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Press Release

FOR IMMEDIATE RELEASE

FIRST REPUBLIC BANK REPORTS RECORD EARNINGS

San Francisco, California, October 17, 2012 – First Republic Bank (NYSE: FRC) today announced financial results for the third quarter and nine months ended September 30, 2012.

"We are very pleased with the continued stability and strength of our earnings, including mortgage banking results," said Jim Herbert, Chairman and Chief Executive Officer of First Republic Bank. "Credit quality remains excellent, our capital ratios are strong and we have effectively managed our core net interest margin and efficiency ratio."

Financial Highlights

- Book value per share increased by 4% during the quarter and 15% year over year to $21.48.
- Tier 1 leverage ratio increased to 9.33%, up from 8.95% a year ago.
- Asset quality remains very strong; nonperforming assets were only 13 basis points of total assets.
- Net income was $102.7 million for the third quarter of 2012, compared to $87.8 million for last year's third quarter, up 17%. Diluted earnings per share ("EPS") were $0.72 for the third quarter of 2012, compared to $0.66 for last year's third quarter.
- Excluding the impact of purchase accounting, net income for the third quarter of 2012 was $78.7 million, up 43% from last year's third quarter. On this non-GAAP basis, the third quarter diluted EPS were $0.54, up 29% year over year. (1)
- Net income was $292.4 million for the nine months ended September 30, 2012, an increase of 12% compared to the same period in 2011, and diluted EPS were $1.99 compared to $1.97 for the same period in 2011.
- Excluding the impact of purchase accounting and the one-time charge on redemption of preferred stock in the second quarter of 2012, diluted EPS for the nine months ended September 30, 2012 were $1.53, up 24% compared to $1.23 for the same period in 2011. (1)

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

- Net interest margin was 4.13% for the quarter, compared to 4.27% for the prior quarter and 4.48% for last year's third quarter.
- Excluding the impact of purchase accounting, the net interest margin was 3.47% for the quarter, compared to 3.48% for the prior quarter and 3.41% for last year's third quarter. [(1)]
- The efficiency ratio was 52.1% for the third quarter of 2012, compared to 52.4% for the prior quarter and 48.4% for last year's third quarter.
- Excluding the impact of purchase accounting, the efficiency ratio was 58.6% for this quarter, improving from 60.5% for the prior quarter and 58.8% for last year's third quarter. [(1)]
- Loan originations were $4.0 billion for the third quarter of 2012, slightly above the prior quarter; for the nine months ended September 30, 2012, loan originations were $11.2 billion.
- Loans sold were $774 million for the quarter and pre-tax net gains on sales were $12.5 million, compared to sales of $436 million and net gains of $4.8 million in the prior quarter.
- Loans outstanding were $26.9 billion at September 30, 2012, up 5% for the quarter.
- Deposits were $25.7 billion at September 30, 2012, up 6% for the quarter.
- Wealth management assets were $24.8 billion at September 30, 2012, up 7% for the quarter and 22% since year-end.

"First Republic continues to deliver strong results across the franchise," said President and Chief Operating Officer, Katherine August-deWilde. "We're building on the accelerating economic momentum in our coastal, urban markets. In particular, we're pleased that the continuing high quality of our home loans is allowing us to sell into the secondary market with excellent execution."

Asset Quality Remains Very Strong

The Bank's credit quality remains strong. At September 30, 2012, nonperforming assets were only 13 basis points of total assets.

During the third quarter of 2012, the Bank recorded additional provisions for loan losses of $16.5 million. The Bank's provision for loan losses is related primarily to loans outstanding that have been originated since July 1, 2010. At September 30, 2012, the allowance related to these loans totaled $96.6 million, or 0.56% of such loans.

Net charge-offs were $554,000 (1 basis point, annualized, of average loans) for the third quarter of 2012 and $1.3 million for the nine months ended September 30, 2012.

Continued Capital Strength

The Bank's Tier 1 leverage ratio at September 30, 2012 was 9.33%, compared to 8.95% a year ago. The Bank continues to exceed all current regulatory guidelines for well-capitalized institutions.

Strong Book Value Growth

Book value per share was $21.48 at September 30, 2012, up 15% from a year ago.

Quarterly Cash Dividend Declared

The Bank has declared a quarterly cash dividend on its common stock of $0.10 per share. The dividend is payable on November 15, 2012 to shareholders of record on November 1, 2012.

