

UNITED STATES  
FEDERAL DEPOSIT INSURANCE CORPORATION  
Washington, D.C. 20429

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**First Republic Bank**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

\_\_\_\_\_

(2) Aggregate number of securities to which transaction applies:

\_\_\_\_\_

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\_\_\_\_\_

(4) Proposed maximum aggregate value of transaction:

\_\_\_\_\_

(5) Total fee paid:

\_\_\_\_\_

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

\_\_\_\_\_

(2) Form, Schedule or Registration Statement No.:

\_\_\_\_\_

(3) Filing Party:

\_\_\_\_\_

(4) Date Filed:

\_\_\_\_\_



FIRST REPUBLIC BANK  
111 Pine Street  
San Francisco, California 94111  
(415) 392-1400

To Our Shareholders:

You are cordially invited to attend the 2013 Annual Meeting of the Shareholders of First Republic Bank, to be held at 9:30 A.M., Eastern Daylight Time, on Tuesday, May 14, 2013, at the New York Yacht Club, 37 West 44th Street, New York, New York 10036.

The formal notice of the Annual Meeting follows on the next page. Accompanying the Proxy Statement is our Annual Report on Form 10-K for the year ended December 31, 2012.

This year, we are choosing to furnish our proxy materials to shareholders over the Internet. This means that most of our shareholders will receive only a notice that has instructions on how to access the proxy materials over the Internet and vote online. We believe this offers a convenient way for shareholders to review the materials. If you receive the notice but would still like to receive paper copies of the proxy materials, please follow the instructions on the notice or on the website referred to in the notice. We ask you to consider signing up to receive these materials electronically in the future by following the instructions after you vote your shares over the Internet. By delivering proxy materials electronically to our shareholders, we reduce our printing and mailing costs.

This year's Proxy Statement demonstrates our commitment to simply and more effectively explain the matters to be addressed at our Annual Meeting. We now have included a Proxy Statement Summary starting on page i that provides highlights of the detailed information included elsewhere in the Proxy Statement. We, together with the Board, feel that it is important to provide you the information you are looking for in a way that is easy to understand.

You will see that we have enhanced the Compensation Discussion and Analysis that begins on page 21 in order to show how our executives' pay is linked to performance and more clearly explain our executive compensation philosophy and practices.

Your vote is very important to us. We hope you will plan to attend the annual meeting. However, in order that we may be assured of a quorum, we urge you to vote your shares as promptly as possible, whether or not you plan to attend the meeting in person. The notice and the Proxy Statement have instructions on how you can vote your shares online or by telephone, or by mail if you have received a printed copy of the proxy materials and a proxy card.

If your shares are held for you by your broker, it is important that you instruct your broker on how you want to vote. Under New York Stock Exchange rules, your broker will not be able to use its discretion to vote your shares for the election of Directors or matters related to executive compensation. Please instruct your broker on how you want to vote by following the instructions on the form sent by your broker.

Sincerely,

James H. Herbert, II  
Chairman and Chief Executive Officer

Katherine August-deWilde  
President and Chief Operating Officer

Michael D. Selfridge  
Senior Executive Vice President  
Deputy Chief Operating Officer

April 4, 2013



## FIRST REPUBLIC BANK

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS To Be Held May 14, 2013

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Annual Meeting") of First Republic Bank, a California-chartered commercial bank ("First Republic" or the "Bank"), will be held at 9:30 A.M., Eastern Daylight Time, on Tuesday, May 14, 2013, at the New York Yacht Club, 37 West 44th Street, New York, New York 10036 for the following purposes:

1. To elect to the Bank's Board of Directors (the "Board") the eleven nominees named in the Proxy Statement to serve until the 2014 Annual Meeting of Shareholders and until their respective successors have been duly elected and qualified;
2. To ratify the appointment of KPMG LLP as independent auditors of First Republic for the fiscal year ended December 31, 2013;
3. To approve, by advisory (non-binding) vote, the compensation of the Bank's executive officers ("say on pay"); and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

Pursuant to the Bank's Bylaws, the Board has fixed the close of business on March 18, 2013 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Annual Meeting. This means that shareholders of record of common stock of the Bank as of the close of business on that date are entitled to:

- receive this notice of the meeting; and
- vote at the meeting and any adjournments or postponements of the meeting

**We urge you to submit your proxy promptly whether or not you plan to attend the Annual Meeting.** Shareholders of record may vote:

- *By Internet.* Visit the website for Internet voting: [www.proxyvote.com](http://www.proxyvote.com).
- *By Telephone.* Call 1 (800) 690-6903 toll-free.
- *By Mail.* If you received a paper copy of the proxy materials by mail, complete, date and sign the enclosed proxy card and return it to us using the enclosed pre-paid envelope.

Voting by Internet, telephone or mail will not prevent you from attending the Annual Meeting and voting your shares in person, but it will help to ensure the presence of a quorum. If you do attend the Annual Meeting and desire to revoke your proxy and vote in person, you may do so.

By Order of the Board of Directors

James H. Herbert, II  
Chairman and Chief Executive Officer

San Francisco, California  
April 4, 2013

Katherine August-deWilde  
President and Chief Operating Officer

#### **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 14, 2013.**

Our Proxy Statement for the 2013 Annual Meeting of Shareholders is attached. The Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2012, are also available at: <http://www.proxyvote.com>.

## PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement before voting. For more complete information regarding the Bank's 2012 performance, please review the Bank's Annual Report on Form 10-K for the year ended December 31, 2012.

### *2013 Annual Meeting of Shareholders*

<b>Date and Time:</b> May 14, 2013, 9:30 A.M. Eastern Daylight Time	<b>Place:</b> New York Yacht Club 37 West 44th Street New York, New York 10036	<b>Record Date:</b> March 18, 2013
---	---	---------------------------------------

### *Voting Matters and Board Recommendations*

	<u><b>Our Board's Recommendation</b></u>
Election of Directors (page 7)	FOR each Director Nominee
Ratification of Auditors (page 51)	FOR
Advisory Vote to Approve Executive Compensation (page 52)	FOR

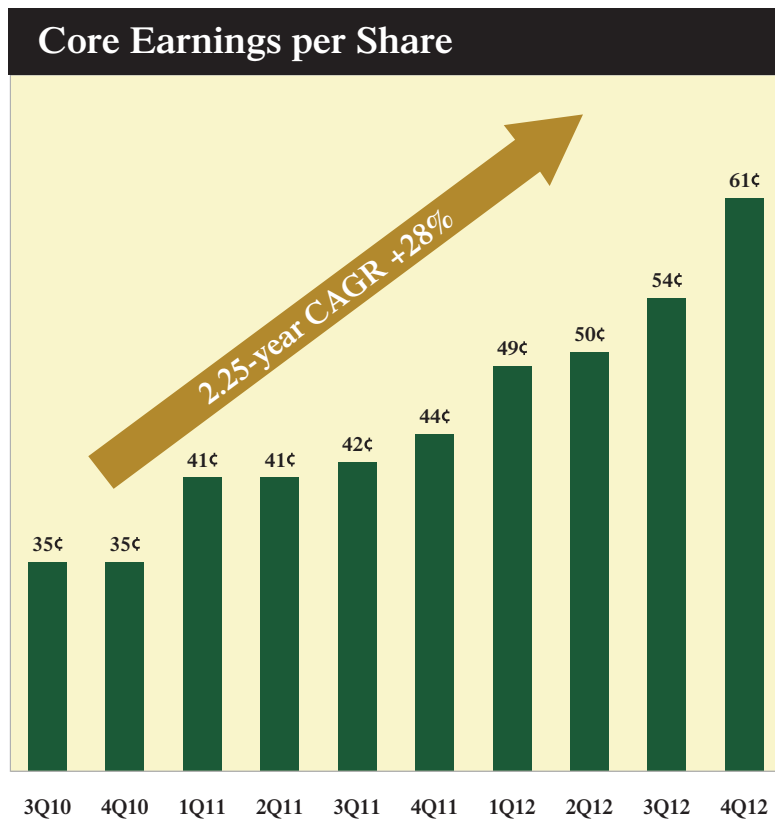
### *Executive Summary—2012 Highlights*

First Republic had an outstanding year in 2012. The Bank delivered solid performance across all areas of the business and achieved healthy growth in loans, deposits, business banking and wealth management assets while maintaining strong capital ratios and pristine credit quality. Some of these financial highlights included:

- Net income was a record \$402 million, up 14% from 2011.
- Core net income increased 38% and core EPS increased 28%.<sup>(1)</sup>
- Non-performing assets were only 0.14% of total assets and net charge-offs were only 0.01% of average loans.
- Return on equity was 13.5%.
- Book value per share grew 13.5% and is up 48% since July 1, 2010 (our buy-back date).
- Tier 1 leverage capital ratio increased to 9.32%.
- We raised \$500 million of Tier 1 capital in 2012, through three offerings of noncumulative perpetual preferred stock.
- Total assets increased 24% to \$34 billion and loans outstanding grew 23%.
- Deposits grew by 21% and checking was 52% of total deposits at year-end.
- Wealth management assets grew by 55%, including the assets under management of Luminous Capital Holdings, LLC ("Luminous") acquired in December 2012. Excluding this acquisition, wealth management assets grew 27%.
- Core net interest margin remained at 3.53% as we improved our deposit mix and pricing to offset loan yield compression.

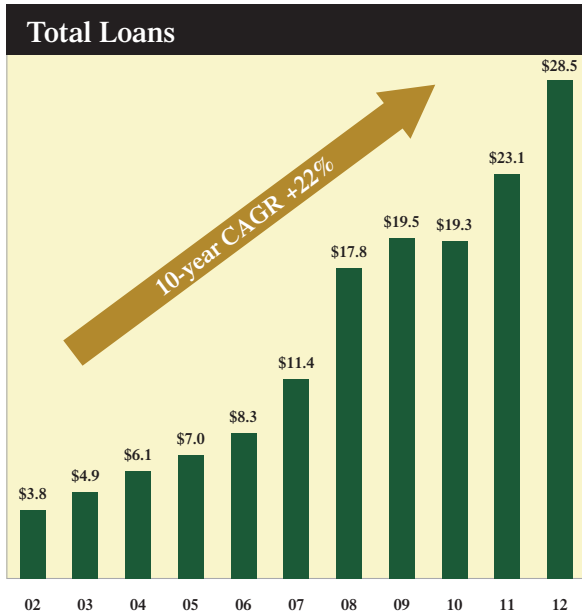
(1) Core net income, core EPS and core net interest margin are not defined under U.S. Generally Accepted Accounting Principles ("GAAP") and are not deemed to be an alternative measure of performance under GAAP. These measures exclude the positive impact of purchase accounting adjustments on the Bank's financial results and are more fully defined in the Bank's earnings release for the quarter and year ended December 31, 2012 and the 2012 Annual Report on Form 10-K.

The Bank has continued to deliver long-term, consistent growth over an extended period as evidenced by the following financial metrics. The chart below presents the compounded annual growth rate (“CAGR”) of the Bank’s core EPS since the third quarter of 2010:

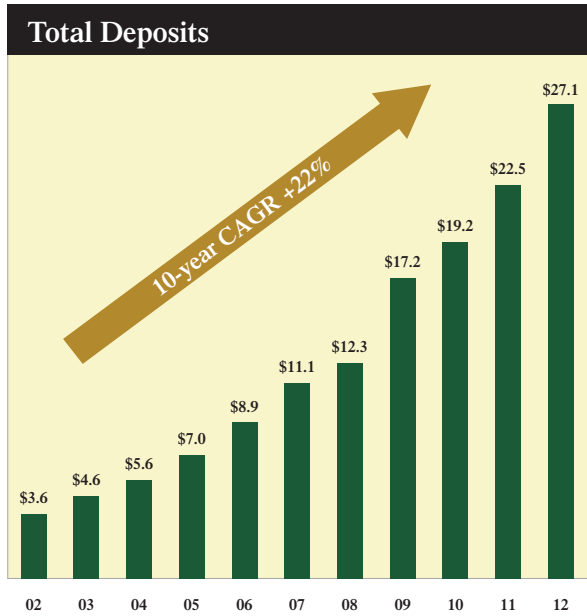


The charts below demonstrate the Bank's long-term growth in loan balances, deposits and assets under management and the CAGR over the past 10 years:

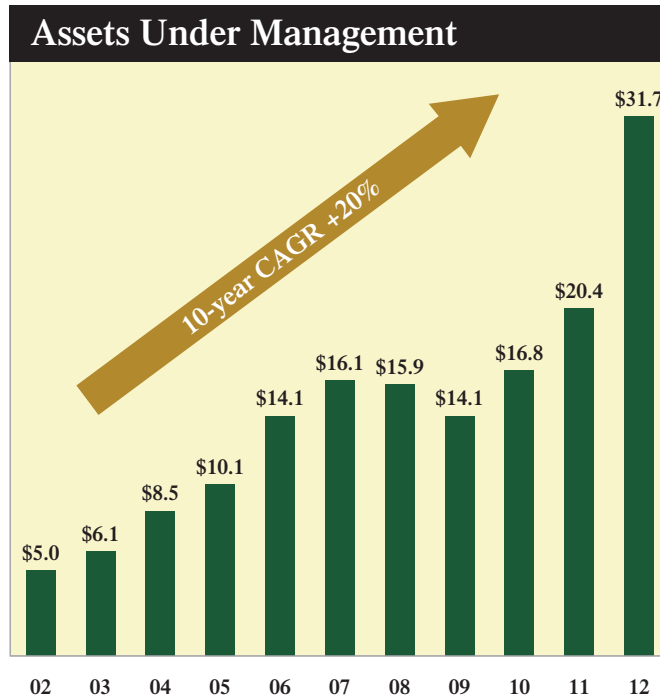
\$ in Billions at year-end



\$ in Billions at year-end



\$ in Billions at year-end



*Continued Accomplishment of Strategic Objectives During 2012*

First Republic has continued to make progress towards several strategic objectives:

- Loan originations were \$15.5 billion for 2012, up 51% from 2011. The Bank has continued to hire experienced relationship managers and business bankers, as well as seasoned credit approval personnel to facilitate loan originations and to maintain our high level of underwriting standards.
- We experienced strong demand for single family loans in the secondary market, selling \$2.4 billion of fixed-rate, longer-term loans at a significant profit.
- We have lowered our average cost of deposits by improving the mix of our deposit franchise, as we increased the amount of low-cost checking balances to 52% of total deposits at the end of 2012, up from 26% at July 1, 2010. Certificates of deposit have declined to 11% from 34% of deposits over the same period.
- Our business banking deposits increased \$2.6 billion from 2011 and now represent 42% of total deposits.
- Deposits from wealth management clients now account for 10% of total deposits.
- Since our independence on July 1, 2010, we have opened 7 new preferred banking offices and have 7 more scheduled to open in 2013. We recently added an office in Palm Beach, Florida, in order to better serve primarily our East Coast clients.
- We expanded our wealth management business through the hiring of experienced wealth management professionals, the acquisition of Luminous, opened a Delaware trust office, expanded financial planning capabilities and enhanced our offering of alternative investments.
- We continue to focus on attracting high net worth households and over the past eight years have increased these clients at a CAGR of 13% per year.
- We continue to invest in technology in order to increase our efficiency and to add products for our clients. In 2012, we introduced mobile banking and redesigned our website.
- We have worked to establish a liquid market for our common stock while reducing the private equity share of ownership. From January 2012 through March 2013, the market absorbed 51 million shares, or more than one-third of the Bank's total outstanding shares, from sales by our initial private equity investors. As a result, private equity ownership was reduced to less than 10% (from 73% at July 1, 2010) as of the date of this Proxy Statement.
- Institutional investors increased in number to 344, up from the end of 2011.
- Average trading volume increased 63% from the fourth quarter of 2011 to the fourth quarter of 2012.
- In August 2012, we were approved for and initiated a quarterly cash dividend of \$0.10 per share on our common stock.
- We have worked very diligently and successfully to put in place a very detailed succession process (see following page).

### *Management Succession Process*

Mr. Herbert, our founding Chief Executive Officer, and Ms. August-deWilde have led the enterprise since 1985. Over these 27 years, the Bank has been profitable every year and has a long-term record of delivering outstanding shareholder returns. This is evidenced by the 22% CAGR of market capitalization between the initial public offering in 1986 and December 31, 2012.

In 2012 (as described beginning on page 22), First Republic and its Board took several important steps to enhance its Executive Succession Plan.

In February 2012, Mr. Herbert entered into a 5-year extension of his employment and non-compete agreements, each of which originally ended on December 31, 2014. Mr. Herbert has agreed to continue as Chairman and CEO until June 30, 2016, and thereafter as Executive Chairman (subject to election) until December 31, 2019.

