

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): October 15, 2015

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 October 15, 2015, regarding its financial results for the quarter ended September 30, 2015. 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 October 15, 2015, with respect to the Bank’s financial results for the quarter ended September 30, 2015.

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: October 15, 2015.

First Republic Bank

By: /s/ Michael J. Roffler

Name: Michael J. Roffler

Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	Press Release issued by the Bank, dated October 15, 2015, with respect to the Bank's financial results for the quarter ended September 30, 2015.

**FIRST REPUBLIC REPORTS STRONG THIRD QUARTER 2015 RESULTS*****Robust Revenue Growth and Excellent Asset Quality***

San Francisco, California, October 15, 2015 – First Republic Bank (NYSE: FRC) today announced financial results for the quarter ended September 30, 2015.

“Third quarter results were very strong,” said CEO Jim Herbert. “Credit quality remains excellent. Our simple and client-focused banking model continues to deliver consistent, across-the-board growth.”

Quarterly Highlights***Financial Results***

- Core revenues were up 14.9% compared to last year’s third quarter. ⁽¹⁾
- Net income was \$134.8 million.
- Diluted earnings per share (“EPS”) of \$0.82.
- Core net income was \$131.1 million. ⁽¹⁾
- Core diluted EPS of \$0.79, up 11.3% over the third quarter a year ago. ⁽¹⁾
- Loan originations totaled \$4.9 billion for the quarter, up 2.5% over last year’s third quarter.
- Loans sold totaled \$599.7 million, compared to \$887.2 million for the prior quarter.
- Core net interest margin was 3.09%. ⁽¹⁾
- Core efficiency ratio was 59.4%. ⁽¹⁾

Continued Financial and Credit Strength

- Tier 1 leverage ratio was 9.29%. ⁽²⁾
- Common Equity Tier 1 ratio was 10.51%. ⁽²⁾
- Book value per share was \$30.84, up 12.2% from a year ago.
- Nonperforming assets were low, at 10 basis points of total assets.
- Credit quality remains strong, with net recoveries of \$39,000 for the quarter.

Franchise Development

- Loans outstanding, excluding loans held for sale, totaled \$42.4 billion, up 15.7% from a year ago.
- Deposits were \$44.3 billion, up 24.5% from a year ago.
- Checking balances represented 60.9% of total deposits.
- Wealth management assets were \$58.8 billion, up 14.5% from a year ago.
- Wealth management revenues were \$50.7 million for the quarter, up 13.4% from the same quarter a year ago.

⁽¹⁾ “Core” measures are non-GAAP financial measures that exclude the positive impact of purchase accounting. In addition, core measures also exclude other positive, but one-time, impacts from the special FHLB dividend in the second quarter of 2015, and the gain from repositioning of investment portfolio in the third quarter of 2014. See non-GAAP reconciliation under section “Use of Non-GAAP Financial Measures.”

⁽²⁾ Represents the ratios assuming that Basel III is fully phased-in. See “Capital Ratios” table for additional information.

“Wealth management had a good quarter, despite market volatility,” said President Katherine August-deWilde. “We continue to attract very accomplished advisors to our platform and are pleased to welcome the Constellation team to First Republic.”

Quarterly Cash Dividend Declared

The Bank declared a cash dividend for the third quarter of \$0.15 per share of common stock, which is payable on November 12, 2015 to shareholders of record as of October 29, 2015.

Strong Asset Quality

Credit quality remains very strong. Nonperforming assets were 10 basis points of total assets at September 30, 2015.

The Bank had net recoveries for the quarter of \$39,000, while adding \$14.5 million to its allowance for loan losses during the quarter due to continued loan growth.

Continued Capital Strength

The Bank’s Tier 1 leverage ratio was 9.29% and Common Equity Tier 1 ratio was 10.51% at September 30, 2015. ⁽²⁾

Book Value Growth

Book value per common share was \$30.84 at September 30, 2015, up 12.2% from a year ago.

Continued Franchise Development

Loan Originations

Loan originations totaled \$4.9 billion for the quarter, compared to \$4.7 billion for the third quarter a year ago. For the first nine months of 2015, loan originations totaled \$15.0 billion, compared to \$12.7 billion for the same period a year ago, up 18.2%. Single family originations were \$2.3 billion for the quarter, of which 50% were for purchases.

Loans outstanding, excluding loans held for sale, totaled \$42.4 billion at September 30, 2015, up 15.7% compared to a year ago.

Deposit Growth

Total deposits increased to \$44.3 billion, up 5.9% for the quarter and up 24.5% compared to a year ago. At September 30, 2015, checking accounts totaled 60.9% of deposits. The Bank is almost entirely deposit-funded, with deposits representing over 88% of total liabilities at September 30, 2015.

The average contractual rate paid on all deposits declined slightly to 0.14% for the quarter, compared to 0.15% for the prior quarter.

Mortgage Banking Activity

During the third quarter, the Bank sold \$599.7 million of loans and recorded a gain on sale of \$3.0 million, compared to loan sales of \$1.8 billion and a gain on sale of \$13.7 million during the third quarter of last year. The margin on this quarter's loan sales was 0.49%.

