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): January 16, 2013

FIRST REPUBLIC BANK
(Exact name of registrant as specified in its charter)

California	**80-0513856**
(State or other jurisdiction of incorporation)	**(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))

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 January 16, 2013, regarding its financial results for the quarter and year ended December 31, 2012. 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 January 16, 2013, with respect to the Bank's financial results for the quarter and year ended December 31, 2012.

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: January 16, 2013.

First Republic Bank

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

EXHIBIT INDEX

Exhibit Number	**Description**
Exhibit 99.1	Press Release issued by the Bank, dated January 16, 2013, with respect to the Bank's financial results for the quarter and year ended December 31, 2012.

FIRST REPUBLIC BANK
It's a privilege to serve you®

Press Release
FOR IMMEDIATE RELEASE

FIRST REPUBLIC BANK REPORTS RECORD ANNUAL AND QUARTERLY EARNINGS
Core EPS Up 28% Year-Over-Year (1)

San Francisco, California, January 16, 2013 – First Republic Bank (NYSE: FRC) today announced strong financial results for the fourth quarter and the year ended December 31, 2012.

"First Republic had a terrific year by every performance measure," said Jim Herbert, Chairman and Chief Executive Officer. "Core earnings per share increased 28% in 2012, while loans, deposits, business banking and wealth management assets all grew strongly. Credit quality and capital ratios are strong."

2012 Full Year Highlights

- Book value per share increased by 13.5% to $22.08.
- Tier 1 leverage ratio increased to 9.32%, up from 8.81% a year ago.
- Asset quality remains very strong; nonperforming assets were only 14 basis points of total assets.
- Net income was a record $402.5 million, an increase of 14%, and diluted earnings per share ("EPS") were $2.76.
- Excluding the impact of purchase accounting, net income was $307.0 million, up 38%. (1)
- Excluding the impact of purchase accounting and the one-time charge on redemption of preferred stock in the second quarter, core diluted EPS were $2.15, up 28%. (1)
- Excluding the impact of purchase accounting, the net interest margin was 3.53% in 2012 and 2011. (1)
- Loan originations were a record $15.5 billion.
- Loans outstanding were $28.5 billion at December 31, 2012, up 23%.
- Deposits were $27.1 billion at December 31, 2012, up 21%.
- Wealth management assets were $31.7 billion, including $5.9 billion from the Luminous Capital Holdings, LLC ("Luminous") acquisition, up 55%.
- A dividend on our common stock was initiated in the third quarter of 2012.

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(1) See non-GAAP reconciliation under section "Use of Non-GAAP Financial Measures."

Fourth Quarter Highlights

- Net income was $110.1 million, up 21% from last year's fourth quarter. Diluted EPS were $0.77, up 13% from last year's fourth quarter.
- Excluding the impact of purchase accounting, net income was $89.3 million, up 51% from last year's fourth quarter and diluted EPS were $0.61, up 39% from last year's fourth quarter. [(1)]
- Net interest margin was 4.02%, compared to 4.13% for the prior quarter.
- Excluding the impact of purchase accounting, the net interest margin was 3.46%, compared to 3.47% for the prior quarter. [(1)]
- The efficiency ratio was 51.2%, compared to 52.1% for the prior quarter.
- Excluding the impact of purchase accounting, the efficiency ratio was 56.2%, versus 58.6% for the prior quarter. [(1)]
- Loan originations were $4.3 billion, our highest quarter ever.
- Loans sold were $671 million for the quarter and pre-tax net gains on sales were $17.7 million, compared to sales of $774 million and pre-tax gains of $12.5 million for the prior quarter.

"First Republic's success in 2012 was due to its intense focus on exceptional client service coupled with disciplined asset underwriting," said Katherine August-deWilde, President and Chief Operating Officer. "We're particularly pleased with the robust growth of business banking and wealth management assets, including those acquired in the Luminous transaction."

Asset Quality Remains Very Strong

The Bank's credit quality remains strong. At December 31, 2012, nonperforming loans were only 14 basis points of total assets and the Bank had no other real estate owned.

During the fourth quarter of 2012, the Bank recorded an additional provision for loan losses of $17.2 million. This provision is related primarily to the growth in loans outstanding that have been originated since July 1, 2010. At December 31, 2012, the allowance related to these loans totaled $114.3 million, or 0.59%.

Net charge-offs were $315,000 for the fourth quarter of 2012 and $1.7 million (only 1 basis point of average loans) for the year ended December 31, 2012.