As an inducement for entering into these new, extended employment and non-compete agreements, Mr. Herbert received a one-time award of 350,000 shares of restricted stock that vest over an 8 year period. Importantly, 70% of this award, which is all performance-based and contingent upon future service, occurs during or after 2015, the beginning of the extension period. The vesting of this restricted stock award is contingent upon the Bank's achievement of performance goals and Mr. Herbert's continued service.

Also in February 2012, Ms. August-deWilde entered into an amendment of her employment agreement, which ends on December 31, 2014, providing for a consulting agreement under which she will thereafter serve as Senior Advisor and Vice Chairman (subject to election) until December 31, 2016. In connection with such consulting agreement, Ms. August-deWilde was awarded 40,000 shares of restricted stock, which vest ratably in 2015 and 2016, subject to the Bank's achievement of performance goals and her continued service.

The number of shares awarded in 2012, as well as the performance goals and the timing of vesting for Mr. Herbert and Ms. August-deWilde were carefully considered by the Compensation Committee and its independent consultant to match these long-term equity incentives with the expected contribution from these executives over future periods. The Compensation Committee also carefully considered the often raised question of management succession by investors. In approving these additional long-term equity incentives, the Compensation Committee considered the executives' future role, time commitments, the desire to retain each executive through an extended transition period, their unique knowledge of the Bank's business and its culture, as well as market compensation levels for each position.

We simultaneously added considerable depth, strength and organization of the executive management team. In addition to the hiring or appointing of several deputy leaders throughout the organization, we hired Michael D. Selfridge, Senior Vice President, in March 2012. Mr. Selfridge was recently promoted to Deputy Chief Operating Officer.

### ***Executive Compensation Highlights (page 36)***

Set forth on the following page is the 2012 compensation for each Named Executive Officer as determined under Securities and Exchange Commission ("SEC") rules. See the Summary Compensation Table and the notes on page 36 for more information, including compensation for 2011 and 2010. In 2012, the salaries paid to the CEO and President remained unchanged from 2011 and their non-equity incentive plan compensation increased primarily as a result of higher pre-tax earnings.

As described above, performance-based equity incentives were granted in connection with succession planning with future vesting subject to both performance measures and continued service. In accordance with SEC guidelines, the entire fair value of this multi-year award is, however, reported in 2012.

<u>Name and Principal Position</u>	<u>Salary</u>	<u>Bonus/Incentive Compensation</u>	<u>Stock Awards(1)</u>	<u>Total Other Compensation</u>	<u>Total Compensation</u>
James H. Herbert, II . . . . . Chairman and CEO	\$750,000	\$2,923,155	\$11,130,000	\$367,241	\$15,170,396
Willis H. Newton, Jr. . . . . Executive Vice President and CFO	\$375,000	\$ 950,000	\$ 378,000	\$168,407	\$ 1,871,407
Katherine August-deWilde . . . . . President and COO	\$750,000	\$2,923,155	\$ 1,272,000	\$228,244	\$ 5,173,399
Michael D. Selfridge . . . . . Senior Executive Vice President and Deputy COO	\$307,692	\$1,100,000	\$ 1,575,000	\$ 25,037	\$ 3,007,729
David B. Lichtman . . . . . Executive Vice President and Chief Credit Officer	\$395,000	\$1,075,000	\$ 472,500	\$138,702	\$ 2,081,202

(1) The above amounts, shown under “Stock Awards,” represent the total grant date fair values recognized by First Republic for financial statement reporting purposes. All stock awards have vesting periods of up to eight years; the majority is also performance-based. Mr. Herbert’s compensation for 2012 reflects the long-term equity award granted as an inducement to enter into a new, extended employment agreement, and this award accounts for substantially all of the increase in total compensation compared to 2011.

First Republic’s Compensation Committee believes that a more meaningful evaluation of the compensation of its senior executives, particularly with respect to the 2012 long-term equity awards, should focus on the value of such equity awards when, and if, they actually vest, and not on the total fair value of such multi-year vesting in the single year of grant. This is different from the reporting required under SEC rules.

The table below presents the grant date fair value of the 2012 performance-based restricted stock awards, by year of potential vesting (assuming complete vesting is earned), for the Chairman and CEO and President and COO:

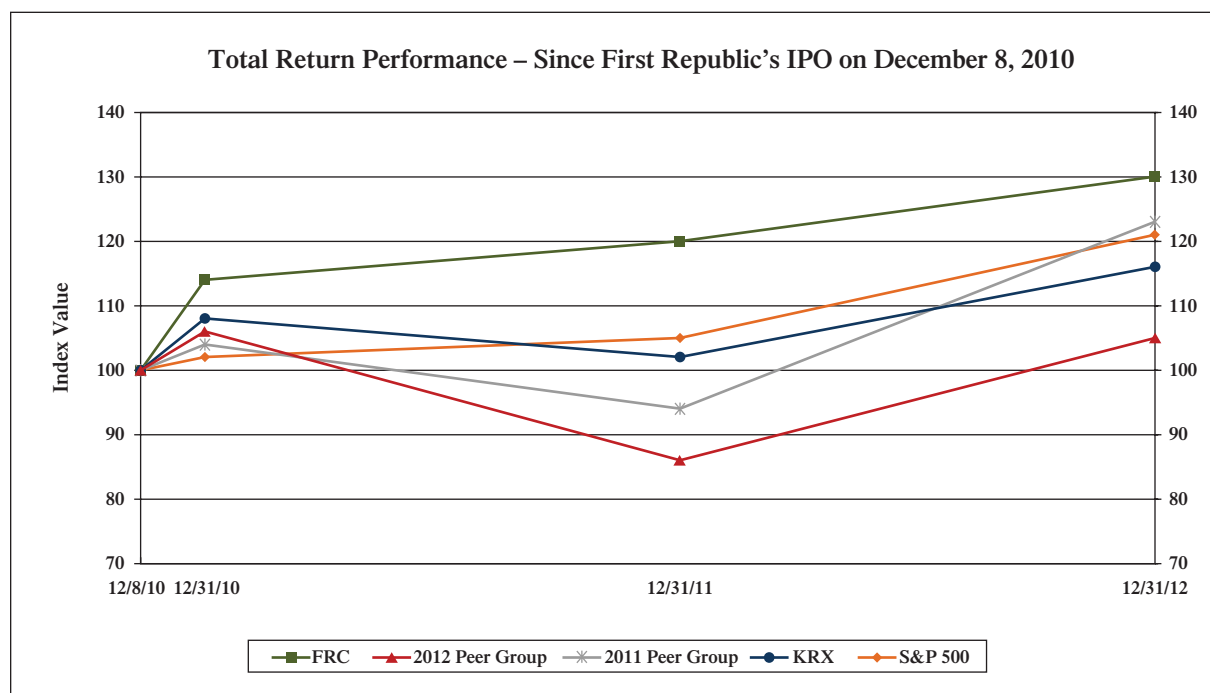
<u>Name</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
James H. Herbert, II . . . . .	\$556,500	\$556,500	\$2,226,000	\$3,339,000	\$2,782,500	\$556,500	\$556,500	\$556,500
Katherine August-deWilde . . . . .	\$ —	\$ —	\$ —	\$ 636,000	\$ 636,000	\$ —	\$ —	\$ —

As shown below, if the summary compensation table above included only the performance-based restricted stock that vested in 2012, total compensation for Mr. Herbert would have been fully 70% less than total compensation under SEC rules, or \$4.6 million.

<u>Name</u>	<u>Total Compensation</u>	<u>Adjustment to Exclude Unvested Performance-Based Stock Award</u>	<u>Adjusted Total Compensation</u>
James H. Herbert, II . . . . .	\$15,170,396	\$ <10,573,500>	\$4,596,896
Willis H. Newton, Jr. . . . .	\$ 1,871,407	\$ —	\$1,871,407
Katherine August-deWilde . . . . .	\$ 5,173,399	\$ <1,272,000>	\$3,901,399
Michael D. Selfridge . . . . .	\$ 3,007,729	\$ —	\$3,007,729
David B. Lichtman . . . . .	\$ 2,081,202	\$ —	\$2,081,202

**Performance Graph—First Republic has Outperformed**

Following the management-led buy-back with private equity firms that re-established the independent First Republic Bank on July 1, 2010, the common stock of First Republic began trading following its initial public offering (“IPO”) on December 8, 2010. The following graph compares, for the period from December 8, 2010 through December 31, 2012, the cumulative shareholder return (change in stock price plus reinvested dividends) on the common stock of First Republic beginning with the IPO price of \$25.50 versus the cumulative return of (i) the 2012 Peer Group average (as shown on page 25), (ii) the peer group average shown in the proxy statement for last year’s Annual Meeting of Shareholders (the “2011 Peer Group”), (iii) the KBW Regional Bank Index (“KRX”) and (iv) Standard and Poor’s 500 (“S&P 500”) Index.



The performance period reflected below assumes that \$100 was invested in our common stock at the IPO price of \$25.50 and each of the indexes listed below at their closing prices on December 8, 2010. The 2012 Peer Group performance is based on the 12 companies that make up the 2012 Peer Group (see page 25) and the 2011 Peer Group performance is based on the 19 companies that make up the 2011 Peer Group. The historical performance of our common stock reflected below may not be indicative of our future performance.

Index:	Cumulative Return			
	December 8, 2010	December 31, 2010	December 31, 2011	December 31, 2012
First Republic Bank (“FRC”) . . . . .	100	114	120	130
2012 Peer Group . . . . .	100	106	86	105
2011 Peer Group . . . . .	100	104	94	123
KRX Index . . . . .	100	108	102	116
S&P 500 Index . . . . .	100	102	105	121

As shown above, First Republic’s performance over this period exceeded all indices and groups and exceeded its 2012 Peer Group by 24% during this period. These calculations are based upon a closing price for First Republic’s common stock on December 31, 2012 of \$32.78.

**Director Nominees (page 7)**

The following table provides summary information about each Director nominee. Each Director stands for election annually.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Primary Occupation</u>	<u>Committee Memberships</u>	<u>Other Public Company Boards</u>
James H. Herbert, II . . . . .	68	1985	Chairman and Founding Chief Executive Officer, First Republic Bank	ERM, I	—
Katherine August-deWilde . . . .	65	1988	President, Chief Operating Officer and Director, First Republic Bank	DT, I	—
Thomas J. Barrack, Jr.* . . . . .	65	2010	Founder, Chairman and Chief Executive Officer, Colony Capital LLC		1
Frank J. Fahrenkopf, Jr.* . . . . .	73	1985	President and Chief Executive Officer, American Gaming Association	A, CGN (Chair)	5
William E. Ford* . . . . .	51	2010	Chief Executive Officer, General Atlantic	CGN, C, DT, ERM (Chair), I	—
L. Martin Gibbs* . . . . .	75	1985	Investor Former Partner, White & Case LLP	CGN, C, ERM	—
Sandra R. Hernández* . . . . .	55	2010	Chief Executive Officer, The San Francisco Foundation	A	—
Pamela J. Joyner* . . . . .	55	2004	Founding Partner, Avid Partners LLC	CGN, C (Chair), I (Chair)	—
Reynold Levy* . . . . .	68	2013	President, Lincoln Center for the Performing Arts		—
Jody S. Lindell* . . . . .	61	2003	President and Chief Executive Officer, S.G. Management Inc.	A (Chair), DT	2
George G.C. Parker* . . . . .	74	2003	Dean Witter Distinguished Professor of Finance, Emeritus, Graduate School of Business, Stanford University	A, CGN, C, DT (Chair)	4

\* *Independent Director*  
*A Audit Committee*  
*C Compensation Committee*  
*CGN Corporate Governance and Nominating Committee*  
*DT Directors' Trust Committee*  
*ERM Enterprise Risk Management Committee*  
*I Investment Committee*

All directors attended at least 75% of all Board and Board committee meetings, other than Mr. Ford, who attended all regularly scheduled Board meetings, but missed four telephonic Board meetings and approximately half of his committee meetings.

***Independent Registered Public Accounting Firm (page 51)***

We are asking shareholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2013. The table below contains summary information with respect to KPMG’s fees for services provided in 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Audit fees .....	\$1,165,000	\$ 991,000
Audit related fees .....	95,000	95,000
Tax fees .....	103,000	186,000
All other fees .....	—	—
Total fees .....	<u>\$1,363,000</u>	<u>\$1,272,000</u>

***Important Dates for 2014 Annual Meeting of Shareholders (page 53)***

- Shareowner proposals submitted for inclusion in the Proxy Statement for our 2014 Annual Meeting of Shareholders pursuant to SEC Rule 14a-8 must be received by us by December 5, 2013.
- Notice of shareholder proposals to be raised from the floor of the 2014 Annual Meeting of Shareholders outside of SEC Rule 14a-8 must be received by us by January 14, 2014.

## TABLE OF CONTENTS

Voting Instructions and Information .....	1
Proposal 1—Election of Directors .....	7
Information Concerning First Republic’s Directors and Nominees .....	7
Board’s Recommendation .....	10
Information About Our Board of Directors .....	10
Meetings .....	10
Director Nomination Process, Board Membership Criteria and Board Diversity .....	10
Committees of the Board .....	11
Corporate Governance .....	13
Director Independence Determination .....	13
Board Leadership Structure and Role in Risk Management .....	14
Compensation Committee Interlocks and Insider Participation .....	15
Service on the Audit Committees of Other Public Companies .....	15
Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons ...	15
Transactions with Related Persons .....	16
Executive Officers .....	17
Code of Ethics and Corporate Conduct .....	17
Voting Securities and Principal Holders Thereof .....	18
Security Ownership of the Board and Management .....	18
Security Ownership of Certain Beneficial Owners .....	19
Compliance with Section 16(a) of the Securities Exchange Act .....	20
Executive Compensation .....	20
Compensation Committee Report to Shareholders .....	20
Compensation Discussion and Analysis .....	21
Executive Compensation Tables .....	36
Potential Payments upon Termination or Change in Control .....	44
Director Compensation .....	49
Audit Committee Report .....	50
Proposal 2—Ratification of Independent Registered Public Accounting Firm .....	51
Appointment of Independent Registered Public Accounting Firm .....	51
Independent Auditor Fees for Services Rendered in 2012 and 2011 .....	51
Pre-Approval Policies and Procedures of the Audit Committee .....	51
Board’s Recommendation .....	51
Proposal 3—Advisory (Non-Binding) Vote Approving Executive Compensation .....	52
Board’s Recommendation .....	52
Other Matters .....	53
Deadline for Shareholder Proposals for our 2014 Annual Meeting .....	53
Important Notice Regarding the Delivery of Shareholder Documents .....	54

**FIRST REPUBLIC BANK  
111 Pine Street  
San Francisco, California 94111  
(415) 392-1400**

---

**PROXY STATEMENT**

---

**ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 14, 2013**

This Proxy Statement is being furnished to the holders of common stock of First Republic Bank, a California-chartered commercial bank, in connection with the solicitation of proxies by the Board of Directors of the Bank (the “Board”) for use at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held at 9:30 A.M., Eastern Daylight Time, on Tuesday, May 14, 2013, at the New York Yacht Club, 37 West 44<sup>th</sup> Street, New York, New York 10036, and at any adjournments or postponements of the Annual Meeting.

This Proxy Statement, the Notice of Annual Meeting of Shareholders and the proxy card are first being provided to shareholders on or about April 4, 2013. The Bank’s Annual Report on Form 10-K for the year ended December 31, 2012 (the “Annual Report on Form 10-K”) accompanies this Proxy Statement. Our Annual Report on Form 10-K shall not be deemed to be soliciting material or incorporated in this Proxy Statement by reference.

As used in this Proxy Statement, the terms “First Republic,” the “Bank,” “we,” “our” and “us” refer to First Republic Bank, a California-chartered commercial bank unless the context otherwise requires.

**VOTING INSTRUCTIONS AND INFORMATION**

**What is the purpose of the Annual Meeting?**

At the Annual Meeting, our shareholders will act upon the matters outlined in the Notice of Annual Meeting of Shareholders and described in this Proxy Statement. These matters include the election of directors, ratification of our independent auditor, and advisory (non-binding) approval of the compensation of our executive officers disclosed in this Proxy Statement.

Whether or not you expect to attend the Annual Meeting, our Board strongly encourages you to exercise your right to vote on these matters. Your vote is important. Voting early through the Internet, by telephone or by mail helps ensure that we receive a quorum of shares necessary to hold the meeting.

**Who can vote at the Annual Meeting?**

You are entitled to vote your shares of First Republic common stock (“common stock”) at the Annual Meeting if you were a shareholder as of the close of business on March 18, 2013, the record date for the Annual Meeting. As of the close of business on the record date, there were 131,470,577 shares of common stock issued and outstanding. A complete list of shareholders entitled to vote at the Annual Meeting is available during ordinary business hours at First Republic’s principal business offices, located at 111 Pine Street, San Francisco, California 94111, and will be available at the Annual Meeting.