Continued Franchise Development

Assets

Total assets at September 30, 2012 were $32.6 billion. During the first nine months of 2012, loans increased $3.8 billion, of which 60% was in single family loans and related home equity lines of credit; investment securities have increased $428 million in 2012.

Deposit mix continues to improve

At September 30, 2012, checking and savings accounts were 88% of total deposits, compared to 82% at year-end. The contractual rate paid on all deposits averaged 0.29% for the third quarter of 2012, compared to 0.38% for the prior quarter, with the reduction in the average rate paid coming both from an improved deposit mix and reduced rates paid on deposits.

At September 30, 2012, 96% of deposits were core deposits. [2]

Wealth management expansion

Total wealth management assets were $24.8 billion at September 30, 2012, up 7% for the quarter and 22% since year-end. Wealth management assets include investment management assets of $10.8 billion, brokerage assets and money market mutual funds of $9.2 billion, and trust and custody assets of $4.9 billion.

Wealth management fees earned, including investment advisory, trust and brokerage fees, were up 18% in the third quarter of 2012 compared to last year's third quarter and were up 20% for the first nine months of 2012 compared to the prior year.

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

Mortgage banking activity strong

The Bank sold $774 million of primarily longer-term, fixed-rate home loans during the third quarter of 2012 and recorded net gains of $12.5 million. By comparison, during the prior quarter, the Bank sold $436 million of loans and recorded net gains of $4.8 million. The higher level of gain on sales resulted from a higher volume of loans sold and improved pricing on loans sold. For the nine months ended September 30, 2012, the Bank sold $1.8 billion of loans and recorded net gains of $21.1 million, compared to loan sales of $677 million and net gains of $6.1 million for the same period last year.

At September 30, 2012, the carrying value of mortgage servicing rights ("MSRs") was $16.4 million, or 38 basis points of such loans serviced. Low interest rates and rapid loan repayments have resulted in continuing impairment charges on MSRs.

Loans serviced for investors totaled $4.3 billion at September 30, 2012, up 14% compared to $3.8 billion at September 30, 2011.

Income Statement and Key Ratio Summary

Strong revenues

Total revenues were $342.7 million for the third quarter of 2012, compared to $327.2 million for the prior quarter and $299.2 million for last year's third quarter, a 15% increase from a year ago.

Excluding the impact of purchase accounting, revenues were $295.8 million for the third quarter of 2012, compared to $275.1 million for the prior quarter and $236.7 million for the third quarter of 2011, an 8% increase over the prior quarter and a 25% increase from a year ago. (1)

Net interest income growth

Net interest income was $298.8 million for the third quarter of 2012, compared to $290.6 million for the prior quarter and $268.9 million for the third quarter a year ago.

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 (contractual net interest income) was $252.2 million for the third quarter of 2012, compared to $238.4 million for the prior quarter and $206.6 million for the third quarter of 2011, up 6% over the prior quarter and up 22% from a year ago. (1)

Net interest margin

The Bank's net interest margin was 4.13% for the third quarter of 2012, compared to 4.27% for the second quarter of 2012 and 4.48% for the third quarter a year ago.

Excluding the impact of purchase accounting, net interest margin (contractual net interest margin) was 3.47% for the third quarter of 2012, compared to 3.48% for the prior quarter and up from 3.41% for the third quarter a year ago. (1)

The contractual net interest margin remained stable compared to the prior quarter as lower deposit costs and the investment of more cash largely offset declines in contractual loan yields.

Noninterest income

Noninterest income for the third quarter of 2012 was $43.8 million, up 20% compared to $36.6 million for the prior quarter and up 45% compared to $30.3 million for the third quarter a year ago. For the nine months ended September 30, 2012, noninterest income was $113.1 million, up 28% compared to $88.5 million for the same period in 2011. These increases were primarily due to increases in investment advisory, trust and foreign exchange fees and gain on sale of loans, partially offset by a decline in net loan servicing fees.

Noninterest expense

Noninterest expense for the third quarter of 2012 was $178.4 million, compared to $171.6 million for the prior quarter and $144.8 million for the third quarter a year ago, a 4% increase over the prior quarter and a 23% increase year over year. 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 52.1% for the third quarter of 2012, compared to 52.4% for the second quarter of 2012 and 48.4% for the third quarter a year ago. For the nine months ended September 30, 2012 and 2011, the efficiency ratio was 52.3% and 48.2%, respectively.

