

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 16, 2019

FIRST REPUBLIC BANK

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction
of incorporation)

80-0513856
(I.R.S. Employer
Identification No.)

111 Pine Street, 2nd Floor
San Francisco, CA 94111
(Address, including zip code, of principal executive office)

Registrant's telephone number, including area code: (415) 392-1400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Common Stock, \$0.01 par value | FRC | New York Stock Exchange |
| Depository Shares, Each Representing a 1/40th Interest in a Share of 5.50% Noncumulative Perpetual Series D Preferred Stock | FRC-PrD | New York Stock Exchange |
| Depository Shares, Each Representing a 1/40th Interest in a Share of 5.70% Noncumulative Perpetual Series F Preferred Stock | FRC-PrF | New York Stock Exchange |
| Depository Shares, Each Representing a 1/40th Interest in a Share of 5.50% Noncumulative Perpetual Series G Preferred Stock | FRC-PrG | New York Stock Exchange |
| Depository Shares, Each Representing a 1/40th Interest in a Share of 5.125% Noncumulative Perpetual Series H Preferred Stock | FRC-PrH | New York Stock Exchange |
| Depository Shares, Each Representing a 1/40th Interest in a Share of 5.50% Noncumulative Perpetual Series I Preferred Stock | FRC-PrI | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

Attached as Exhibit 99.1 and incorporated into this item by reference is a press release issued by First Republic Bank (the “Bank”) on July 16, 2019, regarding its financial results for the quarter ended June 30, 2019. The information furnished by the Bank pursuant to this item shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| | |
|--------------|--|
| Exhibit 99.1 | Press Release issued by the Bank, dated July 16, 2019, with respect to the Bank’s financial results for the quarter ended June 30, 2019. |
|--------------|--|

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 16, 2019.

First Republic Bank

By: /s/ Michael J. Roffler
Name: Michael J. Roffler
Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|----------------------------------|---------------------------|
|----------------------------------|---------------------------|

| | |
|--------------|--|
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|--------------|--|



FIRST REPUBLIC REPORTS STRONG SECOND QUARTER 2019 RESULTS

Strongest Loan Origination Quarter

Year-Over-Year Loans Increased 19%, Revenues Increased 10%

San Francisco, California, July 16, 2019 – First Republic Bank (NYSE: FRC) today announced financial results for the quarter ended June 30, 2019.

“The franchise continues to perform well,” said Jim Herbert, Chairman, CEO & Founder. “Loans and deposits grew very nicely and our client-focused business model continues to deliver strong, safe, organic growth.”

Quarterly Highlights

Financial Results

- Year-over-year:
 - Revenues were \$819.4 million, up 10.1%.
 - Net interest income was \$674.0 million, up 10.2%.
 - Net income was \$222.6 million, up 6.1%.
 - Diluted earnings per share of \$1.24, up 3.3%.
 - Tangible book value per share was \$47.64, up 13.0%.
- Loan originations totaled \$9.4 billion, our strongest quarter ever.
- Net interest margin was 2.85%, compared to 2.97% last quarter.
- Efficiency ratio was 64.5%, compared to 65.0% last quarter.

Continued Capital and Credit Strength

- Common Equity Tier 1 ratio was 10.19%, compared to 10.18% a year ago.
- Nonperforming assets remained at a low 14 basis points of total assets.
- Net charge-offs were only \$1.2 million, or 1 basis point of average loans.

Continued Franchise Development

- Year-over-year:
 - Loans, excluding loans held for sale, totaled \$82.2 billion, up 18.9%.
 - Deposits were \$83.4 billion, up 14.6%.
- Wealth management assets were \$137.6 billion and wealth management revenues were \$120.3 million. ⁽¹⁾

⁽¹⁾ The Bank currently expects an outflow of approximately \$4 billion of wealth management assets in the third quarter of 2019 from the departure of wealth managers previously announced in June 2019.

“New client household acquisition continues to be very strong, reflecting our continuing success in delivering exceptional client service,” said Mike Roffler, Chief Financial Officer. “Credit quality and capital strength remain excellent.”

Quarterly Cash Dividend Declared

The Bank declared a cash dividend for the second quarter of \$0.19 per share of common stock, which is payable on August 8, 2019 to shareholders of record as of July 25, 2019.

Very Strong Asset Quality

Credit quality remains strong. Nonperforming assets were only 14 basis points of total assets at June 30, 2019.

The Bank had net charge-offs for the quarter of \$1.2 million, while adding \$21.2 million to its allowance for loan losses due to continued loan growth.

Continued Capital Strength

The Bank’s Common Equity Tier 1 ratio was 10.19% at June 30, 2019, compared to 10.18% a year ago.

Tangible Book Value Growth

Tangible book value per common share at June 30, 2019 was \$47.64, up 13.0% from a year ago.

Continued Franchise Development

Loan Originations

Loan originations were \$9.4 billion for the quarter, a slight increase compared to the same quarter a year ago.

Loans, excluding loans held for sale, totaled \$82.2 billion at June 30, 2019, up 18.9% compared to a year ago primarily due to increases in single family, business, multifamily and commercial real estate loans.