**What are my voting rights?**

You are entitled to one vote for each share of common stock that you owned as of the close of business on the record date. Therefore, a total of 131,470,577 votes are entitled to be cast on each matter brought before the Annual Meeting. There is no cumulative voting.

## **How many shares must be present to transact business at the Annual Meeting?**

A quorum is required to transact business at the Annual Meeting. The holders of a majority of the outstanding shares of common stock as of the record date and entitled to vote, whether present in person or represented by proxy, will constitute a quorum. Both abstentions and broker non-votes (as discussed under “What vote is required to adopt each of the proposals before the Annual Meeting?”) will be counted toward the presence of a quorum.

## **How do I vote my shares?**

If you are a shareholder of record of First Republic, you may vote your shares in any of the following ways:

- *By Internet.* Visit the website for Internet voting: [www.proxyvote.com](http://www.proxyvote.com).
- *By Telephone.* Call 1 (800) 690-6903.
- *By Mail.* If you received a paper copy of the proxy materials by mail, complete, date and sign the enclosed proxy card and return it to us using the enclosed pre-paid envelope.
- *In Person at the Annual Meeting.* Attend and vote your shares at the Annual Meeting. Please see “—What do I need to do to attend the Annual Meeting?” for more information.

If you hold your shares of common stock beneficially in “street name,” then you will receive voting instructions from the record holder of your shares of common stock (including instructions on how to vote using the Internet or by telephone).

If you choose to vote using the Internet or by telephone, then you do not need to return a proxy card. The Internet and telephone voting procedures have been designed to authenticate your identity, to allow you to give voting instructions and to confirm that those instructions have been recorded correctly. To be valid, your vote by Internet or telephone must be received by 11:59 P.M., Eastern Daylight Time, on May 13, 2013. For your vote by mail to be valid, your proxy card must be received no later than the beginning of the Annual Meeting. Please be aware that if you choose to vote through the Internet or by telephone, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Regardless of whether you plan to attend the Annual Meeting, we urge you to vote your shares of common stock as promptly as possible through the Internet, by telephone or by mail to ensure we have a quorum and to avoid the need to incur additional proxy solicitation costs and to ensure that your vote will be counted if you later decide not to attend the Annual Meeting. You may revoke any previously submitted proxy and vote your shares of common stock at the Annual Meeting if you choose to attend.

## **Who is a holder of record, and what does it mean to hold shares of common stock in “street name”?**

If your shares of common stock are registered in your name with our transfer agent, Computershare Shareowner Services, LLC, then you are the record holder with respect to those shares. If your shares are held indirectly through a bank, trust, broker or other nominee, then the bank, trust, broker or other nominee is the record holder with respect to those shares, you are the “beneficial owner” of those shares and the shares are held in “street name.”

If you are a record holder, then Computershare Shareowner Services, LLC is sending a Notice of Internet Availability of Proxy Materials or a printed copy of these proxy materials to you directly. If you hold your shares in street name, then a Notice of Internet Availability of Proxy Materials or a printed copy of these proxy materials is being sent to you by your bank, trust, broker or other nominee through which you hold your shares of common stock. If you hold your shares in street name, then you must comply with the instructions of your bank, trust, broker or other nominee concerning how to vote the shares of common stock that you beneficially own. Beneficial owners have the right to direct the record holder as to how such beneficial owner’s shares should be voted, and the record holder is required to vote such shares in accordance with the beneficial owner’s instructions.

### **Can I change my vote after submitting my proxy?**

Yes, you may revoke your proxy and change your vote at any time before your proxy is voted at the Annual Meeting. If you are a record holder, you may revoke your proxy and change your vote by:

- Subsequently submitting a new proxy through the Internet or by telephone by 11:59 P.M., Eastern Daylight Time, on May 13, 2013;
- Subsequently executing and mailing a new proxy card that is received no later than the beginning of the Annual Meeting;
- Giving written notice of your revocation to Edward J. Dobranski, Secretary of the Board, First Republic Bank, 111 Pine Street, 2nd Floor, San Francisco, California 94111 that is received no later than the beginning of the Annual Meeting; or
- Voting in person at the Annual Meeting.

If you hold your shares of common stock in street name, you should follow the instructions of the nominee holding your shares regarding the revocation of proxies.

### **If I submit a proxy by Internet, telephone or mail, how will my shares of common stock be voted?**

If you properly submit your proxy and you do not subsequently revoke your proxy, your shares of common stock will be voted in accordance with your instructions.

If you submit your proxy but do not give voting instructions, your shares of common stock will be voted as follows:

- **FOR** the election of all nominees to serve as members of the Board;
- **FOR** the ratification of the appointment of KPMG LLP as our independent auditor for the 2013 fiscal year;
- **FOR** the advisory (non-binding) approval of the compensation of our executive officers disclosed in this Proxy Statement; and
- In accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

### **If I hold shares in “street name” and do not provide voting instructions, can my broker still vote my shares?**

Under New York Stock Exchange, Inc. (“NYSE”) rules, NYSE member-brokers (other than brokers affiliated with First Republic, such as First Republic Securities Company, LLC) that have not received voting instructions from their customers 10 days prior to the meeting date for the Annual Meeting may vote their customers’ shares in the brokers’ discretion on proposals deemed to be “discretionary” matters under NYSE rules. Only the proposal on the ratification of the appointment of our independent auditor is considered to be a discretionary matter. If your broker is First Republic Securities Company LLC, NYSE policy specifies that, in the absence of your specific voting instructions, your shares of common stock may only be voted in the same proportion as other shares are voted with respect to each proposal.

Under NYSE rules, proposals for the election of directors and the advisory (non-binding) approval of the compensation of our executive officers are considered to be “non-discretionary” matters, and NYSE-member brokers may not vote your shares of common stock on these matters without having received your instructions. If no voting instructions are received, such shares of common stock are considered “broker non-votes” and will be counted as present at the meeting for the purpose of determining whether a quorum exists. Shareholder proposals are also considered to be non-discretionary matters under NYSE rules.

**How does the Board recommend I vote?**

The Board unanimously recommends that you vote:

- **FOR** the election of all nominees to serve as members of the Board;
- **FOR** the ratification of KPMG LLP as our independent auditor for the 2013 fiscal year; and
- **FOR** the advisory (non-binding) approval of the compensation of our executive officers disclosed in this Proxy Statement.

**What vote is required to adopt each of the proposals before the Annual Meeting?**

For Proposal 1, the eleven nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will be elected as directors to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified. You may vote “FOR” or “WITHHOLD” for each nominee. Votes withheld shall have no legal effect.

Approval of Proposals 2 and 3 requires the affirmative vote of (i) a majority of the shares entitled to vote and present or represented by proxy and voting at the Annual Meeting and (ii) a majority of the shares required to constitute the quorum. You may vote “FOR” or “AGAINST” each proposal or you may “ABSTAIN” from voting your shares.

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only “FOR” and “AGAINST” votes are counted for purposes of determining the votes received in connection with each proposal, and therefore broker non-votes and abstentions have no effect on the proposal relating to the election of directors. In the case of Proposals 2 and 3, broker non-votes and abstentions have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and voting at the Annual Meeting. Approval of these proposals also requires the affirmative vote of a majority of the shares necessary to constitute a quorum, however, and therefore broker non-votes and abstentions could prevent the approval of these other proposals because they do not count as affirmative votes. In order to minimize the number of broker non-votes, we encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided.

While First Republic and the Board will not be bound by the outcome of Proposal 3, the Board values shareholder input and will consider the outcome of this proposal when making decisions on compensation matters in the future.

**What do I need to do to attend the Annual Meeting?**

Attendance at the Annual Meeting is generally limited to our shareholders. You may be asked to present valid picture identification, such as a driver’s license or passport, before being admitted to the Annual Meeting. If you hold your shares in street name, you will also need proof of ownership of shares of common stock to be admitted to the meeting, such as a brokerage statement or letter from your bank, trust, broker or other nominee attesting to your ownership of shares of common stock as of the record date for the Annual Meeting.

Please let us know whether you plan to attend the Annual Meeting by responding affirmatively when prompted during telephone or Internet voting.

If you need directions to the Annual Meeting, you may email us at [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com) or call us at 1-800-392-1400.

**What do I need to do to vote my shares at the Annual Meeting?**

If you are a record holder, you may vote your shares in person by completing a ballot at the Annual Meeting. Even if you currently plan to attend the Annual Meeting, we recommend that you also submit your vote by Internet, telephone or mail as described above so that your vote will be counted if you later decide not to attend the meeting.

If you hold your shares of common stock in street name, you may vote your shares in person at the Annual Meeting only if you obtain a signed letter or other document from your broker, bank, trust or other nominee giving you the right to vote the shares at the Annual Meeting.

**Who pays the expenses of this proxy solicitation?**

We will pay the costs associated with the preparation of proxy materials and solicitation of proxies for the Annual Meeting, including reasonable charges and expenses of brokerage firms, banks, trusts or other nominees for forwarding proxy materials to street name holders. We have engaged Georgeson Inc. to assist with the solicitation of proxies for an estimated fee of \$15,000 plus expenses. Proxies may also be solicited by directors, officers and employees of First Republic in person, by telephone or through other means. We will not pay these individuals any additional compensation for their services in soliciting proxies.

**Why did I receive the Notice of Internet Availability of Proxy Materials in the mail instead of a full set of proxy materials?**

In accordance with rules adopted by the SEC, we may furnish proxy materials, including this Notice of Annual Meeting of Shareholders and Proxy Statement, together with our 2012 Annual Report to Shareholders, by providing access to such documents on the Internet instead of mailing printed copies. This is known as the “notice and access” method of delivery. Shareholders generally will not receive printed copies of the proxy materials unless they have specifically requested them. Instead, a Notice of Internet Availability of Proxy Materials (“Notice”) will be mailed to shareholders starting on or around April 4, 2013.

**How do I access the proxy materials on the Internet?**

The Notice will provide instructions regarding how to view First Republic’s proxy materials for the Annual Meeting, including the 2012 Annual Report to Shareholders, on the Internet. The Notice also instructs you how you may submit your vote. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

**Will future proxy materials (including the Notice of Internet Availability of Proxy Materials) be delivered electronically?**

We have adopted the notice and access delivery method for our Proxy Materials commencing with our 2013 Proxy Statement and currently intend to use this method going forward. However, paper copies of proxy materials are always available upon request. If you would like to receive a paper or email copy of our proxy materials, whether for this Annual Meeting or going forward, please follow the instructions for requesting such materials, in the Notice of Internet Availability. If you hold your shares of common stock in street name and you wish to receive your Notice electronically, you can contact your account representative at the broker, bank, trust or other nominee through which you hold your shares for information regarding electronic delivery of future materials.

**Where can I get more information about First Republic?**

A copy of our Annual Report on Form 10-K, which has been filed with the Federal Deposit Insurance Corporation (“FDIC”), not including exhibits, accompanies this Proxy Statement. **Additional copies of our Annual Report on Form 10-K and copies of exhibits to the Annual Report on Form 10-K are available**

**without charge to any shareholder upon request. All such requests should be directed to Investor Relations, First Republic Bank, 111 Pine Street, 2nd Floor, San Francisco, California 94111 or you may email us at [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com) or call us at 1-800-392-1400.**

Copies of our Annual Report on Form 10-K and other documents and information about First Republic, including the charters of the Audit, Compensation, and Corporate Governance and Nominating Committees of our Board, our Corporate Governance Guidelines and our Code of Ethics and Corporate Conduct, are available on the Investor Relations section of our website at <http://www.firstrepublic.com> or by emailing us at [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com).

### **How can I communicate with the Board?**

You may communicate with the Board by sending a letter addressed to the Board, the non-management directors, the lead outside director or specified individual directors care of our General Counsel to First Republic Bank, 111 Pine Street, 2nd Floor, San Francisco, California 94111.

All letters received in accordance with this process will be reviewed by the General Counsel to determine whether the communication requires immediate action. The General Counsel will pass on all communications received, or a summary of such communications, to the appropriate Board member. However, we reserve the right to disregard any communication that the Bank's General Counsel determines is unduly hostile, threatening or illegal, that does not reasonably relate to the Bank or its business, or is similarly inappropriate, and has the authority to discard or disregard any inappropriate communications or take other appropriate actions with respect to any such inappropriate communications.

## PROPOSAL 1—ELECTION OF DIRECTORS

At the Annual Meeting, the Board will consist of eleven directors. Pursuant to our Bylaws, members of the Board serve for one-year terms.

The legal predecessor to the Bank was formed in 1985 and operated until September 1997 as First Republic Bancorp and thereafter as First Republic Bank, a Nevada-chartered bank, both listed on the NYSE. In September 2007, First Republic Bank merged into Merrill Lynch Bank & Trust Company, F.S.B. (“MLFSB”), a subsidiary of Merrill Lynch & Co., Inc. (“Merrill Lynch”), which itself subsequently merged into Bank of America, N.A. (“BANA”), a subsidiary of Bank of America Corporation (“Bank of America”), in November 2009.

While a division of MLFSB and BANA, we maintained a separate Advisory Board whose members were members of First Republic Bank’s board before our acquisition. On October 21, 2009, BANA, MLFSB and the current First Republic Bank (then in organization) entered into the Purchase Agreement designed to re-establish First Republic as an independent business entity with the same business model, management team and employee base (the “Transaction”). The current, newly-chartered First Republic Bank began operation on July 1, 2010.

Each of the individuals listed below has been a director of the Bank, a member of our Advisory Board or a director of our publicly-traded predecessor since the date indicated.

### Information Concerning First Republic’s Directors and Nominees

The persons named below are the Bank’s current directors and nominees for election to the Board for terms expiring upon the election and qualification of their successors at the 2013 Annual Meeting of Shareholders. Unless otherwise indicated, each person has held his or her present position as set forth below for the past five years.

Name	Director Since	Age	Position
James H. Herbert, II	1985	68	Chairman and Founding Chief Executive Officer
Katherine August-deWilde	1988	65	President, Chief Operating Officer and Director
Thomas J. Barrack, Jr.	2010	65	Director
Frank J. Fahrenkopf, Jr.	1985	73	Director
William E. Ford	2010	51	Director
L. Martin Gibbs	1985	75	Lead Outside Director
Sandra R. Hernández	2010	55	Director
Pamela J. Joyner	2004	55	Director
Reynold Levy	2013	68	Director
Jody S. Lindell	2003	61	Director
George G.C. Parker	2003	74	Director



**James H. Herbert, II**, Chairman and Founding Chief Executive Officer (Director & Founding Chief Executive Officer since 1985). Mr. Herbert was the Founding President, Chief Executive Officer and a director of San Francisco Bancorp from 1980-1985. Mr. Herbert is a trustee of San Francisco Ballet Association (Chair and Co-Chair, 2002-2008), and director of Lincoln Center for the Performing Arts, Joyce Theater of New York, San Francisco Film Society, and The BASIC Fund. Mr. Herbert is a graduate of Babson College, B.S., 1966 and New York University, M.B.A., 1969. As a result of his extensive experience working for the Bank and its predecessors and working in the banking industry more generally, Mr. Herbert is well qualified to serve as a member of the Board.



***Katherine August-deWilde, President, Chief Operating Officer and Director (Director since 1988).*** Ms. August-deWilde has been a Bank executive since 1985 and President and COO since 2007. Previously she was Senior Vice President and Chief Financial Officer at PMI Group. She is a Trustee of the Boys & Girls Club of San Francisco, a member of the Advisory Council of the Stanford Center on Longevity and a member of the Stanford University Graduate School of Business Advisory Council. Ms. August-deWilde is a graduate of Goucher College, A.B., 1969 and Stanford University, M.B.A., 1975. As a result of her extensive experience working for the Bank and its predecessors and working in the banking industry more generally, Ms. August-deWilde is well qualified to serve as a member of the Board.



***Thomas J. Barrack, Jr., Director (Director from 2001 to 2007 and July 1, 2010 to date).*** Mr. Barrack is Founder, Chairman and CEO of Colony Capital, LLC, a private equity real estate company. As Chairman, he has invested approximately \$45 billion in assets around the globe. Prior to the formation of Colony, Mr. Barrack was a principal with the Robert M. Bass Group and served in the Reagan administration as Deputy Undersecretary of the Department of the Interior. He is a Trustee of the University of Southern California, sits on a variety of public and private boards around the world, and was awarded France's Chevalier de la Légion d'honneur by president Nicolas Sarkozy. Mr. Barrack is a graduate the University of Southern California, B.A., 1969 and the University of San Diego, J.D., 1972. Mr. Barrack's extensive experience in and knowledge of the financial services industry makes him well qualified to serve as a member of the Board.