Excluding the impact of purchase accounting, the Bank's efficiency ratio was 58.6% for the third quarter of 2012, compared to 60.5% for the second quarter of 2012 and 58.8% for the third quarter a year ago. For the nine months ended September 30, 2012 and 2011, the efficiency ratio was 59.5% and 58.9%, respectively. (1)

Income tax rate

The Bank provides for income taxes based on an estimate of earnings and tax preference items for each calendar year. The Bank's effective tax rate for the three and nine months ended September 30, 2012 was 30.5% and represents the current estimated tax rate for the full year 2012.

Conference Call Details

First Republic Bank's third quarter 2012 earnings conference call is scheduled for October 17, 2012 at 11:00 a.m. PDT / 2:00 p.m. EDT. To listen to the live call by telephone, please dial (877) 882-8809 approximately 10 minutes prior to the start time (to allow time for registration) and use conference ID #37414610. 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 October 17, 2012, at 2:00 p.m. PDT / 5:00 p.m. EDT, through October 24, 2012, at 8:59 p.m. PDT / 11:59 p.m. EDT. To access the replay, dial (855) 859-2056 (U.S.) and use conference ID #37414610. 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 September 30, 2012	Three Months Ended September 30, 2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Interest income:					
Interest on loans	$ 295,045	$ 278,770	$ 291,040	$ 865,759	$ 816,278
Interest on investments	31,638	19,962	30,265	90,762	47,840
Interest on cash equivalents	653	1,609	822	2,098	4,078
Total interest income	327,336	300,341	322,127	958,619	868,196
Interest expense:					
Interest on customer deposits	13,584	21,573	16,678	45,249	65,640
Interest on FHLB advances and other borrowings	14,492	9,295	14,302	41,139	20,636
Interest on subordinated notes	439	567	550	1,545	1,718
Total interest expense	28,515	31,435	31,530	87,933	87,994
Net interest income	298,821	268,906	290,597	870,686	780,202
Provision for loan losses	16,505	15,531	14,875	46,232	36,170
Net interest income after provision for loan losses	282,316	253,375	275,722	824,454	744,032
Noninterest income:					
Investment advisory fees	15,376	12,663	14,674	42,749	35,133
Brokerage and investment fees	2,346	2,776	2,667	7,778	7,277
Trust fees	2,376	1,588	2,185	6,334	5,008
Foreign exchange fee income	3,297	2,690	2,639	8,357	6,937
Deposit customer fees	3,522	3,786	3,445	10,248	11,199
Loan servicing fees, net	(2,916)	(400)	(704)	(5,524)	173
Loan and related fees	1,514	1,501	1,465	4,462	3,150
Gain on sale of loans	12,547	1,301	4,754	21,110	6,082
Income from investments in life insurance	4,985	3,536	5,618	15,974	11,358
Other income (loss)	792	824	(104)	1,635	2,211
Total noninterest income	43,839	30,265	36,639	113,123	88,528
Noninterest expense:					
Salaries and related benefits	87,204	67,780	81,533	251,244	200,734
Occupancy	21,229	17,088	20,690	61,814	49,014
Information systems	18,843	14,905	17,746	52,763	41,630
Advertising and marketing	5,953	6,883	7,144	19,059	20,245
FDIC and other deposit assessments	6,400	5,161	5,902	17,702	18,358
Professional fees	5,263	4,205	5,453	14,994	11,648
Amortization of intangibles	5,087	5,602	5,170	15,545	17,279
Tax credit investments	5,348	3,162	4,521	15,119	6,240
Other expenses	23,063	20,003	23,396	66,460	53,459
Total noninterest expense	178,390	144,789	171,555	514,700	418,607
Income before provision for income taxes	147,765	138,851	140,806	422,877	413,953
Provision for income taxes	45,069	49,986	42,274	128,978	149,023
Net income before noncontrolling interests	102,696	88,865	98,532	293,899	264,930
Less: Net income from noncontrolling interests	—	1,072	625	1,538	3,533
First Republic Bank net income	102,696	87,793	97,907	292,361	261,397
Dividends on preferred stock	5,667	—	4,091	12,209	—
Redemption of preferred stock	—	—	13,200	13,200	—
Net income available to common stockholders	$ 97,029	$ 87,793	$ 80,616	$ 266,952	$ 261,397
Basic earnings per common share	$ 0.75	$ 0.68	$ 0.62	$ 2.06	$ 2.03
Diluted earnings per common share	$ 0.72	$ 0.66	$ 0.60	$ 1.99	$ 1.97
Dividends per common share	$ 0.10	$ —	$ —	$ 0.10	$ —
Weighted average shares - basic	130,194	129,207	129,890	129,862	128,976
Weighted average shares - diluted	134,374	132,437	134,002	134,004	132,683

