



FIRST REPUBLIC BANK

CIDI RESOLUTION PLAN

PUBLIC SECTION

DECEMBER 31, 2016 SUBMISSION



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Where You Can Find More Information

In accordance with the Securities Exchange Act of 1934 (the “**Exchange Act**”), First Republic Bank (the “**Bank**” and, together with its subsidiaries, “**First Republic**”) files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements for the annual meeting of shareholders and other information with the Federal Deposit Insurance Corporation (“**FDIC**”), copies of which are available on the FDIC website at <https://efr.fdic.gov/fcxweb/efr/index.html>, in the Investor Relations section of our website at <http://www.firstrepublic.com> or upon written or telephone request to us at the following address: First Republic Bank Investor Relations, 111 Pine Street, San Francisco, CA 94111, (415) 392-1400.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this document that are not historical facts are hereby identified as “forward-looking statements” for the purposes of the safe harbor provided by section 21E of the Exchange Act. Any statements about First Republic’s expectations, beliefs, plans, predictions, forecasts, objectives or assumptions of 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.

For a discussion of risks and uncertainties that could cause First Republic’s actual results to differ from those discussed in the forward-looking statements, see the risk factors in First Republic’s Third Quarter 2016 Form 10-Q and any subsequent reports filed by First Republic under the Exchange Act. These filings are available in the Investor Relations section of our website. In addition, some of the financial information provided in this Annual Report includes non-Generally Accepted Accounting Principles (“**GAAP**”) financial measures. The filings available on the Investor Relations section of the First Republic website present reconciliations to the appropriate GAAP measures and explains why First Republic believes such measures are useful to investors. 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. Further, any forward-looking statement speaks only as of the date on which it is made, and First Republic undertakes 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.

The Bank’s covered insured depository resolution plan, which is summarized in this document, is not binding on the FDIC or any other resolution authority, and the failure scenarios and associated assumptions presented herein are hypothetical and do not necessarily reflect an event or events to which the Bank is, or may become, subject. In addition, an actual resolution scenario may result in material losses to depositors, the FDIC Deposit Insurance Fund and others exceeding losses to such parties, if any, projected in the hypothetical scenarios presented herein. The deposit insurance provided by the FDIC is generally subject to a statutory limit of \$250,000 per person per insured bank, which includes the Bank.

1 Introduction

To ensure that the Federal Deposit Insurance Corporation (the “**FDIC**”) can efficiently and effectively carry out its core responsibilities of implementing the deposit insurance program and resolving failed insured depository institutions (“**IDIs**”), the FDIC has adopted a rule (the “**IDI Rule**”) requiring each IDI with \$50 billion or more in total assets (each a “**Covered IDI**” or “**CIDI**”) to periodically submit to the FDIC a plan for the resolution of the IDI in the event of its failure (a “**CIDI Resolution Plan**”).¹ With total consolidated assets of \$59.0 billion as of December 31, 2015, First Republic Bank (the “**Bank**” and, together with its subsidiaries, “**First Republic**”) is considered a CIDI and, therefore, has developed a CIDI Resolution Plan (the “**Plan**”) to satisfy the requirements of the IDI Rule. The December 2016 submission is the Bank’s first submission of a CIDI Resolution Plan pursuant to the CIDI Rule.

The CIDI Rule is intended to complement the resolution plan requirements of section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”).² However, the Bank is not required to file a resolution plan under section 165(d) of the Dodd-Frank Act and, therefore, some provisions of the Plan may differ from other CIDs’ resolution plans, which may have been prepared to satisfy both sets of resolution plan requirements.

In accordance with the IDI Rule and guidance provided by the FDIC in 2014 (the “**2014 Guidance**”), First Republic has assumed, for purposes of the Plan, a series of hypothetical, material stress events (at least one of which is idiosyncratic) that adversely affect the Bank, causing the Bank to become insolvent under the Federal Deposit Insurance Act (the “**FDI Act**”). Importantly, neither the Bank nor any of its subsidiaries is currently failing or in danger of failing. The Bank has operated profitably every year since its inception in 1985, and continued to experience strong results in 2015. In addition, the Bank’s Basel III capital ratios exceeded all applicable regulatory requirements at December 31, 2015 for “well-capitalized” institutions. Further, the Bank remains committed to enhancing its on-balance sheet liquidity and has increased its portfolio of assets that are considered high quality liquid assets (“**HQLA**”) from a regulatory perspective. As of December 31, 2015, the Bank had increased its holdings of HQLA, including eligible cash, to \$5.8 billion, compared to \$3.2 billion as of December 31, 2014. First Republic believes that its capital and liquidity management strategy and robust capital and liquidity positions have enhanced First Republic’s financial resilience and significantly reduced the risk of the Bank’s failure.

In the highly unlikely event of the Bank’s material financial distress or failure, the Plan provides a road map for the resolution of the Bank in an orderly and timely manner that ensures that its depositors receive access to their insured deposits within one business day of the Bank’s failure

¹ 12 C.F.R. § 360.10.

² 12 U.S.C. § 5365(d).

(or two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of the Bank's assets and minimizes the amount of any loss realized by the Bank's creditors in the resolution in accordance with sections 11 and 13 of the FDI Act. Specifically, the Plan sets out three strategies for the resolution of the Bank in an FDIC receivership, the first two of which are explicitly required under the 2014 Guidance:

1. a strategy for the sale of the Bank's deposit franchise, core business lines and/or major assets to multiple acquirers, and the recapitalization of the Bank through one or more initial public offering ("IPO") transactions (the "**Multiple Acquirer with IPO Strategy**");
2. a strategy for the liquidation of the Bank and a payout of its insured deposits (the "**Liquidation Strategy**"); and
3. a strategy for the sale of the Bank's deposit franchise, core business lines and major assets to a single, third-party acquirer by means of a purchase and assumption transaction (the "**Whole Bank P&A Strategy**").

The Bank's preferred resolution strategy is the Whole Bank P&A Strategy. However, First Republic is confident that all of its resolution strategies are viable and effective. A resolution of the Bank under any of the three resolution strategies would not require the use of any extraordinary government support and would substantially mitigate the risk that the failure of the Bank could have a serious adverse impact on the financial stability of the United States.

The Bank has a conservative and disciplined risk appetite, and maintains a simple and streamlined business model and organizational structure that results in stability and predictability. Specifically:

- the Bank is the top-tier parent and has only four, wholly owned subsidiaries as of December 31, 2015;
- the Bank is primarily funded by its core deposits, which are a relatively stable and less-expensive source of funding and help to minimize the Bank's reliance on borrowings;
- the vast majority of First Republic's key operations and services are concentrated in the Bank; and
- First Republic's business is consolidated primarily in four coastal, urban markets in the United States, and the Bank maintains no branches, subsidiaries or offices outside the United States.

