

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

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

Date of Report (Date of earliest event reported): July 16, 2014

FIRST REPUBLIC BANK

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction
of incorporation)

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

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

Attached as Exhibit 99.1 and incorporated into this item by reference is a press release issued by First Republic Bank (the “Bank”) on July 16, 2014, regarding its financial results for the quarter ended June 30, 2014. The information furnished by the Bank pursuant to this item shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Press Release issued by the Bank, dated July 16, 2014, with respect to the Bank’s financial results for the quarter ended June 30, 2014.

SIGNATURES

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

Date: July 16, 2014.

First Republic Bank

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	Press Release issued by the Bank, dated July 16, 2014, with respect to the Bank's financial results for the quarter ended June 30, 2014.



FIRST REPUBLIC REPORTS STRONG QUARTERLY EARNINGS

Core EPS of \$0.69; Wealth Management Assets up 7.8% for the Quarter

San Francisco, California, July 16, 2014 – First Republic Bank (NYSE: FRC) today announced financial results for the quarter ended June 30, 2014.

“We are very pleased with second quarter results. Asset quality remains excellent and capital is very strong,” said Chairman and CEO Jim Herbert. “As we approach \$50 billion in assets, we will incur additional expenses as we build out our infrastructure to meet heightened regulatory standards.”

Quarterly Highlights

Financial Results

- Net income was \$120.8 million.
- Diluted earnings per share (“EPS”) were \$0.76.
- Core net income was \$110.9 million, up 15.7% from second quarter 2013. ⁽¹⁾
- Core diluted EPS were \$0.69, up 7.8%. ⁽¹⁾
- Loans sold totaled \$1.3 billion in the second quarter, compared to \$945.4 million for the same period a year ago.
- Book value per share was \$26.82, up 14.1% from a year ago.
- Core revenues were up 17.2% over the second quarter of last year. ⁽¹⁾
- Core net interest margin was 3.16%, compared to 3.17% for the prior quarter. ⁽¹⁾

Continued Credit and Financial Strength

- Nonperforming assets continued to be extremely low at 11 basis points of total assets.
- Net charge-offs were less than 1 basis point for the quarter.
- New single family loans originated during the quarter had a weighted average loan-to-value (“LTV”) ratio of 61% and borrower average FICO scores of 762.
- New multifamily and commercial real estate loans originated during the quarter had a weighted average LTV ratio of 51% with very strong debt service coverage ratios.
- Tier 1 leverage ratio was 9.73%.

⁽¹⁾ “Core” measures are non-GAAP financial measures that exclude the impact of purchase accounting. See non-GAAP reconciliation under section “Use of Non-GAAP Financial Measures.”

Franchise Development

- Loan originations were \$4.7 billion.
- Loans outstanding totaled \$36.7 billion, up 3.9% for the quarter.
- Deposits were \$35.0 billion, up 4.4% for the quarter.
- Wealth management assets were \$48.7 billion, up 7.8% for the quarter and 33.9% from a year ago.

“Wealth management and business banking had a very good quarter, as we continued deepening relationships with our clients,” said Katherine August de-Wilde, President of First Republic Bank. “We are also pleased to have achieved our highest level of loan sales ever in a quarter.”

Quarterly Cash Dividend Declared

The Bank declared a cash dividend for the second quarter of \$0.14 per share of common stock, which is payable on August 15, 2014 to shareholders of record as of August 1, 2014.

Strong Asset Quality

The Bank’s credit quality remains very strong. Nonperforming assets were 11 basis points of total assets.

Net charge-offs were \$130,000 for the quarter (under 1 basis point of average loans).

In the second quarter, the Bank recorded a provision for loan losses of \$21.8 million. This provision is related primarily to the continued growth in new loans. The allowance related to loans originated since our independence on July 1, 2010 totaled \$172.8 million, or 0.56% of such loans outstanding.

Capital Strength

The Bank’s Tier 1 leverage ratio was 9.73% at June 30, 2014, compared to 9.85% at March 31, 2014. The Tier 1 common equity ratio was 10.93% at June 30, 2014.

Growing Book Value

Book value per common share was \$26.82 at June 30, 2014, up 2.3% for the quarter and up 14.1% from a year ago.

Franchise Development*Composition of Loan Originations*

Loan originations totaled \$4.7 billion for the quarter. Single family and home equity lines of credit originations were \$2.8 billion, or 59% of total originations; 65% of single family home loan originations were for purchases.