Continued Capital Strength

The Bank's Tier 1 leverage ratio increased at December 31, 2012 to 9.32%, compared to 8.81% a year ago. The Bank issued $150 million of 5.625% Noncumulative Perpetual Series C Preferred Stock during the fourth quarter of 2012. During 2012, the Bank raised $500 million of noncumulative perpetual preferred stock with a weighted average rate of 6.23%.

Strong Book Value Growth

Book value per share was $22.08 at December 31, 2012, up 13.5% during 2012.

Continued Franchise Development

Assets

Total assets at December 31, 2012 were $34.4 billion. During 2012, loans increased $5.4 billion, of which 57% was in single family loans and related home equity lines of credit. Investment securities increased $686.1 million in 2012.

Deposit mix continues to improve

At December 31, 2012, checking and savings accounts were 89% of total deposits, compared to 82% a year ago. The contractual rate paid on all deposits averaged 0.24% for the fourth quarter of 2012, compared to 0.29% for the prior quarter, with the reduction in the average rate paid coming both from an improved deposit mix and reduced rates paid.

At December 31, 2012, 97% of deposits were core deposits. [(2)]

Wealth management expansion

Total wealth management assets were $31.7 billion at December 31, 2012, up 28% for the quarter and 55% for the year. The increase in wealth management assets includes $5.9 billion of assets under management from the Luminous asset purchase; the Bank will begin earning fees on these assets beginning in the first quarter of 2013. Wealth management assets include investment management assets of $17.0 billion, brokerage assets and money market mutual funds of $9.7 billion, and trust and custody assets of $5.0 billion.

Wealth management fees earned, including investment advisory, trust and brokerage fees, for the fourth quarter of 2012 were up 36%, compared to last year's fourth quarter and were up 24% for the full year.

Mortgage banking activity strong

The Bank sold $671 million of primarily fixed rate, longer-term home loans during the fourth quarter of 2012 and recorded net gains of $17.7 million. By comparison, during the prior quarter, the Bank sold $774 million of loans and recorded net gains of $12.5 million. The higher level of gain on sales resulted from improved pricing on loans sold to an average 2.64% gain. For the full year, the Bank sold $2.4 billion of loans and recorded net gains of $38.8 million, or 1.60% of loans sold, compared to loan sales of $729 million and net gains of $6.4 million for 2011.

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(2) Core deposits exclude CDs greater than $250,000.

At December 31, 2012, the carrying value of mortgage servicing rights ("MSRs") was $17.8 million, or 39 basis points on such loans serviced.

Loans serviced for investors totaled $4.6 billion at December 31, 2012, up 35%, compared to $3.4 billion at December 31, 2011.

Income Statement and Key Ratio Summary

Strong core revenue growth

Total revenues were $357.9 million for the fourth quarter of 2012, compared to $342.7 million for the prior quarter and $314.9 million for last year's fourth quarter, a 14% increase from a year ago. Total revenues for 2012 were $1.3 billion, up 13% from 2011.

Excluding the impact of purchase accounting, revenues were $316.9 million for the fourth quarter of 2012, compared to $295.8 million for the prior quarter and $254.5 million for the fourth quarter of 2011, a 25% increase from a year ago. On this basis, total revenues for 2012 were $1.2 billion, up 23% from 2011. (1)

Net interest income growth

Net interest income was $302.3 million for the fourth quarter of 2012, compared to $298.8 million for the prior quarter and $285.5 million for the fourth quarter a year ago. Net interest income for 2012 was $1.2 billion, up 10% from 2011.

The strong increase in contractual net interest income was primarily due to increases in the average balances of loans and investment securities as well as lower deposit costs. Excluding the impact of purchase accounting, net interest income (core net interest income) was $261.2 million for the fourth quarter of 2012, compared to $252.2 million for the prior quarter and $225.2 million for the fourth quarter of 2011, up 4% over the prior quarter and up 16% from a year ago. On this basis, net interest income for the full year 2012 was $986.8 million, up 20% from 2011. (1)

Net interest margin

The Bank's net interest margin was 4.02% for the fourth quarter of 2012, compared to 4.13% for the third quarter of 2012 and 4.53% for the fourth quarter a year ago. For the year ended December 31, 2012, the net interest margin was 4.22%.

Excluding the impact of purchase accounting, net interest margin (core net interest margin) was 3.46% for the fourth quarter of 2012, compared to 3.47% for the prior quarter and 3.55% for the fourth quarter a year ago. For the year ended December 31, 2012, the core net interest margin was 3.53%, the same as 2011. (1)

The core net interest margin remained stable compared to the prior quarter as lower deposit costs largely offset declines in contractual loan yields.