In addition, the Bank conducts no systemically important functions and, as measured by deposits or loans, accounts for less than 0.5% of the total U.S. market. First Republic believes that its focused business model, simple structure and conservative market share help to (1) mitigate any

complexities or complications that could arise in a resolution of the Bank under any of the Bank's proposed resolution strategies and (2) minimize the risk that a failure of the Bank would have a material impact on the stability of the U.S. financial system.

The remainder of this public section provides a summary of the key elements of the Bank's Plan, including descriptions of First Republic's: organizational structure; material entities; core business lines; key financials; derivative and hedging activities; membership in material payment, clearing and settlement systems; foreign operations; material supervisory authorities; principal officers; resolution planning corporate governance structures and processes; and material management information systems ("MIS"). This public section also provides a high-level overview of the three resolution strategies that the Bank has developed for its Plan. Unless otherwise indicated, information in this public section is provided as of December 31, 2015.

1.1 Overview of First Republic

Founded in 1985, the Bank is a California-chartered, publicly traded commercial bank and trust company headquartered in San Francisco with deposits insured by the FDIC. The Bank specializes in providing personalized, relationship-based services, including private banking, private business banking, real estate lending and wealth management services, including trust and custody services, to clients in select U.S. metropolitan areas. First Republic has no branches, subsidiaries or offices outside the United States.

As of December 31, 2015, the Bank on a consolidated basis had total assets of \$59.0 billion, total deposits of \$47.9 billion, total loans of \$44.1 billion, total equity of \$5.7 billion and wealth management assets under management, custody or administration of \$72.3 billion. As of December 31, 2015, the Bank was the 34th largest bank in the United States by total deposits.³

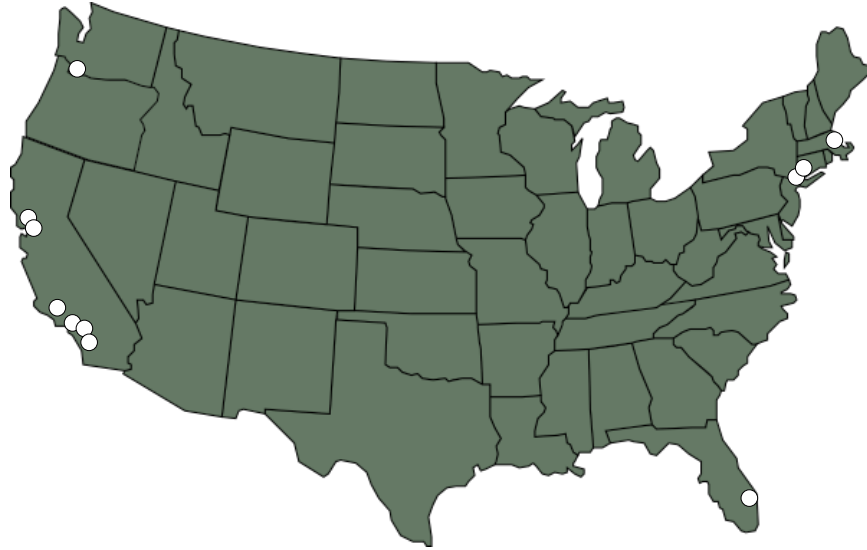
First Republic provides its services through preferred banking, lending and wealth management offices. As of December 31, 2015, First Republic had a total of 73 such offices, including:

- 68 Preferred Banking licensed deposit-taking offices ("PBOs")⁴ located primarily in the following cities: San Francisco, CA; Palo Alto, CA; Los Angeles, CA; Santa Barbara, CA; Newport Beach, CA; San Diego, CA; Portland, OR; Boston, MA; Palm Beach, FL; Greenwich, CT; and New York, NY; and
- five additional offices that offer exclusively lending, wealth management or trust services.

First Republic's geographic footprint is illustrated in the figure below.

³ SNL Financial as of 2/20/2016.

⁴ "Preferred Banking Offices" or "PBOs" are retail locations that gather deposits, whereas "Preferred Banking" refers to First Republic's network of relationship managers and deposit specialists.



First Republic’s business model and strategy are highly focused and emphasize client segments, markets, products and activities that result in relatively limited account and relationship numbers, low transaction velocity and low levels of complexity. The figure below describes First Republic’s relationship-based business model.



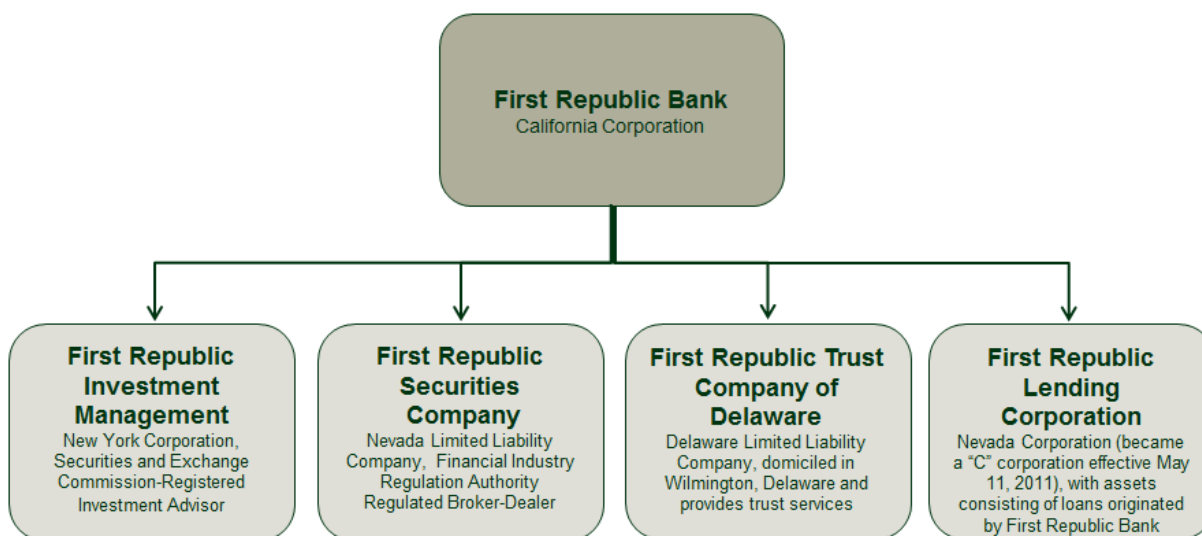
Underlying this business model, which has remained largely unchanged since First Republic’s inception in 1985, is a set of long-standing cultural practices and organizational structures that form the foundation of First Republic. The key strategic elements of First Republic’s business model are as follows:

- simplicity of business model and organization;
- high quality, experienced professionals;
- exceptional client service;
- client-focused culture of coordination and accountability;
- low employee turnover;
- strong credit culture;
- very low client attrition;
- strong brand and market presence;
- attractive geographic markets;
- fewer number of accounts per employee and lower transaction intensity;
- intrinsic growth of existing clients and referrals;
- effective risk management and infrastructure;
- proactive capital management;
- balanced expense management and efficiency; and
- stable and sustainable profits.