Mortgage Banking Activity

Mortgage banking sales volume and profitability were up compared to the second quarter of last year. The Bank sold \$1.3 billion of primarily intermediate-term, fixed-rate home loans during the quarter and recorded net gains of \$14.9 million, or 1.16% of loans sold.

For the first half of 2014, the Bank sold \$1.6 billion of loans, compared to \$2.2 billion for the same period last year. Gains on sale of loans for the first half of 2014 were \$17.7 million, compared to \$34.8 million for the same period a year ago.

Loans serviced for investors totaled \$7.3 billion, up 17.5% from the prior quarter and 20.7% from a year ago primarily due to the increased level of loan sales in 2014. Net servicing income for the quarter was \$2.0 million, compared to \$1.3 million for the same quarter last year. The carrying value of mortgage servicing rights was \$36.1 million, or 50 basis points of such loans serviced.

Expansion of Wealth Management

Wealth management revenues totaled \$42.5 million for the quarter, up 9.6% compared to the prior quarter and up 28.3% compared to last year's second quarter.

Total wealth management assets were \$48.7 billion, up 7.8% for the quarter and up \$7.1 billion, or 17.1%, since year-end. This growth in wealth management assets since year-end was primarily due to net new assets obtained from new and existing clients. Wealth management assets include investment management assets of \$25.1 billion, brokerage assets and money market mutual funds of \$17.2 billion, and trust and custody assets of \$6.3 billion.

Excellent Deposit Results

Total deposits increased to \$35.0 billion, up 4.4% for the quarter and up 24.1% compared to a year ago. At June 30, 2014, 53% of deposits were checking accounts.

The average contractual rate paid on all deposits declined to 0.19% for the quarter, compared to 0.21% for the prior quarter.

Income Statement and Key Ratios***Quarterly Highlights*****Revenue Growth**

Total revenues were \$410.1 million, a 7.4% increase from the prior quarter and a 12.2% increase over the second quarter last year.

Core revenues were \$388.8 million, a 7.3% increase from the prior quarter and a 17.2% increase over the second quarter last year. ⁽¹⁾

Net Interest Income Growth

Net interest income was \$333.2 million, a 3.9% increase from the prior quarter and a 9.9% increase over the second quarter last year.

Core net interest income was \$312.0 million, up 3.6% from the prior quarter and up 15.7% over the second quarter last year. ⁽¹⁾

Net Interest Margin

The Bank's net interest margin was 3.38%, compared to 3.37% for the prior quarter.

The core net interest margin was 3.16%, compared to 3.17% for the prior quarter. ⁽¹⁾

Noninterest Income

Noninterest income was \$76.8 million, a 25.9% increase compared to the prior quarter primarily due to an increase in gain on sale of loans. Noninterest income increased 23.4% over the second quarter last year, primarily due to increases in investment advisory fees and gain on sale of loans.

Noninterest Expense and Efficiency Ratio

Noninterest expense was \$222.7 million, a 2.4% increase over the prior quarter and a 17.9% increase from the second quarter a year ago. The increase in noninterest expense from the prior quarter is attributable to substantially increased professional fees due to regulatory compliance activities, higher advertising and higher information systems costs.

The Bank's efficiency ratio was 54.3%, compared to 57.0% for the prior quarter and 51.7% for the second quarter a year ago.

The Bank's core efficiency ratio was 56.3%, compared to 58.9% for the prior quarter and 55.5% for the second quarter a year ago. ⁽¹⁾

Year-to-Date Highlights*Revenues*

Total revenues for the first six months of the year were \$791.8 million, a 7.6% increase from the same period last year.

Core revenues were \$751.0 million, a 12.4% increase from last year. ⁽¹⁾

Net Interest Income

Net interest income was \$653.9 million, an 8.8% increase from last year.

Core net interest income was \$613.1 million, up 15.0% from last year. ⁽¹⁾

Noninterest Income

Noninterest income was \$137.9 million, a 2.5% increase compared to last year. Noninterest income increased due to increases in investment advisory fees of \$16.9 million and loan servicing fees of \$2.4 million, partially offset by a decrease in gain on sale of loans of \$17.1 million.

Noninterest Expense and Efficiency Ratio

Noninterest expense was \$440.2 million, a 17.3% increase over last year. The increase in noninterest expense is primarily attributable to increased costs related to regulatory compliance, including salaries, professional fees and higher information systems costs.

The Bank's efficiency ratio was 55.6%, compared to 51.0% last year.