Noninterest income

Noninterest income for the fourth quarter of 2012 was $55.6 million, up 27% from the prior quarter and up 89% from the fourth quarter a year ago. For the year ended December 31, 2012, noninterest income was $168.7 million, up 43% from 2011.

Noninterest expense

Noninterest expense for the fourth quarter of 2012 was $183.1 million, compared to $178.4 million for the prior quarter and $158.0 million for the fourth quarter a year ago, a 3% increase over the prior quarter and a 16% increase year-over-year. For the year ended December 31, 2012, noninterest expense was $697.8 million, up 21% from 2011.

Noninterest expense has grown primarily due to an increase in personnel to support loan, deposit and wealth management growth, increased occupancy costs as the Bank added both corporate office space and deposit offices, increased costs related to investments in technology and increased expenses related to tax credit investments.

Efficiency ratio

The Bank's efficiency ratio was 51.2% for the fourth quarter of 2012, compared to 52.1% for the third quarter of 2012 and 50.2% for the fourth quarter a year ago. For the year ended December 31, 2012 and 2011, the efficiency ratio was 52.0% and 48.7%, respectively.

Excluding the impact of purchase accounting, the Bank's efficiency ratio was 56.2% for the fourth quarter of 2012, compared to 58.6% for the third quarter of 2012 and 59.9% for the fourth quarter a year ago. For the year ended December 31, 2012, the efficiency ratio was 58.6% versus 59.2% during 2011. (1)

Income tax rate

The Bank's effective tax rate for 2012 was 30.4%, compared to 35.7% for 2011. The decrease in the effective tax rate in 2012 was the result of a higher level of tax-exempt securities, bank-owned life insurance, tax credit investments and tax-advantaged loans.

Conference Call Details

First Republic Bank's fourth quarter 2012 earnings conference call is scheduled for January 16, 2013 at 11:00 a.m. PST / 2:00 p.m. EST. To listen to the live call by telephone, please dial (855) 224-3902 approximately 10 minutes prior to the start time (to allow time for registration) and use conference ID #85719936. International callers should dial (734) 823-3244. 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 www.firstrepublic.com. To listen to the live webcast, please visit the site at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. A replay of the call will also be available for 90 days on the website. For those unable to participate in the live presentation, a replay will be available beginning January 16, 2013, at 2:00 p.m. PST / 5:00 p.m. EST, through January 23, 2013, at 8:59 p.m. PST / 11:59 p.m. EST. To access the replay, dial (855) 859-2056 (U.S.) and use conference ID #85719936. International callers should dial (404) 537-3406 and enter the same conference ID number. The Bank's press releases are available after release on the Bank's website at www.firstrepublic.com.

About First Republic Bank

First Republic Bank ("First Republic" or the "Bank") and its subsidiaries provide private banking, private business banking and private wealth management. Founded in 1985, First Republic specializes in exceptional, relationship-based service offered through preferred banking or wealth management offices primarily in San Francisco, Palo Alto, Los Angeles, Santa Barbara, Newport Beach, San Diego, Portland, Boston, Greenwich and New York City. First Republic offers a complete line of banking products for individuals and businesses, including deposit services, as well as residential, commercial and personal loans. First Republic is a component of the S&P Total Market Index, the Wilshire 5000 Total Market Index℠, the Russell 1000 ®, Russell 3000 ® and Russell Global indices and six Dow Jones indices. More information is available on the Bank's website at www.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. 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 and include statements about economic performance in our markets, growth in our loan originations and wealth management assets, and our projected tax rate. 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: our ability to compete for banking and wealth management customers; earthquakes and other natural disasters in our markets; changes in interest rates; our ability to maintain high underwriting standards; economic conditions in our markets; and conditions in financial markets and economic conditions generally; regulatory restrictions on our operations and current or future legislative or regulatory changes affecting the banking and investment management industries. 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 Quarterly Reports on Form 10-Q. 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. 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 STATEMENT OF INCOME