***Frank J. Fahrenkopf, Jr., Director (Director since 1985).*** Mr. Fahrenkopf is President and CEO of the American Gaming Association. He is of counsel in the Washington, D.C. law firm of Hogan Lovells. He is Co-Chairman of the Commission on Presidential Debates. From 1983 to 1989, he was Chairman of the Republican National Committee. He is a director of Gabelli Dividend and Income Trust, Gabelli Equity Trust, Gabelli Utility Trust, Gabelli Global Multimedia Trust, and Gabelli Global Gold, Natural Resources and Income Trust. Mr. Fahrenkopf is a graduate of the University of Nevada, Reno, B.A., 1962 and the University of California, Berkeley, L.L.B., 1965. Mr. Fahrenkopf's prior experience working in regulated industries and his legal background make him well qualified to serve as a member of the Board.



***William E. Ford, Director (Director since July 1, 2010).*** Mr. Ford is CEO of General Atlantic, a global growth equity firm, where he has worked since 1991. He currently serves on the board of directors at Oak Hill Advisors and Markit, and formerly served on the boards of NYSE Euronext, E\*Trade, Priceline, Mu Sigma and Zagat Survey. Mr. Ford is actively involved in various nonprofit organizations and serves as a Trustee of Amherst College, Rockefeller University, The New Museum of Contemporary Art and the Memorial Sloan-Kettering Cancer Center, and is a member of the Stanford University Graduate School of Business Advisory Council. Mr. Ford is a graduate of Amherst College, B.A., 1983 and Stanford Graduate School of Business, M.B.A., 1987. As a result of his knowledge of the financial services industry and prior experience serving as a director of various public and private companies, Mr. Ford is well qualified to serve as a member of the Board.



***L. Martin Gibbs, Director (Director since 1985).*** Mr. Gibbs is currently an investor who retired from his law practice on January 1, 2010. He previously represented First Republic from its inception through the end of 2009 and was a partner in the law firm of White & Case LLP, where he had a broad-based corporate legal practice with substantial experience in mergers and acquisitions, securitizations, real estate, private equity and banking transactions. Mr. Gibbs is a graduate of Brown University, A.B., 1959 and Columbia University School of Law, J.D., 1962. Mr. Gibbs's legal background, including his experience representing clients in the banking industry, make him well qualified to serve as a member of the Board and as the Lead Outside Director.



**Sandra R. Hernández, M.D., Director (Director since August 2010).** Dr. Hernández is CEO of The San Francisco Foundation (TSFF), the community foundation of the Bay Area. Under her leadership, TSFF has grown its assets to more than \$1 billion and granted more than \$1 billion to the community. She practices at San Francisco General Hospital’s AIDS clinic and is a director of Blue Shield of CA, the Center for Investigative Reporting, Mills College, the Federal Reserve Bank of San Francisco’s Economic Advisory Council and Yale University Council. She is the former director of San Francisco’s Department of Public Health. Dr. Hernández is a graduate of Yale University, B.A., 1979, Tufts, M.D., 1984 and John F. Kennedy School of Government at Harvard University. Dr. Hernández’s experience leading the San Francisco Foundation and her knowledge of the communities in which we operate make her well qualified to serve as a member of the Board.



**Pamela J. Joyner, Director (Director since 2004).** Ms. Joyner is a Founding Partner of Avid Partners LLC, strategic marketing consultants to alternative investment managers. Previously, Ms. Joyner led units at Bowman Capital Management LLC and was a senior executive at Capital Guardian Trust Company. She is a Trustee Emeritus of Dartmouth College, is a member of the President’s Committee on the Arts and Humanities, is a member of the Board of Directors of the New York City Ballet, was Co-Chair of the San Francisco Ballet Association, and is a Trustee of the California HealthCare Foundation. Ms. Joyner is a graduate of Dartmouth College, B.A., 1979, Harvard University, M.B.A., 1984 and Dartmouth College, M.A., Honorary Degree, 2001. Ms. Joyner’s experience in the financial services industry, including her experience in significant leadership roles at her prior positions, makes her well qualified to serve as a member of the Board.



**Reynold Levy, Director (Director since March 2013).** Since 2002, Mr. Levy has been the President of Lincoln Center for the Performing Arts. Mr. Levy was elected as a Fellow of the American Academy of Arts and Sciences and is currently the Chairman of the Board of the Charles H. Revson Foundation, a member of the Board of Overseers of the International Rescue Committee, and a trustee of Iraq and Afghanistan Veterans of America. Mr. Levy is a graduate of Hobart College, B.A. 1966, University of Virginia, M.A. 1969, Columbia University, J.D. 1973 and University of Virginia, Ph.D. 1973. Mr. Levy’s experience leading Lincoln Center and his knowledge of the New York business community make him well qualified to serve as a member of the Board.



**Jody S. Lindell, Director (Director since 2003).** Ms. Lindell is President and CEO of S.G. Management Inc., an asset management company. She is a director of the Cooper Companies and a member of its Audit and Compensation committees. She is also a director of PDL BioPharma and a member of its Audit Committee and Compensation Committees. Until May 2000, Ms. Lindell was a partner with KPMG LLP. Ms. Lindell is a graduate of Stanford University, B.A., 1973 and M.B.A., 1975. Certified Public Accountant (inactive). Ms. Lindell is well qualified to serve as a member of the Board based on her prior service on the boards of other public companies and her financial and accounting expertise.



**George G.C. Parker, Director (Director since 2003).** Mr. Parker is the Dean Witter Distinguished Professor of Finance, Emeritus, formerly Senior Associate Dean for Academic Affairs, Director of the MBA Program and Director of Executive Education at the Graduate School of Business, Stanford University. He serves on the board of directors of iShares Mutual Funds, Tejon Ranch Company, Threshold Pharmaceuticals, Inc. and Colony Financial Company. Mr. Parker is a graduate of Haverford College, B.A., 1960 and Stanford University, M.B.A., Ph.D., 1967. As a result of his teaching and research interests in corporate finance, management of financial institutions and corporate governance and his experience gained through service on the boards of several other public companies, Mr. Parker is well qualified to serve as a member of the Board.

## **Board's Recommendation**

The Board unanimously recommends you vote **FOR** the election of all nominees.

## **INFORMATION ABOUT OUR BOARD OF DIRECTORS**

### **Meetings**

In 2012, the Board held four regularly scheduled meetings and acted by telephonic board meeting ten additional times, for a total of fourteen meetings. All directors attended at least 75% of all meetings of the Board and all committees on which they served during such fiscal year, other than Mr. Ford, who attended all regularly scheduled Board meetings but missed four telephonic Board meetings and approximately half of his committee meetings. In March 2012, Mr. Ford submitted his resignation to the Bank's Audit Committee. The Board meets in executive session without management present during each regularly scheduled meeting. L. Martin Gibbs was appointed to serve as lead outside director in September 2010 and presided over all executive sessions in 2012.

### **Director Nomination Process, Board Membership Criteria and Board Diversity**

The Corporate Governance and Nominating Committee is responsible for recommending to the Board individuals to serve as our directors and on the various committees of the Board. In making such recommendations, the Corporate Governance and Nominating Committee considers such factors as it deems appropriate in light of criteria for directorship set forth in the Bank's Corporate Governance Guidelines, which are listed below. These factors may include judgment, skill, diversity, experience with businesses and other organizations comparable to us, the interplay of the candidate's experience with the experience of other members of the Board, and the extent to which the candidate would be a desirable addition to the Board and any committees.

Our Corporate Governance Guidelines specify that a director should have the following characteristics:

- Ability to comprehend our strategic goals and to help guide us towards the accomplishment of those goals;
- A history of conducting his/her personal and professional affairs with the utmost integrity and observing the highest standards of values, character and ethics;
- Time availability for in-person participation and to be present at annual meetings of shareholders as requested from time to time by the Chairman of the Board;
- Willingness to demand that our officers and employees insist upon honest and ethical conduct throughout the Bank;
- Knowledge of, and experience with regard to, at least some of: (i) real estate properties, loans and securities, including any lending and financing activities related thereto; (ii) public company regulations imposed by the SEC and NYSE, amongst others; (iii) portfolio and risk management; (iv) the major geographic locations within which the Bank operates; (v) sound business practices and (vi) accounting and financial reporting; and
- If applicable, ability to satisfy the criteria for independence established by the SEC and NYSE, respectively, as they may be amended from time to time.

Our Corporate Governance Guidelines also require that the Board must have at least three members who are financially literate, two of whom must have banking or related management experience, and one of whom must be a financial expert under criteria imposed by our regulators.

The Corporate Governance and Nominating Committee seeks to nominate candidates that bring diverse perspectives and experiences to our Board. In evaluating candidates, the Committee's practice is to consider, among other things, business experiences, the candidate's range of experiences with public companies and

cultural diversity. Evaluation of potential candidates generally involves a review of the candidate's background and credentials by the Corporate Governance and Nominating Committee, interviews with all or some of the members of the Corporate Governance and Nominating Committee and discussions with the Corporate Governance and Nominating Committee and the Board. The Corporate Governance and Nominating Committee then recommends candidates to the Board which, in turn, selects candidates to be nominated for election by the shareholders or to be elected by the Board to fill a vacancy.

The Corporate Governance and Nominating Committee will also consider nominees for election as directors recommended by shareholders and mailed to our General Counsel. Shareholder recommendations for election to the Board should be sent to the attention of our General Counsel at the address appearing on the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement, and should describe the candidate's qualifications and be accompanied by the candidate's written statement of willingness and affirmative desire to serve representing the interest of all shareholders. Shareholders may also make nominations directly by following the procedure specified in our Bylaws.

Candidates recommended by shareholders will be considered using the same criteria and in the same manner utilized by the Corporate Governance and Nominating Committee in considering all candidates for election to the Board.

Our Corporate Governance Guidelines are posted on the investor relations section of our website at [www.firstrepublic.com](http://www.firstrepublic.com) and are available in print to any shareholder who requests it by contacting [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com).

### ***Shareholders' Agreement***

In connection with our re-establishment as an independent institution, First Republic and certain of our investors entered into a shareholders' agreement (the "Shareholders' Agreement") that establishes various rights among those investors and limits those investors' ability to freely vote their shares of common stock. Subject to certain limitations, the Shareholders' Agreement specified that the Board would consist of ten directors, including (i) one representative designated by Colony Capital, LLC and its affiliates, (ii) one representative designated by General Atlantic LLC and its affiliates, (iii) our Chief Executive Officer, (iv) another member of our senior management, currently the President and Chief Operating Officer, and (v) six independent directors. Mr. Barrack and Mr. Ford are the representatives of Colony Capital, LLC and General Atlantic LLC, respectively, designated pursuant to the Shareholders' Agreement. In February 2013, Colony Capital LLC and General Atlantic LLC waived the ten member Board size requirement to allow for an additional independent director. The Shareholders' Agreement also specifies that the Board have a Corporate Governance and Nominating Committee for the purpose of nominating experienced independent directors to serve on the Board. The Corporate Governance and Nominating Committee consists of five directors, of which each of Colony Capital, LLC and General Atlantic LLC have the right to designate its respective designee. The investors who are party to the Shareholders' Agreement have agreed to vote their shares to effectuate the terms and conditions of the Shareholders' Agreement, including taking all such actions as are necessary to ensure the election to the Board of any persons designated as directors pursuant to the Shareholders' Agreement. The ownership by Colony Capital, LLC and General Atlantic LLC of First Republic common stock has declined below a threshold which results in reduced rights under the Shareholders' Agreement.

### **Committees of the Board**

The standing committees of our Board consist of an Audit Committee, a Compensation Committee, Corporate Governance and Nominating Committee and an Enterprise Risk Management Committee.

*Audit Committee.* The responsibilities of the Audit Committee include recommending to the Board a firm of independent certified public accountants to conduct the annual audit of our consolidated financial statements, reviewing with such accounting firm the scope and results of the annual audit, reviewing the performance by

such independent accountants of professional services in addition to those which are audit related, and evaluating reports by the internal and independent auditors regarding the adequacy of our systems of internal controls. We have engaged KPMG LLP as our independent auditors. Historically, the Bank has engaged an independent third party to perform an independent credit review of our loan portfolio. The oversight for the services provided by each such firm is performed by the Audit Committee. The members of the Audit Committee, all of whom are independent directors and are financially literate as those terms are defined in the NYSE listing standards that are applicable to the Bank, are Ms. Lindell (Chair), Dr. Hernández and Messrs. Fahrenkopf and Parker. The Board has determined that Ms. Lindell and Mr. Parker are audit committee financial experts, as that term is defined in Item 407(d) of Regulation S-K under the Securities Exchange Act of 1934, as amended. Mr. Ford served on the Bank's Audit Committee until he submitted his resignation in March 2012.

*Compensation Committee.* The primary responsibilities of the Compensation Committee are to establish and review the compensation, both direct and indirect, to be paid to our directors and executive officers, to review and submit to the Board its recommendations with respect to executive compensation plans, and to establish and review periodically our policies relating to executive perquisites. The members of the Compensation Committee, all of whom are independent directors as that term is defined in the NYSE listing standards that are applicable to the Bank, are Ms. Joyner (Chair) and Messrs. Ford, Gibbs and Parker.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee is responsible for recommending to the Board individuals to serve as our directors and on the various committees of the Board. In making such recommendations, the Corporate Governance and Nominating Committee considers such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses and other organizations comparable to us, the interplay of the candidate's experience with the experience of other members of the Board, and the extent to which the candidate would be a desirable addition to the Board and any committees. The Corporate Governance and Nominating Committee will also consider nominees for election as directors made by shareholders and mailed to the General Counsel. Additionally, the Corporate Governance and Nominating Committee is responsible for considering and recommending to the Board other actions relating to corporate governance matters. Mr. Fahrenkopf (Chair), Messrs. Ford, Gibbs and Parker, and Ms. Joyner, all of whom are independent directors as that term is defined in the NYSE listing standards that are applicable to the Bank, serve as its members.

*Enterprise Risk Management Committee.* The primary responsibilities of the Enterprise Risk Management Committee, working with the Board, is to ensure, from a Bank-wide perspective, that risks are prioritized and that appropriate risk management strategies are in place to respond to identified risks, monitoring that the risks incurred are within the risk policies and appetite levels of the Bank, and providing guidance to management on the scope and performance of the risk management program. The members of the Enterprise Risk Management Committee are Mr. Ford (Chair) and Messrs. Gibbs and Herbert.

In addition to these committees of the Board, the Bank has established certain committees comprised of directors, former directors and members of management to support the Board and management in the oversight of certain areas of the Bank's business. The standing committees are as follows:

*Directors' Loan Committee.* The Directors' Loan Committee is responsible for reviewing all new loans made by the Bank that exceed certain limits set forth in the Board approved loan policy. The Directors' Loan Committee is composed of four current directors of the Bank and three former directors of First Republic. The members of the Directors' Loan Committee are Mr. James J. Baumberger, Mr. James P. Conn, Mr. Fahrenkopf, Ms. Joyner, Ms. Lindell, Mr. Parker and Mr. Roger O. Walther. The Directors' Loan Committee does not have a chairperson.

*Investment Committee.* The Investment Committee is responsible for monitoring the Bank's investment portfolio and recommending investment policies which, while striving to maximize portfolio performance, will keep the management of the portfolio within the bounds of good banking practices and satisfy the liquidity and

legal requirements to which the Bank is subject. The Investment Committee is comprised of five current directors of the Bank and one former director of First Republic. The members of the Investment Committee are Ms. Joyner (Chair), Ms. August-deWilde, Mr. Conn, Mr. Ford and Mr. Herbert.

*Directors' Trust Committee.* The Directors' Trust Committee is responsible for overseeing the exercise of trust powers by the Bank through its First Republic Trust Company division. The Directors' Trust Committee is comprised of four directors and two non-director members of the Bank's management team. The members of the Directors' Trust Committee are Mr. Parker (Chair), Ms. August-deWilde, Mr. Ford, Ms. Lindell, Mr. Edward J. Dobranski and Mr. Robert L. Thornton.

During 2012, there were twelve meetings of the Audit Committee, nine meetings of the Compensation Committee, two meetings of the Corporate Governance and Nominating Committee, two meetings of the Enterprise Risk Management Committee, four meetings of the Investment Committee and four meetings of the Directors' Trust Committee. The Board also held four meetings in executive session during 2012. The Board's policy regarding director attendance at the Annual Meeting is that directors are welcome to attend, and that the Bank will make all appropriate arrangements for directors that choose to attend. One director attended the 2012 Annual Meeting.

The Audit, Compensation and Corporate Governance and Nominating Committee charters meet the standards of the NYSE. Copies of the committee charters for the Audit, Compensation, and Corporate Governance and Nominating Committees are posted on the investor relations section of our website at [www.firstrepublic.com](http://www.firstrepublic.com) and are available in print to any shareholder who requests it by contacting [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com).