The Bank's core efficiency ratio was up to 57.5%, compared to 54.8% last year. ⁽¹⁾

Income Tax Rate

The Bank's effective tax rate for the six months ended June 30, 2014 was 27.0% and represents the current estimated tax rate for the full year 2014. By comparison, the effective tax rate was 30.4% for 2013. The decrease in the effective tax rate results from the steady increase in tax-exempt securities, bank-owned life insurance, tax credit investments and tax-advantaged loans.

Conference Call Details

First Republic Bank's second quarter 2014 earnings conference call is scheduled for July 16, 2014 at 11:00 a.m. PT / 2:00 p.m. ET. 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 #64597321. 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 July 16, 2014, at 2:00 p.m. PT / 5:00 p.m. ET, through July 24, 2014, at 8:59 p.m. PT / 11:59 p.m. ET. To access the replay, dial (855) 859-2056 (U.S.) and use conference ID #64597321. 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

Founded in 1985, First Republic and its subsidiaries offer private banking, private business banking and private wealth management, including investment, trust and brokerage services. First Republic specializes in delivering exceptional, relationship-based service, with a solid commitment to responsiveness and action. Services are offered through preferred banking or wealth management offices primarily in San Francisco, Palo Alto, Los Angeles, Santa Barbara, Newport Beach, San Diego, Portland, Boston, Palm Beach, 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. For more information, visit 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; 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 June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
Interest income:						
Loans	\$ 318,711	\$ 294,215	\$ 307,687	\$ 626,398	\$ 582,308	
Investments	50,811	38,430	48,844	99,655	73,909	
Cash and cash equivalents	781	99	780	1,561	273	
Total interest income	370,303	332,744	357,311	727,614	656,490	
Interest expense:						
Deposits	14,818	13,254	15,231	30,049	24,264	
Borrowings	22,272	16,398	21,377	43,649	31,085	
Total interest expense	37,090	29,652	36,608	73,698	55,349	
Net interest income	333,213	303,092	320,703	653,916	601,141	
Provision for loan losses	21,800	12,653	7,095	28,895	19,131	
Net interest income after provision for loan losses	311,413	290,439	313,608	625,021	582,010	
Noninterest income:						
Investment advisory fees	36,197	27,525	33,308	69,505	52,624	
Brokerage and investment fees	3,393	3,071	3,005	6,398	5,462	
Trust fees	2,860	2,498	2,419	5,279	4,558	
Foreign exchange fee income	5,052	4,639	3,507	8,559	7,726	
Deposit fees	4,637	4,611	4,544	9,181	9,255	
Gain on sale of loans	14,850	8,779	2,845	17,695	34,769	
Loan servicing fees, net	2,008	1,299	1,996	4,004	1,635	
Loan and related fees	1,695	2,109	1,908	3,603	4,021	
Income from investments in life insurance	6,424	5,912	6,975	13,399	11,796	
Other income (loss)	(278)	1,807	505	227	2,672	
Total noninterest income	76,838	62,250	61,012	137,850	134,518	
Noninterest expense:						
Salaries and employee benefits	117,191	98,157	120,585	237,776	200,041	
Occupancy	23,438	22,904	24,105	47,543	44,992	
Information systems	23,161	19,504	21,421	44,582	37,327	
FDIC and other deposit assessments	7,650	6,800	7,444	15,094	13,627	
Professional fees	10,816	5,104	7,216	18,032	8,817	
Advertising and marketing	8,001	6,842	6,014	14,015	12,645	
Amortization of intangibles	5,792	6,643	6,004	11,796	13,499	
Other expenses	26,679	22,905	24,702	51,381	44,445	
Total noninterest expense	222,728	188,859	217,491	440,219	375,393	
Income before provision for income taxes	165,523	163,830	157,129	322,652	341,135	
Provision for income taxes	44,691	51,360	42,425	87,116	106,112	
Net income	120,832	112,470	114,704	235,536	235,023	
Dividends on preferred stock	13,889	9,706	13,889	27,778	17,482	
Net income available to common shareholders	\$ 106,943	\$ 102,764	\$ 100,815	\$ 207,758	\$ 217,541	
Basic earnings per common share	\$ 0.78	\$ 0.78	\$ 0.76	\$ 1.54	\$ 1.66	
Diluted earnings per common share	\$ 0.76	\$ 0.76	\$ 0.73	\$ 1.49	\$ 1.61	
Dividends per common share	\$ 0.14	\$ 0.12	\$ 0.12	\$ 0.26	\$ 0.12	
Weighted average shares—basic	137,279	131,102	132,880	135,091	130,975	
Weighted average shares—diluted	141,473	135,595	137,295	139,392	135,428	