The Bank utilizes loan sales in the ordinary course of business in order to provide a full range of lending options for its clients, while also managing asset growth and interest rate risk. The Bank retains all loan servicing.

Loans serviced for investors at quarter-end totaled \$10.5 billion, up 19.1% from a year ago. Net loan servicing fees for the quarter were \$3.1 million, up from \$2.5 million a year ago.

Investments

Total investments at September 30, 2015 were \$8.2 billion, up 5.0% for the quarter and 44.5% compared to a year ago.

Our holdings of assets that are considered high-quality liquid assets, including eligible cash, totaled \$4.8 billion at September 30, 2015, up 16.5% from \$4.1 billion at June 30, 2015.

Continued Expansion of Wealth Management

Wealth management revenues totaled \$50.7 million for the quarter, up 13.4% compared to last year's third quarter.

Total wealth management assets were \$58.8 billion at September 30, 2015, up 2.2% for the quarter and up 14.5% compared to a year ago. The growth in wealth management assets in the quarter was primarily due to net new assets from both existing and new clients, partially offset by market declines. Wealth management assets include investment management assets of \$29.0 billion, brokerage assets and money market mutual funds of \$22.8 billion, and trust and custody assets of \$7.1 billion.

To further expand wealth management, First Republic Investment Management, Inc., a wholly-owned subsidiary of the Bank, completed the previously announced purchase of substantially all of the assets of Constellation Wealth Advisors LLC ("Constellation") on October 1, 2015. Constellation had assets under management of approximately \$5.9 billion as of September 30, 2015.

Income Statement and Key Ratios

Highlights

Strong Core Revenue Growth

Total revenues were \$468.6 million for the quarter and \$1.3 billion for the first nine months of 2015.

Core revenues were \$459.0 million for the quarter and \$1.3 billion for the first nine months of 2015, up 14.9% compared to last year's third quarter and up 13.3% compared to the first nine months of 2014. ⁽¹⁾

Continued Core Net Interest Income Growth

Net interest income was \$388.9 million for the quarter and \$1.1 billion year-to-date.

Core net interest income was \$379.2 million for the quarter, an 18.4% increase from the third quarter of last year. Core net interest income was \$1.1 billion year-to-date, a 14.5% increase from the same period a year ago. ⁽¹⁾

Core Net Interest Margin

The Bank's net interest margin was 3.17% for the quarter, compared to 3.30% for the prior quarter.

The core net interest margin was 3.09% for the quarter, compared to 3.12% for the prior quarter. ⁽¹⁾ The modest decrease was primarily the result of higher average cash balances.

Noninterest Income

Noninterest income was \$79.7 million for the quarter and \$234.9 million year-to-date.

Core noninterest income was \$79.7 million for the quarter, relatively flat compared to the third quarter a year ago. Core noninterest income was \$234.9 million year-to-date, up 8.1% compared to the same period a year ago. ⁽¹⁾

Steady Core Efficiency Ratio While Continuing Infrastructure Investment

Noninterest expense for the quarter was \$275.9 million, a 15.7% increase from the third quarter of last year. The year-over-year increase in these expenses was significantly attributable to the Bank's ongoing investments in infrastructure build-out to address enhanced regulatory standards and to support ongoing business activities.

The Bank's efficiency ratio was 58.9% for the quarter, compared to 57.8% for the prior quarter and 54.1% for the third quarter a year ago.

The Bank's core efficiency ratio was 59.4% for the quarter, compared to 59.8% for the prior quarter and 58.7% for the third quarter a year ago. ⁽¹⁾

Income Tax Rate

The Bank's effective tax rate for the nine months ended September 30, 2015 was 24.9%. By comparison, the effective tax rate was 27.3% for 2014. The decrease in the effective tax rate results from the steady increase in tax credit investments, tax-exempt securities, tax-advantaged loans and bank-owned life insurance.