## CORPORATE GOVERNANCE

### Director Independence Determination

The Board has adopted corporate governance guidelines that contain criteria for determining whether a director is deemed independent. Our guidelines are consistent with and conform to the criteria for determining independence established by the NYSE. Under these guidelines, in order to be independent, a director must not:

- Have a material relationship with the Bank (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Bank), the absence of which must be affirmatively determined by the Board;
- Be, or have been within the last three years, an employee, or have an immediate family member who is, or has been within the last three years, an executive officer, of the Bank;
- Be, or have been within the last three years, or have an immediate family member who is, or has been within the last three years, employed as an executive officer of another company where any of the Bank's present executive officers serve, or at the same time served, on that company's compensation committee;
- Be a current partner or employee of, or have an immediate family member who is a current partner of, the internal or external auditor of the Bank or of an affiliate of the Bank; or have an immediate family member who is a current partner or employee of such a firm and personally works on the Bank's audit; or have been, or have an immediate family member who was, within the last three years, a partner or employee of such a firm who personally worked on the Bank's audit within that time;
- Have received, or have an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 per year in direct compensation from the Bank, other than director or committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service); or

- Be an executive officer or an employee, or have an immediate family member who is an executive officer, of a company that makes payments to, or receives payments from, the Bank for property or services in an amount which, in any single fiscal year during the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The Board has determined that the following directors are independent: Mr. Barrack, Mr. Fahrenkopf, Mr. Ford, Mr. Gibbs, Dr. Hernández, Ms. Joyner, Mr. Levy, Ms. Lindell and Mr. Parker. Mr. Herbert and Ms. August-deWilde are current executive officers of the Bank and are not independent.

### **Board Leadership Structure and Role in Risk Management**

The Board is led by a Chairman selected by the Board from time to time. Mr. Herbert, our Chief Executive Officer, is currently also Chairman of the Board. The Board does not have a policy on whether the role of Chairman and Chief Executive Officer should be separate or combined but currently believes that the most effective leadership structure for the Bank is to combine these responsibilities. The Board believes this structure currently reduces potential confusion and conflict over who leads the Bank, both internally and when dealing with investors, customers and counterparties, and the potential duplication of efforts that can result from the roles being separated. The Board also believes that combining these roles in one person enhances accountability for our performance. Furthermore, Mr. Herbert has the knowledge, expertise and experience to understand the opportunities and challenges facing the Bank, as well as the leadership and management skills to promote and execute the Bank's values and strategy, as a result of his service as the founding Chief Executive Officer since 1985. Pursuant to his current employment agreement, as more fully described under "Executive Compensation—Compensation Discussion and Analysis—Overview of Compensation—Employment Agreements," from July 1, 2016 until December 31, 2019, Mr. Herbert will continue to serve as Chairman (subject to his election as a director by the shareholders and his appointment as Chairman by the Board) but will no longer serve as Chief Executive Officer. The Board believes that the separation of the roles of Chairman and Chief Executive Officer during this period will assist in the transition of the chief executive officer at that time to assuming full leadership of the Bank and that the benefits of the separation during this period will outweigh any potential drawbacks. Currently, the Board has not determined whether the responsibilities would continue to be separated after 2019.

To help ensure strong oversight by our non-management directors, our Audit, Compensation and Corporate Governance and Nominating Committees are composed only of independent directors. Additionally, Mr. Gibbs serves as our lead outside director and, as provided in our Bylaws, helps to coordinate the activities of the other outside independent directors and presides at all executive sessions of independent directors at which he is present. Mr. Gibbs remains fully informed of all activities of the Board and its committees through his service on the Board generally and his service as a member of the Compensation and the Corporate Governance and Nominating Committees.

The Board is responsible for overseeing all strategic aspects of the Bank's operations and management, including oversight of risk management. The Board receives regular reports on the Bank's operations and enterprise risk management activities, including a global risk assessment. Additionally, the Board maintains several standing committees through which it oversees risks within the Bank. The Audit Committee oversees Bank risk through its review of the Bank's internal reporting and accounting processes. The Audit Committee receives reports on, and reviews, the Bank's principal financial statement internal control risk exposures, including financial reporting, internal audit and information security. In 2012, the Bank formed the Enterprise Risk Management Committee of the Board of Directors to provide additional oversight of the Bank's existing enterprise risk management program. Bank management regularly discuss macro- and business-specific environmental factors with the Board, as well as the potential impact of these factors on our risk profile and financial situation. Bank management also periodically reviews with the Board and the Investment Committee specific risk analyses, such as interest rate sensitivity and earnings simulation scenario analyses. In addition, the Directors' Loan Committee participates in credit risk management by reviewing all new loans made by the Bank that exceed policy limits; the Investment Committee monitors the Bank's investment portfolio and recommends

investment policies and thereby participates in managing market risk and liquidity risk; and the Directors' Trust Committee participates in market, operational and reputational risk management by overseeing the Bank's trust businesses. Further, the Bank's loan policies require approval of either the Director's Loan Committee or the Board for larger loans and concentrations. The Compensation Committee reviews the compensation policies, incentive compensation arrangements and employment agreements to determine whether compensation is in line with prudent management practices, peer firms and industry standards, as well as to determine that such practices are not reasonably likely to have a material adverse effect on the Bank. The Corporate Governance and Nominating Committee assists the Board in fulfilling oversight responsibilities with respect to the risks associated with Board organization, membership, diversity and structure. The Board also interacts on a regular basis with the Bank's executive officers, including both those responsible for internal controls and those responsible for the Bank's various business lines. It is through these various channels that the Board seeks the information to oversee the Bank's risk management.

The Board recommended a proposal at the 2011 Annual Meeting that would provide shareholders the option of having an advisory (non-binding) vote approving the compensation of our named executive officers at every subsequent annual meeting. This proposal for annual frequency of review was passed by a majority vote of shareholders in May 2011. Accordingly, the Board has resolved to include the "say on pay" proposal as Proposal 3 herein. We must hold an advisory (non-binding) vote on the frequency of the "say on pay" vote at least once every six years.

#### **Compensation Committee Interlocks and Insider Participation**

During 2012, no member of the Compensation Committee was an employee, officer, or former officer of the Bank. None of our executive officers has served in 2012 on the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had an executive officer serving as a member of the Board or Compensation Committee. As described under "—Transactions with Related Persons," some Compensation Committee members had banking or financial services transactions in the ordinary course of business with us or our subsidiaries.

#### **Service on the Audit Committees of Other Public Companies**

If an Audit Committee member serves on the audit committees of more than three public companies, the NYSE listing standards require the Board to determine that such simultaneous service does not impair the ability of such member to effectively serve on the Audit Committee and to disclose such determination with respect to any director nominee in its annual proxy statement. Mr. Parker serves on the audit committee of three public companies other than the Bank. In accordance with the NYSE listing standards, the Board has determined that Mr. Parker's service on the audit committees of more than three public companies does not impair his ability to serve effectively on the Audit Committee.

#### **Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons**

The Board has adopted a written related-person transactions policy. We regularly monitor our business dealings and those of our directors and officers to determine whether any existing or proposed transactions would constitute a related-person transaction requiring approval under this policy. In addition, our Code of Ethics and Corporate Conduct requires any employee, officer or director who is aware of a conflict of interest or is concerned that a conflict of interest might develop to discuss the matter promptly with a manager or our General Counsel. Our directors and executive officers are also instructed and periodically reminded of their obligation to inform our General Counsel of any potential related-person transactions and are required to complete a questionnaire on an annual basis designed to elicit information regarding any such related-person transactions.

Any potential related-person transactions that are brought to our attention are analyzed by our General Counsel, in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship is, in fact, a related-person transaction requiring compliance with this policy. If a

transaction is determined to be a related-person transaction requiring compliance with this policy, the management and our General Counsel, in consultation with outside counsel as appropriate, will determine, in their view, whether the related-person transaction should be permitted, modified to avoid any potential conflict of interest or terminated, or whether some other action should be taken.

At each of its meetings, the Corporate Governance and Nominating Committee will be provided with the details of each new, existing or proposed related-person transaction, including the terms of the transaction, the business purpose of the transaction and the benefits to the Bank and to the relevant related person. In determining whether to approve a related-person transaction, the Corporate Governance and Nominating Committee will consider, among other factors, the following:

- Whether the terms of the related-person transaction are fair to the Bank and on terms at least as favorable as would apply if the transaction did not involve a related person;
- Whether there are demonstrable business reasons for the Bank to enter into the related-person transaction;
- Whether the related-person transaction would impair the independence of an otherwise independent director under applicable stock exchange rules or applicable law;
- Whether the related-person transaction would present an improper conflict of interest for any director or executive officer of the Bank, taking into account (i) the size of the transaction, (ii) the overall financial position of the director, executive officer or related person, (iii) the direct or indirect nature of the director's, executive officer's or related person's interest in the transaction and (iv) the ongoing nature of any proposed relationship; and
- Any other factors the Corporate Governance and Nominating Committee deems relevant.

Any member of the Corporate Governance and Nominating Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the related-person transaction, but may, if so requested by the chair of the Corporate Governance and Nominating Committee, participate in some or all of the Corporate Governance and Nominating Committee's discussions of the related-person transaction.

### **Transactions with Related Persons**

Certain of our directors and executive officers and their immediate family members are or were customers of, or have or had transactions with, us in the ordinary course of business. These transactions include deposit accounts, wealth management accounts, brokerage accounts and loans. Additional transactions are expected to occur in the future. Any outstanding loans to directors, executive officers and their immediate family members, and any transactions involving other financial products and services provided by us to such persons were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and did not involve more than normal risk of collection or present other unfavorable features and were in compliance with applicable regulatory requirements. Additionally, the spouse of Mr. Lichtman is a non-executive employee of First Republic primarily engaged in deposit gathering and related leadership functions and received compensation in 2012 of approximately \$1,120,000.

First Republic has engaged Capra Ibex Advisors LLC ("Capra Ibex") to advise it on matters related to its investment portfolio, risk management and other financial matters pursuant to an agreement effective September 7, 2010. James P. Healy, a brother-in-law of Mr. Herbert, is the founder and sole owner of Capra Ibex, which employs or contracts for the services of a group of former senior investment bankers. Mr. Healy holds a Ph.D. from Princeton University and served as Global Head of the Fixed Income Division of Credit Suisse from 2003 to 2007, having been with that firm for 25 years in total. The consulting contract was negotiated at arm's length by Bank management, which did not include Mr. Herbert. The consulting contract was

for an initial period of one year, but may be terminated upon 30 days' notice by either party or extended on a month to month basis. The Bank paid Capra Ibx approximately \$1.6 million for services in 2012 and \$1.4 million for services in 2011. We expect to continue to engage Capra Ibx in 2013. The Bank believes that the consulting contract is on market terms.

## **Executive Officers**

In addition to our employee directors discussed earlier, the backgrounds of our executive officers are presented below.

**Michael D. Selfridge**, *Senior Executive Vice President and Deputy Chief Operating Officer*. (Age 45) Mr. Selfridge joined First Republic in March 2012. He was appointed Chief Risk Officer in September 2012 and Deputy Chief Operating Officer in January 2013. Previously, he was Head of U.S. Regional Banking and held various other positions over an 18 year period with Silicon Valley Bank. Prior to Silicon Valley Bank, Mr. Selfridge worked for HSBC and also for Wells Fargo Bank. Mr. Selfridge is a graduate of California Polytechnic State University, San Louis Obispo, B.S., 1989, and University of San Francisco, M.B.A., 1995.

**Edward J. Dobranski**, *Executive Vice President, General Counsel and Secretary*. (Age 62) Mr. Dobranski joined First Republic in 1992. Prior to that, Mr. Dobranski practiced banking, real estate and corporate law through positions held with the federal government, in private practice and as corporate counsel. Mr. Dobranski is a graduate of Coe College, B.A., 1972 and Creighton University, J.D., 1975.

**David B. Lichtman**, *Executive Vice President and Chief Credit Officer*. (Age 49) Mr. Lichtman has been employed by First Republic since 1986, holding positions in various phases of lending operations, and has held his current position since 1994. Mr. Lichtman is a graduate of Vassar College, B.A., 1985 and University of California, Berkeley, M.B.A., 1990.

**Willis H. Newton, Jr.**, *Executive Vice President and Chief Financial Officer*. (Age 64) Mr. Newton joined First Republic in 1988 and has held his current position since then. From 1985 to August 1988, he was Vice President and Controller of Homestead Financial Corporation. Mr. Newton is a graduate of Dartmouth College, B.A., 1971 and Stanford University, M.B.A., 1976 and is a Certified Public Accountant (inactive).

**Jason C. Bender**, *Senior Vice President and Chief Administrative Officer*. (Age 43) Mr. Bender has been with First Republic Bank since 1999 and has managed the Bank's finance department for a decade, where he was involved in strategic planning, treasury and asset-liability management. In January 2013, he was appointed to the newly created position of Chief Administrative Officer, initially to ensure selected corporate functions are well coordinated. Prior to First Republic, Mr. Bender worked for Silicon Valley Bank. Mr. Bender is a graduate of Swarthmore College, B.A., 1992 and Stanford Graduate School of Business, M.B.A., 1999.

**Michael J. Roffler**, *Senior Vice President and Deputy Chief Financial Officer*. (Age 42) Mr. Roffler is Senior Vice President and Deputy Chief Financial Officer of First Republic and has held that position since he joined the Bank in November 2009. He serves as the Bank's Principal Accounting Officer. Previously, Mr. Roffler was a Certified Public Accountant with KPMG LLP for sixteen years, five of which were as an audit partner. Mr. Roffler is a graduate of Marquette University, B.S. Accounting, 1993.

## **Code of Ethics and Corporate Conduct**

We have a Code of Ethics and Corporate Conduct that applies to all our directors, officers (including the Chief Executive Officer, the Chief Financial Officer and the Principal Accounting Officer) and employees. Our Code of Ethics and Corporate Conduct is posted on the investor relations section of our website at [www.firstrepublic.com](http://www.firstrepublic.com) and is available in print to any shareholder who requests it by contacting [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com).

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of March 18, 2013, 131,470,577 shares of our common stock, par value \$0.01 per share, were outstanding and therefore entitled to receive notice of and to vote at the Annual Meeting.

### Security Ownership of the Board and Management

The following table sets forth the beneficial ownership of our common stock as of March 18, 2013 by our directors and executive officers. As of March 18, 2013, 131,470,577 shares of common stock were issued and outstanding, and no shares were held as treasury stock.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percentage</u>
William E. Ford(2)	6,833,156	5.2%
Thomas J. Barrack, Jr.(3)	6,756,017	5.1%
James H. Herbert, II(4)	3,821,644	2.8%
Katherine August-deWilde(5)	3,065,711	2.3%
David B. Lichtman(6)	148,158	0.1%
Willis H. Newton, Jr.	121,203	0.1%
Michael D. Selfridge	75,000	*
Pamela J. Joyner(7)	44,152	*
Frank J. Fahrenkopf, Jr.	27,486	*
George G.C. Parker	20,403	*
L. Martin Gibbs	17,486	*
Sandra R. Hernández	10,820	*
Jody S. Lindell	10,820	*
Reynold Levy	—	*
All Executive Officers and Directors as a group (composed of 17 individuals)	<u>21,202,047</u>	<u>15.4%</u>

\* Less than 1/10<sup>th</sup> of 1% of the common stock outstanding.

- (1) All shares of common stock not outstanding that may be acquired by a shareholder within 60 days of the record date, by exercise of any stock option or any other right are deemed to be outstanding for the purposes of calculating beneficial ownership and computing the percentage beneficially owned by such shareholder, but not by any other shareholder. Included in the above table are vested shares of common stock subject to outstanding stock options that are deemed to be beneficially owned by the holders thereof as follows: Mr. Herbert—3,093,578 shares; Ms. August-deWilde—2,618,311 shares; Mr. Lichtman—100,500 shares; Mr. Newton—50,000 shares; 7,500 shares each for Ms. Joyner, Mr. Fahrenkopf, Ms. Lindell, Mr. Gibbs, and Dr. Hernández; and Mr. Parker—3,750 shares; and all directors and executive officers as a group—6,047,389 shares. Totals displayed do not include shares of common stock subject to unvested stock options held by certain of our directors and executive officers in the following quantities: Mr. Herbert—822,850 shares; Ms. August-deWilde—822,850 shares; Mr. Lichtman—64,500 shares; Mr. Newton—30,000 shares; and 7,500 shares each for Ms. Joyner, Mr. Fahrenkopf, Ms. Lindell, Mr. Parker, Mr. Gibbs and Dr. Hernández; and all directors and executive officers as a group—1,881,450 shares; in each case as of March 18, 2013. The above table includes shares of restricted stock that have been awarded as of the record date but not yet vested because the restrictions have not lapsed, as follows: Mr. Herbert—328,125 shares; Ms. August-deWilde—40,000 shares; Mr. Lichtman—31,250 shares; Mr. Newton—19,000 shares; Mr. Selfridge—62,500 shares; and all directors and executive officers as a group—542,875 shares.
- (2) Mr. Ford's ownership percentage includes 6,829,836 shares of common stock held by affiliates of General Atlantic LLC, of which he is the Chief Executive Officer. Mr. Ford disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. See footnote 1 to the table regarding Security Ownership of Certain Beneficial Owners for more information.