1.2 First Republic Organizational Structure

First Republic has a simple organizational and legal structure with substantially fewer legal entities than larger, more complex banking organizations. As of December 31, 2015, First Republic is composed of the Bank as the top-tier parent company and the Bank’s four wholly owned non-bank subsidiaries: (1) First Republic Investment Management, Inc. (“**FRIM**”); (2) First Republic Securities Company, LLC (“**FRSC**”); (3) First Republic Trust Company of Delaware LLC (“**FRTC Delaware**”); and (4) First Republic Lending Corporation (“**FRLC**”). On December 9, 2016, the Bank acquired Gradifi Inc., a Boston-based student loan repayment technology platform, which will become the fifth wholly owned subsidiary of the Bank. As the acquisition’s impact to First Republic’s earnings or capital is currently not material and all analyses included in this Plan are based on information dated December 31, 2015, other than a transaction summary the acquisition is not addressed in this Public Section or the Plan or incorporated into the Bank’s resolution strategies. With the Bank as its top-tier company and all of its subsidiaries organized under U.S. law, First Republic does not face the additional intricacies and resolution challenges associated with having a “**Parent Company**” and “**Parent Company Affiliates**,” as those terms are defined in the IDI Rule,⁵ or foreign subsidiaries or affiliates. First Republic’s organizational structure, as of December 31, 2015, is illustrated in the following figure.

⁵ 12 C.F.R. § 360.10(b)(9) (“Parent [C]ompany means the company that controls, directly or indirectly, an insured depository institution.”); 12 C.F.R. § 360.10(b)(10) (“Parent [C]ompany [A]ffiliate means any affiliate of the parent company other than the CIDI and subsidiaries of the CIDI.”).



First Republic’s legal structure reflects its functional structure, with the Bank operating as both the legal and operational hub of First Republic. Specifically, the Bank conducts most of the operations of First Republic, including real estate-secured lending, retail deposit gathering, private banking activities, mortgage sales and servicing and managing capital, liquidity and interest rate risk. A summary description of each of the Bank’s subsidiaries as of December 31, 2015 is provided in the following chart.

Legal Entity	Description
First Republic Investment Management, Inc.	FRIM is a registered investment advisor subject to the Investment Advisers Act of 1940 and the regulatory supervision of the U.S. Securities and Exchange Commission (“SEC”) and the U.S. Commodity Futures Trading Commission (“CFTC”). FRIM provides clients with individualized wealth management solutions, traditional portfolio management and customized client portfolios.
First Republic Securities Company	FRSC is a registered broker-dealer, municipal securities dealer and government securities dealer. As an introducing broker, FRSC performs brokerage and investment activities for clients, including cash management, concentrated wealth strategy, full-service brokerage, foreign exchange and self-directed account services. All brokerage transactions conducted by FRSC are cleared by Pershing LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation.
First Republic Trust Company of Delaware LLC	FRTC Delaware is a Delaware trust company that was established in 2012 to provide trust and custody services to First Republic clients in Delaware. While FRTC Delaware is a separate, wholly owned subsidiary of the Bank, it operates in conjunction with First Republic Trust Company, a division of the Bank that provides trust and custody services to First Republic clients located outside of Delaware, and is managed by employees of the Bank. FRTC Delaware and First Republic Trust Company draw new trust clients from the Preferred Banking and Private Wealth Management client base, as well as from outside the First Republic organization.

Legal Entity	Description
First Republic Lending Corporation	FRLC is a Nevada C Corporation whose primary purpose is to hold tax-exempt loans from 501(c)(3) organizations. These loans are originated by the Bank, which, on the date that a relevant loan closes, simultaneously assigns 100% of its interest in the loan to FRLC. All fees and expenses related to the loans are also assigned by the Bank to FRLC.

2 Material Entities

Under the IDI Rule, a “material entity” is a company that is significant to the activities of a critical service⁶ or core business line (as defined in Section 3).⁷ In determining which entities of First Republic are material entities under the IDI Rule, several factors were considered:

- percent of total assets, revenue and net income;
- key business activities conducted by each legal entity;
- operational interconnections, including MIS, intellectual property, human resources, leased space, computer centers, service centers, data, technology, payroll and real estate; and
- licenses, charters or memberships for exchanges, which could be difficult to replace during the resolution period.

Based upon an analysis of these factors, First Republic determined that the Bank accounts for the vast majority of First Republic’s assets, revenue and income, provides a variety of key services to its subsidiaries while receiving only a limited number of readily substitutable services from such subsidiaries, and holds most key licenses, charters and memberships utilized by First Republic. Accordingly, First Republic has concluded that, for purposes of the Plan, there is only one material entity: the Bank.

⁶ Under the IDI Rule, a “critical service” means a service or operation of the CIDI, such as servicing, information technology support and operations, human resources and personnel, that are necessary to continue the day-to-day operations of the CIDI. 12 C.F.R. § 360.10(b)(5).

⁷ 12 C.F.R. § 360.10(b)(8).

3 Core Business Lines

“Core business lines” are those business lines of the Bank, including associated operations, services, functions and support that, upon failure, would result in a material loss of revenue, profit or franchise value.⁸

First Republic conducts all of its business through two reportable business segments—Banking and Private Wealth Management (“**PWM**”)—both of which have been designated as core business lines for purposes of the Plan. The Banking and PWM business lines are described in the following chart:

Core Business Line	Description
Banking	The Banking core business line represents most of the operations of First Republic, including real estate-secured lending, retail deposit gathering, mortgage sales and servicing and managing capital, liquidity and interest rate risk. The principal business activities of the Banking core business line are attracting funds from the general public, originating and servicing loans (primarily real estate-secured mortgage loans) and investing in investment securities. All of the material asset holdings and liabilities of the Banking core business line map to First Republic’s sole material entity, the Bank.
Private Wealth Management	The PWM core business line offers investment management services as well as financial planning, trust, foreign exchange, insurance and brokerage services. PWM clients also maintain significant balances of stable core deposits at the Bank. In addition, over \$72 billion in client assets are managed or administered by PWM. The PWM core business line operates primarily through the Bank and its subsidiaries; all of the material asset holdings and liabilities map to First Republic’s sole material entity, the Bank.