(in thousands, except per share amounts)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Interest income:					
Interest on loans	$ 294,763	$ 288,226	$ 295,045	$ 1,160,522	$ 1,104,504
Interest on investments	33,278	25,338	31,638	124,040	73,178
Interest on cash equivalents	546	1,197	653	2,644	5,275
Total interest income	328,587	314,761	327,336	1,287,206	1,182,957
Interest expense:					
Interest on customer deposits	11,732	17,628	13,584	56,981	83,268
Interest on FHLB advances and other borrowings	14,521	11,035	14,492	55,660	31,671
Interest on subordinated notes	—	561	439	1,545	2,279
Total interest expense	26,253	29,224	28,515	114,186	117,218
Net interest income	302,334	285,537	298,821	1,173,020	1,065,739
Provision for loan losses	17,204	16,159	16,505	63,436	52,329
Net interest income after provision for loan losses	285,130	269,378	282,316	1,109,584	1,013,410
Noninterest income:					
Investment advisory fees	16,305	11,897	15,376	59,054	47,030
Brokerage and investment fees	2,904	2,219	2,346	10,682	9,496
Trust fees	2,381	1,729	2,376	8,715	6,737
Foreign exchange fee income	3,147	3,298	3,297	11,504	10,235
Deposit customer fees	3,746	3,169	3,522	13,994	14,368
Loan servicing fees, net	217	(341)	(2,916)	(5,307)	(168)
Loan and related fees	1,829	1,801	1,514	6,291	4,951
Gain on sale of loans	17,721	335	12,547	38,831	6,417
Income from investments in life insurance	6,212	4,785	4,985	22,186	16,143
Other income	1,149	510	792	2,784	2,721
Total noninterest income	55,611	29,402	43,839	168,734	117,930
Noninterest expense:					
Salaries and related benefits	88,412	74,352	87,204	339,656	275,086
Occupancy	21,834	18,595	21,229	83,648	67,609
Information systems	19,745	16,065	18,843	72,508	57,695
Advertising and marketing	6,061	8,567	5,953	25,120	28,812
FDIC and other deposit assessments	6,684	5,552	6,400	24,386	23,910
Professional fees	4,854	4,711	5,263	19,848	16,359
Amortization of intangibles	4,927	5,444	5,087	20,472	22,723
Tax credit investments	5,754	3,680	5,348	20,873	9,920
Other expenses	24,873	21,035	23,063	91,333	74,494
Total noninterest expense	183,144	158,001	178,390	697,844	576,608
Income before provision for income taxes	157,597	140,779	147,765	580,474	554,732
Provision for income taxes	47,486	49,016	45,069	176,464	198,039
Net income before noncontrolling interests	110,111	91,763	102,696	404,010	356,693
Less: Net income from noncontrolling interests	—	1,072	—	1,538	4,605
First Republic Bank net income	110,111	90,691	102,696	402,472	352,088
Dividends on preferred stock	6,534	—	5,667	18,743	—
Redemption of preferred stock	—	—	—	13,200	—
Net income available to common shareholders	$ 103,577	$ 90,691	$ 97,029	$ 370,529	$ 352,088
Basic earnings per common share	$ 0.79	$ 0.70	$ 0.75	$ 2.85	$ 2.73
Diluted earnings per common share	$ 0.77	$ 0.68	$ 0.72	$ 2.76	$ 2.65
Dividends per common share	$ 0.20	$ —	$ 0.10	$ 0.30	$ —
Weighted average shares - basic	130,614	129,313	130,194	130,051	129,061
Weighted average shares - diluted	134,731	132,939	134,374	134,189	132,724