CONSOLIDATED BALANCE SHEET

($ in thousands)	As of September 30, 2012	As of June 30, 2012	As of December 31, 2011	As of September 30, 2011
ASSETS				
Cash and cash equivalents	$ 877,758	$ 800,818	$ 630,780	$ 2,064,245
Securities purchased under agreements to resell	23,348	19,330	4,890	4,890
Investment securities available-for-sale	798,874	782,098	722,280	558,832
Investment securities held-to-maturity	2,448,888	2,323,241	2,097,198	1,709,782
Loans:				
Single family (1-4 units)	16,018,135	15,192,602	13,538,218	12,759,861
Home equity lines of credit	1,887,444	1,934,143	1,878,969	1,829,992
Commercial real estate	2,813,805	2,719,024	2,504,791	2,429,259
Multifamily (5+ units)	2,767,405	2,631,934	2,437,169	2,272,048
Single family construction	234,399	209,156	183,863	185,652
Multifamily/commercial construction	151,632	129,159	122,885	98,568
Commercial business loans	2,236,039	2,036,005	1,656,795	1,439,357
Other secured	374,820	345,117	260,598	187,664
Unsecured loans and lines of credit	216,380	163,942	132,973	122,567
Stock secured	122,543	99,346	103,208	92,403
Total unpaid principal balance	26,822,602	25,460,428	22,819,469	21,417,371
Net unaccreted discount	(368,893)	(410,197)	(493,895)	(542,319)
Net deferred fees and costs	19,723	17,780	10,020	8,894
Allowance for loan losses	(113,000)	(97,049)	(68,113)	(53,304)
Loans, net	26,360,432	24,970,962	22,267,481	20,830,642
Loans held for sale	63,469	63,957	305,881	59,374
Investments in life insurance	695,240	620,085	585,956	486,101
Tax credit investments	475,352	419,968	330,447	233,427
Prepaid expenses and other assets	534,463	686,096	548,395	530,268
Premises, equipment and leasehold improvements, net	133,344	128,481	118,365	112,562
Goodwill	24,604	24,604	24,604	24,604
Other intangible assets	121,369	126,456	134,574	140,018
Mortgage servicing rights	16,387	17,415	17,269	20,089
Other real estate owned	2,642	3,490	3,681	3,533
Total Assets	$ 32,576,170	$ 30,987,001	$ 27,791,801	$ 26,778,367
LIABILITIES AND EQUITY				
Liabilities:				
Customer deposits:				
Noninterest-bearing accounts	$ 8,371,083	$ 7,546,456	$ 6,115,571	$ 5,242,610
Interest-bearing checking accounts	4,151,311	3,765,848	3,675,813	2,794,413
Money Market (MM) checking accounts	3,948,693	3,645,809	3,139,448	3,454,128
MM savings and passbooks	6,031,228	5,876,837	5,520,558	5,424,025
Certificates of deposit	3,201,763	3,380,353	4,007,869	4,854,864
Total customer deposits	25,704,078	24,215,303	22,459,259	21,770,040
FHLB advances	3,150,000	3,150,000	2,200,000	2,100,000
Subordinated notes	—	64,346	65,711	66,386
Debt related to variable interest entity	61,221	53,581	63,259	21,891
Other liabilities	498,469	447,158	408,550	330,931
Total Liabilities	29,413,768	27,930,388	25,196,779	24,289,248
Equity:				
First Republic Bank stockholders' equity:				
Preferred stock	349,525	349,525	—	—
Common stock	1,309	1,305	1,294	1,293
Additional paid-in capital	2,023,338	2,012,857	2,020,832	2,014,020
Retained earnings	761,498	677,573	494,450	403,759
Accumulated other comprehensive income (loss)	26,732	15,353	1,186	(7,213)
Total First Republic Bank stockholders' equity	3,162,402	3,056,613	2,517,762	2,411,859
Noncontrolling interests	—	—	77,260	77,260
Total Equity	3,162,402	3,056,613	2,595,022	2,489,119
Total Liabilities and Equity	$ 32,576,170	$ 30,987,001	$ 27,791,801	$ 26,778,367