CONSOLIDATED BALANCE SHEET

(\$ in thousands)	As of		
	June 30, 2014	March 31, 2014	June 30, 2013
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,751,017	\$ 1,762,222	\$ 591,738
Securities purchased under agreements to resell	100	28,889	163
Investment securities available-for-sale	1,991,826	1,639,760	1,233,830
Investment securities held-to-maturity	3,380,479	3,337,518	2,793,705
Loans:			
Single family (1-4 units)	20,545,900	19,967,016	17,728,429
Home equity lines of credit	2,055,352	1,979,494	1,891,849
Multifamily (5+ units)	4,366,068	4,231,518	3,597,809
Commercial real estate	3,582,174	3,526,209	3,127,177
Single family construction	348,322	319,904	263,718
Multifamily/commercial construction	363,416	322,505	218,271
Commercial business	4,150,075	3,593,142	3,045,189
Other secured	528,775	427,913	424,060
Unsecured loans and lines of credit	232,800	205,644	283,013
Stock secured	256,106	200,884	114,567
Total unpaid principal balance	36,428,988	34,774,229	30,694,082
Net unaccreted discount	(182,866)	(202,481)	(271,028)
Net deferred fees and costs	29,640	24,331	19,571
Allowance for loan losses	(181,311)	(159,641)	(148,307)
Loans, net	36,094,451	34,436,438	30,294,318
Loans held for sale	236,467	505,445	53,284
Investments in life insurance	878,935	772,216	733,958
Tax credit investments	756,655	742,682	531,930
Prepaid expenses and other assets	708,327	689,397	643,100
Premises, equipment and leasehold improvements, net	162,742	164,507	156,446
Goodwill	106,549	106,549	106,549
Other intangible assets	120,949	126,741	145,393
Mortgage servicing rights	36,079	30,333	28,882
Other real estate owned	4,767	3,200	—
Total Assets	\$ 46,229,343	\$ 44,345,897	\$ 37,313,296
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Deposits:			
Noninterest-bearing checking accounts	\$ 11,285,200	\$ 9,367,439	\$ 7,950,212
Interest-bearing checking accounts	7,416,578	7,773,825	6,000,214
Money Market (MM) checking accounts	5,282,809	5,194,631	4,441,635
MM savings and passbooks	7,460,048	7,617,688	6,378,112
Certificates of deposit	3,589,844	3,614,355	3,458,468
Total Deposits	35,034,479	33,567,938	28,228,641
Short-term borrowings	—	—	370,000
Long-term FHLB advances	5,550,000	5,650,000	4,350,000
Senior notes	399,460	—	—
Debt related to variable interest entities	37,126	41,743	49,126
Other liabilities	618,219	592,181	527,851
Total Liabilities	41,639,284	39,851,862	33,525,618
Shareholders' Equity:			
Preferred stock	889,525	889,525	689,525
Common stock	1,380	1,375	1,318
Additional paid-in capital	2,296,647	2,289,799	2,036,607
Retained earnings	1,386,235	1,298,667	1,041,972
Accumulated other comprehensive income	16,272	14,669	18,256
Total Shareholders' Equity	4,590,059	4,494,035	3,787,678
Total Liabilities and Shareholders' Equity	\$ 46,229,343	\$ 44,345,897	\$ 37,313,296