⁸ See 12 C.F.R. § 360.10(b)(3).

4 Summary of Financial Information

This Section 4 provides summary financial information on the Bank derived from financial and regulatory reports as of December 31, 2015. For detailed financial information with respect to the Bank, please refer to the Bank's annual, quarterly and current reports filed with the FDIC.

4.1 Financial Statements

The following two charts present the Bank's audited consolidated balance sheet as of December 31, 2015 and audited consolidated income statement for the year ended December 31, 2015.

CONSOLIDATED BALANCE SHEET

(\$ in thousands, except share amounts)

December 31, 2015

ASSETS

Cash and cash equivalents	\$	1,131,110
Securities purchased under agreements to resell		100
Investment securities available for sale		2,910,801
Investment securities held to maturity (fair value of \$7,893,024 at December 31, 2015)		7,540,678
Loans		44,083,569
Less: Allowance for loan losses		(261,058)
Loans, net		<u>43,822,511</u>
Loans held for sale		48,681
Investments in life insurance		1,168,596
Tax credit investments		1,006,836
Prepaid expenses and other assets		817,410
Premises, equipment and leasehold improvements, net		172,008
Goodwill		171,616
Other intangible assets		137,400
Mortgage servicing rights		53,538
Other real estate owned		—
Total Assets	\$	<u><u>58,981,285</u></u>

LIABILITIES AND EQUITY

Liabilities:

Deposits:

Noninterest-bearing checking	\$	18,252,007
Interest-bearing checking		12,027,363
Money market checking		5,756,821
Money market savings and passbooks		7,270,396
Certificates of deposit		4,586,878
Total Deposits		<u>47,893,465</u>

Securities sold under agreements to repurchase	100,000
Long-term Federal Home Loan Bank advances	4,000,000
Senior notes	397,159
Debt related to variable interest entities	29,643
Other liabilities	855,335
Total Liabilities	<u>53,275,602</u>

Shareholders' Equity:

Preferred stock, \$0.01 par value per share; 25,000,000 shares authorized; 989,525 shares issued and outstanding at December 31, 2015	989,525
Common stock, \$0.01 par value per share; 400,000,000 shares authorized; 146,109,790 shares issued and outstanding at December 31, 2015	1,461
Additional paid-in capital	2,770,265
Retained earnings	1,949,652
Accumulated other comprehensive income (loss)	(5,220)
Total Shareholders' Equity	<u>5,705,683</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 58,981,285</u></u>

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(\$ in thousands, except per share amounts)	Year Ended December 31, 2015	
Interest income:		
Loans	\$	1,361,654
Investments		268,682
Other		27,464
Cash and cash equivalents		6,292
Total interest income		<u>1,664,092</u>
Interest expense:		
Deposits		61,072
Borrowings		86,357
Total interest expense		<u>147,429</u>
Net interest income		1,516,663
Provision for loan losses		55,439
Net interest income after provision for loan losses		<u>1,461,224</u>
Noninterest income:		
Investment management fees		178,738
Brokerage and investment fees		19,659
Trust fees		10,745
Foreign exchange fee income		22,517
Deposit fees		19,311
Gain on sale of loans		9,725
Loan servicing fees, net		13,040
Loan and related fees		12,393
Income from investments in life insurance		35,474
Gain on investment securities, net		821
Other income		2,630
Total noninterest income		<u>325,053</u>
Noninterest expense:		
Salaries and employee benefits		596,593
Occupancy		106,856
Information systems		119,114
Professional fees		73,022
FDIC assessments		35,250
Advertising and marketing		25,562
Amortization of intangibles		21,760
Other expenses		117,452
Total noninterest expense		<u>1,095,609</u>
Income before provision for income taxes		690,668
Provision for income taxes		168,523
Net income		522,145
Dividends on preferred stock		58,928
Net income available to common shareholders	\$	<u>463,217</u>
Net income	\$	522,145
Other comprehensive income (loss), net of tax:		
Net unrealized gain (loss) on securities available-for-sale		(7,752)
Reclassification of gain on securities available-for-sale to net income		(583)
Reclassification of loss on cash flow hedges to net income		19
Other comprehensive loss		<u>(8,316)</u>
Comprehensive income	\$	<u>513,829</u>
Basic earnings per common share	\$	<u>3.27</u>
Diluted earnings per common share	\$	<u>3.18</u>
Dividends per common share	\$	<u>0.59</u>

4.2 Capital

The Bank is subject to various regulatory capital requirements administered by the FDIC. As of December 31, 2015, the Bank's Basel III capital ratios exceeded all applicable regulatory requirements for well-capitalized institutions. In fact, First Republic's capital ratios exceeded the regulatory minimum ratios plus the fully phased-in capital conservation buffer of 2.5%, which will only be formally required on January 1, 2019. The following table presents the Bank's capital ratios as of December 31, 2015 (under the current and fully phased-in requirements) and as of December 31, 2014 (under the prior requirements), and the standards for both well-capitalized depository institutions and minimum capital requirements:

(\$ in thousands)	Basel III		Basel I	Basel III	
	Actual (Transitional) ^(a)	Fully Phased-in ^(b)	Actual ^(a)	Well- Capitalized Ratio	Minimum Capital Ratio
	December 31, 2015		December 31, 2014		
Capital Ratios:					
Tier 1 leverage ratio (Tier 1 capital to average assets)	9.21 %	9.09 %	9.43 %	5.00 %	4.00 %
Common Equity Tier 1 capital to risk-weighted assets ^(c)	10.76 %	10.56 %	n/a	6.50 %	4.50 %
Tier 1 common equity capital to risk-weighted assets ^(c)	n/a	n/a	10.90 %	n/a	n/a
Tier 1 capital to risk-weighted assets	13.13 %	12.93 %	13.55 %	8.00 %	6.00 %
Total capital to risk-weighted assets	13.78 %	13.58 %	14.20 %	10.00 %	8.00 %
Regulatory Capital:					
Common Equity Tier 1 capital ^(c)	\$ 4,502,206	\$ 4,419,765	n/a		
Tier 1 capital ^(d)	\$ 5,491,731	\$ 5,409,290	\$ 4,558,821		
Total capital ^(d)	\$ 5,765,254	\$ 5,682,813	\$ 4,778,456		
Assets:					
Average assets ^(d)	\$ 59,603,505	\$ 59,521,064	\$ 48,338,248		
Risk-weighted assets	\$ 41,839,779	\$ 41,837,645	\$ 33,650,567		

^(a) Ratios and amounts as of December 31, 2015 reflect the adoption of the Basel III Capital Rules in effect beginning January 1, 2015. Ratios and amounts as of December 31, 2014 represent the previous capital rules under Basel I.