($ in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Operating Information					
Loans originated	$ 4,040,844	$ 2,628,081	$ 3,963,579	$ 11,160,949	$ 6,926,460
Loans sold	$ 774,230	$ 171,493	$ 435,786	$ 1,762,066	$ 676,532
Net income to average assets [3]	1.27%	1.33%	1.29%	1.28%	1.43%
Net income available to common stockholders to average common equity [3]	13.89%	14.61%	12.07%	13.28%	15.23%
Dividend payout ratio	13.8%	—	—	—	—
Efficiency ratio [4]	52.1%	48.4%	52.4%	52.3%	48.2%
Efficiency ratio (non-GAAP) [4], [5]	58.6%	58.8%	60.5%	59.5%	58.9%
Yields/Rates [3]					
Cash and cash equivalents	0.25%	0.26%	0.26%	0.26%	0.26%
Securities purchased under agreements to resell	0.13%	0.00%	0.13%	0.12%	0.04%
Investment securities [6]	5.54%	5.50%	5.57%	5.59%	5.77%
Loans [6]	4.54%	5.50%	4.83%	4.75%	5.62%
Total interest-earning assets	4.50%	4.99%	4.71%	4.67%	5.14%
Checking	0.01%	0.04%	0.02%	0.02%	0.04%
Money market checking and savings	0.17%	0.38%	0.29%	0.22%	0.43%
CDs	1.09%	0.97%	1.09%	1.07%	0.91%
Total deposits	0.21%	0.40%	0.28%	0.25%	0.43%
FHLB advances	1.80%	1.78%	1.80%	1.83%	2.10%
Other borrowings	2.49%	3.03%	2.58%	2.57%	2.89%
Total borrowings	1.82%	1.83%	1.83%	1.86%	2.15%
Total interest-bearing liabilities	0.40%	0.53%	0.47%	0.43%	0.54%
Net interest spread	4.10%	4.46%	4.24%	4.24%	4.60%
Net interest margin	4.13%	4.48%	4.27%	4.26%	4.63%
Net interest margin (non-GAAP) [5]	3.47%	3.41%	3.48%	3.53%	3.49%

[3] 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 separates our loan portfolio as of September 30, 2012 between loans acquired on July 1, 2010 and loans originated since July 1, 2010:

	Composition of Loan Portfolio		
($ in thousands)	Loans acquired on July 1, 2010	Loans originated since July 1, 2010	Total loans at September 30, 2012
Single family (1-4 units)	$ 5,662,354	$ 10,355,781	$ 16,018,135
Home equity lines of credit	1,096,467	790,977	1,887,444
Commercial real estate	1,378,047	1,435,758	2,813,805
Multifamily (5+ units)	897,549	1,869,856	2,767,405
Single family construction	16,868	217,531	234,399
Multifamily/commercial construction	12,811	138,821	151,632
Commercial business loans	491,866	1,744,173	2,236,039
Other secured	63,864	310,956	374,820
Unsecured loans and lines of credit	44,783	171,597	216,380
Stock secured	13,145	109,398	122,543
Total unpaid principal balance	9,677,754	17,144,848	26,822,602
Net unaccreted discount	(368,175)	(718)	(368,893)
Net deferred fees and costs	(7,999)	27,722	19,723
Allowance for loan losses	(16,415)	(96,585)	(113,000)
Loans, net	$ 9,285,165	$ 17,075,267	$ 26,360,432

(in thousands, except per share amounts)	As of September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
Book Value				
Number of shares of common stock outstanding	130,950	130,532	129,372	129,259
Book value per common share	$ 21.48	$ 20.74	$ 19.46	$ 18.66
Tangible book value per common share	$ 20.37	$ 19.58	$ 18.23	$ 17.39
Capital Ratios				
Tier 1 leverage ratio	9.33%	9.55%	8.81%	8.95%
Tier 1 common equity ratio (7)	11.98%	12.03%	12.84%	13.36%
Tier 1 risk-based capital ratio	13.57%	13.68%	13.25%	13.81%
Total risk-based capital ratio	14.12%	14.17%	13.65%	14.15%