Conference Call Details

First Republic Bank's third quarter 2015 earnings conference call is scheduled for October 15, 2015 at 7:00 a.m. PT / 10:00 a.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 #47819794. 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 15, 2015, at 10:00 a.m. PT / 1:00 p.m. ET, through October 22, 2015, 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 #47819794. 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, as amended. 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, our progress in preparing for enhanced regulatory requirements, 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 materially from those discussed in the forward-looking statements include, but are not limited to: our ability to deal with significant competition for banking and wealth management customers; our projections for certain financial items, expectations concerning the bank and wealth management industries; earthquakes and other natural disasters in our markets; interest rate or credit risk; our plans or objectives for future operations, products or services; our ability to maintain and follow high underwriting standards; economic conditions generally and in our markets; our geographic concentration; our opportunities for growth; our future provisions for loan losses; our regulatory compliance and future regulatory requirements, including any requirements that have become applicable to us as a bank with a four-quarter average of total consolidated assets of at least \$50 billion; any increased compliance costs; the phase-in of the Basel III Capital Rules; and new accounting standards. 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. 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)	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
Interest income:					
Loans	\$ 348,367	\$ 322,987	\$ 333,966	\$ 1,004,208	\$ 949,385
Investments	75,970	52,429	77,223	215,116	152,084
Cash and cash equivalents	1,691	980	766	3,562	2,541
Total interest income	426,028	376,396	411,955	1,222,886	1,104,010
Interest expense:					
Deposits	15,903	15,935	14,543	44,434	45,984
Borrowings	21,244	24,472	22,348	66,488	68,121
Total interest expense	37,147	40,407	36,891	110,922	114,105
Net interest income	388,881	335,989	375,064	1,111,964	989,905
Provision for loan losses	14,502	13,515	17,005	43,394	42,410
Net interest income after provision for loan losses	374,379	322,474	358,059	1,068,570	947,495
Noninterest income:					
Investment advisory fees	44,211	38,443	43,502	128,924	107,948
Brokerage and investment fees	3,899	3,665	4,407	12,005	10,063
Trust fees	2,600	2,604	2,501	7,486	7,883
Foreign exchange fee income	5,933	4,728	5,023	16,104	13,287
Deposit fees	4,898	4,653	4,870	14,397	13,834
Gain on sale of loans	2,957	13,713	3,476	8,245	31,408
Loan servicing fees, net	3,135	2,523	2,923	9,288	6,527
Loan and related fees	3,083	2,590	3,428	9,232	6,193
Income from investments in life insurance	8,555	7,770	8,451	26,185	21,169
Gain (loss) on investment securities, net	(76)	23,580	1,112	1,336	22,404
Other income	552	402	543	1,700	1,805
Total noninterest income	79,747	104,671	80,236	234,902	242,521
Noninterest expense:					
Salaries and employee benefits	149,463	122,585	138,758	428,169	360,361
Occupancy	26,531	24,841	27,533	79,636	72,384
Information systems	31,564	24,445	28,282	85,698	69,027
Professional fees	16,974	18,355	20,048	56,535	36,387
FDIC and other deposit assessments	8,700	7,900	8,700	25,750	22,994
Advertising and marketing	6,167	6,204	6,564	17,945	20,219
Amortization of intangibles	4,731	5,580	4,941	14,827	17,376
Other expenses	31,767	28,467	28,289	86,125	79,848
Total noninterest expense	275,897	238,377	263,115	794,685	678,596
Income before provision for income taxes	178,229	188,768	175,180	508,787	511,420
Provision for income taxes	43,387	52,757	43,835	126,688	139,873
Net income	134,842	136,011	131,345	382,099	371,547
Dividends on preferred stock	15,314	13,889	14,411	43,614	41,667
Net income available to common shareholders	\$ 119,528	\$ 122,122	\$ 116,934	\$ 338,485	\$ 329,880
Basic earnings per common share	\$ 0.84	\$ 0.89	\$ 0.82	\$ 2.40	\$ 2.43
Diluted earnings per common share	\$ 0.82	\$ 0.86	\$ 0.80	\$ 2.34	\$ 2.35
Dividends per common share	\$ 0.15	\$ 0.14	\$ 0.15	\$ 0.44	\$ 0.40
Weighted average shares—basic	142,152	137,661	141,927	140,908	135,957
Weighted average shares—diluted	145,890	141,548	145,713	144,727	140,096

CONSOLIDATED BALANCE SHEET

(\$ in thousands)	As of		
	September 30, 2015	June 30, 2015	September 30, 2014
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,795,780	\$ 1,367,879	\$ 1,372,728
Securities purchased under agreements to resell	100	3,250	100
Investment securities available-for-sale	1,584,142	1,250,005	1,648,013
Investment securities held-to-maturity	6,572,289	6,516,374	3,995,007
Loans:			
Single family (1-4 units)	22,273,533	21,777,063	20,170,945
Home equity lines of credit	2,316,120	2,256,022	2,133,518
Multifamily (5+ units)	5,211,200	5,057,034	4,545,751
Commercial real estate	4,353,000	4,219,336	3,737,255
Single family construction	465,549	451,428	406,186
Multifamily/commercial construction	645,230	585,837	428,864
Commercial business	5,836,330	5,506,246	4,305,800
Other secured	546,407	538,836	459,105
Stock secured	421,084	371,720	250,378
Unsecured loans and lines of credit	361,351	293,634	225,542
Total unpaid principal balance	42,429,804	41,057,156	36,663,344
Net unaccrued discount	(118,567)	(128,928)	(166,756)
Net deferred fees and costs	40,308	37,625	28,570
Allowance for loan losses	(250,408)	(235,868)	(195,049)
Loans, net	42,101,137	40,729,985	36,330,109
Loans held for sale	250,494	162,841	339,680
Investments in life insurance	1,059,237	1,031,137	1,006,125
Tax credit investments	890,430	880,321	809,288
Prepaid expenses and other assets	702,125	753,886	746,259
Premises, equipment and leasehold improvements, net	161,634	163,758	162,991
Goodwill	106,549	106,549	106,549
Other intangible assets	95,174	99,905	115,369
Mortgage servicing rights	53,588	52,685	45,410
Other real estate owned	2,541	—	—
Total Assets	<u>\$ 55,375,220</u>	<u>\$ 53,118,575</u>	<u>\$ 46,677,628</u>
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Deposits:			
Noninterest-bearing checking accounts	\$ 17,546,255	\$ 16,306,078	\$ 11,949,000
Interest-bearing checking accounts	9,472,995	9,049,662	7,514,917
Money Market (MM) checking accounts	5,892,419	5,691,554	5,443,037
MM savings and passbooks	7,167,514	6,807,413	6,983,146
Certificates of deposit	4,263,761	4,032,859	3,717,307
Total Deposits	44,342,944	41,887,566	35,607,407
Securities sold under agreements to repurchase	100,000	100,000	—
Long-term FHLB advances	4,350,000	4,725,000	5,275,000
Senior notes	396,964	396,769	396,194
Debt related to variable interest entities	30,716	31,108	38,199
Other liabilities	770,422	713,066	675,153
Total Liabilities	49,991,046	47,853,509	41,991,953
Shareholders' Equity:			
Preferred stock	989,525	989,525	889,525
Common stock	1,425	1,424	1,382
Additional paid-in capital	2,533,713	2,523,239	2,306,159
Retained earnings	1,846,604	1,748,750	1,488,846
Accumulated other comprehensive income (loss)	12,907	2,128	(237)
Total Shareholders' Equity	5,384,174	5,265,066	4,685,675
Total Liabilities and Shareholders' Equity	<u>\$ 55,375,220</u>	<u>\$ 53,118,575</u>	<u>\$ 46,677,628</u>