^(b) Certain adjustments required under the Basel III Capital Rules will be phased in through the end of 2018. The ratios and amounts shown in this column are calculated assuming a fully phased-in basis of all such adjustments as if they were effective as of December 31, 2015.

^(c) Beginning in 2015, the Common Equity Tier 1 ratio is a new ratio requirement under the Basel III Capital Rules and represents common equity, less goodwill and intangible assets net of any associated deferred tax liabilities, divided by risk-weighted assets (subject to phase-in adjustments as indicated in note b above). At December 31, 2014, the Tier 1 common equity ratio represents common equity, less goodwill and intangible assets, divided by risk-weighted assets.

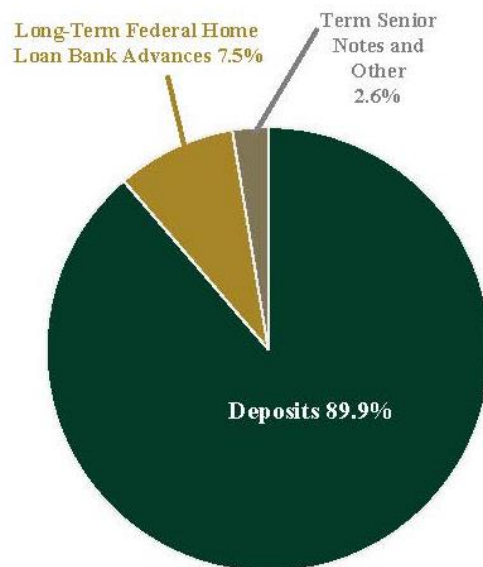
^(d) Tier 1 capital, total capital and average assets exclude goodwill and intangible assets.

The Bank maintains a Contingency Capital Plan that establishes a strategy for addressing any capital shortfalls that may arise during times of severe economic stress.

4.3 Funding

The Bank’s primary source of funding is its deposit base, which is primarily composed of core deposits (89% of total deposits). As of December 31, 2015, the Bank’s deposits totaled approximately \$47.9 billion and represented approximately 90% of total liabilities. The Bank considers deposits to be a source of long-term funding for the Bank and that deposits will fund a significant percentage of the Bank’s future asset growth. The Bank’s ability to grow deposits has enabled it to minimize its use of borrowings, thereby resulting in a lower cost and more stable funding base. Historically, the Bank has been able to raise additional deposits through management actions, primarily via its network of relationship managers.

The Bank has various sources of alternative short-term and long-term funding that may be used to meet its funding needs. First Republic’s alternative sources of short-term funding include: federal funds lines; securities sold under repurchase agreements; Federal Home Loan Bank (“**FHLB**”) advances with terms of less than or equal to one year; and the Federal Reserve Bank discount window (the “**Discount Window**”). First Republic’s alternative sources of long-term funding include: FHLB advances with maturities greater than one year; and access to capital markets that enable the Bank to raise debt in the form of unsecured, term, fixed or floating rate senior or subordinated notes. Generally, First Republic’s sources of short-term funding have an original maturity of one year or less, while its sources of long-term funding have an original maturity in excess of one year. The figure below describes First Republic’s sources of funding at December 31, 2015.



4.4 Liquidity

Liquidity refers to the Bank's capacity to meet its cash and collateral obligations and to manage both expected and unexpected cash flows without adversely impacting the operations or financial health of the Bank. Sources of liquidity include both unencumbered assets, such as marketable loans and securities, and traditional forms of funding, such as deposits, borrowings and equity. At December 31, 2015, the Bank's investment securities portfolio of \$10.5 billion and cash and cash equivalents of \$1.1 billion collectively comprised 20% of total assets. The Bank increased its holdings of HQLA, including eligible cash, to \$5.8 billion at December 31, 2015, compared to \$3.2 billion at December 31, 2014.

First Republic is committed to maintaining adequate amounts of primary, on-balance sheet liquidity ("**Primary Liquidity**") and secondary funding sources. Primary Liquidity consists of highly liquid instruments that can reliably be used to meet First Republic's immediate liquidity requirements. The Bank employs comprehensive risk management policies to ensure that sound practices are in place for managing liquidity and funding risk. The Bank's objective is to maintain sufficient liquidity to finance loan commitments, repay maturing deposits and debt and meet all other anticipated and unanticipated funding commitments in a fluid manner and at reasonable cost, under both normal operating circumstances and situations of market, industry or company-specific stress. Accordingly, the Bank maintains a comprehensive Contingency Funding Plan ("**CFP**") that lays out the Bank's strategy for addressing liquidity shortfalls in a variety of liquidity stress situations.

The CFP, through First Republic's liquidity stress testing framework, is used as a method for determining the size and adequacy of the sources of liquidity. The objectives of the CFP are to:

- define a set of metrics, which promotes early detection of an actual liquidity stress event;
- define a set of potential actions that the Bank would consider under increasing levels of market and idiosyncratic stress, as identified by the liquidity stress test scenarios used by First Republic; and
- determine the roles and responsibilities of management to monitor, report and take mitigating liquidity actions.

5 Description of Derivative and Hedging Activities

In the course of its business, First Republic engages in limited trading, derivatives and hedging activities, primarily on behalf of business and individual clients looking to minimize their exposure to risk. First Republic does not conduct proprietary trading activities in derivative instruments on behalf of its own accounts.

The Bank has derivative assets and liabilities consisting of foreign exchange contracts executed with customers. In these transactions, the Bank offsets the customer exposure with another financial institution counterparty, such as a major investment bank or a large commercial bank. The Bank does not retain significant foreign exchange risk in these transactions, but does retain credit risk, both to the customer and the financial institution counterparty, which is evaluated and managed by the Bank in the normal course of its operations.

The Bank also enters into commitments to originate loans whereby the interest rate on the loan paid by the borrower is set prior to funding (“**Interest Rate Lock Commitments**”). Such Interest Rate Lock Commitments are accounted for as freestanding derivative instruments that do not qualify as hedges. However, the interest rate exposure is economically hedged by the forward loan sale commitment to the investor. The change in fair value of these freestanding derivatives is recognized in earnings. When the Bank funds the loan to the borrower, the Bank records the carrying value of the Interest Rate Lock Commitment at the funding date as an adjustment to the carrying value of the loan held for sale.