	Three Months Ended June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
Operating Information						
Net income to average assets ⁽²⁾	1.08%	1.25%	1.07%	1.08%	1.34%	
Net income available to common shareholders to average common equity ⁽²⁾	11.67%	13.36%	12.11%	11.88%	14.46%	
Dividend payout ratio	18.5%	15.8%	16.3%	17.4%	7.5%	
Efficiency ratio ⁽³⁾	54.3%	51.7%	57.0%	55.6%	51.0%	
Efficiency ratio (non-GAAP) ^{(1), (3)}	56.3%	55.5%	58.9%	57.5%	54.8%	
Yields/Rates ⁽²⁾						
Cash and cash equivalents	0.25%	0.22%	0.25%	0.25%	0.23%	
Investment securities ^{(4), (5)}	5.19%	5.08%	5.17%	5.17%	5.08%	
Loans ^{(4), (6)}	<u>3.62%</u>	<u>4.02%</u>	<u>3.65%</u>	<u>3.64%</u>	<u>4.07%</u>	
Total interest-earning assets	3.73%	4.14%	3.74%	3.73%	4.16%	
Checking	0.01%	0.01%	0.02%	0.01%	0.01%	
Money market checking and savings	0.15%	0.19%	0.16%	0.15%	0.15%	
CDs ⁽⁶⁾	<u>1.08%</u>	<u>1.06%</u>	<u>1.06%</u>	<u>1.07%</u>	<u>1.07%</u>	
Total deposits	0.17%	0.20%	0.19%	0.18%	0.18%	
Short-term borrowings	0.00%	0.17%	—%	0.00%	0.19%	
Long-term FHLB advances	1.56%	1.65%	1.56%	1.56%	1.72%	
Senior notes ⁽⁷⁾	2.58%	—%	—%	2.57%	—%	
Debt related to variable interest entities	<u>1.65%</u>	<u>1.79%</u>	<u>1.80%</u>	<u>1.73%</u>	<u>1.76%</u>	
Total borrowings	<u>1.57%</u>	<u>1.40%</u>	<u>1.56%</u>	<u>1.56%</u>	<u>1.43%</u>	
Total interest-bearing liabilities	0.37%	0.37%	0.39%	0.38%	0.36%	
Net interest spread	3.36%	3.77%	3.35%	3.35%	3.80%	
Net interest margin	3.38%	3.79%	3.37%	3.38%	3.83%	
Net interest margin (non-GAAP) ⁽¹⁾	3.16%	3.37%	3.17%	3.16%	3.39%	

⁽²⁾ Ratios are annualized.

⁽³⁾ Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

⁽⁴⁾ Yield is calculated on a tax-equivalent basis.

⁽⁵⁾ Includes FHLB stock and securities purchased under agreements to resell.

⁽⁶⁾ Yield/rate includes accretion/amortization of purchase accounting discounts/premiums.

⁽⁷⁾ Rate includes amortization of issuance costs.

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

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
Mortgage Loan Sales						
Loans sold:						
Agency	\$ 30,478	\$ 199,963	\$ 30,565	\$ 61,043	\$ 365,244	
Non-agency	1,244,621	745,442	315,635	1,560,256	1,798,301	
Total loans sold	<u>\$ 1,275,099</u>	<u>\$ 945,405</u>	<u>\$ 346,200</u>	<u>\$ 1,621,299</u>	<u>\$ 2,163,545</u>	
Gain on sale of loans:						
Amount	\$ 14,850	\$ 8,779	\$ 2,845	\$ 17,695	\$ 34,769	
Gain as a percentage of loans sold	1.16%	0.93%	0.82%	1.09%	1.61%	

The following table presents loan originations, by product type, for the periods indicated:

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
Single family (1-4 units)	\$ 2,349,203	\$ 2,845,928	\$ 1,446,212	\$ 3,795,415	\$ 4,907,836	
Home equity lines of credit	414,356	353,087	326,717	741,073	612,876	
Multifamily (5+ units)	342,038	470,052	386,998	729,036	902,081	
Commercial real estate	187,233	387,108	226,588	413,821	541,628	
Construction	276,200	268,871	151,282	427,482	374,107	
Commercial business	914,805	804,288	469,953	1,384,758	1,176,633	
Other loans	212,364	180,860	213,748	426,112	340,891	
Total loans originated	\$ 4,696,199	\$ 5,310,194	\$ 3,221,498	\$ 7,917,697	\$ 8,856,052	

The following table separates our loan portfolio as of June 30, 2014 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 June 30, 2014
Single family (1-4 units)	\$ 3,321,854	\$ 17,224,046	\$ 20,545,900
Home equity lines of credit	678,454	1,376,898	2,055,352
Multifamily (5+ units)	410,335	3,955,733	4,366,068
Commercial real estate	747,299	2,834,875	3,582,174
Single family construction	5,263	343,059	348,322
Multifamily/commercial construction	1,151	362,265	363,416
Commercial business	344,710	3,805,365	4,150,075
Other secured	35,454	493,321	528,775
Unsecured loans and lines of credit	40,817	191,983	232,800
Stock secured	4,551	251,555	256,106
Total unpaid principal balance	5,589,888	30,839,100	36,428,988
Net unaccreted discount	(182,479)	(387)	(182,866)
Net deferred fees and costs	(5,960)	35,600	29,640
Allowance for loan losses	(8,503)	(172,808)	(181,311)
Loans, net	\$ 5,392,946	\$ 30,701,505	\$ 36,094,451