Operating Information and Yields/Rates	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>(\$ in thousands)</i>					
Operating Information					
Net income to average assets ⁽³⁾	0.96%	1.14%	1.01%	0.97%	1.10%
Net income available to common shareholders to average common equity ⁽³⁾	10.84%	12.80%	10.97%	10.72%	12.21%
Dividend payout ratio	18.3%	16.2%	18.7%	18.8%	17.0%
Efficiency ratio ⁽⁴⁾	58.9%	54.1%	57.8%	59.0%	55.1%
Core efficiency ratio (non-GAAP) ^{(1), (4)}	59.4%	58.7%	59.8%	60.2%	57.9%
Net loan charge-offs (recoveries)	\$ (39)	\$ (223)	\$ 353	\$ 327	\$ 366
Net loan charge-offs (recoveries) to average total loans ⁽³⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Yields/Rates ⁽³⁾					
Cash and cash equivalents	0.25%	0.25%	0.24%	0.25%	0.25%
Investment securities ^{(5), (6), (7)}	4.96%	5.05%	5.11%	4.94%	5.13%
Loans ^{(5), (8)}	<u>3.36%</u>	<u>3.52%</u>	<u>3.41%</u>	<u>3.41%</u>	<u>3.60%</u>
Total interest-earning assets	3.45%	3.60%	3.60%	3.52%	3.69%
Checking	0.00%	0.01%	0.00%	0.00%	0.01%
Money market checking and savings	0.07%	0.14%	0.07%	0.07%	0.15%
CDs ⁽⁸⁾	<u>1.27%</u>	<u>1.17%</u>	<u>1.24%</u>	<u>1.25%</u>	<u>1.10%</u>
Total deposits	0.14%	0.18%	0.14%	0.14%	0.18%
Long-term FHLB advances	1.55%	1.56%	1.58%	1.57%	1.56%
Senior notes ⁽⁹⁾	2.59%	2.59%	2.59%	2.59%	2.57%
Other borrowings	<u>1.35%</u>	<u>1.68%</u>	<u>0.46%</u>	<u>0.79%</u>	<u>1.71%</u>
Total borrowings	<u>1.63%</u>	<u>1.63%</u>	<u>1.59%</u>	<u>1.62%</u>	<u>1.59%</u>
Total interest-bearing liabilities	0.30%	0.38%	0.32%	0.32%	0.38%
Net interest spread	3.15%	3.22%	3.28%	3.20%	3.31%
Net interest margin	3.17%	3.25%	3.30%	3.23%	3.33%
Core net interest margin (non-GAAP) ⁽¹⁾	3.09%	3.09%	3.12%	3.10%	3.14%

⁽³⁾ Ratios are annualized.

⁽⁴⁾ Efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

⁽⁵⁾ Yield is calculated on a tax-equivalent basis.

⁽⁶⁾ Includes FHLB stock and securities purchased under agreements to resell.

⁽⁷⁾ Yield on investment securities for the second quarter of 2015 and nine months ended September 30, 2015 include a \$9.1 million one-time special FHLB dividend received in the second quarter of 2015 (47 basis point and 16 basis point positive impact to the second quarter of 2015 and the nine months ended September 30, 2015 investment yield, respectively).

⁽⁸⁾ Yield/rate includes accretion/amortization of purchase accounting discounts/premiums.

⁽⁹⁾ Rate includes amortization of issuance discounts and costs.