In accordance with Accounting Standards Codification 815, First Republic recognizes all derivatives on its balance sheet at fair value. First Republic presents its derivative assets and derivative liabilities on a gross basis on its balance sheet, and as of December 31, 2015, those amounts were \$40.2 million and \$39.7 million, respectively. First Republic accounts for changes in the fair value of a derivative depending on the intended use of the derivative and its resulting designation under specified criteria. As of December 31, 2015, First Republic did not have any derivatives designated in a hedging relationship as defined under Accounting Standards Codification (“ASC”) 815.

6 Membership in Material Payment, Clearing and Settlement Systems

First Republic utilizes payment, clearing, and settlement systems to support its day-to-day business activities. In certain cases, the Bank has direct membership in these payment, clearing and settlement systems whereas in other instances the Bank has indirect access to these systems through its subsidiary, FRSC. The material payment, clearing and settlement systems directly accessed by the Bank are listed in the following chart.

System Name	Acronym	Description
ACCEL The Exchange Network—FISERV	ACCEL	ATM network
STAR Interbank ATM Network	STAR	ATM network
PLUS Interbank ATM Network	PLUS	ATM network
NYCE Interbank ATM Network	NYCE	ATM network
Federal Reserve—Automated Clearing House System	FedACH	Electronic network for financial transactions in the United States
Depository Trust and Clearing Corporation	DTCC	U.S. clearing and settlement systems, U.S. dollar payment system, securities system
Federal Reserve Check Clearing System	Federal Reserve Check Clearing	Nationwide check clearinghouse
Federal Reserve Funds Transfer System	Fedwire Funds	U.S. dollar payment system
National Automated Clearing House Association	NACHA	U.S. dollar electronic payments for Automated Clearing House
Society for Worldwide Interbank Financial Telecommunications—SWIFT Alliance	SWIFT	Interbank financial telecommunication
Visa Inc.	Visa	Point-of-sale check service, safe check, credit card processor

The material payment, clearing and settlement systems accessed indirectly by the Bank through an agent bank are listed in the following chart.

System Name	Acronym	Description
Federal Reserve—Automated Clearing House System	FedACH	Electronic network for financial transactions in the United States, used to process daily incoming and outgoing Automated Clearing House to banks, including the Federal Reserve Bank
American Stock Transfer and Trust	AST	Transfer agent—used to register and transfer shares of stock
Chicago Mercantile Exchange (CME)—COMEX Division Member	CME	CME Inc. operates CME Clearing, which provides clearing and settlement services for a broad range of exchange-traded futures contracts and for swaps and other over-the-counter derivatives
Central Securities Depository	CREST	Securities depository and electronic trade confirmation system—foreign trading and settlement for CREST Exchange
Depository Trust and Clearing Corporation	DTCC	U.S. clearing / settlement systems, U.S. dollar payment system, securities system
Euroclear Bank	Euroclear	Euro market settlement—foreign settlement for Euroclear-eligible securities
Federal Reserve Funds Transfer System	Fedwire Funds	U.S. dollar payment system
Fixed Income Clearing Corporation	FICC	U.S. clearing / settlement systems—fixed income trade settlement
National Securities Clearing Corporation	NSCC	U.S. clearing / settlement systems—fixed income trade settlement
The Options Clearing Corporation	OCC	U.S. clearing / settlement systems—options trade settlement
Society for Worldwide Interbank Financial Telecommunications	SWIFT	Interbank financial telecommunication

7 Foreign Operations

All of First Republic's offices, branches, subsidiaries and employees are located in the United States. Similarly, all information technology, MIS and other key systems necessary for the day-to-day operations of the Bank are located in the United States. In addition, First Republic has no non-U.S. deposits, no cross-border operations or interrelationships, and no material non-U.S. assets or cross-border assets or exposures. Accordingly, First Republic currently is not subject to regular supervision or examination by any non-U.S. regulatory authority.

8 Material Supervisory Authorities

The Bank and its subsidiaries are subject to extensive federal and state banking laws, regulations and policies that are intended primarily for the protection of depositors and other consumers, the FDIC Deposit Insurance Fund and the U.S. banking system as a whole.

As a California state-chartered bank without a holding company and that is not a member of the Federal Reserve System, the Bank is subject to examination, supervision and regulation by the California Department of Business Oversight's Division of Financial Institutions. As the Bank is also an insured depository institution, its primary federal regulator and supervisor is the FDIC. The Bank is also subject to supervision, regulation, examination and enforcement by the Consumer Financial Protection Bureau with respect to consumer protection laws and regulations.

Although the Bank is not a member bank of the Federal Reserve System, it is subject to certain regulations of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), such as those dealing with check clearing activities (Regulation CC) and establishment of reserves against deposits (Regulation D). Additionally, First Republic's offices in states other than California are subject to more limited supervision and regulation by the respective state bank regulators.

In addition, certain of the Bank's subsidiaries are subject to regulation, supervision and examination by other regulatory authorities, including the SEC, Financial Industry Regulatory Authority and, in relation to our sale of insurance products, state insurance regulatory agencies.

