625# approximately 10 minutes prior to the start time (to allow time for registration). International callers should dial +1 (334) 323-0501 and enter the same confirmation code.

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 January 14, 2020, at 11:00 a.m. PT / 2:00 p.m. ET, through January 21, 2020, at 8:59 p.m. PT / 11:59 p.m. ET. To access the replay, dial (888) 203-1112 and use confirmation code 7083625#. International callers should dial +1 (719) 457-0820 and enter the same confirmation code. 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 and offers a complete line of products, including residential, commercial and personal loans, deposit services, and wealth management. 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 Jackson, Wyoming. First Republic is a constituent of the S&P 500 Index and KBW Nasdaq Bank Index. 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 (the “Exchange Act”). 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.

Forward-looking statements involving such risks and uncertainties include, but are not limited to, statements regarding: projections of loans, assets, deposits, liabilities, revenues, expenses, tax liabilities, net income, capital expenditures, liquidity, dividends, capital structure, investments or other financial items; expectations regarding the banking and wealth management industries; descriptions of plans or objectives of management for future operations, products or services; forecasts of future economic conditions generally and in our market areas in particular, which may affect the ability of borrowers to repay their loans and the value of real property or other property held as collateral for such loans; our opportunities for growth and our plans for expansion (including opening new offices); expectations about the performance of any new offices; projections about the amount and the value of intangible assets, as well as amortization of recorded amounts; future provisions for credit losses on loans and debt securities; changes in nonperforming assets; projections about future levels of loan originations or loan repayments; projections regarding costs, including the impact on our efficiency ratio; and descriptions of assumptions underlying or relating to any of the foregoing.

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, including those affecting the valuation of our investment securities portfolio and credit losses on our loans and debt securities; real estate prices generally and in our markets; our geographic and product concentrations; demand for our products and services; developments and uncertainty related to the future use and availability of reference rates, such as the London Interbank Offered Rate and the 11th District Monthly Weighted Average Cost of Funds Index; the regulatory environment in which we operate, our regulatory compliance and future regulatory requirements; the impact of tax reform legislation; 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 (the “Dodd-Frank Act”), including increased compliance costs, limitations on activities and requirements to hold additional capital, as well as changes to the Dodd-Frank Act pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act; our ability to avoid litigation and its associated costs and liabilities; 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 under the Exchange Act. 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 December 31,		Quarter Ended September 30,	Year Ended December 31,	
	2019	2018	2019	2019	2018
Interest income:					
Loans	\$ 780,326	\$ 677,450	\$ 764,468	\$ 2,986,210	\$ 2,442,469
Investments	146,080	134,380	134,099	547,988	540,753
Other	5,679	10,122	5,779	21,446	25,187
Cash and cash equivalents	4,869	6,703	5,430	23,835	23,197
Total interest income	936,954	828,655	909,776	3,579,479	3,031,606
Interest expense:					
Deposits	128,705	96,188	134,917	500,557	290,040
Borrowings	88,131	65,264	79,874	314,755	240,458
Total interest expense	216,836	161,452	214,791	815,312	530,498
Net interest income	720,118	667,203	694,985	2,764,167	2,501,108
Provision for loan losses	9,579	25,089	16,711	61,690	76,092
Net interest income after provision for loan losses	710,539	642,114	678,274	2,702,477	2,425,016
Noninterest income:					
Investment management fees	97,106	91,937	83,582	359,332	341,539
Brokerage and investment fees	12,416	8,097	12,673	41,035	31,867
Insurance fees	4,186	5,444	2,712	12,708	10,090
Trust fees	4,328	3,939	4,105	16,549	14,633
Foreign exchange fee income	10,365	10,223	11,685	41,026	35,606
Deposit fees	6,609	6,484	6,563	26,071	24,974
Loan and related fees	6,175	3,871	5,341	19,819	15,713
Loan servicing fees, net	1,788	3,446	2,347	11,348	13,302
Gain on sale of loans	69	579	122	535	5,616
Gain (loss) on investment securities	(1,541)	(1,313)	(683)	(3,436)	5,202
Income from investments in life insurance	14,034	9,973	12,152	45,570	40,670
Other income	1,810	867	1,608	6,663	4,233
Total noninterest income	157,345	143,547	142,207	577,220	543,445
Noninterest expense:					
Salaries and employee benefits	325,094	281,021	309,655	1,245,526	1,109,228
Information systems	69,278	63,999	66,612	273,337	241,752
Occupancy	50,474	40,078	50,722	192,678	152,258
Professional fees	22,476	15,338	17,507	68,099	60,058
Advertising and marketing	17,615	19,888	15,912	65,961	60,463
FDIC assessments	10,912	8,847	9,748	38,759	58,122
Other expenses	62,996	69,411	63,794	262,101	234,838
Total noninterest expense	558,845	498,582	533,950	2,146,461	1,916,719
Income before provision for income taxes	309,039	287,079	286,531	1,133,236	1,051,742
Provision for income taxes	62,709	55,661	51,687	202,907	197,914
Net income	246,330	231,418	234,844	930,329	853,828
Dividends on preferred stock	10,708	16,228	12,787	49,070	57,725
Net income available to common shareholders	\$ 235,622	\$ 215,190	\$ 222,057	\$ 881,259	\$ 796,103
Basic earnings per common share	\$ 1.40	\$ 1.31	\$ 1.32	\$ 5.25	\$ 4.89
Diluted earnings per common share	\$ 1.39	\$ 1.29	\$ 1.31	\$ 5.20	\$ 4.81
Weighted average shares—basic	168,544	164,804	168,272	167,908	162,948
Weighted average shares—diluted	169,776	167,100	169,346	169,551	165,612