CONSOLIDATED BALANCE SHEET

($ in thousands)	As of December 31, 2012	As of September 30, 2012	As of December 31, 2011
ASSETS			
Cash and cash equivalents	$ 602,264	$ 877,758	$ 630,780
Securities purchased under agreements to resell	30,901	23,348	4,890
Investment securities available-for-sale	960,433	798,874	722,280
Investment securities held-to-maturity	2,545,189	2,448,888	2,097,198
Loans:			
Single family (1-4 units)	16,672,924	16,018,135	13,538,218
Home equity lines of credit	1,887,604	1,887,444	1,878,969
Commercial real estate	2,909,201	2,813,805	2,504,791
Multifamily (5+ units)	3,006,946	2,767,405	2,437,169
Single family construction	234,213	234,399	183,863
Multifamily/commercial construction	171,268	151,632	122,885
Commercial business loans	2,600,151	2,236,039	1,656,795
Other secured	391,833	374,820	260,598
Unsecured loans and lines of credit	279,515	216,380	132,973
Stock secured	145,460	122,543	103,208
Total unpaid principal balance	28,299,115	26,822,602	22,819,469
Net unaccreted discount	(332,404)	(368,893)	(493,895)
Net deferred fees and costs	20,048	19,723	10,020
Allowance for loan losses	(129,889)	(113,000)	(68,113)
Loans, net	27,856,870	26,360,432	22,267,481
Loans held for sale	204,631	63,469	305,881
Investments in life insurance	701,672	695,240	585,956
Tax credit investments	484,548	475,352	330,447
Prepaid expenses and other assets	575,741	534,463	548,395
Premises, equipment and leasehold improvements, net	142,201	133,344	118,365
Goodwill and other intangible assets	265,441	145,973	159,178
Mortgage servicing rights	17,786	16,387	17,269
Other real estate owned	—	2,642	3,681
Total Assets	$ 34,387,677	$ 32,576,170	$ 27,791,801
LIABILITIES AND EQUITY			
Liabilities:			
Customer deposits:			
Noninterest-bearing accounts	$ 8,544,472	$ 8,371,083	$ 6,115,571
Interest-bearing checking accounts	5,408,325	4,151,311	3,675,813
Money Market (MM) checking accounts	4,104,791	3,948,693	3,139,448
MM savings and passbooks	6,064,629	6,031,228	5,520,558
Certificates of deposit	2,966,030	3,201,763	4,007,869
Total customer deposits	27,088,247	25,704,078	22,459,259
FHLB advances	3,225,000	3,150,000	2,200,000
Subordinated notes	—	—	65,711
Debt related to variable interest entity	56,450	61,221	63,259
Other liabilities	619,436	498,469	408,550
Total Liabilities	30,989,133	29,413,768	25,196,779
Equity:			
First Republic Bank shareholders' equity:			
Preferred stock	499,525	349,525	—
Common stock	1,313	1,309	1,294
Additional paid-in capital	2,027,578	2,023,338	2,020,832
Retained earnings	838,752	761,498	494,450
Accumulated other comprehensive income	31,376	26,732	1,186
Total First Republic Bank shareholders' equity	3,398,544	3,162,402	2,517,762
Noncontrolling interests	—	—	77,260
Total Equity	3,398,544	3,162,402	2,595,022
Total Liabilities and Equity	$ 34,387,677	$ 32,576,170	$ 27,791,801

($ in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Operating Information					
Loans originated	$ 4,301,992	$ 3,312,813	$ 4,040,844	$ 15,462,941	$ 10,239,273
Net income to average assets [(3)]	1.30%	1.30%	1.27%	1.29%	1.39%
Net income available to common shareholders to average common equity [(3)]	14.27%	14.49%	13.89%	13.54%	15.04%
Dividend payout ratio	26.0%	—	13.8%	10.9%	—
Efficiency ratio [(4)]	51.2%	50.2%	52.1%	52.0%	48.7%
Efficiency ratio (non-GAAP) [(4), (5)]	56.2%	59.9%	58.6%	58.6%	59.2%
Yields/Rates [(3)]					
Cash and cash equivalents	0.25%	0.26%	0.25%	0.26%	0.26%
Securities purchased under agreements to resell	0.15%	0.08%	0.13%	0.13%	0.05%
Investment securities [(6)]	5.50%	5.52%	5.54%	5.56%	5.67%
Loans [(6)]	4.34%	5.31%	4.54%	4.66%	5.57%
Total interest-earning assets	4.35%	4.98%	4.50%	4.61%	5.12%
Checking	0.01%	0.03%	0.01%	0.01%	0.04%
Money market checking and savings	0.12%	0.25%	0.17%	0.20%	0.38%
CDs	1.08%	1.00%	1.09%	1.07%	0.93%
Total deposits	0.18%	0.31%	0.21%	0.23%	0.40%
FHLB advances	1.79%	2.03%	1.80%	1.82%	2.08%
Other borrowings	1.85%	2.47%	2.49%	2.47%	2.74%
Total borrowings	1.79%	2.06%	1.82%	1.84%	2.12%
Total interest-bearing liabilities	0.35%	0.47%	0.40%	0.41%	0.52%
Net interest spread	4.00%	4.51%	4.10%	4.20%	4.60%
Net interest margin	4.02%	4.53%	4.13%	4.22%	4.63%
Net interest margin (non-GAAP) [(5)]	3.46%	3.55%	3.47%	3.53%	3.53%

[(3)] For the periods less than a year, ratios are annualized.
[(4)] Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.
[(5)] For a reconciliation of these ratios to the equivalent GAAP ratios, see “Use of Non-GAAP Financial Measures.”
[(6)] Yield is calculated on a tax-equivalent basis.