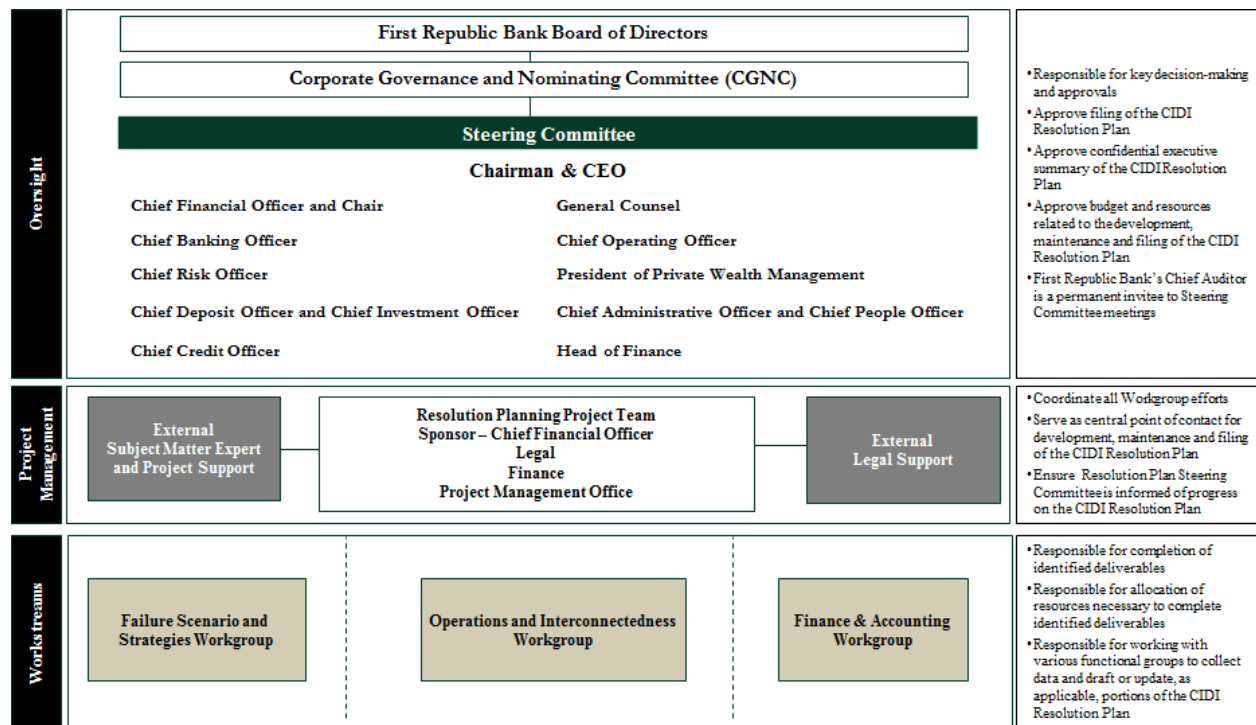
9 Principal Officers

The following chart identifies the principal officers of the Bank and its subsidiaries as of October 31, 2016.

Name	Title and Role
Herbert II, James H.	Chairman and Chief Executive Officer
August-deWilde, Katherine	Vice Chair
Selfridge, Michael D.	Senior Executive Vice President, Chief Banking Officer
Roffler, Michael J.	Executive Vice President and Chief Financial Officer
Bender, Jason C.	Executive Vice President, Chief Operating Officer
Dobranski, Edward J.	Executive Vice President, General Counsel and Secretary
Lichtman, David	Executive Vice President and Chief Credit Officer
Snedaker, Dianne B.	Executive Vice President and Chief Marketing Officer
Smith, Dale A.	Executive Vice President and Chief Information Officer
Ward, William D.	Executive Vice President, Chief Bank Secrecy Act / Anti-Money Laundering and Security Officer
Thornton, Robert L.	Executive Vice President, President – Private Wealth Management
Bontemps, Stephanie N.	Executive Vice President, Chief Risk Officer
Erkan, Hafize G.	Executive Vice President, Chief Investment Officer and Chief Deposit Officer
Richardson, Mollie M.	Senior Vice President, Chief Administrative Officer and Chief People Officer
Gibson, Justin W.	Senior Vice President, Chief Auditor
Coleman, Christopher B.	Senior Vice President, Head of Business Banking
Harrington, Michael J.	Chairman, First Republic Trust Company
Johnston, Kelly E.	President, First Republic Trust Company
Tateosian, David C.	President, First Republic Securities Company

10 Resolution Planning Corporate Governance Structure and Processes

First Republic has established a robust resolution governance framework that: (1) supports the production, maintenance, timely filing and implementation of an informationally complete and viable resolution plan pursuant to the IDI Rule; (2) ensures that First Republic’s directors and senior management are adequately apprised of and engaged in the resolution planning process; and (3) supports the modification of First Republic’s business-as-usual operations and strategic planning, as necessary, to enhance First Republic’s resiliency and resolvability. The following figure provides a high-level overview of the governance framework, including descriptions of the various parties that are involved in the creation, review, approval and maintenance of the Plan, as well as their specific roles.



First Republic believes that the engagement of the Bank’s Board of Directors (the “**Board**”) and senior management in the resolution planning process is essential, and has adapted its existing corporate governance structure and processes to ensure that all aspects of the resolution planning process receive appropriate attention from the Board and management. While the Board has oversight responsibility for approving the submission of the Plan to the FDIC, other management-level bodies and individuals have been established or designated to assist in the preparation, review, submission, maintenance and subsequent update of the Plan, and are integral components of First Republic’s resolution planning process as described in the bullets below.

- **Workgroups.** Three individual workgroups are responsible for addressing key components of the Plan, including: (1) the insolvency scenario and resolution strategies; (2) operations and interconnectedness; and (3) finance and accounting. Members of the workgroups include key personnel from certain business units and support areas that the Resolution Planning Steering Committee identifies to serve as representatives of their respective business units and support areas throughout the resolution planning process.
- **Resolution Planning Project Team.** The Resolution Planning Project Team serves as the central point of contact for the Plan and is responsible for the day-to-day development, maintenance and update of the Plan, coordinating all efforts of the workgroups and ensuring that the Resolution Planning Steering Committee is regularly updated on the resolution planning process and apprised of key aspects of the Plan. The Resolution Planning Project Team includes members of First Republic's Finance and Legal departments.
- **Resolution Planning Steering Committee.** The Resolution Planning Steering Committee is responsible for reviewing, providing feedback on and approving key aspects of the Plan on an ongoing basis. In addition, the Resolution Planning Steering Committee is also responsible for assessing whether any changes to First Republic's business-as-usual operations may be required as a result of the Plan and taking steps to implement such changes or to recommend to the appropriate governance body that such changes be made. The Resolution Planning Steering Committee consists of senior executives, including the Chief Executive Officer of the Bank, and is chaired by the Chief Financial Officer of the Bank.

In addition to the management-level bodies listed above, the Corporate Governance Nominating Committee is responsible for providing general oversight and guidance throughout the process of developing, maintaining and updating, as necessary, the Plan and subsequent annual updates. More specifically, the Committee is responsible for reviewing and approving the Plan and subsequent annual updates, and recommending the updates' approval to the Board.

The Board has final responsibility for approving the Plan and subsequent annual updates for submission to the FDIC. In addition to the parties described above, the Board also reviewed, discussed and provided guidance on the Plan. After careful consideration, the Board approved the Plan for submission to the FDIC on December 8, 2016.

11 Material Management Information Systems

First Republic uses several robust and sound MIS that include a variety of application systems and infrastructure hosted by third-party vendors and by First Republic. The Bank has determined which of these MIS are material to its day-to-day operations and has developed a strategy for preserving, as necessary, the continuity of MIS in the highly unlikely event of the Bank's resolution by the FDIC. Licenses and agreements for First Republic's material MIS are held by and for the benefit of the Bank as well as its subsidiaries, in order to facilitate continued access to these systems throughout resolution and reduce the risk of disruption of such services.