- (3) Mr. Barrack's ownership percentage includes 6,752,697 shares of common stock held by ColFin FRB Investor, LLC, an affiliate of Colony Capital, LLC. Mr. Barrack is the Chief Executive Officer of Colony Capital, LLC. Mr. Barrack disclaims beneficial ownership of the common stock listed except to the extent of his pecuniary interest therein. See footnote 2 to the table regarding Security Ownership of Certain Beneficial Owners for more information.
- (4) Totals displayed include 50,000 shares of common stock held a family partnership of which Mr. Herbert is a partner, and 66,667 shares of common stock held by Mr. Herbert's wife, all of which are attributable to Mr. Herbert.
- (5) Totals displayed include 33,333 shares of common stock held by Ms. August-deWilde's husband, 40,000 shares of common stock held in a trust for her children and 20,000 shares of common stock held by her children, all of which are attributable to Ms. August-deWilde.
- (6) Totals displayed for Mr. Lichtman include 45,000 vested stock options to purchase shares of common stock and 1,250 restricted stock units attributable to his wife, who is a Bank officer.
- (7) Totals displayed include 16,666 shares of common stock held by Ms. Joyner's husband, which are attributable to Ms. Joyner.

### Security Ownership of Certain Beneficial Owners

The following table sets forth the beneficial ownership of the common stock as of March 18, 2013 by any shareholder known to us, based on filings or information provided to us or made with the FDIC, to own 5% or more of the outstanding shares of our common stock.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percentage</u>
Entities Affiliated with General Atlantic LLC(1) . . . . . Three Pickwick Plaza Greenwich, CT 06830	6,829,836	5.2%
ColFin FRB Investor, LLC(2) . . . . . 2450 Broadway, 6th Floor Santa Monica, CA 90404	6,752,697	5.1%
Maria De Lourdes Velasco(3) . . . . . Attn: Pedro Vereá Hernandez 1155 René-Lévesque Blvd. West, 40th Floor Montréal, QC H3B 3V2, Canada	3,479,733	2.6%
Roberta Hernandez Velasco(3) . . . . . Attn: Pedro Vereá Hernandez 1155 René-Lévesque Blvd. West, 40th Floor Montréal, QC H3B 3V2, Canada	3,479,733	2.6%
Andrea Hernandez Velasco(3) . . . . . Attn: Pedro Vereá Hernandez 1155 René-Lévesque Blvd. West, 40th Floor Montréal, QC H3B 3V2, Canada	3,479,733	2.6%

(1) This information has been derived from Schedule 13D, dated as of January 7, 2013, by General Atlantic LLC ("General Atlantic"), which states that General Atlantic has shared voting and shared dispositive power over 6,832,908 shares as of December 31, 2012. This information is adjusted for the disposition of 2,778 shares and 294 shares as reported on Form 4 dated as of March 13, 2013 and March 18, 2013, respectively. The shares owned by General Atlantic have not been adjusted for the disposition of 917,972 shares and 171,689 shares as reported on Form 4 dated as of March 13, 2013 and March 18, 2013, respectively, which settled after the record date of March 18, 2013. Upon completion of these sales, General Atlantic's percentage ownership was reduced to 4.4%.

- (2) This information has been derived from Amendment No. 3 to Schedule 13G, dated as of February 1, 2013, by ColFin FRB Investor, LLC (“ColFin”) and Thomas J. Barrack, Jr., which states that ColFin has sole voting and sole dispositive power over 6,969,453 shares as of December 31, 2012 and that Mr. Barrack has shared voting and shared dispositive power over 6,969,453 shares as of December 31, 2012. ColFin is indirectly controlled by affiliates of Colony Capital, LLC, which are solely managed and controlled by Mr. Barrack. The Schedule 13G states that Mr. Barrack may be deemed to have indirect beneficial ownership of the shares held by ColFin through ultimate control over the entities that own or control ColFin, but the filing of a Schedule 13G shall not be construed as an admission of such. This information is adjusted for the disposition of 16,407 shares and 200,349 shares as reported on Form 4 dated as of January 28, 2013 and February 4, 2013, respectively. The shares owned by ColFin have not been adjusted for the disposition of 920,750 shares and 171,983 shares as reported on Form 4 dated as of March 13, 2013 and March 18, 2013, respectively, which settled after the record date of March 18, 2013. Upon completion of these sales, ColFin’s percentage ownership was reduced to 4.3%.
- (3) Based on information provided to First Republic, each of the three investing members of the Hernandez family holds her shares of common stock through her respective Canadian limited partnership beneficially owned by an individual trust created under the laws of Mexico of which she will be the grantor and primary beneficiary. If each such family member is deemed to share beneficial ownership with the others, she would hold approximately 7.9% of the outstanding shares of common stock. Each of the three investing members of the Hernandez family is unrelated to Dr. Hernández, a member of the Board.

#### **Compliance with Section 16(a) of the Securities Exchange Act**

In accordance with Section 16(a) of the Securities Exchange Act of 1934, the FDIC requires our executive officers and directors and persons who beneficially own more than 10% of the registered class of our equity securities to file reports of ownership and changes in ownership with the FDIC. Executive officers, directors and greater than 10% beneficial owners are required to furnish us with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of reports of ownership and changes in ownership provided to First Republic by certain reporting persons pursuant to Section 16(a) of the Securities Exchange Act of 1934, or written representations from certain reporting persons, we believe that during the 2012 fiscal year all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners were complied with within the reporting deadlines, except for Mr. Lichtman, who did not timely report the grant of restricted share units to his spouse in April 2012.

### **EXECUTIVE COMPENSATION**

#### **Compensation Committee Report to Shareholders**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on its review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into First Republic’s Annual Report on Form 10-K for the year ended December 31, 2012.

#### **THE COMPENSATION COMMITTEE**

Pamela J. Joyner (Chair)

William E. Ford

L. Martin Gibbs

George G.C. Parker

## Compensation Discussion and Analysis

### *Executive Summary*

The Compensation Discussion and Analysis provides you with a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs and the factors considered in making those decisions. This Compensation Discussion and Analysis focuses on the compensation of our Named Executive Officers for 2012, who were:

<u>Name</u>	<u>Title</u>
James H. Herbert, II . . . . .	Chairman and Chief Executive Officer
Willis H. Newton, Jr. . . . .	Executive Vice President and Chief Financial Officer
Katherine August-deWilde . . . . .	President and Chief Operating Officer
Michael D. Selfridge . . . . .	Senior Executive Vice President and Deputy Chief Operating Officer
David B. Lichtman . . . . .	Executive Vice President and Chief Credit Officer

### *2012 Company Financial Highlights*

As noted below, the Bank's financial performance in 2012 was strong:

- Net income was a record \$402 million, up 14% from 2011.
- Core net income increased 38% and core EPS increased 28%.<sup>(1)</sup>
- Non-performing assets were only 0.14% of total assets and net charge-offs were only 0.01% of average loans.
- Return on equity was 13.5%.
- Book value per share grew 13.5% and is up 48% since July 1, 2010 (our buy-back date).
- Tier 1 leverage capital ratio increased to 9.32%.
- We raised \$500 million of Tier 1 capital in 2012, through three offerings of noncumulative perpetual preferred stock.
- Total assets increased 24% to \$34 billion and loans outstanding grew 23%.
- Deposits grew by 21% and checking was 52% of total deposits at year-end.
- Wealth management assets grew by 55%, including the assets under management of Luminous acquired in December 2012. Excluding this acquisition, wealth management assets grew 27%.
- Core net interest margin remained at 3.53% as we improved our deposit mix and pricing to offset loan yield compression.

### *Continued Accomplishment of Strategic Objectives During 2012*

First Republic has continued to make progress towards several strategic objectives:

- Loan originations were \$15.5 billion for 2012, up 51% from 2011. The Bank has continued to hire experienced relationship managers and business bankers, as well as seasoned credit approval personnel to facilitate loan originations and to maintain our high level of underwriting standards.

(1) Core net income, core EPS and core net interest margin are not defined under GAAP and are not deemed to be an alternative measure of performance under GAAP. These measures exclude the positive impact of purchase accounting adjustments on the Bank's financial results and are more fully defined in the Bank's earnings release for the quarter and year ended December 31, 2012 and the 2012 Annual Report on Form 10-K.

- We experienced strong demand for single family loans in the secondary market, selling \$2.4 billion of fixed-rate, longer-term loans at a significant profit.
- We have lowered our average cost of deposits by improving the mix of our deposit franchise, as we increased the amount of low-cost checking balances to 52% of total deposits at the end of 2012, up from 26% at July 1, 2010. Certificates of deposit have declined to 11% from 34% of deposits over the same period.
- Our business banking deposits increased \$2.6 billion from 2011 and now represent 42% of total deposits.
- Deposits from wealth management clients now account for 10% of total deposits.
- Since our independence on July 1, 2010, we have opened 7 new preferred banking offices and have 7 more scheduled to open in 2013. We recently added an office in Palm Beach, Florida, in order to better serve primarily our East Coast clients.
- We expanded our wealth management business through the hiring of experienced wealth management professionals, the acquisition of Luminous, opened a Delaware trust office, expanded financial planning capabilities and enhanced our offering of alternative investments.
- We continue to focus on attracting high net worth households and over the past eight years have increased these clients at a CAGR of 13% per year.
- We continue to invest in technology in order to increase our efficiency and to add products for our clients. In 2012, we introduced mobile banking and redesigned our website.
- We have worked to establish a liquid market for our common stock while reducing the private equity share of ownership. From January 2012 through March 2013, the market absorbed 51 million shares, or more than one-third of the Bank's total outstanding shares, from sales by our initial private equity investors. As a result, private equity ownership was reduced to less than 10% (from 73% at July 1, 2010) as of the date of this Proxy Statement.
- Institutional investors increased in number to 344, up from the end of 2011.
- Average trading volume increased 63% from the fourth quarter of 2011 to the fourth quarter of 2012.
- In August 2012, we were approved for and initiated a quarterly cash dividend of \$0.10 per share on our common stock.
- We have worked very diligently and successfully to put in place a very detailed succession process (see below).

#### *Management Succession Process*

Mr. Herbert, our founding Chief Executive Officer, and Ms. August-deWilde have led the enterprise since 1985. Over these 27 years, the Bank has been profitable every year and has a long-term record of delivering outstanding shareholder returns. This is evidenced by the 22% CAGR of market capitalization between the initial public offering in 1986 and December 31, 2012.

In 2012, First Republic and its Board took several important steps to enhance its Executive Succession Plan.

In February 2012, Mr. Herbert entered into a 5-year extension of his employment and non-compete agreements, each of which originally ended on December 31, 2014. Mr. Herbert has agreed to continue as Chairman and CEO until June 30, 2016, and thereafter as Executive Chairman (subject to election) until December 31, 2019.

As an inducement for entering into these new, extended employment and non-compete agreements, Mr. Herbert received a one-time award of 350,000 shares of restricted stock, that vest over an 8 year period. Importantly, 70% of this award, which is all performance-based and contingent upon future service, occurs during or after 2015, the beginning of the extension period. The vesting of this restricted stock award is contingent upon the Bank's achievement of performance goals and Mr. Herbert's continued service.

Also in February 2012, Ms. August-deWilde entered into an amendment of her employment agreement, which ends on December 31, 2014, providing for a consulting agreement under which she will thereafter serve as Senior Advisor and Vice Chairman (subject to election) until December 31, 2016. In connection with such consulting agreement, Ms. August-deWilde was awarded 40,000 shares of restricted stock, which vest ratably in 2015 and 2016, subject to the Bank's achievement of performance goals and her continued service.

The number of shares awarded in 2012, as well as the performance goals and the timing of vesting for Mr. Herbert and Ms. August-deWilde were carefully considered by the Compensation Committee and its independent consultant to match these long-term equity incentives with the expected contribution of these executives over future periods. The Compensation Committee also carefully considered the often raised question of management succession by investors. In approving these additional long-term equity incentives, the Compensation Committee considered the executives' future role, time commitments, the desire to retain each executive through an extended transition period, their unique knowledge of the Bank's business and its culture, as well as market compensation levels for each position.

We simultaneously added considerable depth, strength and organization of the executive management team. In addition to the hiring or appointing of several deputy leaders throughout the organization, we hired Michael D. Selfridge, Senior Executive Vice President, in March 2012. Mr. Selfridge was recently promoted to Deputy Chief Operating Officer.

### ***Introduction***

The compensation disclosure tables and associated narrative discussions that follow this Compensation Disclosure and Analysis provide information regarding compensation for the past three years, but this Compensation Discussion and Analysis primarily focuses on the compensation earned in the 2012 fiscal year by our Chairman and Chief Executive Officer ("CEO"), our Executive Vice President and Chief Financial Officer ("CFO"), and the three other highest paid executive officers of the Bank (together, our "named executive officers"). This section explains our executive compensation philosophy and objectives, our compensation determination process, the key components of our compensation program and the decisions related to compensation earned.

Following the Transaction to reestablish First Republic as an independent entity on July 1, 2010, the Compensation Committee of the Board has been and will continue to be responsible for establishing our compensation philosophy and programs and for determining appropriate payments and awards to our named executive officers, subject to agreements put in place at the time of the Transaction. Compensation for the first half of 2010 was earned while we operated as a division of BANA and was based on employment agreements with and the compensation policies of MLFSB and BANA. The Compensation Committee is responsible for reviewing and administering our policies governing compensation for our executive management team (our CEO, our President and Chief Operating Officer ("President"), our CFO, our Executive Vice President and Chief Credit Officer ("Chief Credit Officer") and, since his hiring in March 2012, our Senior Executive Vice President ("Senior EVP"), as well as any other officer who is required to file beneficial ownership reports with respect to our stock under Section 16 of the Securities Exchange Act of 1934, as amended), in some cases, subject to approval or ratification by the Board. Four members of the Board sit on the Compensation Committee, all of whom are independent directors as defined in the corporate governance listing standards of the NYSE. The Compensation Committee's function is more fully described in its charter which has been approved by the Board.

### *2012 and 2011 Say on Pay Vote Results*

At our 2012 and 2011 annual meetings of shareholders (held on May 15, 2012 and on May 17, 2011), as required by Section 14A(a)(1) of the Securities Exchange Act of 1934, as amended, our shareholders were presented an opportunity to vote on an advisory basis with respect to the compensation of our named executive officers. At these meetings, 96% and 98%, respectively, of our shareholders voted to approve Bank’s “say on pay” proposal. In light of the strong shareholder support in each of the last two years, the Compensation Committee determined to maintain the structure of our existing executive compensation program and concluded that the Bank’s compensation policies and decisions should continue to be focused on long-term financial performance to drive shareholder value. While this “say on pay” vote is a non-binding, advisory vote, the Committee intends to take into account the outcome of the vote when considering future executive compensation arrangements.

### *Overview of Compensation*

The following discussion describes the material elements of our compensation programs for 2012.

Our current compensation program includes features that we believe drive performance and excludes features we do not believe serve our shareholders’ long-term interests. The table below highlights some of these features:

<b>Included Features</b>	<b>Excluded Features</b>
<ul style="list-style-type: none"><li>✓ <b>At-risk Compensation</b>—Our named executive officers receive the majority of their compensation in performance-based compensation (annual incentives, stock options and performance-based restricted stock initiated in 2012).</li><li>✓ <b>Stock Ownership Guidelines</b>—In 2012, we implemented guidelines whereby our executive officers and non-employee directors are expected to hold a multiple of their base salaries and annual retainer, respectively, in the Bank’s common stock.</li><li>✓ <b>Clawback Policy</b>—Awards under the 2010 Omnibus Award Plan are subject to certain clawback and forfeiture provisions.</li><li>✓ <b>No Margin or Pledging Policy</b>—Our executive officers are prohibited from holding Bank securities in margin accounts pledging Bank securities as collateral for loans.</li><li>✓ <b>No Hedging Policy</b>—Our executive officers are prohibited from engaging in hedging transactions with respect to Bank securities.</li><li>✓ <b>No Short Sales</b>—Our executive officers are prohibited from engaging in short sales with respect to Bank securities.</li></ul>	<ul style="list-style-type: none"><li>✓ <b>No Excise Tax Gross-ups</b>—We do not provide tax gross-up payments for any excise tax imposed on certain so called “golden parachute payments” under the Code.</li><li>✓ <b>No “Single Trigger” Cash Payments</b>—We have no agreement which allows for cash payments to be made to our CEO solely on account of the occurrence of a change in control event.</li><li>✓ <b>No Guaranteed Base Salary Increases.</b></li><li>✓ <b>No Guaranteed Minimum Bonuses.</b></li><li>✓ <b>No Guaranteed Equity Awards.</b></li></ul>

### *Pay Levels and Benchmarking*

In making determinations regarding executive compensation, the Compensation Committee engages an independent compensation consultant. In 2011 and early 2012, the Compensation Committee utilized Pearl

Meyer & Partners (“Pearl Meyer”) to assist in its review of competitive compensation levels for named executive officers, including base salary, annual incentive (bonus) compensation, long-term incentives, other compensation and total cash compensation. Following an analysis of the Pearl Meyer review, the Compensation Committee established 2012 compensation arrangements for the Bank’s named executive officers, including the amendments to the employment agreements of the CEO and President.