(in thousands, except per share amounts)	As of				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Book Value					
Number of shares of common stock outstanding	137,977	137,521	132,768	132,179	131,822
Book value per common share	\$ 26.82	\$ 26.21	\$ 24.63	\$ 24.13	\$ 23.50
Tangible book value per common share	\$ 25.17	\$ 24.51	\$ 22.83	\$ 22.27	\$ 21.59
Capital Ratios					
Tier 1 leverage ratio	9.73%	9.85%	9.19%	9.18%	9.83%
Tier 1 common equity ratio ⁽⁸⁾	10.93%	11.12%	10.30%	10.57%	10.87%
Tier 1 risk-based capital ratio	13.74%	14.07%	13.34%	13.06%	13.52%
Total risk-based capital ratio	14.35%	14.64%	13.89%	13.62%	14.12%

⁽⁸⁾ Tier 1 common equity ratio represents common equity less goodwill and intangible assets divided by risk-weighted assets.

(\$ in millions)	As of				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Assets Under Management					
First Republic Investment Management	\$ 25,132	\$ 23,286	\$ 21,812	\$ 20,093	\$ 19,045
Brokerage and Investment:					
Brokerage	16,152	14,474	12,933	11,905	10,784
Money Market Mutual Funds	1,092	1,224	941	870	929
Total Brokerage and Investment	17,244	15,698	13,874	12,775	11,713
Trust Company:					
Trust	3,149	3,173	3,013	2,857	2,822
Custody	3,143	2,985	2,879	2,510	2,766
Total Trust Company	6,292	6,158	5,892	5,367	5,588
Total Wealth Management Assets	48,668	45,142	41,578	38,235	36,346
Loans serviced for investors	7,283	6,198	6,000	5,957	6,036
Total fee-based assets	\$ 55,951	\$ 51,340	\$ 47,578	\$ 44,192	\$ 42,382

Asset Quality Information

(\$ in thousands)	As of				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Nonperforming assets:					
Nonaccrual loans	\$ 47,373	\$ 52,109	\$ 54,492	\$ 51,847	\$ 62,824
Other real estate owned	4,767	3,200	3,200	3,353	—
Total nonperforming assets	\$ 52,140	\$ 55,309	\$ 57,692	\$ 55,200	\$ 62,824
Nonperforming assets to total assets	0.11%	0.12%	0.14%	0.13%	0.17%
Accruing loans 90 days or more past due	\$ —	\$ —	\$ —	\$ —	\$ —
Restructured accruing loans	\$ 18,453	\$ 18,278	\$ 19,984	\$ 19,950	\$ 18,766

(\$ in thousands)	Three Months Ended		Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	March 31, 2014	March 31, 2013	June 30, 2014	June 30, 2013
Net loan charge-offs to allowance for loan losses	\$ 130	\$ 446	\$ 459	\$ 589	\$ 713	\$ 713
Net loan charge-offs to average total loans ⁽²⁾	0.001%	0.006%	0.005%	0.003%	0.005%	0.005%

(\$ in thousands)	Average Balance Sheet				
	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2014	2013	2014	2014	2013
Assets:					
Cash and cash equivalents	\$ 1,229,510	\$ 178,482	\$ 1,245,562	\$ 1,237,491	\$ 242,666
Investment securities ⁽⁹⁾	5,456,367	4,225,274	5,283,388	5,370,356	4,118,915
Loans ⁽¹⁰⁾	35,792,956	29,541,707	34,479,799	35,140,005	28,993,689
Total interest-earning assets	42,478,833	33,945,463	41,008,749	41,747,852	33,355,270
Noninterest-earning cash	227,488	240,514	218,288	222,914	241,373
Goodwill and other intangibles	230,303	255,162	236,210	233,240	258,523
Other assets	2,004,251	1,645,124	1,904,425	1,954,614	1,619,249
Total noninterest-earning assets	2,462,042	2,140,800	2,358,923	2,410,768	2,119,145
Total Assets	\$ 44,940,875	\$ 36,086,263	\$ 43,367,672	\$ 44,158,620	\$ 35,474,415
Liabilities and Equity:					
Checking	\$ 17,767,019	\$ 13,769,665	\$ 16,564,715	\$ 17,169,188	\$ 13,505,295
Money market checking and savings	12,714,426	10,415,283	12,670,094	12,692,382	10,521,665
CDs ⁽¹⁰⁾	3,574,414	3,022,355	3,705,391	3,639,541	2,958,561
Total deposits	34,055,859	27,207,303	32,940,200	33,501,111	26,985,521
Short-term borrowings	11	787,637	—	6	809,795
Long-term FHLB advances	5,587,363	3,847,802	5,517,778	5,552,762	3,508,564
Senior notes ⁽¹¹⁾	61,455	—	—	30,897	—
Debt related to variable interest entities	41,502	52,443	42,592	42,045	53,917
Total borrowings	5,690,331	4,687,882	5,560,370	5,625,710	4,372,276
Total interest-bearing liabilities	39,746,190	31,895,185	38,500,570	39,126,821	31,357,797
Noninterest-bearing liabilities	630,185	462,694	602,576	616,457	511,860
Preferred equity	889,525	642,437	889,525	889,525	571,376
Common equity	3,674,975	3,085,947	3,375,001	3,525,817	3,033,382
Total Liabilities and Equity	\$ 44,940,875	\$ 36,086,263	\$ 43,367,672	\$ 44,158,620	\$ 35,474,415