CONSOLIDATED BALANCE SHEETS

(\$ in thousands)	As of		
	December 31, 2019	September 30, 2019	December 31, 2018
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,699,557	\$ 2,181,600	\$ 2,811,159
Debt securities available-for-sale	1,282,169	1,401,105	1,779,116
Debt securities held-to-maturity	17,147,633	16,002,722	14,436,973
Equity securities (fair value)	19,586	19,736	18,719
Loans:			
Single family (1-4 units)	47,985,651	44,882,363	37,955,252
Home equity lines of credit	2,501,432	2,530,740	2,542,713
Multifamily (5+ units)	12,428,452	11,725,331	10,357,839
Commercial real estate	7,537,085	7,504,334	6,677,440
Single family construction	761,589	743,699	645,924
Multifamily/commercial construction	1,532,834	1,442,896	1,576,582
Business	11,646,816	11,564,863	10,998,503
Stock secured	1,897,511	1,610,914	1,432,911
Other secured	1,433,399	1,293,084	1,105,751
Unsecured	3,072,062	3,006,586	2,572,367
Total loans	90,796,831	86,304,810	75,865,282
Allowance for loan losses	(496,104)	(485,465)	(439,048)
Loans, net	90,300,727	85,819,345	75,426,234
Loans held for sale	23,304	31,693	98,985
Investments in life insurance	1,434,642	1,425,057	1,376,579
Tax credit investments	1,100,509	1,039,061	1,057,541
Premises, equipment and leasehold improvements, net	386,841	373,693	332,483
Goodwill and other intangible assets	235,269	264,658	273,974
Other assets	2,633,397	2,470,065	1,593,441
Total Assets	\$ 116,263,634	\$ 111,028,735	\$ 99,205,204
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Deposits:			
Noninterest-bearing checking	\$ 33,124,265	\$ 32,720,317	\$ 30,033,658
Interest-bearing checking	19,696,859	17,438,402	17,089,520
Money market checking	12,790,707	11,242,205	10,317,436
Money market savings and passbooks	10,586,355	10,277,249	10,245,107
Certificates of deposit	13,935,060	14,042,346	11,377,515
Total Deposits	90,133,246	85,720,519	79,063,236
Short-term borrowings	800,000	775,000	100,000
Long-term FHLB advances	12,200,000	10,900,000	8,700,000
Senior notes	497,719	497,494	896,432
Subordinated notes	777,885	777,781	777,475
Other liabilities	2,003,677	2,926,735	990,284
Total Liabilities	106,412,527	101,597,529	90,527,427
Shareholders' Equity:			
Preferred stock	1,145,000	940,000	940,000
Common stock	1,686	1,685	1,649
Additional paid-in capital	4,214,915	4,198,442	4,024,306
Retained earnings	4,484,375	4,281,249	3,731,205
Accumulated other comprehensive income (loss)	5,131	9,830	(19,383)
Total Shareholders' Equity	9,851,107	9,431,206	8,677,777
Total Liabilities and Shareholders' Equity	\$ 116,263,634	\$ 111,028,735	\$ 99,205,204