Deposit Growth

Total deposits increased to \$83.4 billion, up 14.6% compared to a year ago.

At June 30, 2019, checking accounts totaled 58.3% of deposits.

Investments

Total investment securities at June 30, 2019 were \$16.2 billion, a slight increase compared to the prior quarter and a slight decrease compared to a year ago.

High-quality liquid assets, including eligible cash, totaled \$13.7 billion at June 30, 2019, and represented 13.3% of average total assets.

Wealth Management

Wealth management revenues totaled \$120.3 million for the quarter. Such revenues represented 14.7% of the Bank's total revenues for the quarter.

Total wealth management assets were \$137.6 billion at June 30, 2019, down 1.6% for the quarter. This net decrease in wealth management assets was driven by the departure of wealth managers previously announced on June 2, 2019, and was largely offset by more than \$8 billion of client inflows and market appreciation. The Bank currently expects an outflow of approximately \$4 billion of wealth management assets in the third quarter of 2019 from the departure of these wealth managers. After adjusting for these expected outflows, wealth management assets would have increased by approximately 10% year-over-year as of June 30, 2019.

Wealth management assets included investment management assets of \$61.2 billion, brokerage assets and money market mutual funds of \$64.9 billion, and trust and custody assets of \$11.5 billion.

Income Statement and Key Ratios*Revenue Growth*

Total revenues were \$819.4 million for the quarter, up 10.1% compared to the second quarter a year ago.

Net Interest Income Growth

Net interest income was \$674.0 million for the quarter, up 10.2% 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 2.85% for the second quarter, compared to 2.97% for the prior quarter. The decline was primarily due to an increase in the rate paid on deposits and an increase in average short-term borrowings, while earning asset yields were stable.

Noninterest Income

Noninterest income was \$145.4 million for the quarter, up 9.8% compared to the second quarter a year ago. The increase was primarily from growth in wealth management revenues, partially offset by a decrease in the gain on sale of loans.

Noninterest Expense and Efficiency Ratio

Noninterest expense was \$528.9 million for the quarter, up 11.9% compared to the second quarter a year ago. The increase was primarily due to increased salaries and benefits, information systems and other expenses from the continued investments in the expansion of the franchise.

The efficiency ratio was 64.5% for the quarter, compared to 63.5% for the second quarter a year ago.

Income Taxes

The Bank's effective tax rate for the second quarter of 2019 was 17.4%, compared to 15.6% for the prior quarter, and 16.8% for the second quarter a year ago. The increase from the first quarter was primarily the result of lower excess tax benefits from a decrease in stock option exercises by employees. For the first six months of 2019, the Bank's effective tax rate was 16.5%.

Conference Call Details

First Republic Bank's second quarter 2019 earnings conference call is scheduled for July 16, 2019 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 16, 2019, at 10:00 a.m. PT / 1:00 p.m. ET, through July 23, 2019, at 8:59 p.m. PT / 11:59 p.m. ET. To access the replay, dial (844) 512-2921 and use conference ID #13691471. 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 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.

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, 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; 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; 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 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