In October 2012, the Compensation Committee retained Frederic W. Cook & Co. (“F.W. Cook”) to assist in a review of competitive compensation levels, including base salary, annual incentive (bonus) compensation, long-term incentives, other compensation and total cash compensation. The named executive officers have not participated in the selection of F.W. Cook or any other compensation consultant in connection with advice regarding executive and director compensation matters. The Compensation Committee determines in its sole discretion which compensation consultant to retain for various services, and the consultant reports directly to the Compensation Committee. F.W. Cook does not provide any other services to the Bank and its subsidiaries. Based on information provided by F.W. Cook, the Compensation Committee considered F.W. Cook’s independence. The information provided affirms the independence of F.W. Cook and its partners, consultants and employees who service the Compensation Committee on executive compensation matters and governance issues.

F.W. Cook summarized certain data for the Compensation Committee and collected similar data on other companies. The data reflects compensation practices at companies that the Compensation Committee, with input from F.W. Cook, consider to be key competitors who operate in our markets, seek to serve the same clients, compete for hiring the same talent and offer similar services; this group may include division executives of larger organizations who are direct competitors or executives at banks comparable in total assets and managed assets (the “Peer Group”). The data provided also includes a summary of financial performance for us and the Peer Group. For 2012, the Peer Group included the following companies:

- City National Corporation
- Comerica Incorporated
- First Horizon National Corporation
- First Niagara Financial Group, Inc.
- Huntington Bancshares Incorporated
- Key Corporation
- M & T Bank Corporation
- Northern Trust Corporation
- People’s United Financial, Inc.
- Signature Bank
- SVB Financial Group
- TCF Financial Corporation

In 2012, our Compensation Committee, in consultation with F.W. Cook, reviewed and revised our Peer Group. Our Peer Group will be reviewed and updated periodically by the Compensation Committee. Our 2012 revised Peer Group excludes peers from the 2011 group which were considered to have operations that were dissimilar to the Bank’s operations (e.g. Discover Financial Services, IntercontinentalExchange, Inc., NASDAQ OMX Group, Inc., and NYSE Euronext). In addition, certain financial institutions were removed from the Peer Group in 2012 due to the size of the institution or their operating markets (e.g. BOK Financial Corporation, Commerce Bancshares, Inc., Cullen/Frost Bankers, Inc., Privatebancorp, Inc., BancorpSouth, Inc., and Zions Bancorporation). In place of these companies, the Bank added 3 additional peer banks which are more reflective of the Bank’s size and operations—First Niagara Financial Group, Inc., Huntington Bancshares Incorporated and Key Corporation. In establishing our 2012 Peer Group, the Compensation Committee considered various metrics of similarly sized banking organizations including total assets, revenues and market capitalization. Based on the most recent available financial information at December 31, 2012, the Bank’s total assets, total revenues and market capitalization are 102%, 98% and 106%, respectively, of the median of the 2012 Peer Group.

Pay levels and adjustments for Mr. Herbert and Ms. August-deWilde are substantially set by their employment agreements, which were negotiated with investors and reviewed by the FDIC prior to closing the Transaction and were substantially amended in February 2012. See “—Compensation Discussion and Analysis—Employment Agreements.”

Pay levels and adjustments for named executive officers other than the CEO and President are determined by the Compensation Committee after considering the pay levels among the Peer Group as well as other factors, including individual efforts and our performance against business plans approved by the Board. As part of the market benchmarking process, the Compensation Committee has considered and will regularly consider our financial performance in comparison with the companies in the Peer Group. The Compensation Committee generally targets total compensation at above average levels for above average performance, primarily with respect to franchise growth, total shareholder return and other return measures. The Compensation Committee also focuses on maintaining an above average share of compensation at risk through the use of performance-based compensation.

The Compensation Committee is responsible for evaluating performance of the named executive officers and determining compensation levels. The full Board reviews the Compensation Committee's recommendations regarding the annual salary, bonus and other compensation matters for the executives. The CEO and, as appropriate, other members of management generally attend Compensation Committee meetings to discuss individual and Bank performance goals and outcomes, as well as desired compensation approaches for the Bank. These discussions consider and rely upon an annual 5-year business plan, which is presented to and approved by the full Board annually. Only Compensation Committee members are allowed to vote on decisions made regarding executive compensation.

The Compensation Committee met with the CEO and President to discuss the CEO's and the President's own compensation packages, but ultimately decisions regarding these packages are made solely based upon the Compensation Committee's deliberations with input from its compensation consultant, and are subject to the provisions of their employment agreements with us (for additional information, see "—Compensation Discussion and Analysis—Employment Agreements"). Decisions regarding other named executive officers are made by the Compensation Committee after considering recommendations from the CEO, as well as input from our independent compensation consultant.

#### *Compensation Philosophy & Objectives*

Our compensation philosophy is based on the belief that executive compensation should closely reflect the achievement of results as measured by key indicators of our performance, including both short-term and long-term measures, and the development and implementation of effective strategic business plans approved by the Board annually. Incentive compensation programs have been developed to motivate and reward named executive officers for their contribution to our performance and the creation of value for shareholders through the use of financial measures of performance in our incentive compensation plans.

The compensation plan for named executive officers is based upon the following goals and policies:

- A significant portion of executive compensation should be incentive compensation that is directly linked to our strategy and our annual performance, which supports achievement of both our short-term and long-term financial safety and performance goals;
- Incentive compensation should be based on the measures of our performance that are most meaningfully related to the creation of value for shareholders, such as the level of earnings, return on equity, return on assets, asset quality, efficiency and regulatory criteria;
- Compensation programs should support our long-term strategic goals and objectives;
- Compensation programs should incentivize and reward individuals for outstanding contributions to our success, including performance under difficult economic circumstances; and
- Compensation programs should encourage financial safety and soundness and not encourage excess risk taking.

We utilize five main components of compensation:

1. Base Salary—fixed pay established at levels that are comparable to salaries for executive officers performing similar duties for financial institutions of comparable size;
2. Annual Incentives—variable pay that is designed to reward attainment of specified performance goals, with award opportunities generally expressed as a percentage of a total established pool or a percentage of a predetermined target;
3. Long-Term Incentives—time-vested and performance-based stock options as well as performance-contingent and service-based vesting restricted stock (implemented in 2012), designed to induce named executive officers to remain with us and to provide them with long-term incentives for sustained high levels of performance;
4. Retirement and Life Insurance Benefits—401(k) plan, supplemental executive retirement plan and life insurance benefits are provided consistent with practices of certain of our competitors and peer companies, and are designed to serve as an executive retention tool; and
5. Perquisites—additional benefits, comprising a modest proportion of total compensation, in accordance with the recognized market practice among our competitors and peer companies. The perquisites generally allow executives to more effectively focus on business affairs of the Bank.

Each component is discussed below in greater detail. We believe that the use of relatively few, straightforward compensation components promotes the effectiveness and transparency of our executive compensation program and enables us to be competitive in the banking industry. No formula or specific weightings or relationships are used with regard to the allocation of various compensation components. Under the Bank's compensation philosophy, the mix of base salary, annual incentive and long-term incentive varies with an executive's responsibilities and position. For the named executive officers, who set the overall strategy of our business and have the greatest ability to influence that strategy, a majority of compensation should be performance-based, with the greatest compensation opportunities weighted toward long-term objectives. The compensation mix for Mr. Herbert and Ms. August-deWilde is substantially set by their employment agreements which were negotiated with initial investors and reviewed by the FDIC prior to the closing of the Transaction and were subsequently amended in February 2012. See “—Compensation Discussion and Analysis—Employment Agreements.”

Since 2010, the federal banking agencies have followed new guidance relating to incentive compensation policies at insured depository institutions. In general, these guidelines are principles-based and require insured depository institutions to ensure that their incentive compensation policies do not encourage undue risk taking by management officials and other employees. The Compensation Committee has given and intends to continue giving due regard to the principles of this guidance in developing and administering our compensation program for our named executive officers and other employees.

#### *Employment Agreements Effective June 30, 2010*

In connection with the Transaction, we entered into employment agreements effective after the close of business on June 30, 2010 with Mr. Herbert and Ms. August-deWilde setting forth the terms and conditions of their employment with us. These employment agreements were approved by the Compensation Committee and the Board on April 26, 2010 and May 6, 2010, respectively. These employment agreements were also reviewed by the FDIC as part of its review and regulatory approval of the Transaction. While these employment agreements were the product of arm's-length negotiation between the Initial Investors and the executives, the Compensation Committee and the Board also concluded that these agreements promote and are consistent with our philosophy on executive compensation.

The Compensation Committee and the Board believe that these employment agreements promote the retention of these two key executive officers of the Bank by providing an attractive overall compensation

package, allowing Mr. Herbert and Ms. August-deWilde to share in our long-term success and providing stability of employment resulting from a guaranteed base salary and change in control provisions. Our philosophy regarding post-employment benefits, including following a change in control, is described in “—Compensation Discussion and Analysis—Policy on Post-Employment and Change in Control Benefits.” In addition, the Compensation Committee determined that these two named executive officers are best situated to influence our future success, for the benefit of our shareholders, employees and customers. As a result, these employment agreements provide for a mix of annual and long-term incentives designed to motivate and reward these named executive officers for our performance. These incentives are designed to provide annual cash bonuses and stock options designed to provide long-term incentives to maximize shareholder value. As architects and promoters of our strong workplace culture, these named executive officers were given contractual provisions designed to encourage and empower them to continue to promote this culture.

The employment agreements with Mr. Herbert and Ms. August-deWilde provide for severance and other benefits, which are designed to provide economic protection so that the executive can remain focused on our business without undue personal concern in the event that his or her position is eliminated or, in some cases, significantly altered by the Bank, which is particularly important in light of the executives’ leadership roles at the Bank. The Compensation Committee believes that providing these severance and change in control benefits is common among similarly situated companies and remains essential to recruiting and retaining key executives, which is a fundamental objective of our executive compensation program. For more information regarding the terms and conditions of Mr. Herbert’s and Ms. August-deWilde’s employment, see “—Executive Compensation Tables—Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table.” Additional description of the severance and change in control provisions of these employment agreements is included in “—Potential Payments Upon Termination or Change in Control—Employment Agreements.”

#### *2012 Amendments to Employment Agreements*

Effective February 27, 2012, in connection with its ongoing succession planning objectives, the Bank and Mr. Herbert amended Mr. Herbert’s employment agreement to extend the term of his employment agreement for five additional years beyond the original December 31, 2014 expiration date. The amendment provides for the extension of Mr. Herbert’s position as Chairman and Chief Executive Officer through June 30, 2016, for which Mr. Herbert will continue to be compensated in accordance with his existing employment agreement, subject to a newly-imposed maximum annual cash incentive compensation cap in each of 2015 and 2016. From July 1, 2016 until December 31, 2019, Mr. Herbert will continue to serve as Chairman (subject to his election as a director by the shareholders and his appointment as Chairman by the Board) but will no longer serve as Chief Executive Officer. During this later period, Mr. Herbert will be required to devote up to 25% of his full working time to services to the Bank and will receive 20% of his annual salary and 20% of his annual cash incentive award under his original employment agreement, subject to a maximum annual cash incentive award cap in any fiscal year. The amendment also removed the provision that would have allowed Mr. Herbert to receive a severance payment following a change in control of the Bank. As part of these arrangements, Mr. Herbert received a grant of 350,000 shares of restricted stock on February 27, 2012, which will vest quarterly during 2014 through 2019, subject to the Bank’s achievement of performance goals consistent with those set forth in Mr. Herbert’s bonus targets from July 1, 2010 through December 31, 2012, and his continued service.

Also, in connection with its ongoing succession planning objectives, effective February 27, 2012, the Bank and Ms. August-deWilde entered into an amendment to her employment agreement, pursuant to which Ms. August-deWilde agreed to serve as Vice Chairman of the Board (subject to her election as a director by the shareholders and her appointment as Vice Chairman by the Board) and Senior Advisor from January 1, 2015 through December 31, 2016, following the expiration of her existing employment agreement on December 31, 2014. Under the terms of a consulting agreement, effective as of January 1, 2015, Ms. August-deWilde, as Senior Advisor to the Bank, will provide up to 20% of her working time to consult with and assist management of the Bank with respect to strategic relationships with major clients and prospects and strategic initiatives in return for a monthly fee of \$37,500. As part of these arrangements, Ms. August-deWilde received a grant of 40,000 shares

of restricted stock on February 27, 2012, which will vest ratably during the consulting period, subject to the Bank's achievement of performance goals consistent with those set forth in Ms. August-deWilde's bonus targets from July 1, 2010 through December 31, 2012, and her continued service.

### *Base Salary*

Salaries provide a fixed level of competitive compensation to help us attract and retain strong executive talent through a full career. Salaries for named executive officers are established based on competitive pay levels for similar positions at comparable companies within the Peer Group, as well as Bank and individual performance. Because our compensation philosophy places emphasis on incentive compensation, base salaries are intended to be comparable to median salaries for similarly situated executives within the Peer Group. The Compensation Committee will review base salaries every year, in part to see if the salary of any named executive officer falls significantly below the 50th percentile of the Peer Group.

The table below sets forth the base salary earned by our named executive officers for 2012 and 2011, along with new base salaries for 2013:

<u>Title</u>	<u>Base Salary</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
James H. Herbert, II, CEO .....	\$800,000	\$750,000	\$750,000
Willis H. Newton, Jr., CFO .....	\$400,000	\$375,000	\$375,000
Katherine August-deWilde, President .....	\$800,000	\$750,000	\$750,000
Michael D. Selfridge, Deputy COO .....	\$500,000	\$400,000	\$ —
David B. Lichtman, Chief Credit Officer .....	\$450,000	\$395,000	\$375,000

Pursuant to the employment agreements between us and Mr. Herbert and Ms. August-deWilde, which became effective at the time of the Transaction on July 1, 2010, the annual base salary of each of Mr. Herbert and Ms. August-deWilde was established at \$750,000. For additional information, see “—Compensation Discussion and Analysis—Employment Agreements.” On February 6, 2013, the Compensation Committee recommended and the Board approved a cost of living increase in the annual base salary of Mr. Herbert and Ms. August-deWilde to \$800,000, effective January 1, 2013.

Following a peer group comparison review in February 2013, the Compensation Committee approved that the base salaries for Messrs. Newton, Selfridge and Lichtman be increased for 2013 to \$400,000, \$500,000 and \$450,000, respectively. Following a peer group comparison review in November 2011, the Compensation Committee, taking into account the recommendation of the CEO, approved an increase in the base salary of Mr. Lichtman for 2012 to \$395,000.

### *Annual Incentives*

Under their employment agreements with the Bank, Mr. Herbert and Ms. August-deWilde are each entitled to an annual cash bonus opportunity equal to a maximum of 0.5% of our pre-tax profit each fiscal year, subject to their continued employment. Pre-tax profit consists of our net income before tax and before bonuses paid to Mr. Herbert and Ms. August-deWilde, excluding all extraordinary or non-recurring items, including future business combinations. Under their agreements, the amount of the annual bonus opportunity is based upon (a) satisfaction of certain financial safety and soundness criteria relating to the quarterly average of nonperforming assets to total assets and certain regulatory criteria and (b) the attainment of specified levels of after-tax annual return on average tangible assets and average tangible equity. The Compensation Committee regards the performance measures relating to after-tax annual return on average tangible assets and average tangible equity as important financial benchmarks for measuring our performance. The performance measure relating to the ratio of nonperforming assets to total assets is included in order to emphasize asset quality. The performance measure relating to certain regulatory criteria is intended to emphasize the general operation of the Bank in a financially safe and sound manner.

The Compensation Committee believes that this mix of financial safety and performance measures appropriately balances incentives for growth, financial performance and risk management for our CEO and President. Once the bonus opportunity is determined, the weightings of the corporate performance measures under each employment agreement is as follows: (1) average of the ratio of quarterly nonperforming assets to total assets—30%; (2) certain regulatory criteria—30%; (3) annual after-tax return on average tangible assets—20%; and (4) annual after-tax return on average tangible equity—20%. For each of these performance measures, each employment agreement provides for threshold and higher levels of performance. If the threshold level of performance is achieved, Mr. Herbert and Ms. August-deWilde will each receive 25% of the calculated award (except for the regulatory rating criteria, in which case 100% of the calculated award will be earned), with increasing percentages being earned upon further criteria being attained, up to 100% of the calculated award being earned if the highest performance criteria are attained.