Mortgage Loan Sales	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>(\$ in thousands)</i>					
Loans sold:					
Agency	\$ 71,923	\$ 45,319	\$ 91,366	\$ 199,884	\$ 106,362
Non-agency	527,814	1,751,630	795,882	1,861,773	3,311,886
Total loans sold	<u>\$ 599,737</u>	<u>\$ 1,796,949</u>	<u>\$ 887,248</u>	<u>\$ 2,061,657</u>	<u>\$ 3,418,248</u>
Gain on sale of loans:					
Amount	\$ 2,957	\$ 13,713	\$ 3,476	\$ 8,245	\$ 31,408
Gain as a percentage of loans sold ⁽¹⁰⁾	0.49%	0.76%	0.39%	0.40%	0.92%

⁽¹⁰⁾ For the quarter and nine months ended September 30, 2014, gain on sale of loans includes discounts established in purchase accounting, which increase gain on sale of loans. Excluding the impact of purchase accounting, the gain as a percentage of loans sold for the quarter and nine months ended September 30, 2014 would be 0.67% and 0.87%, respectively.

Loan Originations	Quarter Ended September 30,		Quarter Ended June 30,		Nine Months Ended September 30,	
	2015	2014	2015	2015	2014	2014
<i>(\$ in thousands)</i>						
Single family (1-4 units)	\$ 1,863,396	\$ 2,251,341	\$ 2,436,464	\$ 5,998,303	\$ 6,046,756	
Home equity lines of credit	452,048	378,374	465,955	1,176,995	1,119,447	
Multifamily (5+ units)	371,266	374,816	453,454	1,158,688	1,103,852	
Commercial real estate	321,578	312,668	351,499	1,051,703	726,489	
Construction	434,155	256,992	315,603	986,817	684,474	
Commercial business	1,127,386	1,016,432	1,533,498	3,794,763	2,401,190	
Other loans	295,589	155,306	291,570	795,222	581,418	
Total loans originated	<u>\$ 4,865,418</u>	<u>\$ 4,745,929</u>	<u>\$ 5,848,043</u>	<u>\$ 14,962,491</u>	<u>\$ 12,663,626</u>	

Composition of Loan Portfolio	As of September 30, 2015		
	Loans acquired on July 1, 2010	Loans originated since July 1, 2010	Total Loans
<i>(\$ in thousands)</i>			
Single family (1-4 units)	\$ 2,466,189	\$ 19,807,344	\$ 22,273,533
Home equity lines of credit	474,480	1,841,640	2,316,120
Multifamily (5+ units)	289,204	4,921,996	5,211,200
Commercial real estate	453,655	3,899,345	4,353,000
Single family construction	3,906	461,643	465,549
Multifamily/commercial construction	1,151	644,079	645,230
Commercial business	281,383	5,554,947	5,836,330
Other secured	17,234	529,173	546,407
Stock secured	4,312	416,772	421,084
Unsecured loans and lines of credit	33,172	328,179	361,351
Total unpaid principal balance	<u>4,024,686</u>	<u>38,405,118</u>	<u>42,429,804</u>
Net unaccrued discount	(118,299)	(268)	(118,567)
Net deferred fees and costs	(3,845)	44,153	40,308
Allowance for loan losses	(6,025)	(244,383)	(250,408)
Loans, net	<u>\$ 3,896,517</u>	<u>\$ 38,204,620</u>	<u>\$ 42,101,137</u>

Asset Quality Information	As of				
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
<i>(\$ in thousands)</i>					
Nonperforming assets:					
Nonaccrual loans	\$ 51,987	\$ 55,872	\$ 49,830	\$ 45,962	\$ 50,179
Other real estate owned	2,541	—	—	—	—
Total nonperforming assets	<u>\$ 54,528</u>	<u>\$ 55,872</u>	<u>\$ 49,830</u>	<u>\$ 45,962</u>	<u>\$ 50,179</u>
Nonperforming assets to total assets	0.10%	0.11%	0.10%	0.10%	0.11%
Accruing loans 90 days or more past due	\$ 698	\$ 2,118	\$ 202	\$ 4,380	\$ —
Restructured accruing loans	\$ 14,539	\$ 15,624	\$ 14,855	\$ 16,252	\$ 16,966

Book Value Ratios	As of				
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
<i>(in thousands, except per share amounts)</i>					
Number of shares of common stock outstanding	142,477	142,389	142,105	138,269	138,155
Book value per common share	<u>\$ 30.84</u>	<u>\$ 30.03</u>	<u>\$ 29.45</u>	<u>\$ 28.13</u>	<u>\$ 27.48</u>
Tangible book value per common share	<u>\$ 29.43</u>	<u>\$ 28.58</u>	<u>\$ 27.97</u>	<u>\$ 26.56</u>	<u>\$ 25.87</u>

	As of					
	2015			2014		
	September 30, ⁽¹¹⁾	June 30,	March 31,	December 31,	September 30,	
Capital Ratios	Actual ⁽¹²⁾	Fully Phased-in ⁽¹³⁾	Actual ⁽¹²⁾		Actual ⁽¹²⁾	
Tier 1 leverage ratio	9.38%	9.29%	9.86%	9.90%	9.43%	9.51%
Common Equity Tier 1 ratio ⁽¹⁴⁾	10.66%	10.51%	10.87%	11.25%	n/a	n/a
Tier 1 common equity ratio ⁽¹⁴⁾	n/a	n/a	n/a	n/a	10.90%	11.07%
Tier 1 risk-based capital ratio	13.14%	12.99%	13.47%	13.73%	13.55%	13.83%
Total risk-based capital ratio	13.80%	13.65%	14.13%	14.37%	14.20%	14.47%

⁽¹¹⁾ Ratios as of September 30, 2015 are preliminary.