The following table presents loans sold and gain on sale of loans for the periods indicated:

($ in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Mortgage Loan Sales					
Loans sold:					
Agency	$ 242,073	$ 48,540	$ 372,284	$ 922,475	$ 248,215
Non-agency	429,241	3,597	401,946	1,510,905	480,454
Total loans sold	$ 671,314	$ 52,137	$ 774,230	$ 2,433,380	$ 728,669
Gain on sale of loans:					
Amount	$ 17,721	$ 335	$ 12,547	$ 38,831	$ 6,417
Gain as a percentage of loans sold	2.64%	0.64%	1.62%	1.60%	0.88%

The following table separates our loan portfolio as of December 31, 2012 between loans acquired on July 1, 2010 and loans originated since July 1, 2010:

($ in thousands)	Composition of Loan Portfolio: Loans acquired on July 1, 2010	Loans originated since July 1, 2010	Total loans at December 31, 2012
Single family (1-4 units)	$ 5,228,937	$ 11,443,987	$ 16,672,924
Home equity lines of credit	1,027,786	859,818	1,887,604
Commercial real estate	1,225,796	1,683,405	2,909,201
Multifamily (5+ units)	800,231	2,206,715	3,006,946
Single family construction	15,722	218,491	234,213
Multifamily/commercial construction	12,810	158,458	171,268
Commercial business loans	495,859	2,104,292	2,600,151
Other secured	59,790	332,043	391,833
Unsecured loans and lines of credit	49,551	229,964	279,515
Stock secured	11,719	133,741	145,460
Total unpaid principal balance	8,928,201	19,370,914	28,299,115
Net unaccreted discount	(331,709)	(695)	(332,404)
Net deferred fees and costs	(7,799)	27,847	20,048
Allowance for loan losses	(15,570)	(114,319)	(129,889)
Loans, net	$ 8,573,123	$ 19,283,747	$ 27,856,870

(in thousands, except per share amounts)	As of December 31, 2012	September 30, 2012	December 31, 2011
Book Value			
Number of shares of common stock outstanding	131,273	130,950	129,372
Book value per common share	$ 22.08	$ 21.48	$ 19.46
Tangible book value per common share	$ 20.06	$ 20.37	$ 18.23
Capital Ratios			
Tier 1 leverage ratio	9.32%	9.33%	8.81%
Tier 1 common equity ratio [7]	11.13%	11.98%	12.84%
Tier 1 risk-based capital ratio	13.27%	13.57%	13.25%
Total risk-based capital ratio	13.86%	14.12%	13.65%

[7] Tier 1 common equity ratio represents common equity less goodwill and intangible assets divided by risk-weighted assets.

($ in millions)	As of December 31, 2012	September 30, 2012	December 31, 2011
Assets Under Management			
First Republic Investment Management	$ 17,000	$ 10,782	$ 7,940
Brokerage and Investment:			
Brokerage	8,810	8,499	6,806
Money Market Mutual Funds	852	658	1,037
Total Brokerage and Investment	9,662	9,157	7,843
Trust Company:			
Trust	2,157	2,053	1,963
Custody	2,863	2,841	2,641
Total Trust Company	5,020	4,894	4,604
Total Wealth Management Assets	31,682	24,833	20,387
Loans serviced for investors	4,581	4,276	3,381
Total fee-based assets	$ 36,263	$ 29,109	$ 23,768

Asset Quality Information

	As of		
($ in thousands)	December 31, 2012	September 30, 2012	December 31, 2011
Nonperforming assets:			
Nonaccrual loans	$ 49,153	$ 38,892	$ 26,373
Other real estate owned	—	2,642	3,681
Total nonperforming assets	$ 49,153	$ 41,534	$ 30,054
Nonperforming assets to total assets	0.14%	0.13%	0.11%
Accruing loans 90 days or more past due	$ —	$ 970	$ —
Restructured accruing loans	$ 12,398	$ 12,277	$ 6,674

	Three Months Ended December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
($ in thousands)	2012	2011	2012	2012	2011
Net loan charge-offs to allowance for loan losses	$ 315	$ 1,350	$ 554	$ 1,660	$ 3,025
Net loan charge-offs to average total loans [3]	0.01%	0.03%	0.01%	0.01%	0.02%