⁽⁹⁾ Includes FHLB stock and securities purchased under agreements to resell.

⁽¹⁰⁾ Average balances are presented net of purchase accounting discounts or premiums.

⁽¹¹⁾ Average balances include unamortized issuance costs.

Purchase Accounting Accretion and Amortization

The following table presents the impact of purchase accounting from the Bank's re-establishment as an independent institution for the periods indicated:

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2014	2013	2014	2014	2013
	Accretion/amortization to net interest income:				
Loans	\$ 19,614	\$ 30,484	\$ 17,615	\$ 37,229	\$ 61,318
Deposits	1,648	3,036	1,923	3,571	6,476
Total	\$ 21,262	\$ 33,520	\$ 19,538	\$ 40,800	\$ 67,794
Amortization to noninterest expense:					
Intangible assets	\$ 3,968	\$ 4,608	\$ 4,127	\$ 8,095	\$ 9,377

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 from the Bank’s re-establishment as an independent institution, 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 from the Bank’s re-establishment as an independent institution. The accretion and amortization affect our net income, earnings per share and certain operating ratios as we accrete loan discounts to interest income; amortize premiums on liabilities such as CDs to interest expense; and amortize intangible assets to noninterest expense.

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. 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:

	Three Months Ended June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
(in thousands, except per share amounts)						
Non-GAAP earnings						
Net income	\$ 120,832	\$ 112,470	\$ 114,704	\$ 235,536	\$ 235,023	
Accretion/amortization added to net interest income	(21,262)	(33,520)	(19,538)	(40,800)	(67,794)	
Amortization of intangible assets	3,968	4,608	4,127	8,095	9,377	
Add back tax impact of the above items	7,350	12,287	6,550	13,900	24,827	
Non-GAAP net income	110,888	95,845	105,843	216,731	201,433	
Dividends on preferred stock	(13,889)	(9,706)	(13,889)	(27,778)	(17,482)	
Non-GAAP net income available to common shareholders	\$ 96,999	\$ 86,139	\$ 91,954	\$ 188,953	\$ 183,951	
GAAP earnings per common share—diluted	\$ 0.76	\$ 0.76	\$ 0.73	\$ 1.49	\$ 1.61	
Impact of purchase accounting, net of tax	(0.07)	(0.12)	(0.06)	(0.13)	(0.25)	
Non-GAAP earnings per common share—diluted	\$ 0.69	\$ 0.64	\$ 0.67	\$ 1.36	\$ 1.36	
Weighted average diluted common shares outstanding	141,473	135,595	137,295	139,392	135,428	

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2014	2013	2014	2014	2013
Yield on average loans					
Interest income on loans	\$ 318,711	\$ 294,215	\$ 307,687	\$ 626,398	\$ 582,308
Add: Tax-equivalent adjustment on loans	7,028	4,377	6,519	13,547	8,344
Interest income on loans (tax-equivalent basis)	325,739	298,592	314,206	639,945	590,652
Less: Accretion	(19,614)	(30,484)	(17,615)	(37,229)	(61,318)
Non-GAAP interest income on loans (tax-equivalent basis)	\$ 306,125	\$ 268,108	\$ 296,591	\$ 602,716	\$ 529,334
Average loans	\$ 35,792,956	\$ 29,541,707	\$ 34,479,799	\$ 35,140,005	\$ 28,993,689
Add: Average unaccreted loan discounts	196,082	291,302	214,055	205,019	307,098
Average loans (non-GAAP)	\$ 35,989,038	\$ 29,833,009	\$ 34,693,854	\$ 35,345,024	\$ 29,300,787
Yield on average loans—reported ⁽⁴⁾	3.62%	4.02%	3.65%	3.64%	4.07%
Contractual yield on average loans (non-GAAP) ⁽⁴⁾	3.39%	3.58%	3.42%	3.40%	3.61%