⁽¹²⁾ Ratios for 2015 periods reflect the adoption of the Basel III Capital Rules in effect beginning January 1, 2015. Ratios for 2014 periods represent the previous capital rules under Basel I.

⁽¹³⁾ Certain adjustments required under the Basel III Capital Rules will be phased in through the end of 2018. The ratios shown in this column are calculated assuming a fully phased-in basis of all such adjustments as if they were effective as of September 30, 2015.

⁽¹⁴⁾ Beginning in 2015, the Common Equity Tier 1 ratio is a new ratio requirement under the Basel III Capital Rules and represents common equity, less goodwill and intangible assets net of any associated deferred tax liabilities, divided by risk-weighted assets (subject to phase-in adjustments as indicated in footnote 13 above). In 2014 periods, the Tier 1 common equity ratio represents common equity, less goodwill and intangible assets, divided by risk-weighted assets.

	As of					
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	
Fee-Based Assets						
<i>(\$ in millions)</i>						
First Republic Investment Management	\$ 28,969	\$ 28,998	\$ 28,530	\$ 27,453	\$ 26,255	
Brokerage and Investment:						
Brokerage	19,746	19,852	18,973	17,653	17,184	
Money Market Mutual Funds	3,012	1,732	2,100	2,025	1,796	
Total Brokerage and Investment	22,758	21,584	21,073	19,678	18,980	
Trust Company:						
Trust	3,618	3,370	3,149	3,057	3,044	
Custody	3,477	3,613	3,617	3,189	3,103	
Total Trust Company	7,095	6,983	6,766	6,246	6,147	
Total Wealth Management Assets	58,822	57,565	56,369	53,377	51,382	
Loans serviced for investors	10,550	10,305	9,840	9,590	8,859	
Total fee-based assets	\$ 69,372	\$ 67,870	\$ 66,209	\$ 62,967	\$ 60,241	

Average Balance Sheet	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>(\$ in thousands)</i>					
Assets:					
Cash and cash equivalents	\$ 2,682,142	\$ 1,547,482	\$ 1,269,880	\$ 1,921,569	\$ 1,341,957
Investment securities ⁽¹⁵⁾	8,190,959	5,734,607	7,838,485	7,674,305	5,493,106
Loans ⁽¹⁶⁾	42,143,922	37,197,470	40,058,305	40,163,701	35,833,363
Total interest-earning assets	<u>53,017,023</u>	<u>44,479,559</u>	<u>49,166,670</u>	<u>49,759,575</u>	<u>42,668,426</u>
Noninterest-earning cash	257,826	247,101	255,702	255,516	231,065
Goodwill and other intangibles	204,021	224,630	208,846	208,886	230,339
Other assets	2,467,187	2,244,213	2,453,750	2,440,913	2,052,081
Total noninterest-earning assets	<u>2,929,034</u>	<u>2,715,944</u>	<u>2,918,298</u>	<u>2,905,315</u>	<u>2,513,485</u>
Total Assets	<u>\$ 55,946,057</u>	<u>\$ 47,195,503</u>	<u>\$ 52,084,968</u>	<u>\$ 52,664,890</u>	<u>\$ 45,181,911</u>
Liabilities and Equity:					
Checking	\$ 27,208,451	\$ 19,211,769	\$ 24,099,157	\$ 24,579,377	\$ 17,857,530
Money market checking and savings	13,226,282	12,902,904	12,451,743	12,668,194	12,763,328
CDs ⁽¹⁶⁾	4,162,188	3,698,444	3,893,313	3,951,941	3,659,391
Total deposits	<u>44,596,921</u>	<u>35,813,117</u>	<u>40,444,213</u>	<u>41,199,512</u>	<u>34,280,249</u>
Long-term FHLB advances	4,657,337	5,520,924	4,922,802	4,930,586	5,542,033
Senior notes ⁽¹⁷⁾	396,869	396,155	396,675	396,677	153,861
Other borrowings	131,168	38,641	312,767	159,819	40,900
Total borrowings	<u>5,185,374</u>	<u>5,955,720</u>	<u>5,632,244</u>	<u>5,487,082</u>	<u>5,736,794</u>
Total interest-bearing liabilities	<u>49,782,295</u>	<u>41,768,837</u>	<u>46,076,457</u>	<u>46,686,594</u>	<u>40,017,043</u>
Noninterest-bearing liabilities	797,627	752,674	804,458	820,078	662,362
Preferred equity	989,525	889,525	927,987	936,045	889,525
Common equity	4,376,610	3,784,467	4,276,066	4,222,173	3,612,981
Total Liabilities and Equity	<u>\$ 55,946,057</u>	<u>\$ 47,195,503</u>	<u>\$ 52,084,968</u>	<u>\$ 52,664,890</u>	<u>\$ 45,181,911</u>

⁽¹⁵⁾ Includes FHLB stock and securities purchased under agreements to resell.