Average Balances, Yields and Rates	Quarter Ended December 31,						Quarter Ended September 30,		
	2019			2018			2019		
	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	\$ 1,377,686	\$ 4,869	1.40%	\$ 1,275,293	\$ 6,702	2.09%	\$ 1,161,441	\$ 5,430	1.86%
Investment securities:									
U.S. Government-sponsored agency securities	461,671	3,239	2.81%	1,044,914	7,772	2.98%	740,893	5,375	2.90%
Mortgage-backed securities:									
Agency residential and commercial MBS	6,826,144	47,764	2.80%	7,098,381	50,849	2.87%	6,593,422	46,762	2.84%
Other residential and commercial MBS	4,276	39	3.66%	4,611	44	3.78%	4,473	43	3.84%
Municipal securities	10,981,068	116,245	4.23%	8,087,947	94,909	4.69%	9,184,274	101,154	4.41%
Other investment securities ⁽³⁾	43,840	322	2.94%	18,955	120	2.54%	24,977	156	2.49%
Total investment securities	<u>18,316,999</u>	<u>167,609</u>	3.66%	<u>16,254,808</u>	<u>153,694</u>	3.78%	<u>16,548,039</u>	<u>153,490</u>	3.71%
Loans:									
Residential real estate	48,938,892	391,415	3.20%	39,587,922	325,318	3.28%	45,754,902	374,690	3.27%
Multifamily	12,112,107	119,386	3.86%	10,243,384	97,696	3.73%	11,446,955	112,624	3.85%
Commercial real estate	7,501,102	79,527	4.15%	6,612,822	70,319	4.16%	7,366,320	79,213	4.21%
Construction	2,261,457	26,678	4.62%	2,145,727	26,464	4.83%	2,152,911	26,599	4.83%
Business	11,556,437	121,665	4.12%	10,694,770	121,711	4.45%	11,551,439	129,314	4.38%
Other	6,085,084	48,261	3.10%	4,943,880	42,791	3.39%	5,704,872	48,746	3.34%
Total loans	<u>88,455,079</u>	<u>786,932</u>	3.52%	<u>74,228,505</u>	<u>684,299</u>	3.64%	<u>83,977,399</u>	<u>771,186</u>	3.63%
FHLB stock ⁽⁴⁾	394,487	5,678	5.71%	293,331	10,122	13.69%	321,778	5,779	7.13%
Total interest-earning assets	<u>108,544,251</u>	<u>965,088</u>	3.52%	<u>92,051,937</u>	<u>854,817</u>	3.68%	<u>102,008,657</u>	<u>935,885</u>	3.63%
Noninterest-earning cash	362,139			344,749			335,648		
Goodwill and other intangibles	256,614			275,645			266,032		
Other assets	4,581,436			3,572,767			4,409,665		