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2014	2013	2014	2014	2013
Cost of average deposits					
Interest expense on deposits	\$ 14,818	\$ 13,254	\$ 15,231	\$ 30,049	\$ 24,264
Add: Amortization of CD premiums	1,648	3,036	1,923	3,571	6,476
Non-GAAP interest expense on deposits	\$ 16,466	\$ 16,290	\$ 17,154	\$ 33,620	\$ 30,740
Average deposits	\$ 34,055,859	\$ 27,207,303	\$ 32,940,200	\$ 33,501,111	\$ 26,985,521
Less: Average unamortized CD premiums	(4,555)	(14,223)	(6,371)	(5,458)	(15,832)
Average deposits (non-GAAP)	\$ 34,051,304	\$ 27,193,080	\$ 32,933,829	\$ 33,495,653	\$ 26,969,689
Cost of average deposits—reported	0.17%	0.20%	0.19%	0.18%	0.18%
Contractual cost of average deposits (non-GAAP)	0.19%	0.24%	0.21%	0.20%	0.23%

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2014	2013	2014	2014	2013
Net interest margin					
Net interest income	\$ 333,213	\$ 303,092	\$ 320,703	\$ 653,916	\$ 601,141
Add: Tax-equivalent adjustment	26,994	19,629	25,853	52,847	38,956
Net interest income (tax-equivalent basis)	360,207	322,721	346,556	706,763	640,097
Less: Accretion/amortization	(21,262)	(33,520)	(19,538)	(40,800)	(67,794)
Non-GAAP net interest income (tax-equivalent basis)	\$ 338,945	\$ 289,201	\$ 327,018	\$ 665,963	\$ 572,303
Average interest-earning assets	\$ 42,478,833	\$ 33,945,463	\$ 41,008,749	\$ 41,747,852	\$ 33,355,270
Add: Average unaccreted loan discounts	196,082	291,302	214,055	205,019	307,098
Average interest-earning assets (non-GAAP)	\$ 42,674,915	\$ 34,236,765	\$ 41,222,804	\$ 41,952,871	\$ 33,662,368
Net interest margin—reported	3.38%	3.79%	3.37%	3.38%	3.83%
Net interest margin (non-GAAP)	3.16%	3.37%	3.17%	3.16%	3.39%

(\$ in thousands)	Three Months Ended June 30,		Three Months Ended March 31,		Six Months Ended June 30,	
	2014	2013	2014	2014	2013	
Efficiency ratio						
Net interest income	\$ 333,213	\$ 303,092	\$ 320,703	\$ 653,916	\$ 601,141	
Less: Accretion/amortization	(21,262)	(33,520)	(19,538)	(40,800)	(67,794)	
Net interest income (non-GAAP)	<u>\$ 311,951</u>	<u>\$ 269,572</u>	<u>\$ 301,165</u>	<u>\$ 613,116</u>	<u>\$ 533,347</u>	
Noninterest income	\$ 76,838	\$ 62,250	\$ 61,012	\$ 137,850	\$ 134,518	
Total revenue	\$ 410,051	\$ 365,342	\$ 381,715	\$ 791,766	\$ 735,659	
Total revenue (non-GAAP)	\$ 388,789	\$ 331,822	\$ 362,177	\$ 750,966	\$ 667,865	
Noninterest expense	\$ 222,728	\$ 188,859	\$ 217,491	\$ 440,219	\$ 375,393	
Less: Intangible amortization	(3,968)	(4,608)	(4,127)	(8,095)	(9,377)	
Noninterest expense (non-GAAP)	<u>\$ 218,760</u>	<u>\$ 184,251</u>	<u>\$ 213,364</u>	<u>\$ 432,124</u>	<u>\$ 366,016</u>	
Efficiency ratio	54.3%	51.7%	57.0%	55.6%	51.0%	
Efficiency ratio (non-GAAP)	56.3%	55.5%	58.9%	57.5%	54.8%	

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