⁽¹⁶⁾ Average balances are presented net of purchase accounting discounts or premiums.

⁽¹⁷⁾ Average balances include unamortized issuance discounts and costs.

Purchase Accounting Accretion and Amortization ⁽¹⁸⁾	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>(\$ in thousands)</i>					
Accretion/amortization to net interest income:					
Loans	\$ 9,663	\$ 14,332	\$ 11,708	\$ 33,493	\$ 51,561
Deposits	—	1,468	278	1,006	5,039
Total	<u>\$ 9,663</u>	<u>\$ 15,800</u>	<u>\$ 11,986</u>	<u>\$ 34,499</u>	<u>\$ 56,600</u>
Noninterest income:					
Discounts recognized in gain on sale of loans	\$ —	\$ 1,679	\$ —	\$ —	\$ 1,679
Amortization to noninterest expense:					
Intangible assets	<u>\$ 3,170</u>	<u>\$ 3,808</u>	<u>\$ 3,327</u>	<u>\$ 9,986</u>	<u>\$ 11,903</u>

⁽¹⁸⁾ Related to the Bank's re-establishment as an independent institution.

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, yield on average loans, cost of average deposits, net interest margin and the efficiency ratio.

Our net income, earnings per share, yield on average loans, cost of average deposits, 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; recognize discounts established in purchase accounting on the sale of loans, which increase gain on sale of loans; amortize premiums on CDs to interest expense; and amortize intangible assets to noninterest expense.

The Bank’s non-GAAP measures also exclude the positive impact of certain nonrecurring items. In the second quarter of 2015, the Bank received a one-time special dividend of \$9.1 million from the FHLB, which is excluded from non-GAAP net income, earnings per share, net interest income, net interest margin and efficiency ratio. In addition, in the third quarter of 2014, as a result of the restructuring of its investment securities portfolio, the Bank had a gain on sale of investments of \$23.6 million, which is excluded from non-GAAP net income, earnings per share, noninterest income, revenue and efficiency ratio.

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:

	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>Non-GAAP Earnings</i>					
<i>(in thousands, except per share amounts)</i>					
Net income	\$ 134,842	\$ 136,011	\$ 131,345	\$ 382,099	\$ 371,547
Accretion/amortization added to net interest income	(9,663)	(15,800)	(11,986)	(34,499)	(56,600)
One-time special FHLB dividend	—	—	(9,134)	(9,134)	—
Discounts recognized in gain on sale of loans	—	(1,679)	—	—	(1,679)
One-time gain on sale of investments	—	(23,580)	—	—	(23,580)
Amortization of intangible assets	3,170	3,808	3,327	9,986	11,903
Add back tax impact of the above items	2,759	15,832	7,563	14,300	29,732
Core net income (non-GAAP)	131,108	114,592	121,115	362,752	331,323
Dividends on preferred stock	(15,314)	(13,889)	(14,411)	(43,614)	(41,667)
Core net income available to common shareholders (non-GAAP)	<u>\$ 115,794</u>	<u>\$ 100,703</u>	<u>\$ 106,704</u>	<u>\$ 319,138</u>	<u>\$ 289,656</u>
GAAP earnings per common share—diluted	\$ 0.82	\$ 0.86	\$ 0.80	\$ 2.34	\$ 2.35
Impact of purchase accounting, net of tax	(0.03)	(0.05)	(0.03)	(0.09)	(0.18)
Impact of one-time special FHLB dividend, net of tax	—	—	(0.04)	(0.04)	—
Impact of one-time gain on sale of investments, net of tax	—	(0.10)	—	—	(0.10)
Core earnings per common share—diluted (non-GAAP)	<u>\$ 0.79</u>	<u>\$ 0.71</u>	<u>\$ 0.73</u>	<u>\$ 2.21</u>	<u>\$ 2.07</u>
Weighted average diluted common shares outstanding	<u>145,890</u>	<u>141,548</u>	<u>145,713</u>	<u>144,727</u>	<u>140,096</u>