| | Quarter Ended June 30, | | Quarter Ended March 31, | Six Months Ended June 30, | |
|---|---------------------------|------------|----------------------------|------------------------------|--------------|
| (in thousands, except per share amounts) | 2019 | 2018 | 2019 | 2019 | 2018 |
| Interest income: | | | | | |
| Loans | \$ 741,328 | \$ 589,912 | \$ 700,088 | \$ 1,441,416 | \$ 1,131,225 |
| Investments | 134,044 | 133,992 | 133,765 | 267,809 | 272,262 |
| Other | 4,813 | 4,850 | 5,175 | 9,988 | 9,828 |
| Cash and cash equivalents | 5,547 | 5,685 | 7,989 | 13,536 | 9,598 |
| Total interest income | 885,732 | 734,439 | 847,017 | 1,732,749 | 1,422,913 |
| Interest expense: | | | | | |
| Deposits | 129,188 | 62,027 | 107,747 | 236,935 | 112,414 |
| Borrowings | 82,518 | 60,719 | 64,232 | 146,750 | 111,048 |
| Total interest expense | 211,706 | 122,746 | 171,979 | 383,685 | 223,462 |
| Net interest income | 674,026 | 611,693 | 675,038 | 1,349,064 | 1,199,451 |
| Provision for loan losses | 21,200 | 19,370 | 14,200 | 35,400 | 32,370 |
| Net interest income after provision for loan losses. | 652,826 | 592,323 | 660,838 | 1,313,664 | 1,167,081 |
| Noninterest income: | | | | | |
| Investment management fees | 93,720 | 82,925 | 84,924 | 178,644 | 161,042 |
| Brokerage and investment fees | 8,287 | 7,705 | 7,659 | 15,946 | 16,563 |
| Insurance fees | 3,696 | 1,121 | 2,114 | 5,810 | 2,795 |
| Trust fees | 4,227 | 3,606 | 3,889 | 8,116 | 7,095 |
| Foreign exchange fee income | 10,345 | 9,547 | 8,631 | 18,976 | 16,944 |
| Deposit fees | 6,579 | 6,280 | 6,320 | 12,899 | 12,265 |
| Loan and related fees | 4,296 | 4,134 | 4,007 | 8,303 | 7,751 |
| Loan servicing fees, net | 3,425 | 3,186 | 3,788 | 7,213 | 6,705 |
| Gain (loss) on sale of loans | (15) | 4,045 | 359 | 344 | 4,734 |
| Gain (loss) on investment securities | (1,063) | (1,027) | (149) | (1,212) | 8,170 |
| Income from investments in life insurance | 10,049 | 9,612 | 9,335 | 19,384 | 19,089 |
| Other income | 1,804 | 1,287 | 1,441 | 3,245 | 2,370 |
| Total noninterest income | 145,350 | 132,421 | 132,318 | 277,668 | 265,523 |
| Noninterest expense: | | | | | |
| Salaries and employee benefits | 297,524 | 271,935 | 313,253 | 610,777 | 548,959 |
| Information systems | 70,277 | 59,530 | 67,170 | 137,447 | 118,494 |
| Occupancy | 47,587 | 37,216 | 43,895 | 91,482 | 73,388 |
| Professional fees | 16,435 | 15,588 | 11,681 | 28,116 | 29,002 |
| Advertising and marketing | 16,700 | 15,120 | 15,734 | 32,434 | 27,048 |
| FDIC assessments | 9,196 | 16,064 | 8,903 | 18,099 | 31,596 |
| Other expenses | 71,135 | 57,104 | 64,176 | 135,311 | 105,651 |
| Total noninterest expense | 528,854 | 472,557 | 524,812 | 1,053,666 | 934,138 |
| Income before provision for income taxes | 269,322 | 252,187 | 268,344 | 537,666 | 498,466 |
| Provision for income taxes | 46,758 | 42,406 | 41,753 | 88,511 | 89,602 |
| Net income | 222,564 | 209,781 | 226,591 | 449,155 | 408,864 |
| Dividends on preferred stock | 12,788 | 12,163 | 12,787 | 25,575 | 24,385 |
| Net income available to common shareholders | \$ 209,776 | \$ 197,618 | \$ 213,804 | \$ 423,580 | \$ 384,479 |
| Basic earnings per common share | \$ 1.25 | \$ 1.22 | \$ 1.28 | \$ 2.53 | \$ 2.37 |
| Diluted earnings per common share | \$ 1.24 | \$ 1.20 | \$ 1.26 | \$ 2.50 | \$ 2.33 |
| Weighted average shares—basic | 167,685 | 162,152 | 167,112 | 167,400 | 161,953 |
| Weighted average shares—diluted | 169,572 | 165,013 | 169,410 | 169,503 | 164,929 |