	Average Balance Sheet				
	Three Months Ended December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
($ in thousands)	2012	2011	2012	2012	2011
Assets:					
Cash equivalents	$ 880,708	$ 1,820,229	$ 1,049,210	$ 1,022,996	$ 2,038,407
Securities purchased under agreements to resell	26,047	4,912	13,139	19,504	6,425
Investment securities [8]	3,487,204	2,671,429	3,302,354	3,223,667	1,909,515
Loans [9]	27,232,372	21,656,992	25,980,676	25,106,210	19,930,099
Total interest-earning assets	31,626,331	26,153,562	30,345,379	29,372,377	23,884,446
Noninterest-earning assets	1,967,146	1,621,175	1,877,610	1,854,268	1,429,815
Total Assets	$ 33,593,477	$ 27,774,737	$ 32,222,989	$ 31,226,645	$ 25,314,261
Liabilities and Equity:					
Checking	$ 13,351,861	$ 9,198,227	$ 12,140,060	$ 11,515,255	$ 7,313,369
Money market checking and savings	10,095,930	8,881,723	9,928,506	9,691,658	8,610,827
CDs [9]	3,090,586	4,502,482	3,281,567	3,398,532	5,087,128
Total deposits	26,538,377	22,582,432	25,350,133	24,605,445	21,011,324
FHLB advances	3,160,696	2,102,174	3,150,000	2,995,995	1,500,274
Subordinated notes [9]	—	66,039	54,309	45,985	67,036
Debt related to variable interest entity	59,365	71,105	56,701	59,577	35,397
Total borrowings	3,220,061	2,239,318	3,261,010	3,101,557	1,602,707
Total interest-bearing liabilities	29,758,438	24,821,750	28,611,143	27,707,002	22,614,031
Noninterest-bearing liabilities	533,589	392,236	483,522	464,605	277,929
Common equity	2,888,338	2,483,491	2,778,799	2,736,239	2,341,751
Preferred equity	413,112	—	349,525	290,675	—
Noncontrolling interests	—	77,260	—	28,124	80,550
Total Liabilities and Equity	$ 33,593,477	$ 27,774,737	$ 32,222,989	$ 31,226,645	$ 25,314,261

[8] Includes FHLB stock.

[9] Average balances are presented net of purchase accounting discounts or premiums.

Purchase Accounting Accretion and Amortization

The following table presents the impact of purchase accounting for the periods indicated:

($ in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Accretion/amortization to net interest income:					
Loans	$ 36,746	$ 48,936	$ 41,351	$ 162,018	$ 184,921
Deposits	4,342	10,744	4,724	22,239	54,572
Borrowings	—	675	576	1,942	2,663
Total	$ 41,088	$ 60,355	$ 46,651	$ 186,199	$ 242,156
Noninterest income:					
Gain on sale of loans	$ —	$ —	$ —	$ —	$ 3,827
Loan commitments	—	109	171	255	1,472
Total	$ —	$ 109	$ 171	$ 255	$ 5,299
Amortization to noninterest expense:					
Intangible assets	$ 4,927	$ 5,444	$ 5,087	$ 20,472	$ 22,723

Use of Non-GAAP Financial Measures

Our accounting and reporting policies conform to generally accepted accounting principles in the United States (“GAAP”) and the prevailing practices in the banking industry. However, due to the application of purchase accounting, management uses certain non-GAAP measures and ratios that exclude the impact of these items to evaluate our performance, including net income, earnings per share, net interest margin and the efficiency ratio.

Our net income, earnings per share, net interest margin and efficiency ratio were significantly impacted by accretion and amortization of the fair value adjustments recorded in purchase accounting. The accretion and amortization affect our net income, earnings per share and certain operating ratios as we accrete loan discounts to interest income; accrete discounts on loan commitments to noninterest income; recognize discounts established in purchase accounting on the sale of loans, which increase gain on sale of loans; amortize premiums on liabilities such as CDs and subordinated notes to interest expense; and amortize intangible assets to noninterest expense. In addition, earnings per share for the twelve months ended December 31, 2012 were impacted following the redemption of the First Republic Preferred Capital Corporation (“FRPCC”) Series D preferred stock in the second quarter of 2012 due to the $13.2 million difference between the liquidation preference and the carrying value established in purchase accounting.