	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
<i>Yield on Average Loans</i>					
<i>(\$ in thousands)</i>					
Interest income on loans	\$ 348,367	\$ 322,987	\$ 333,966	\$ 1,004,208	\$ 949,385
Add: Tax-equivalent adjustment on loans	10,045	7,792	9,313	28,086	21,339
Interest income on loans (tax-equivalent basis)	358,412	330,779	343,279	1,032,294	970,724
Less: Accretion	(9,663)	(14,332)	(11,708)	(33,493)	(51,561)
Core interest income on loans (tax-equivalent basis) (non-GAAP)	\$ 348,749	\$ 316,447	\$ 331,571	\$ 998,801	\$ 919,163
Average loans	\$ 42,143,922	\$ 37,197,470	\$ 40,058,305	\$ 40,163,701	\$ 35,833,363
Add: Average unaccreted loan discounts	125,315	177,380	136,533	136,763	195,705
Average loans (non-GAAP)	\$ 42,269,237	\$ 37,374,850	\$ 40,194,838	\$ 40,300,464	\$ 36,029,068
Yield on average loans—reported ⁽⁵⁾	3.36%	3.52%	3.41%	3.41%	3.60%
Contractual yield on average loans (non-GAAP) ⁽⁵⁾	3.26%	3.35%	3.28%	3.29%	3.39%
<i>Cost of Average Deposits</i>					
<i>(\$ in thousands)</i>					
Interest expense on deposits	\$ 15,903	\$ 15,935	\$ 14,543	\$ 44,434	\$ 45,984
Add: Amortization of CD premiums	—	1,468	278	1,006	5,039
Core interest expense on deposits (non-GAAP)	\$ 15,903	\$ 17,403	\$ 14,821	\$ 45,440	\$ 51,023
Average deposits	\$ 44,596,921	\$ 35,813,117	\$ 40,444,213	\$ 41,199,512	\$ 34,280,249
Less: Average unamortized CD premiums	—	(3,031)	(43)	(213)	(4,640)
Average deposits (non-GAAP)	\$ 44,596,921	\$ 35,810,086	\$ 40,444,170	\$ 41,199,299	\$ 34,275,609
Cost of average deposits—reported	0.14%	0.18%	0.14%	0.14%	0.18%
Contractual cost of average deposits (non-GAAP)	0.14%	0.19%	0.15%	0.15%	0.20%
<i>Net Interest Margin</i>					
<i>(\$ in thousands)</i>					
Net interest income	\$ 388,881	\$ 335,989	\$ 375,064	\$ 1,111,964	\$ 989,905
Add: Tax-equivalent adjustment	35,619	27,710	32,148	97,425	80,557
Net interest income (tax-equivalent basis)	424,500	363,699	407,212	1,209,389	1,070,462
Less: Accretion/amortization	(9,663)	(15,800)	(11,986)	(34,499)	(56,600)
Less: One-time special FHLB dividend	—	—	(9,134)	(9,134)	—
Core net interest income (tax-equivalent basis) (non-GAAP)	\$ 414,837	\$ 347,899	\$ 386,092	\$ 1,165,756	\$ 1,013,862
Average interest-earning assets	\$ 53,017,023	\$ 44,479,559	\$ 49,166,670	\$ 49,759,575	\$ 42,668,426
Add: Average unaccreted loan discounts	125,315	177,380	136,533	136,763	195,705
Average interest-earning assets (non-GAAP)	\$ 53,142,338	\$ 44,656,939	\$ 49,303,203	\$ 49,896,338	\$ 42,864,131
Net interest margin—reported	3.17%	3.25%	3.30%	3.23%	3.33%
Core net interest margin (non-GAAP)	3.09%	3.09%	3.12%	3.10%	3.14%

<i>Efficiency Ratio</i> <i>(\$ in thousands)</i>	Quarter Ended September 30,		Quarter Ended June 30,	Nine Months Ended September 30,	
	2015	2014	2015	2015	2014
Net interest income	\$ 388,881	\$ 335,989	\$ 375,064	\$ 1,111,964	\$ 989,905
Less: Accretion/amortization	(9,663)	(15,800)	(11,986)	(34,499)	(56,600)
Less: One-time special FHLB dividend	—	—	(9,134)	(9,134)	—
Core net interest income (non-GAAP)	<u>\$ 379,218</u>	<u>\$ 320,189</u>	<u>\$ 353,944</u>	<u>\$ 1,068,331</u>	<u>\$ 933,305</u>
Noninterest income	\$ 79,747	\$ 104,671	\$ 80,236	\$ 234,902	\$ 242,521
Less: Discounts recognized in gain on sale of loans	—	(1,679)	—	—	(1,679)
Less: One-time gain on sale of investments	—	(23,580)	—	—	(23,580)
Core noninterest income (non-GAAP)	<u>\$ 79,747</u>	<u>\$ 79,412</u>	<u>\$ 80,236</u>	<u>\$ 234,902</u>	<u>\$ 217,262</u>
Total revenue	\$ 468,628	\$ 440,660	\$ 455,300	\$ 1,346,866	\$ 1,232,426
Total core revenue (non-GAAP)	\$ 458,965	\$ 399,601	\$ 434,180	\$ 1,303,233	\$ 1,150,567
Noninterest expense	\$ 275,897	\$ 238,377	\$ 263,115	\$ 794,685	\$ 678,596
Less: Intangible amortization	(3,170)	(3,808)	(3,327)	(9,986)	(11,903)
Core noninterest expense (non-GAAP)	<u>\$ 272,727</u>	<u>\$ 234,569</u>	<u>\$ 259,788</u>	<u>\$ 784,699</u>	<u>\$ 666,693</u>
Efficiency ratio	58.9%	54.1%	57.8%	59.0%	55.1%
Core efficiency ratio (non-GAAP)	59.4%	58.7%	59.8%	60.2%	57.9%

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