CONSOLIDATED BALANCE SHEETS

| (\$ in thousands) | As of | | | |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | June 30, 2018 |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 2,220,073 | \$ 3,693,396 | \$ 2,811,159 | \$ 3,993,226 |
| Debt securities available-for-sale | 1,438,061 | 1,624,970 | 1,779,116 | 2,163,773 |
| Debt securities held-to-maturity | 14,721,568 | 14,442,876 | 14,436,973 | 14,284,071 |
| Equity securities (fair value) | 19,529 | 19,386 | 18,719 | 19,997 |
| Loans: | | | | |
| Single family (1-4 units) | 41,758,981 | 39,134,534 | 37,955,252 | 34,276,540 |
| Home equity lines of credit | 2,587,554 | 2,502,837 | 2,542,713 | 2,613,639 |
| Multifamily (5+ units) | 11,216,640 | 10,814,000 | 10,357,839 | 9,707,084 |
| Commercial real estate | 7,251,509 | 6,802,788 | 6,677,440 | 6,321,195 |
| Single family construction | 702,928 | 690,370 | 645,924 | 650,181 |
| Multifamily/commercial construction | 1,470,699 | 1,507,082 | 1,576,582 | 1,285,072 |
| Business | 11,686,510 | 10,616,044 | 10,998,503 | 9,603,626 |
| Stock secured | 1,514,855 | 1,375,454 | 1,432,911 | 1,380,255 |
| Other secured | 1,235,588 | 1,135,170 | 1,105,751 | 1,039,448 |
| Unsecured | 2,812,357 | 2,686,818 | 2,572,367 | 2,269,854 |
| Total loans | 82,237,621 | 77,265,097 | 75,865,282 | 69,146,894 |
| Allowance for loan losses | (473,095) | (453,121) | (439,048) | (397,377) |
| Loans, net | 81,764,526 | 76,811,976 | 75,426,234 | 68,749,517 |
| Loans held for sale | 12,502 | 9,878 | 98,985 | 46,753 |
| Investments in life insurance | 1,412,883 | 1,404,083 | 1,376,579 | 1,349,823 |
| Tax credit investments | 1,054,192 | 1,040,924 | 1,057,541 | 1,054,536 |
| Prepaid expenses and other assets | 2,390,649 | 2,136,675 | 1,538,971 | 1,533,840 |
| Premises, equipment and leasehold improvements, net | 348,609 | 339,745 | 332,483 | 312,278 |
| Goodwill and other intangible assets | 267,490 | 270,594 | 273,974 | 281,550 |
| Mortgage servicing rights | 49,554 | 52,725 | 54,470 | 62,096 |
| Total Assets | <u>\$ 105,699,636</u> | <u>\$ 101,847,228</u> | <u>\$ 99,205,204</u> | <u>\$ 93,851,460</u> |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Liabilities: | | | | |
| Deposits: | | | | |
| Noninterest-bearing checking | \$ 32,023,125 | \$ 31,362,112 | \$ 30,033,658 | \$ 28,428,832 |
| Interest-bearing checking | 16,649,251 | 16,912,529 | 17,089,520 | 15,490,545 |
| Money market checking | 10,874,671 | 10,559,521 | 10,317,436 | 10,054,060 |
| Money market savings and passbooks | 9,921,688 | 9,858,736 | 10,245,107 | 8,599,957 |
| Certificates of deposit | 13,962,348 | 12,919,219 | 11,377,515 | 10,198,556 |
| Total Deposits | 83,431,083 | 81,612,117 | 79,063,236 | 72,771,950 |
| Short-term borrowings | — | — | 100,000 | 600,000 |
| Long-term FHLB advances | 9,800,000 | 8,000,000 | 8,700,000 | 9,650,000 |
| Senior notes | 497,269 | 896,866 | 896,432 | 895,572 |
| Subordinated notes | 777,678 | 777,576 | 777,475 | 777,278 |
| Other liabilities | 1,973,963 | 1,514,685 | 990,284 | 880,687 |
| Total Liabilities | 96,479,993 | 92,801,244 | 90,527,427 | 85,575,487 |
| Shareholders' Equity: | | | | |
| Preferred stock | 940,000 | 940,000 | 940,000 | 1,140,000 |
| Common stock | 1,682 | 1,674 | 1,649 | 1,626 |
| Additional paid-in capital | 4,186,304 | 4,203,473 | 4,024,306 | 3,772,323 |
| Retained earnings | 4,091,636 | 3,914,294 | 3,731,205 | 3,379,725 |
| Accumulated other comprehensive income (loss) | 21 | (13,457) | (19,383) | (17,701) |
| Total Shareholders' Equity | 9,219,643 | 9,045,984 | 8,677,777 | 8,275,973 |
| Total Liabilities and Shareholders' Equity | <u>\$ 105,699,636</u> | <u>\$ 101,847,228</u> | <u>\$ 99,205,204</u> | <u>\$ 93,851,460</u> |