These MIS allow users to generate standard and ad hoc reports and to perform business analytics, and are used to conduct the day-to-day business operations of the Bank and provide pertinent information on the financial health, risk and operations of First Republic and its core business lines.

12 High-Level Description of Resolution Strategy

In accordance with the IDI Rule and the 2014 Guidance, First Republic has assumed, for purposes of the Plan, a series of hypothetical, material loss events (at least one of which is idiosyncratic) that result in a material impairment or loss in the Bank's Banking core business line and, ultimately, cause the Bank to become insolvent under the FDI Act. Based on the assumed loss events, First Republic has developed and fully analyzed three realistic resolution strategies for the orderly and timely resolution of the Bank in an FDIC receivership.

Key Assumptions

As the Bank's initial CIDI Resolution Plan, this 2016 Plan only takes in account that the failure and resolution of the Bank could occur under macroeconomic conditions consistent with the baseline supervisory scenario of the Federal Reserve Board for annual stress tests required under the Dodd-Frank Act Stress Testing Rules (the "**Baseline Scenario**").⁹ Further, as required by the 2014 Guidance, the Plan assumes that First Republic would not be able to take any affirmative recovery actions or steps during the Runway Period to reduce the size or interconnectedness of its operations, and that markets are functioning and competitors may be in a position to take on business from First Republic.

Resolution Regime

The Bank is an IDI and, as such, the applicable resolution regime for the Bank is set forth in sections 11 and 13 of the FDI Act. The resolution of the Bank would be initiated by the California Department of Business Oversight and by the FDIC, if they find that one of the statutory grounds for appointing a receiver exists. The California Department of Business Oversight would issue an order to close the Bank, thereby revoking its charter, and would appoint the FDIC as the receiver of the Bank. As the Bank's receiver, the FDIC would succeed, by operation of law, to all of the rights, titles, powers and privileges of the Bank and its stockholders, directors, officers, account holders and depositors, subject to the provisions of the FDI Act. In addition, as receiver, the FDIC has broad authority to transfer all or a portion of the Bank's assets and liabilities to a third party or bridge bank without the consent or approval of any other agency, court or party with contract rights, though additional regulatory approvals may be required for transfers to certain other parties.

Resolution Strategies

As required by the 2014 Guidance, First Republic has developed (1) a multiple acquirer strategy that involves the separation and sale of the Bank's deposit franchise, core business lines, and/or major assets to multiple acquirers and the recapitalization of the Bank through one or more

⁹ 12 C.F.R. § 360.10(c)(2).

public offerings—the Multiple Acquirer with IPO Strategy; and (2) a resolution strategy that involves the liquidation of the Bank, including a payout of insured deposits—the Liquidation Strategy. In addition, First Republic has developed a second multiple acquirer strategy, which involves the sale of certain assets and liabilities to various third-party purchasers, coupled with the sale of the Bank’s remaining deposit franchise, core business lines and major assets to a single, third-party acquirer by means of a purchase and assumption transaction—the Whole Bank P&A Strategy. Each of these strategies is described in greater detail in the bullets below.

- **Multiple Acquirer with IPO Strategy.** Under the Multiple Acquirer with IPO Strategy, an FDIC receivership would be commenced with respect to the Bank and the FDIC would transfer certain of the Bank’s assets and liabilities to a newly chartered bridge bank. A series of asset and portfolio sales would be conducted to reduce the size of the bridge bank, which would eventually return to public ownership through an IPO. Potential third-party acquirers of First Republic’s assets include a range of global, national and regional banks and other financial institutions. Following the IPO, the resulting bank would have a national footprint similar to that of the Bank and would operate as a national bank chartered by the OCC.
- **Liquidation Strategy.** Unlike the Multiple Acquirer with IPO Strategy above, the Liquidation Strategy does not contemplate the use of a bridge bank. After the FDIC receivership is commenced, the FDIC would sell, liquidate or wind down the failed Bank’s assets directly from the receivership and pay out insured deposits.
- **Whole Bank P&A Strategy.** As in the Multiple Acquirer with IPO Strategy, under the Whole Bank P&A Strategy, an FDIC receivership would be commenced with respect to the Bank and the FDIC would transfer certain of the Bank’s assets and liabilities to a newly chartered bridge bank. A series of asset and portfolio sales would be conducted to reduce the size of the bridge bank, which would eventually be sold to a third-party acquirer. First Republic believes that the acquisition of the bridge bank would be attractive financially and strategically to a range of global, national and regional banks and other financial institutions.

First Republic considers the Whole Bank P&A Strategy to be its preferred resolution strategy, because it provides for the most efficient and effective resolution of the Bank under the FDI Act in a manner that:

- ensures that depositors receive access to their insured deposits within one business day of the Bank’s failure (two business days if the failure occurs on a day other than Friday);
- maximizes the net present value return from the sale or disposition of the Bank’s assets;

- is the least costly to the FDIC Deposit Insurance Fund of the three resolution strategies set out in the Plan, and minimizes the amount of any loss realized by creditors in the resolution in accordance with sections 11 and 13 of the FDI Act;
- is operationally feasible, taking into account interdependencies with respect to personnel, facilities and systems, and applications between the Bank and its subsidiaries and mitigating any material obstacles to the successful implementation of the strategy; and
- minimizes the period of time that the FDIC will need to maintain the Bank receivership or hold a beneficial interest in, and be responsible for, the operation of a bridge bank.

Although neither is First Republic's preferred resolution strategy, both the Multiple Acquirer with IPO Strategy and the Liquidation Strategy are viable alternative resolution strategies. In the unlikely event that the Whole Bank P&A Strategy is not feasible, both of these alternative resolutions strategies would facilitate the orderly, efficient and timely resolution of the Bank, and, more specifically, are operationally feasible and would ensure that the insured depositors of the Bank have access to their deposits within one business day of the Bank's failure (two business days if the failure occurs on a day other than Friday).

13 Conclusion

First Republic adheres to a simple and streamlined business model that offers stability and predictability and produces a resilient balance sheet. First Republic is focused on maintaining and strengthening the pillars of that business model: strong capital; considerable liquidity; the best possible credit quality; and exceptional client service. First Republic believes that the strength of the firm, including its distinct business model, strict adherence to core business principles and client-focused culture, makes its failure highly unlikely. Nevertheless, First Republic also recognizes the importance of being prepared for unforeseen financial conditions and potential failure, and appreciates the essential nature of the CIDI resolution planning process. Accordingly, First Republic has devoted significant resources to preparing its initial Plan and will continue to identify and take steps to not only improve the Plan, but also enhance the firm's overall resiliency and resolvability.