Total noninterest-earning assets	<u>5,200,189</u>			<u>4,193,161</u>			<u>5,011,345</u>		
Total Assets	<u>\$113,744,440</u>			<u>\$96,245,098</u>			<u>\$107,020,002</u>		
Liabilities and Equity:									
Deposits:									
Checking	\$ 51,333,186	8,777	0.07%	\$45,218,239	5,720	0.05%	\$ 48,666,948	8,501	0.07%
Money market checking and savings	21,298,741	49,682	0.93%	18,960,266	37,051	0.78%	20,536,777	53,046	1.02%
CDs	13,694,721	70,246	2.04%	10,720,940	53,417	1.98%	13,170,046	73,370	2.21%
Total deposits	<u>86,326,648</u>	<u>128,705</u>	0.59%	<u>74,899,445</u>	<u>96,188</u>	0.51%	<u>82,373,771</u>	<u>134,917</u>	0.65%
Borrowings:									
Short-term borrowings	3,056,545	13,530	1.76%	650,543	3,868	2.36%	2,204,262	12,520	2.25%
Long-term FHLB advances	11,488,043	62,146	2.15%	9,201,630	46,365	2.00%	9,796,739	54,901	2.22%
Senior notes ⁽⁵⁾	497,610	3,351	2.69%	896,223	5,931	2.65%	497,384	3,350	2.69%
Subordinated notes ⁽⁵⁾	777,834	9,104	4.68%	777,427	9,099	4.68%	777,730	9,103	4.68%
Total borrowings	<u>15,820,032</u>	<u>88,131</u>	2.21%	<u>11,525,823</u>	<u>65,263</u>	2.25%	<u>13,276,115</u>	<u>79,874</u>	2.39%
Total interest-bearing liabilities	<u>102,146,680</u>	<u>216,836</u>	0.84%	<u>86,425,268</u>	<u>161,451</u>	0.74%	<u>95,649,886</u>	<u>214,791</u>	0.89%
Noninterest-bearing liabilities	2,093,561			982,269			2,037,177		
Preferred equity	899,728			1,129,130			940,000		
Common equity	8,604,471			7,708,431			8,392,939		
Total Liabilities and Equity	<u>\$113,744,440</u>			<u>\$96,245,098</u>			<u>\$107,020,002</u>		
Net interest spread ⁽⁶⁾			2.68%			2.94%			2.74%
Net interest income (fully taxable-equivalent basis) and net interest margin ⁽⁷⁾		<u>\$ 748,252</u>	2.73%		<u>\$ 693,366</u>	2.98%		<u>\$ 721,094</u>	2.80%
Reconciliation of tax-equivalent net interest income to reported net interest income:									
Tax-equivalent adjustment		<u>(28,134)</u>			<u>(26,163)</u>			<u>(26,109)</u>	
Net interest income, as reported		<u>\$ 720,118</u>			<u>\$ 667,203</u>			<u>\$ 694,985</u>	