| Average Balances, Yields and Rates | Quarter Ended June 30, | | | | | | Quarter Ended March 31, | | |
|---|------------------------|---|---------------------------------|---------------------|---|---------------------------------|-------------------------|---|---------------------------------|
| | 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⁾ |
| (\$ in thousands) | | | | | | | | | |
| Assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 1,091,353 | \$ 5,547 | 2.04% | \$ 1,404,683 | \$ 5,685 | 1.62% | \$ 1,445,058 | \$ 7,989 | 2.24% |
| Investment securities: | | | | | | | | | |
| U.S. Government-sponsored agency securities | 1,031,797 | 7,675 | 2.98% | 1,044,897 | 7,772 | 2.98% | 1,044,894 | 7,776 | 2.98% |
| Mortgage-backed securities: | | | | | | | | | |
| Agency residential and commercial MBS | 6,669,868 | 47,724 | 2.86% | 7,423,001 | 50,842 | 2.74% | 6,854,838 | 49,620 | 2.90% |
| Other residential and commercial MBS | 4,523 | 43 | 3.78% | 4,753 | 38 | 3.21% | 4,528 | 46 | 4.03% |
| Municipal securities | 8,497,645 | 96,980 | 4.57% | 8,044,313 | 94,478 | 4.69% | 8,180,654 | 94,501 | 4.62% |
| Other investment securities ⁽³⁾ | 19,332 | 127 | 2.63% | 19,863 | 127 | 2.55% | 18,989 | 120 | 2.52% |
| Total investment securities . . | <u>16,223,165</u> | <u>152,549</u> | 3.76% | <u>16,536,827</u> | <u>153,257</u> | 3.70% | <u>16,103,903</u> | <u>152,063</u> | 3.78% |
| Loans: | | | | | | | | | |
| Residential real estate | 42,851,879 | 357,475 | 3.34% | 36,424,028 | 287,872 | 3.16% | 40,973,253 | 341,784 | 3.34% |
| Multifamily | 11,064,723 | 110,508 | 3.95% | 9,389,300 | 87,044 | 3.67% | 10,596,540 | 100,656 | 3.80% |
| Commercial real estate | 7,013,324 | 75,180 | 4.24% | 6,276,975 | 65,473 | 4.13% | 6,739,792 | 72,481 | 4.30% |
| Construction | 2,161,475 | 26,534 | 4.86% | 1,893,614 | 22,238 | 4.65% | 2,179,144 | 26,755 | 4.91% |
| Business | 11,410,239 | 131,658 | 4.57% | 9,181,127 | 98,061 | 4.22% | 10,678,134 | 121,044 | 4.53% |
| Other | 5,346,380 | 46,581 | 3.45% | 4,414,474 | 35,746 | 3.20% | 5,088,348 | 43,946 | 3.45% |
| Total loans | <u>79,848,020</u> | <u>747,936</u> | 3.73% | <u>67,579,518</u> | <u>596,434</u> | 3.51% | <u>76,255,211</u> | <u>706,666</u> | 3.71% |
| FHLB stock | 331,218 | 4,813 | 5.83% | 300,068 | 4,850 | 6.48% | 278,805 | 5,175 | 7.53% |
| Total interest-earning assets | <u>97,493,756</u> | <u>910,845</u> | 3.72% | <u>85,821,096</u> | <u>760,226</u> | 3.53% | <u>94,082,977</u> | <u>871,893</u> | 3.71% |
| Noninterest-earning cash | 345,174 | | | 344,451 | | | 345,237 | | |
| Goodwill and other intangibles . . | 269,404 | | | 283,575 | | | 272,371 | | |
| Other assets | 4,319,976 | | | 3,472,410 | | | 4,196,071 | | |
| Total noninterest-earning assets | 4,934,554 | | | 4,100,436 | | | 4,813,679 | | |
| Total Assets | <u>\$ 102,428,310</u> | | | <u>\$89,921,532</u> | | | <u>\$98,896,656</u> | | |
| Liabilities and Equity: | | | | | | | | | |
| Deposits: | | | | | | | | | |
| Checking | \$ 45,813,205 | 6,946 | 0.06% | \$43,377,084 | 5,478 | 0.05% | \$46,516,109 | 6,094 | 0.05% |
| Money market checking and savings | 19,323,615 | 51,536 | 1.07% | 16,885,281 | 21,787 | 0.52% | 19,268,808 | 42,317 | 0.89% |
| CDs | 12,799,189 | 70,706 | 2.22% | 8,710,862 | 34,762 | 1.60% | 11,384,085 | 59,336 | 2.11% |
| Total deposits | <u>77,936,009</u> | <u>129,188</u> | 0.66% | <u>68,973,227</u> | <u>62,027</u> | 0.36% | <u>77,169,002</u> | <u>107,747</u> | 0.57% |
| Borrowings: | | | | | | | | | |
| Short-term borrowings | 2,875,590 | 18,282 | 2.55% | 1,419,945 | 6,652 | 1.88% | 956,670 | 6,030 | 2.56% |
| Long-term FHLB advances . . | 9,132,967 | 49,601 | 2.18% | 8,904,396 | 39,045 | 1.76% | 8,503,889 | 43,167 | 2.06% |
| Senior notes ⁽⁴⁾ | 835,544 | 5,534 | 2.65% | 895,364 | 5,925 | 2.65% | 896,654 | 5,934 | 2.65% |
| Subordinated notes ⁽⁴⁾ | 777,628 | 9,101 | 4.68% | 777,230 | 9,097 | 4.68% | 777,526 | 9,101 | 4.68% |
| Total borrowings | <u>13,621,729</u> | <u>82,518</u> | 2.43% | <u>11,996,935</u> | <u>60,719</u> | 2.03% | <u>11,134,739</u> | <u>64,232</u> | 2.33% |
| Total interest-bearing liabilities | 91,557,738 | 211,706 | 0.93% | 80,970,162 | 122,746 | 0.61% | 88,303,741 | 171,979 | 0.79% |
| Noninterest-bearing liabilities . . | 1,695,606 | | | 899,451 | | | 1,564,278 | | |
| Preferred equity | 940,000 | | | 900,989 | | | 940,000 | | |
| Common equity | 8,234,966 | | | 7,150,930 | | | 8,088,637 | | |
| Total Liabilities and Equity | <u>\$ 102,428,310</u> | | | <u>\$89,921,532</u> | | | <u>\$98,896,656</u> | | |
| Net interest spread ⁽⁵⁾ | | | 2.79% | | | 2.92% | | | 2.92% |
| Net interest income (fully taxable-equivalent basis) and net interest margin ⁽⁶⁾ | | <u>\$ 699,139</u> | 2.85% | | <u>\$ 637,480</u> | 2.95% | | <u>\$ 699,914</u> | 2.97% |
| Reconciliation of tax-equivalent net interest income to reported net interest income: | | | | | | | | | |
| Tax-equivalent adjustment | | <u>(25,113)</u> | | | <u>(25,787)</u> | | | <u>(24,876)</u> | |
| Net interest income, as reported | | <u>\$ 674,026</u> | | | <u>\$ 611,693</u> | | | <u>\$ 675,038</u> | |

(continued on following page)