We believe these non-GAAP measures and ratios, when taken together with the corresponding GAAP measures and ratios, provide meaningful supplemental information regarding our performance. Our management uses, and believes that investors benefit from referring to, these non-GAAP measures and ratios in assessing our operating results and related trends and when planning and forecasting future periods. However, these non-GAAP measures and ratios should be considered in addition to, and not as a substitute for or preferable to, ratios prepared in accordance with GAAP. In the tables below, we have provided a reconciliation of, where applicable, the most comparable GAAP financial measures and ratios to the non-GAAP financial measures and ratios, or a reconciliation of the non-GAAP calculation of the financial measure for the periods indicated:

(in thousands, except per share amounts)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Non-GAAP earnings					
Net income	$ 110,111	$ 90,691	$ 102,696	$ 402,472	$ 352,088
Accretion / amortization added to net interest income	(41,088)	(60,355)	(46,651)	(186,199)	(242,156)
Discounts recognized in gain on sale of loans	—	—	—	—	(3,827)
Accretion added to noninterest income	—	(109)	(171)	(255)	(1,472)
Amortization of intangible assets	4,927	5,444	5,087	20,472	22,723
Add back tax impact of the above items	15,368	23,384	17,737	70,542	95,512
Non-GAAP net income	89,318	59,055	78,698	307,032	222,868
Dividends on preferred stock	(6,534)	—	(5,667)	(18,743)	—
Redemption of FRPCC preferred stock	—	—	—	(13,200)	—
Impact of FRPCC preferred stock redemption	—	—	—	13,200	—
Non-GAAP net income available to common shareholders	$ 82,784	$ 59,055	$ 73,031	$ 288,289	$ 222,868
GAAP earnings per common share - diluted	$ 0.77	$ 0.68	$ 0.72	$ 2.76	$ 2.65
Impact of purchase accounting, net of tax	(0.16)	(0.24)	(0.18)	(0.71)	(0.97)
Impact of FRPCC preferred stock redemption	—	—	—	0.10	—
Non-GAAP earnings per common share - diluted	$ 0.61	$ 0.44	$ 0.54	$ 2.15	$ 1.68
Weighted average diluted common shares outstanding	134,731	132,939	134,374	134,189	132,724

($ in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Net interest margin					
Net interest income	$ 302,334	$ 285,537	$ 298,821	$ 1,173,020	$ 1,065,739
Add: Tax-equivalent adjustment	18,121	13,231	17,007	66,114	39,964
Net interest income (tax-equivalent basis)	320,455	298,768	315,828	1,239,134	1,105,703
Less: Accretion / amortization	(41,088)	(60,355)	(46,651)	(186,199)	(242,156)
Non-GAAP net interest income (tax-equivalent basis)	$ 279,367	$ 238,413	$ 269,177	$ 1,052,935	$ 863,547
Average interest-earning assets	$ 31,626,331	$ 26,153,562	$ 30,345,379	$ 29,372,377	$ 23,884,446
Add: Average unamortized loan discounts	358,084	528,104	396,197	418,583	595,378
Average interest-earning assets (non-GAAP)	$ 31,984,415	$ 26,681,666	$ 30,741,576	$ 29,790,960	$ 24,479,824
Net interest margin – reported	4.02%	4.53%	4.13%	4.22%	4.63%
Net interest margin (non-GAAP)	3.46%	3.55%	3.47%	3.53%	3.53%

($ in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Efficiency ratio					
Net interest income	$ 302,334	$ 285,537	$ 298,821	$ 1,173,020	$ 1,065,739
Less: Accretion / amortization	(41,088)	(60,355)	(46,651)	(186,199)	(242,156)
Net interest income (non-GAAP)	$ 261,246	$ 225,182	$ 252,170	$ 986,821	$ 823,583
Noninterest income	$ 55,611	$ 29,402	$ 43,839	$ 168,734	$ 117,930
Less: Accretion of discounts on loan commitments	—	(109)	(171)	(255)	(1,472)
Discounts recognized in gain on sale of loans	—	—	—	—	(3,827)
Noninterest income (non-GAAP)	$ 55,611	$ 29,293	$ 43,668	$ 168,479	$ 112,631
Total revenue	$ 357,945	$ 314,939	$ 342,660	$ 1,341,754	$ 1,183,669
Total revenue (non-GAAP)	$ 316,857	$ 254,475	$ 295,838	$ 1,155,300	$ 936,214
Noninterest expense	$ 183,144	$ 158,001	$ 178,390	$ 697,844	$ 576,608
Less: Intangible amortization	(4,927)	(5,444)	(5,087)	(20,472)	(22,723)
Noninterest expense (non-GAAP)	$ 178,217	$ 152,557	$ 173,303	$ 677,372	$ 553,885
Efficiency ratio	51.2%	50.2%	52.1%	52.0%	48.7%
Efficiency ratio (non-GAAP)	56.2%	59.9%	58.6%	58.6%	59.2%

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