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Average Balances, Yields and Rates	Year Ended December 31,					
	2019			2018		
	Average Balance	Interest Income/Expense ⁽¹⁾	Yields/Rates	Average Balance	Interest Income/Expense ⁽¹⁾	Yields/Rates
<i>(\$ in thousands)</i>						
Assets:						
Cash and cash equivalents	\$ 1,268,405	\$ 23,835	1.88%	\$ 1,325,174	\$ 23,197	1.75%
Investment securities:						
U.S. Treasury and other U.S. Government agency securities	—	—	—%	4,694	87	1.85%
U.S. Government-sponsored agency securities	818,000	24,066	2.94%	1,072,391	31,761	2.96%
Mortgage-backed securities:						
Agency residential and commercial MBS	6,735,598	191,869	2.85%	7,370,501	203,505	2.76%
Other residential and commercial MBS	4,450	170	3.83%	5,027	265	5.28%
Municipal securities	9,218,509	409,127	4.44%	8,126,173	382,662	4.71%
Other investment securities ⁽³⁾	26,848	726	2.70%	19,617	480	2.44%
Total investment securities	<u>16,803,405</u>	<u>625,958</u>	3.73%	<u>16,598,403</u>	<u>618,760</u>	3.73%
Loans:						
Residential real estate	44,655,754	1,465,364	3.28%	37,184,625	1,185,240	3.19%
Multifamily	11,309,622	443,174	3.86%	9,602,522	357,780	3.67%
Commercial real estate	7,157,799	306,401	4.22%	6,352,419	265,664	4.12%
Construction	2,188,874	106,566	4.80%	1,954,078	93,613	4.73%
Business	11,302,160	503,782	4.40%	9,579,793	417,636	4.30%
Other	5,559,309	187,536	3.33%	4,520,492	148,873	3.25%
Total loans	<u>82,173,518</u>	<u>3,012,823</u>	3.64%	<u>69,193,929</u>	<u>2,468,806</u>	3.54%
FHLB stock ⁽⁴⁾	331,862	21,446	6.46%	293,359	25,187	8.59%
Total interest-earning assets	<u>100,577,190</u>	<u>3,684,062</u>	3.64%	<u>87,410,865</u>	<u>3,135,950</u>	3.57%
Noninterest-earning cash	347,065			347,639		
Goodwill and other intangibles	266,062			281,633		
Other assets	4,376,016			3,501,575		
Total noninterest-earning assets	<u>4,989,143</u>			<u>4,130,847</u>		
Total Assets	<u>\$ 105,566,333</u>			<u>\$ 91,541,712</u>		
Liabilities and Equity:						
Deposits:						
Checking	\$ 48,097,161	30,318	0.06%	\$ 43,793,120	21,892	0.05%
Money market checking and savings	20,113,724	196,582	0.98%	17,774,302	108,290	0.61%
CDs	12,769,459	273,657	2.14%	9,220,835	159,858	1.73%
Total deposits	<u>80,980,344</u>	<u>500,557</u>	0.62%	<u>70,788,257</u>	<u>290,040</u>	0.41%
Borrowings:						
Short-term borrowings	2,278,831	50,361	2.21%	793,606	15,277	1.93%
Long-term FHLB advances	9,738,767	209,816	2.15%	9,039,658	165,081	1.83%
Senior notes ⁽⁵⁾	680,199	18,169	2.67%	895,584	23,709	2.65%
Subordinated notes ⁽⁵⁾	777,681	36,409	4.68%	777,280	36,391	4.68%
Total borrowings	<u>13,475,478</u>	<u>314,755</u>	2.34%	<u>11,506,128</u>	<u>240,458</u>	2.09%
Total interest-bearing liabilities	<u>94,455,822</u>	<u>815,312</u>	0.86%	<u>82,294,385</u>	<u>530,498</u>	0.64%
Noninterest-bearing liabilities	1,859,115			939,028		
Preferred equity	929,849			1,004,110		
Common equity	8,321,547			7,304,189		
Total Liabilities and Equity	<u>\$ 105,566,333</u>			<u>\$ 91,541,712</u>		
Net interest spread ⁽⁶⁾			2.78%			2.92%
Net interest income (fully taxable-equivalent basis) and net interest margin ⁽⁷⁾		<u>\$ 2,868,750</u>	2.83%		<u>\$ 2,605,452</u>	2.96%
Reconciliation of tax-equivalent net interest income to reported net interest income:						
Tax-equivalent adjustment		<u>(104,583)</u>			<u>(104,344)</u>	
Net interest income, as reported		<u>\$ 2,764,167</u>			<u>\$ 2,501,108</u>	