(continued from previous page)

| Average Balances, Yields and Rates | Six Months Ended June 30, | | | | | |
|--|---------------------------|--|-----------------------------|-----------------|--|-----------------------------|
| | 2019 | | | 2018 | | |
| | Average Balance | Interest Income/Expense ⁽¹⁾ | Yields/Rates ⁽²⁾ | Average Balance | Interest Income/Expense ⁽¹⁾ | Yields/Rates ⁽²⁾ |
| (\$ in thousands) | | | | | | |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 1,267,228 | \$ 13,536 | 2.15% | \$ 1,266,512 | \$ 9,598 | 1.53% |
| Investment securities: | | | | | | |
| U.S. Treasury and other U.S. Government agency securities | — | — | —% | 9,467 | 87 | 1.84% |
| U.S. Government-sponsored agency securities | 1,038,310 | 15,452 | 2.98% | 1,100,333 | 16,213 | 2.95% |
| Mortgage-backed securities: | | | | | | |
| Agency residential and commercial MBS | 6,761,842 | 97,343 | 2.88% | 7,516,223 | 100,951 | 2.69% |
| Other residential and commercial MBS | 4,525 | 88 | 3.91% | 5,410 | 185 | 6.83% |
| Municipal securities | 8,340,025 | 191,481 | 4.59% | 8,215,189 | 194,023 | 4.72% |
| Other investment securities ⁽³⁾ | 19,161 | 247 | 2.58% | 19,923 | 244 | 2.45% |
| Total investment securities | 16,163,863 | 304,611 | 3.77% | 16,866,545 | 311,703 | 3.70% |
| Loans: | | | | | | |
| Residential real estate | 41,917,755 | 699,259 | 3.34% | 35,584,566 | 553,401 | 3.11% |
| Multifamily | 10,831,925 | 211,164 | 3.88% | 9,121,973 | 165,732 | 3.61% |
| Commercial real estate | 6,877,314 | 147,661 | 4.27% | 6,211,132 | 127,985 | 4.10% |
| Construction | 2,170,260 | 53,289 | 4.88% | 1,835,197 | 42,863 | 4.65% |
| Business | 11,046,209 | 252,702 | 4.55% | 8,886,468 | 187,575 | 4.20% |
| Other | 5,218,077 | 90,528 | 3.45% | 4,191,601 | 66,488 | 3.15% |
| Total loans | 78,061,540 | 1,454,603 | 3.72% | 65,830,937 | 1,144,044 | 3.47% |
| FHLB stock | 305,157 | 9,988 | 6.60% | 290,568 | 9,828 | 6.82% |
| Total interest-earning assets | 95,797,788 | 1,782,738 | 3.71% | 84,254,562 | 1,475,173 | 3.50% |
| Noninterest-earning cash | 345,205 | | | 346,000 | | |
| Goodwill and other intangibles | 270,879 | | | 285,750 | | |
| Other assets | 4,258,367 | | | 3,456,666 | | |
| Total noninterest-earning assets | 4,874,451 | | | 4,088,416 | | |
| Total Assets | \$ 100,672,239 | | | \$ 88,342,978 | | |
| Liabilities and Equity: | | | | | | |
| Deposits: | | | | | | |
| Checking | \$ 46,162,715 | 13,040 | 0.06% | \$ 42,911,318 | 10,987 | 0.05% |
| Money market checking and savings | 19,296,363 | 93,854 | 0.98% | 17,008,048 | 39,925 | 0.47% |
| CDs | 12,095,546 | 130,041 | 2.17% | 8,179,175 | 61,502 | 1.52% |
| Total deposits | 77,554,624 | 236,935 | 0.62% | 68,098,541 | 112,414 | 0.33% |
| Borrowings: | | | | | | |
| Short-term borrowings | 1,921,431 | 24,312 | 2.55% | 1,054,503 | 9,161 | 1.75% |
| Long-term FHLB advances | 8,820,165 | 92,768 | 2.12% | 8,630,939 | 71,845 | 1.68% |
| Senior notes ⁽⁴⁾ | 865,930 | 11,468 | 2.65% | 895,153 | 11,849 | 2.65% |
| Subordinated notes ⁽⁴⁾ | 777,578 | 18,202 | 4.68% | 777,182 | 18,193 | 4.68% |
| Total borrowings | 12,385,104 | 146,750 | 2.39% | 11,357,777 | 111,048 | 1.97% |
| Total interest-bearing liabilities | 89,939,728 | 383,685 | 0.86% | 79,456,318 | 223,462 | 0.57% |
| Noninterest-bearing liabilities | 1,630,305 | | | 939,648 | | |
| Preferred equity | 19,296,363 | | | 871,492 | | |
| Common equity | 8,162,206 | | | 7,075,520 | | |
| Total Liabilities and Equity | \$ 100,672,239 | | | \$ 88,342,978 | | |
| Net interest spread ⁽⁵⁾ | | | 2.85% | | | 2.93% |
| Net interest income (fully taxable-equivalent basis) and net interest margin ⁽⁶⁾ | | \$ 1,399,053 | 2.91% | | \$ 1,251,711 | 2.96% |
| Reconciliation of tax-equivalent net interest income to reported net interest income: | | | | | | |
| Tax-equivalent adjustment | | (49,989) | | | (52,260) | |
| Net interest income, as reported | | \$ 1,349,064 | | | \$ 1,199,451 | |

⁽¹⁾ Interest income is presented on a fully taxable-equivalent basis.⁽²⁾ Yields/rates are annualized.⁽³⁾ Includes mutual funds and marketable equity securities.⁽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.