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

($ in millions)	As of September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
Assets Under Management				
First Republic Investment Management	$ 10,782	$ 9,918	$ 7,940	$ 7,390
Brokerage and Investment:				
Brokerage	8,499	7,663	6,806	6,529
Money Market Mutual Funds	658	779	1,037	580
Total Brokerage and Investment	9,157	8,442	7,843	7,109
Trust Company:				
Trust	2,053	2,196	1,963	1,868
Custody	2,841	2,734	2,641	2,100
Total Trust Company	4,894	4,930	4,604	3,968
Total Wealth Management Assets	24,833	23,290	20,387	18,467
Loans serviced for investors	4,276	3,827	3,381	3,751
Total fee-based assets	$ 29,109	$ 27,117	$ 23,768	$ 22,218

Asset Quality Information

($ in thousands)	As of September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
Nonperforming assets:				
Nonaccrual loans	$ 38,892	$ 28,595	$ 26,373	$ 27,843
Other real estate owned	2,642	3,490	3,681	3,533
Total nonperforming assets	$ 41,534	$ 32,085	$ 30,054	$ 31,376
Nonperforming assets to total assets	0.13%	0.10%	0.11%	0.12%
Accruing loans 90 days or more past due	$ 970	$ —	$ —	$ —
Restructured performing loans	$ 7,984	$ 7,978	$ 6,674	$ 5,169

	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
($ in thousands)	2012	2011	2012	2012	2011
Net loan charge-offs to allowance for loan losses	$ 554	$ 427	$ 244	$ 1,345	$ 1,675
Net loan charge-offs to average total loans (annualized)	0.01%	0.01%	0.00%	0.01%	0.01%

($ in thousands)	Average Balance Sheet Three Months Ended September 30, 2012	2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	2011
Assets:					
Cash equivalents	$ 1,049,210	$ 2,424,963	$ 1,251,267	$ 1,070,772	$ 2,111,933
Securities purchased under agreements to resell	13,139	5,979	17,810	17,307	6,935
Investment securities [8]	3,302,354	2,133,224	3,142,539	3,135,180	1,652,753
Loans [9]	25,980,676	20,165,475	24,182,518	24,392,316	19,348,142
Total interest-earning assets	30,345,379	24,729,641	28,594,134	28,615,575	23,119,763
Noninterest-earning assets	1,877,610	1,471,588	1,837,582	1,816,367	1,365,327
Total Assets	$ 32,222,989	$ 26,201,229	$ 30,431,716	$ 30,431,942	$ 24,485,090
Liabilities and Equity:					
Checking	$ 12,140,060	$ 7,406,764	$ 10,792,468	$ 10,898,585	$ 6,678,178
Money market checking and savings	9,928,506	8,947,218	9,480,389	9,555,916	8,519,536
CDs [9]	3,281,567	4,955,129	3,467,158	3,501,930	5,284,152
Total deposits	25,350,133	21,309,111	23,740,015	23,956,431	20,481,866
FHLB advances	3,150,000	2,053,261	3,139,011	2,940,693	1,297,436
Subordinated notes [9]	54,309	66,713	64,680	61,425	67,371
Debt related to variable interest entity	56,701	22,173	59,850	59,648	23,364
Total borrowings	3,261,010	2,142,147	3,263,541	3,061,766	1,388,171
Total interest-bearing liabilities	28,611,143	23,451,258	27,003,556	27,018,197	21,870,037
Noninterest-bearing liabilities	483,522	288,943	447,526	441,444	239,409
Common equity	2,778,799	2,383,768	2,686,401	2,685,169	2,293,985
Preferred equity	349,525	—	247,657	249,565	—
Noncontrolling interests	—	77,260	46,576	37,567	81,659
Total Liabilities and Equity	$ 32,222,989	$ 26,201,229	$ 30,431,716	$ 30,431,942	$ 24,485,090

[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 September 30, 2012	2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	2011
Accretion/amortization to net interest income:					
Loans	$ 41,351	$ 48,903	$ 45,768	$ 125,272	$ 135,985
Deposits	4,724	12,755	5,715	17,897	43,828
Borrowings	576	668	686	1,942	1,988
Total	$ 46,651	$ 62,326	$ 52,169	$ 145,111	$ 181,801
Noninterest income:					
Gain on sale of loans	$ —	$ —	$ —	$ —	$ 3,827
Loan commitments	171	143	15	255	1,363
Total	$ 171	$ 143	$ 15	$ 255	$ 5,190
Amortization to noninterest expense:					
Intangible assets	$ 5,087	$ 5,602	$ 5,170	$ 15,545	$ 17,279

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 are 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 nine months ended September 30, 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, 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:

	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
(in thousands, except per share amounts)	**2012**	**2011**	**2012**	**2012**	**2011**
Non-GAAP earnings					
Net income	$ 102,696	$ 87,793	$ 97,907	$ 292,361	$ 261,397
Accretion / amortization added to net interest income	(46,651)	(62,326)	(52,169)	(145,111)	(181,801)
Discounts recognized in gain on sale of loans	—	—	—	—	(3,827)
Accretion added to noninterest income	(171)	(143)	(15)	(255)	(1,363)
Amortization of intangible assets	5,087	5,602	5,170	15,545	17,279
Add back tax impact of the above items	17,737	24,169	19,981	55,174	72,128
Non-GAAP net income	78,698	55,095	70,874	217,714	163,813
Dividends on preferred stock	(5,667)	—	(4,091)	(12,209)	—
Redemption of FRPCC preferred stock	—	—	(13,200)	(13,200)	—
Impact of FRPCC preferred stock redemption	—	—	13,200	13,200	—
Non-GAAP net income available to common stockholders	$ 73,031	$ 55,095	$ 66,783	$ 205,505	$ 163,813
GAAP earnings per common share - diluted	$ 0.72	$ 0.66	$ 0.60	$ 1.99	$ 1.97
Impact of purchase accounting, net of tax	(0.18)	(0.24)	(0.20)	(0.56)	(0.74)
Impact of FRPCC preferred stock redemption	—	—	0.10	0.10	—
Non-GAAP earnings per common share - diluted	$ 0.54	$ 0.42	$ 0.50	$ 1.53	$ 1.23
Weighted average diluted common shares outstanding	134,374	132,437	134,002	134,004	132,683

($ in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net interest margin					
Net interest income	$ 298,821	$ 268,906	$ 290,597	$ 870,686	$ 780,202
Add: Tax-equivalent adjustment	17,007	10,612	15,943	47,993	26,733
Net interest income (tax-equivalent basis)	315,828	279,518	306,540	918,679	806,935
Less: Accretion / amortization	(46,651)	(62,326)	(52,169)	(145,111)	(181,801)
Non-GAAP net interest income (tax-equivalent basis)	$ 269,177	$ 217,192	$ 254,371	$ 773,568	$ 625,134
Average interest-earning assets	$ 30,345,379	$ 24,729,641	$ 28,594,134	$ 28,615,575	$ 23,119,763
Add: Average unamortized loan discounts	396,197	574,706	439,947	438,897	618,049
Average interest-earning assets (non-GAAP)	$ 30,741,576	$ 25,304,347	$ 29,034,081	$ 29,054,472	$ 23,737,812
Net interest margin – reported	4.13%	4.48%	4.27%	4.26%	4.63%
Net interest margin (non-GAAP)	3.47%	3.41%	3.48%	3.53%	3.49%

($ in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Three Months Ended June 30, 2012	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Efficiency ratio					
Net interest income	$ 298,821	$ 268,906	$ 290,597	$ 870,686	$ 780,202
Less: Accretion / amortization	(46,651)	(62,326)	(52,169)	(145,111)	(181,801)
Net interest income (non-GAAP)	$ 252,170	$ 206,580	$ 238,428	$ 725,575	$ 598,401
Noninterest income	$ 43,839	$ 30,265	$ 36,639	$ 113,123	$ 88,528
Less: Accretion of discounts on loan commitments	(171)	(143)	(15)	(255)	(1,363)
Discounts recognized in gain on sale of loans	—	—	—	—	(3,827)
Noninterest income (non-GAAP)	$ 43,668	$ 30,122	$ 36,624	$ 112,868	$ 83,338
Total revenue	$ 342,660	$ 299,171	$ 327,236	$ 983,809	$ 868,730
Total revenue (non-GAAP)	$ 295,838	$ 236,702	$ 275,052	$ 838,443	$ 681,739
Noninterest expense	$ 178,390	$ 144,789	$ 171,555	$ 514,700	$ 418,607
Less: Intangible amortization	(5,087)	(5,602)	(5,170)	(15,545)	(17,279)
Noninterest expense (non-GAAP)	$ 173,303	$ 139,187	$ 166,385	$ 499,155	$ 401,328
Efficiency ratio	52.1%	48.4%	52.4%	52.3%	48.2%
Efficiency ratio (non-GAAP)	58.6%	58.8%	60.5%	59.5%	58.9%

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