⁽¹⁾ Interest income is presented on a fully taxable-equivalent basis.⁽²⁾ Yields/rates are annualized.⁽³⁾ Includes corporate debt securities, mutual funds and marketable equity securities.⁽⁴⁾ Yield for the quarter and year ended December 31, 2018 includes an FHLB special dividend of \$4.8 million.⁽⁵⁾ Average balances include unamortized issuance discounts and costs. Interest expense includes amortization of issuance discounts and costs.⁽⁶⁾ Net interest spread represents the average yield on interest-earning assets less the average rate on interest-bearing liabilities.⁽⁷⁾ Net interest margin represents net interest income on a fully taxable-equivalent basis divided by total average interest-earning assets.

Operating Information	Quarter Ended December 31,		Quarter Ended September 30,	Year Ended December 31,	
	2019	2018	2019	2019	2018
<i>(\$ in thousands, except per share amounts)</i>					
Net income to average assets ⁽¹⁾	0.86%	0.95%	0.87%	0.88%	0.93%
Net income available to common shareholders to average common equity ⁽¹⁾	10.86%	11.08%	10.50%	10.59%	10.90%
Net income available to common shareholders to average tangible common equity ⁽¹⁾	11.20%	11.49%	10.84%	10.94%	11.34%
Dividends per common share	\$ 0.19	\$ 0.18	\$ 0.19	\$ 0.75	\$ 0.71
Dividend payout ratio	13.7%	14.0%	14.5%	14.4%	14.8%
Efficiency ratio ⁽²⁾	63.7%	61.5%	63.8%	64.2%	63.0%
Net loan charge-offs (recoveries)	\$ (1,060)	\$ 1,866	\$ 4,341	\$ 4,634	\$ 2,976
Net loan charge-offs (recoveries) to average total loans ⁽¹⁾	(0.00%)	0.01%	0.02%	0.01%	0.00%
Allowance for loan losses to:					
Total loans	0.55%	0.58%	0.56%	0.55%	0.58%
Nonaccrual loans	346.5%	944.9%	354.5%	346.5%	944.9%

⁽¹⁾ For periods less than a year, ratios are annualized.

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

Effective Tax Rate	Quarter Ended December 31,		Quarter Ended September 30,	Year Ended December 31,	
	2019	2018	2019	2019	2018
Effective tax rate, prior to excess tax benefits	21.6%	20.7%	21.4%	21.4%	21.0%
Excess tax benefits—stock options	(1.2)%	(1.2)%	(3.3)%	(2.9)%	(1.3)%
Excess tax benefits—other stock awards	(0.1)%	(0.1)%	(0.1)%	(0.6)%	(0.9)%
Total excess tax benefits	(1.3)%	(1.3)%	(3.4)%	(3.5)%	(2.2)%
Effective tax rate	20.3%	19.4%	18.0%	17.9%	18.8%

Mortgage Loan Sales	Quarter Ended December 31,		Quarter Ended September 30,	Year Ended December 31,	
	2019	2018	2019	2019	2018
<i>(\$ in thousands)</i>					
Loans sold:					
Flow sales:					
Agency	\$ 34,519	\$ 4,945	\$ 25,214	\$ 85,945	\$ 42,081
Non-agency	7,717	6,785	11,932	50,983	172,077
Total flow sales	42,236	11,730	37,146	136,928	214,158
Bulk sales:					
Non-agency	—	—	—	152,119	773,041
Securitizations	—	251,931	—	—	251,931
Total loans sold	\$ 42,236	\$ 263,661	\$ 37,146	\$ 289,047	\$ 1,239,130
Gain on sale of loans:					
Amount	\$ 69	\$ 579	\$ 122	\$ 535	\$ 5,616
Gain as a percentage of loans sold	0.16%	0.22%	0.33%	0.19%	0.45%

Loan Originations	Quarter Ended December 31,		Quarter Ended September 30,	Year Ended December 31,	
	2019	2018	2019	2019	2018
<i>(\$ in thousands)</i>					
Single family (1-4 units)	\$ 5,275,965	\$ 2,709,197	\$ 4,872,598	\$ 16,405,784	\$ 10,784,654
Home equity lines of credit	456,150	380,710	359,154	1,524,031	1,542,747
Multifamily (5+ units)	1,226,394	856,577	710,983	3,340,258	3,321,334
Commercial real estate	447,254	355,137	556,151	1,823,687	1,235,819
Construction	415,848	471,904	549,518	1,631,384	1,694,788
Business ⁽¹⁾	2,273,510	2,390,545	2,814,189	9,080,396	9,379,905
Stock and other secured	820,471	365,374	662,522	2,780,617	2,101,390
Unsecured	308,360	348,235	438,278	1,377,319	1,382,552
Total loans originated	<u>\$ 11,223,952</u>	<u>\$ 7,877,679</u>	<u>\$ 10,963,393</u>	<u>\$ 37,963,476</u>	<u>\$ 31,443,189</u>

⁽¹⁾ Origination amounts for certain business lines of credit (i.e., capital call lines of credit) reflect the Bank's contractual obligations in effect during the reporting period, and exclude amounts that are contingent upon future credit approvals. Prior periods presented have also been adjusted to exclude the contingent amounts for these lines of credit.