| | Quarter Ended June 30, | | Quarter Ended March 31, | Six Months Ended June 30, | |
|---|---------------------------|---------|----------------------------|------------------------------|---------|
| <i>Operating Information</i> | 2019 | 2018 | 2019 | 2019 | 2018 |
| (\$ in thousands, except per share amounts) | | | | | |
| Net income to average assets ⁽¹⁾ | 0.87% | 0.94% | 0.93% | 0.90% | 0.93% |
| Net income available to common shareholders to average common equity ⁽¹⁾ | 10.22% | 11.08% | 10.72% | 10.47% | 10.96% |
| Net income available to common shareholders to average tangible common equity ⁽¹⁾ | 10.56% | 11.54% | 11.09% | 10.82% | 11.42% |
| Dividends per common share | \$ 0.19 | \$ 0.18 | \$ 0.18 | \$ 0.37 | \$ 0.35 |
| Dividend payout ratio | 15.4% | 15.0% | 14.3% | 14.8% | 15.0% |
| Efficiency ratio ⁽²⁾ | 64.5% | 63.5% | 65.0% | 64.8% | 63.8% |
| Net loan charge-offs | \$ 1,226 | \$ 771 | \$ 127 | \$ 1,353 | \$ 925 |
| Net loan charge-offs to average total loans ⁽¹⁾ | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% |
| Allowance for loan losses to: | | | | | |
| Total loans | 0.58% | 0.57% | 0.59% | 0.58% | 0.57% |
| Nonaccrual loans | 326.3% | 780.4% | 887.1% | 326.3% | 780.4% |

⁽¹⁾ Ratios are annualized.

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

| | Quarter Ended June 30, | | Quarter Ended March 31, | Six Months Ended June 30, | |
|--|---------------------------|--------|----------------------------|------------------------------|--------|
| <i>Effective Tax Rate</i> | 2019 | 2018 | 2019 | 2019 | 2018 |
| Effective tax rate, prior to excess tax benefits | 20.9% | 21.5% | 21.9% | 21.4% | 21.3% |
| Excess tax benefits—stock options. | (1.3)% | (1.3)% | (6.2)% | (3.8)% | (1.5)% |
| Excess tax benefits—other stock awards | (2.2)% | (3.4)% | (0.1)% | (1.1)% | (1.8)% |
| Total excess tax benefits | (3.5)% | (4.7)% | (6.3)% | (4.9)% | (3.3)% |
| Effective tax rate | 17.4% | 16.8% | 15.6% | 16.5% | 18.0% |

| | Quarter Ended June 30, | | Quarter Ended March 31, | Six Months Ended June 30, | |
|---|---------------------------|------------|----------------------------|------------------------------|------------|
| <i>Mortgage Loan Sales</i> | 2019 | 2018 | 2019 | 2019 | 2018 |
| (\$ in thousands) | | | | | |
| Loans sold: | | | | | |
| Flow sales: | | | | | |
| Agency | \$ 14,533 | \$ 7,724 | \$ 11,679 | \$ 26,212 | \$ 21,771 |
| Non-agency | 14,503 | 32,865 | 16,831 | 31,334 | 88,520 |
| Total flow sales | 29,036 | 40,589 | 28,510 | 57,546 | 110,291 |
| Bulk sales: | | | | | |
| Non-agency | — | 681,332 | 152,119 | 152,119 | 773,041 |
| Total loans sold | \$ 29,036 | \$ 721,921 | \$ 180,629 | \$ 209,665 | \$ 883,332 |
| Gain (loss) on sale of loans: | | | | | |
| Amount | \$ (15) | \$ 4,045 | \$ 359 | \$ 344 | \$ 4,734 |
| Gain (loss) as a percentage of loans sold | (0.05)% | 0.56% | 0.20% | 0.16% | 0.54% |

| | Quarter Ended June 30, | | Quarter Ended March 31, | Six Months Ended June 30, | |
|---------------------------------------|---------------------------|---------------------|----------------------------|------------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2019 | 2018 |
| Loan Originations | | | | | |
| <i>(\$ in thousands)</i> | | | | | |
| Single family (1-4 units) | \$ 4,067,326 | \$ 3,125,316 | \$ 2,189,895 | \$ 6,257,221 | \$ 5,452,028 |
| Home equity lines of credit | 356,589 | 416,098 | 352,138 | 708,727 | 762,431 |
| Multifamily (5+ units) | 817,428 | 921,723 | 585,453 | 1,402,881 | 1,683,307 |
| Commercial real estate | 571,454 | 341,707 | 248,828 | 820,282 | 617,390 |
| Construction | 416,446 | 384,236 | 249,572 | 666,018 | 849,042 |
| Business | 2,087,326 | 3,097,056 | 2,282,212 | 4,369,538 | 5,154,510 |
| Stock and other secured | 824,162 | 748,450 | 473,462 | 1,297,624 | 1,414,996 |
| Unsecured | 296,373 | 318,227 | 334,308 | 630,681 | 746,569 |
| Total loans originated | <u>\$ 9,437,104</u> | <u>\$ 9,352,813</u> | <u>\$ 6,715,868</u> | <u>\$ 16,152,972</u> | <u>\$ 16,680,273</u> |