Loan Servicing Portfolio	As of				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<i>(\$ in millions)</i>					
Loans serviced for investors	\$ 9,298	\$ 10,080	\$ 10,746	\$ 11,326	\$ 11,573

Asset Quality Information	As of				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<i>(\$ in thousands)</i>					
Nonperforming assets:					
Nonaccrual loans	\$ 143,181	\$ 136,928	\$ 144,993	\$ 51,081	\$ 46,465
Other real estate owned	—	—	—	—	—
Total nonperforming assets	<u>\$ 143,181</u>	<u>\$ 136,928</u>	<u>\$ 144,993</u>	<u>\$ 51,081</u>	<u>\$ 46,465</u>
Nonperforming assets to total assets	0.12%	0.12%	0.14%	0.05%	0.05%
Accruing loans 90 days or more past due	\$ —	\$ —	\$ —	\$ —	\$ —
Restructured accruing loans	\$ 13,287	\$ 14,964	\$ 12,176	\$ 10,208	\$ 11,514

Book Value and Capital Ratios	As of				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<i>(in thousands, except per share amounts)</i>					
Number of shares of common stock outstanding	168,621	168,450	168,176	167,393	164,902
Book value per common share	<u>\$ 51.63</u>	<u>\$ 50.41</u>	<u>\$ 49.23</u>	<u>\$ 48.42</u>	<u>\$ 46.92</u>
Tangible book value per common share	<u>\$ 50.24</u>	<u>\$ 48.84</u>	<u>\$ 47.64</u>	<u>\$ 46.81</u>	<u>\$ 45.26</u>

Capital Ratios	As of				
	December 31, 2019⁽¹⁾	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Tier 1 leverage ratio (Tier 1 capital to average assets)	8.39%	8.50%	8.69%	8.84%	8.68%
Common Equity Tier 1 capital to risk-weighted assets	9.86%	9.91%	10.19%	10.54%	10.38%
Tier 1 capital to risk-weighted assets	11.21%	11.05%	11.39%	11.82%	11.70%
Total capital to risk-weighted assets	12.73%	12.61%	13.02%	13.50%	13.43%
Regulatory Capital⁽²⁾					
<i>(\$ in thousands)</i>					
Common Equity Tier 1 capital	\$ 8,371,192	\$ 8,124,179	\$ 7,934,602	\$ 7,776,620	\$ 7,379,997
Tier 1 capital	\$ 9,516,192	\$ 9,064,179	\$ 8,874,602	\$ 8,716,620	\$ 8,319,997
Total capital	\$ 10,802,209	\$ 10,340,902	\$ 10,138,375	\$ 9,960,317	\$ 9,549,738
Assets⁽²⁾					
<i>(\$ in thousands)</i>					
Average assets	\$ 113,403,507	\$ 106,659,003	\$ 102,097,363	\$ 98,582,697	\$ 95,905,266
Risk-weighted assets	\$ 84,885,953	\$ 81,994,651	\$ 77,889,111	\$ 73,753,991	\$ 71,116,459

⁽¹⁾ Ratios and amounts as of December 31, 2019 are preliminary.

⁽²⁾ As defined by regulatory capital rules.

Wealth Management Assets	As of				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<i>(\$ in millions)</i>					
First Republic Investment Management	\$ 66,029	\$ 61,204	\$ 61,192	\$ 66,675	\$ 60,591
Brokerage and investment:					
Brokerage	68,807	63,053	61,583	59,391	53,046
Money market mutual funds	4,268	4,402	3,312	2,818	2,358
Total brokerage and investment	73,075	67,455	64,895	62,209	55,404
Trust Company:					
Trust	7,121	6,366	6,319	5,955	5,350
Custody	4,818	5,210	5,225	5,060	4,868
Total Trust Company	11,939	11,576	11,544	11,015	10,218
Total Wealth Management Assets	\$ 151,043	\$ 140,235	\$ 137,631	\$ 139,899	\$ 126,213

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