| | As of | | | | |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Loan Servicing Portfolio | | | | | |
| <i>(\$ in millions)</i> | | | | | |
| Loans serviced for investors | <u>\$ 10,746</u> | <u>\$ 11,326</u> | <u>\$ 11,573</u> | <u>\$ 11,733</u> | <u>\$ 12,374</u> |

| | As of | | | | |
|---|-------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Asset Quality Information | | | | | |
| <i>(\$ in thousands)</i> | | | | | |
| Nonperforming assets: | | | | | |
| Nonaccrual loans | \$ 144,993 | \$ 51,081 | \$ 46,465 | \$ 42,578 | \$ 50,920 |
| Other real estate owned | — | — | — | — | — |
| Total nonperforming assets | <u>\$ 144,993</u> | <u>\$ 51,081</u> | <u>\$ 46,465</u> | <u>\$ 42,578</u> | <u>\$ 50,920</u> |
| Nonperforming assets to total assets | 0.14% | 0.05% | 0.05% | 0.04% | 0.05% |
| Accruing loans 90 days or more past due | \$ — | \$ — | \$ — | \$ — | \$ — |
| Restructured accruing loans | \$ 12,176 | \$ 10,208 | \$ 11,514 | \$ 11,830 | \$ 11,568 |

| | As of | | | | |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Book Value and Capital Ratios | | | | | |
| <i>(in thousands, except per share amounts)</i> | | | | | |
| Number of shares of common stock outstanding . . | 168,176 | 167,393 | 164,902 | 164,761 | 162,638 |
| Book value per common share | <u>\$ 49.23</u> | <u>\$ 48.42</u> | <u>\$ 46.92</u> | <u>\$ 45.68</u> | <u>\$ 43.88</u> |
| Tangible book value per common share | <u>\$ 47.64</u> | <u>\$ 46.81</u> | <u>\$ 45.26</u> | <u>\$ 44.00</u> | <u>\$ 42.15</u> |

| Capital Ratios | As of | | | | |
|--|---|---------------------------|------------------------------|-------------------------------|--------------------------|
| | June 30, 2019 ⁽¹⁾ | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Tier 1 leverage ratio (Tier 1 capital to average assets) | 8.69% | 8.84% | 8.68% | 8.94% | 8.83% |
| Common Equity Tier 1 capital to risk-weighted assets | 10.19% | 10.54% | 10.38% | 10.47% | 10.18% |
| Tier 1 capital to risk-weighted assets | 11.39% | 11.82% | 11.70% | 12.14% | 11.90% |
| Total capital to risk-weighted assets | 13.02% | 13.50% | 13.43% | 13.90% | 13.68% |
| Regulatory Capital ⁽²⁾ | | | | | |
| <i>(\$ in thousands)</i> | | | | | |
| Common Equity Tier 1 capital | \$ 7,934,602 | \$ 7,776,620 | \$ 7,379,997 | \$ 7,158,043 | \$ 6,766,573 |
| Tier 1 capital | \$ 8,874,602 | \$ 8,716,620 | \$ 8,319,997 | \$ 8,298,043 | \$ 7,906,573 |
| Total capital | \$ 10,138,375 | \$ 9,960,317 | \$ 9,549,738 | \$ 9,505,044 | \$ 9,095,028 |
| Assets ⁽²⁾ | | | | | |
| <i>(\$ in thousands)</i> | | | | | |
| Average assets | \$ 102,100,574 | \$ 98,582,697 | \$ 95,905,266 | \$ 92,771,143 | \$ 89,560,555 |
| Risk-weighted assets | \$ 77,889,191 | \$ 73,753,991 | \$ 71,116,459 | \$ 68,370,630 | \$ 66,461,529 |

⁽¹⁾ Ratios and amounts as of June 30, 2019 are preliminary.

⁽²⁾ As defined by regulatory capital rules.

| Wealth Management Assets | As of | | | | |
|--|--------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| <i>(\$ in millions)</i> | | | | | |
| First Republic Investment Management | \$ 61,192 | \$ 66,675 | \$ 60,591 | \$ 62,506 | \$ 59,329 |
| Brokerage and investment: | | | | | |
| Brokerage | 61,583 | 59,391 | 53,046 | 54,823 | 50,356 |
| Money market mutual funds | 3,312 | 2,818 | 2,358 | 3,149 | 1,575 |
| Total brokerage and investment | 64,895 | 62,209 | 55,404 | 57,972 | 51,931 |
| Trust Company: | | | | | |
| Trust | 6,319 | 5,955 | 5,350 | 5,406 | 5,125 |
| Custody | 5,225 | 5,060 | 4,868 | 5,105 | 4,739 |
| Total Trust Company | 11,544 | 11,015 | 10,218 | 10,511 | 9,864 |
| Total Wealth Management Assets | \$ 137,631 | \$ 139,899 | \$ 126,213 | \$ 130,989 | \$ 121,124 |

Investors:

Andrew Greenebaum / Lasse Glassen
Addo Investor Relations
agreenebaum@addoir.com
lglassen@addoir.com
(310) 829-5400

Media:

Greg Berardi
Blue Marlin Partners
greg@bluemarlinpartners.com
(415) 239-7826