The bonus opportunity for Mr. Herbert and Ms. August-deWilde was calculated as of and for the year ending December 31, 2012. The average of the ratio of quarterly nonperforming assets was approximately 0.12%, which was less than the target of 1.25% required to earn 100% for this measure. The regulatory criteria were met, resulting in earning 100% for this measure. The return on average tangible assets was 1.2%, which was in excess of the target 0.90% required to earn 100% for this measure. The return on average tangible equity was 14.3%, which was in excess of the target of 12.0% required to earn 100% for this measure. 100% of the performance targets were achieved. It was determined that the cash bonus opportunity earned by Mr. Herbert and Ms. August-deWilde for 2012 was \$2,923,155 for each person. These calculations were reviewed by the Bank's independent auditors and approved by the Chairman of the Compensation Committee prior to payment of these annual incentives.

The Compensation Committee noted that each plan promotes our financial safety and soundness by reducing bonuses for a year when there are low earnings, asset quality problems or weak deposit growth. For each of the relevant named executive officers, the amount of bonuses earned in 2012 could have been reduced by 10% in total if First Republic failed to achieve certain targets relating to return on equity, levels of nonperforming loans and non-certificates of deposit ("CD") deposit growth, none of which were individually weighted. The targets relative to return on average tangible common equity and nonperforming loans were the same as for the CEO and the President. The average balances in the Bank's non-CD deposits for the fourth quarter of 2012 were up 18% compared to the prior year, which exceeded the minimum growth target of 10%. Since each of these targets was achieved for the year, no reductions were made in the amount of annual incentive compensation paid to these three executive officers for 2012.

Mr. Newton's target bonus for 2012 initially ranged from \$800,000 to \$850,000, subject to the possible 10% performance reduction described above. Our CEO evaluated the performance of Mr. Newton as the senior financial executive for 2012. During the year, he continued to mentor and develop other financial executives and team members, communicated effectively with third parties, contributed to the timely and accurate reporting of the Bank's financial results and helped to complete four public offerings. It was determined by the Compensation Committee, taking into account the recommendation of the CEO, that Mr. Newton would be awarded \$950,000 for 2012.

Mr. Selfridge's bonus opportunity for 2012 of \$500,000 was prorated from an annual target of \$600,000. Mr. Selfridge's performance targets were the same as those described for Mr. Herbert and Ms. August-deWilde, 100% of which were met in 2012. As a result, Mr. Selfridge received an objective bonus award for 2012 of \$500,000. Additionally, in connection with his offer of employment, Mr. Selfridge was paid a signing bonus of \$600,000 in 2012 as a partial offset for foregone incentive and equity compensation that he was entitled to from his prior employer, and subject to his continued employment, an additional \$250,000 is to be paid in 2013.

Mr. Lichtman's maximum bonus opportunity for 2012 was \$1,100,000. Mr. Lichtman's incentive compensation plan included subjective measures with a payout of up to \$275,000 and objective performance measures with a total payout of up to \$825,000. The incentive compensation plan included the following

unweighted subjective measures of Mr. Lichtman’s performance in the following areas: (1) keeping credit quality high by avoiding large, complex or unusual transactions; (2) ensuring a smooth and quick credit approval process; (3) playing a senior leadership role; (4) improving the effort and flexibility of the credit function; and (5) enhancing and expanding credit training.

Mr. Lichtman’s objective performance measures for 2012 included minimizing the total value of all nonaccrual loans, REO, restructured performing loans, accruing single family loans over 90 days past due for balance sheet and sold loans, which was weighted at 70%; increasing our cross-selling to customers, which was weighted at 10%; and increasing checking accounts, which was weighted at 20%. The threshold bonus payable under these objective performance measures was \$500,000 and the maximum amount payable was \$750,000. Additionally, an objective bonus of \$75,000 could be earned by achieving an increase in smaller client, credit-scored loan and deposit volume and having modest charge-offs on the resulting loan portfolio.

The achievement of these performance measures was evaluated by the President, who advised the Compensation Committee. It was determined by the President that Mr. Lichtman exceeded all of the subjective measures, and he was awarded a subjective bonus of \$275,000. Mr. Lichtman was found to have achieved 100% of his performance goals for asset quality, Bank-wide checking growth and credit-scored lending and approximately 70% of his goal for cross-sell success, resulting in an objective bonus award for 2012 under these measures of \$800,000 out of a possible bonus award of \$825,000. The Bank’s nonperforming assets (as described above) as a percentage of total assets were 0.14% at December 31, 2012, which was below the target of 0.30% required to achieve 100% performance for this measure, resulting in an objective bonus award of \$525,000. The Bank’s cross-sell success was 8.5 products per new home loan client, which resulted in an objective bonus award of \$50,000 for this measure instead of a maximum of \$75,000. Average checking balances for the fourth quarter of 2012 were \$12.1 billion, which exceeded the target of \$11.5 billion required to achieve 100% performance for this measure, resulting in an objective bonus award of \$150,000. Additionally, smaller client growth was above the target required to achieve 100% performance for this measure, resulting in an objective bonus award of \$75,000. Collectively, Mr. Lichtman received objective bonus awards for 2012 of \$800,000, or an aggregate bonus award of \$1,075,000.

*Long-Term Incentives*

Long-term incentives are used to retain and motivate named executive officers to improve long-term results and ultimately our book value and stock performance.

Prior stock compensation gains are not generally considered in setting future compensation levels, although we do consider the number of stock option grants that have previously been awarded when considering future grants of equity awards. We also consider the Bank’s ability to retain executives at any given time, and how future equity awards balance the risk profile of outstanding awards. As a public company, the Bank does not make equity awards during special blackout periods and generally intends to follow the practice of granting awards once per quarter, with the exception of newly-hired personnel.

**2013 Awards**

The Compensation Committee has been advised by F.W. Cook that a regular pattern of annual or periodic grants is typically practiced by well-established public companies of our size and has adopted this practice. Following its review of peer group compensation, in February 2013, the Compensation Committee approved the granting of additional restricted stock awards to the Bank’s named executive officers, except for the Chairman and CEO and the President and COO. The following shares of restricted stock were awarded on March 1, 2013:

Willis H. Newton, Jr. ....	10,000
Michael D. Selfridge .....	25,000
David B. Lichtman .....	20,000

All such shares of restricted stock contain performance-based criteria and vesting, subject to achievement of such criteria, which vesting will occur over a period of four years, except for Mr. Newton’s award, which has a two year vesting period.

**2012 Awards**

In February 2012, the Compensation Committee recommended and the Board approved that future stock-based awards be in the form of restricted stock or restricted stock units to provide further balance in the compensation program and not rely on one measure or vehicle for compensation, as well as to balance upside opportunity from stock options with additional exposure to downside risk from restricted stock or restricted stock units. The Compensation Committee does not expect to continue to award service-based stock options or performance-based stock options to named executive officers or to other key employees.

As further described in “—Compensation Discussion and Analysis—2012 Amendments to Employment Agreements,” the Bank amended the employment and non-compete agreements with Mr. Herbert and entered into a consulting agreement with Ms. August-deWilde. These amended agreements provide performance-based restricted stock awards with vesting extended through the desired service period, December 31, 2019 and December 31, 2016, for Mr. Herbert and Ms. August-deWilde, respectively. In approving these additional equity awards, the Committee considered the executives’ future roles, time commitments, the desire to retain the executives through the transition period and market pay levels for each position.

Following its annual review of total compensation for named executive officers, other than the Chairman and President, the Compensation Committee awarded the following shares of restricted stock on March 22, 2012:

Willis H. Newton, Jr. . . . .	12,000
David B. Lichtman . . . . .	15,000

These shares generally vest over a four year period in equal annual installments.

Additionally, in connection with his employment as Senior Executive Vice President, Mr. Selfridge was awarded 50,000 shares of restricted stock, also on March 22, 2012. These shares vest over a four year period in equal annual installments.

**2011 Awards**

The Bank did not issue equity awards to the named executive officers during 2011, primarily due to the significant level of equity granted to the named executive officers in connection with the Transaction.

**2010 Awards**

Beginning in July 2010, we began to use stock options with service and performance-based vesting criteria as our primary long-term incentive vehicle for our named executive officers. Stock options were granted on July 1, 2010 to all named executive officers. These stock options have a ten-year term and consisted of the following three types of awards:

- Time-vested options, intended as a one-time award in connection with the Transaction, which vest over four years based on the continued employment of the relevant named executive officer, which are referred to as “service options”;
- Performance-vested options, which vest based on our financial and operational performance over four performance years and also require continued employment of the relevant named executive officer, which are referred to as “performance options”; and

- For the Chairman and Chief Executive Officer and President and Chief Operating Officer, performance options which vest based on the return on investment in the Bank by the investors contributing capital to the Bank in connection with the Transaction (the “Initial Investors”), which are referred to as “super-performance options.”

All stock options were granted on July 1, 2010, with exercise prices equal to the fair market value of our common stock on the date of grant (determined by the Board to be \$15 per share, the amount paid per share by the Initial Investors on the date of the Transaction) and have value only to the extent our stock price is above \$15 per share.

Mr. Herbert and Ms. August-deWilde each were granted options to purchase 4,937,121 shares of our common stock at an exercise price of \$15 per share in July 2010. This award was divided into service options to purchase 1,410,606 shares, performance options to purchase 2,821,212 shares and super-performance options to purchase 705,303 shares. The number of shares and type of options granted were determined under the terms of the employment agreement with each of Mr. Herbert and Ms. August-deWilde. For additional information regarding such options, including the conversion of performance options into service options, see “—Executive Compensation Tables—Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table.” There have been no additional grants of stock options to any of the named executive officers since July 1, 2010.

Also upon completion of the Transaction, service options and performance options were granted to Messrs. Newton and Lichtman, covering 100,000 and 165,000 shares, respectively. The exercise price was \$15 per share. The grants to Messrs. Newton and Lichtman consisted of 20% service options and 80% performance options. The percentage of service options awarded was generally based on the contributions of each individual in 2009 and 2010 towards the completion of the Transaction. Performance options granted to Messrs. Newton and Lichtman generally vest pro rata over a four year service period, subject to the attainment of three corporate performance goals, weighted at the date of grant according to the responsibilities of the executive. The performance options scheduled for vesting in a calendar year will only vest if the return on average tangible common equity exceeds 12%, if non-CD deposits, on average, grow by more than 10%, or if the average of nonperforming assets as the end of each quarter are less than 1.25% of total assets. For calendar years 2012, 2011 and 2010, each of these performance criteria were achieved: return on average tangible common equity was 14%, 16% and 18%; the growth in the average balance of non-CD deposits was 31%, 37% and 32%; and nonperforming assets averaged 0.12%, 0.11% and 0.54% of total assets, respectively.

As a result, all of the performance options for 2012 were earned and will become vested and exercisable on April 30, 2013, all of the performance options for 2011 were earned and became vested and exercisable on April 30, 2012 and all of the performance options for 2010 were earned and became vested on June 30, 2011. The options are subject to accelerated vesting upon the occurrence of certain change in control transactions where the executive is terminated without cause. See “—Executive Compensation Tables—Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table.”

### *Retirement*

#### ***401(k) Plan and Other***

All employees of the Bank who have been employed by the Bank for more than six months, including each of the named executive officers, are eligible to participate in the Bank’s 401(k) Plan. The Internal Revenue Code of 1986, as amended (the “Code”) establishes an annual limit on the amount of any voluntary employee contributions to a 401(k) plan (which, for 2012 was \$17,000 plus \$5,500 if the employee is 50 years old or more). The maximum match under the First Republic 401(k) Plan is 50% of eligible contributions up to \$6,250 per year.

### ***Life Insurance Death Benefits***

Since 2004, we have been a party to an Endorsement Method Split-Dollar Agreement (the “Insurance Plan”) with each of the named executive officers, except Mr. Selfridge. Pursuant to these agreements, we agree to maintain a life insurance policy and pay to the named executive officer’s designated beneficiary a portion of the proceeds payable upon the death of the named executive officer. For 2012, the death benefit payable to each named executive officer’s beneficiary was \$2,700,000 in the case of Mr. Herbert, \$2,900,000 in the case of Ms. August-deWilde, \$2,500,000 in the case of Mr. Newton and \$2,700,000 in the case of Mr. Lichtman. The agreement to pay a portion of the death benefit will terminate at age 70 in the case of Mr. Herbert, Ms. August-deWilde and Mr. Newton, and at age 65 in the case of Mr. Lichtman. For a short period following termination of employment, each named executive officer will have the option to purchase the underlying life insurance policy from us. Initially, the named executive officers were entitled to a reduced death benefit if his or her employment was terminated prior to age 65. In 2007, the Bank prepaid all premiums to the insurance carrier and each named executive officer became fully vested in benefits under the Insurance Plan; substantially all the premiums would be repaid by the named executive officer upon purchase of the policy.

### ***Supplemental Executive Retirement Plan (“SERP”)***

In 2004, we adopted a SERP covering the named executive officers, except Mr. Selfridge. The purpose of the SERP is to provide supplemental retirement funds, which can be used by each named executive officer to purchase the life insurance policy under the Insurance Plan from us at its estimated cash surrender value. Initially, if the named executive officer remained employed by us until he or she reached age 65 (or if he or she became disabled prior to age 65), the named executive officer would be entitled to a lump sum payment approximately equal to \$1,700,000 in the case of Mr. Herbert, \$1,600,000 in the case of Ms. August-deWilde, \$1,400,000 in the case of Mr. Newton and \$900,000 in the case of Mr. Lichtman. The retirement benefit would be payable to Mr. Herbert, Ms. August-deWilde and Mr. Newton at age 70, and to Mr. Lichtman at age 65. In 2007, each named executive officer became fully vested in these SERP benefits even if his or her employment were terminated prior to age 65.

### ***Perquisites***

Our policy is to provide competitive compensation and benefit plans and to offer perquisites to our named executive officers, which represent a very modest portion of their total compensation and that are usual and customary for similar corporate entities. In 2012, the perquisites provided to some of our named executive officers consisted of a leased automobile or an auto allowance, daytime parking near corporate headquarters and financial planning and tax return preparation services.

### ***Policy on Post-Employment and Change in Control Benefits***

Due to continuing consolidation in the financial services industry and for competitive and fairness reasons, we believe it is important to protect our named executive officers in the event of certain terminations of employment or a change in control of the Bank. We believe that the interests of the shareholders will be best served if the interests of our senior management are aligned with them. The occurrence or potential occurrence of a change in control would create uncertainty regarding the continued employment of our named executive officers and providing employment protection should eliminate, or at least significantly reduce, any potential reluctance of our executives to pursue potential transactions that may be in the best interests of our shareholders. As a result, the stock option award agreements with all named executive officers provide for the accelerated vesting of options in the event of a change in control. In addition, our employment agreements and stock option award agreements with our CEO and President provide for the accelerated vesting of certain options upon a change in control, and accelerated vesting of certain options and severance pay in the event of termination of service in certain circumstances. We do not provide tax gross-ups for any excise tax that may be triggered by payments made in connection with a change in control. Additional description of the severance and change in

control provisions of these employment and option agreements is included in “—Potential Payments Upon Termination or Change in Control—Employment Agreements.”

#### *Stock Ownership Guidelines*

In February 2012, the Compensation Committee recommended and the Board of Directors approved stock ownership guidelines for our named executive officers. Under this policy, both the CEO and the President are required to hold common stock equal in value to six times their annual salary. The other named executive officers have a stock ownership requirement of three times their annual salary. In all cases, the ownership requirements are effective as of February 2012, and the required levels must be attained over the next five years and then retained thereafter.

The Bank’s stock ownership guidelines generally prohibit named executive officers from holding Bank securities in margin accounts or pledging Bank securities as collateral for loans, engaging in hedging transactions with respect to Bank securities and executing short sales.

#### *Clawback Policy*

Awards under the Bank’s 2010 Omnibus Award Plan, as amended in 2012 (“Stock Award Plan”), are subject to certain clawback and forfeiture provisions, which can be triggered by fraud or conduct contributing to any financial statement restatements or other irregularities and by violations of non-solicitation or non-competition agreements or other actions adverse to the Bank. We do not have any other plans, policies or agreements that specifically require recoupment of awards if performance measures are not achieved. However, under Section 304 of Sarbanes-Oxley, following completion of the Bank’s initial public offering in December 2010, if the Bank is required to restate its financial statements due to material noncompliance with any financial reporting requirements as a result of misconduct, the CEO and CFO must reimburse the Bank for (1) any bonus or other incentive-based or equity-based compensation received during the 12 months following the first public issuance of the non-complying document, and (2) any profits realized from the sale of securities of the Bank during those 12 months.

#### *Accounting and Tax Consequences*

In making decisions about executive compensation, we take into account certain tax and accounting considerations. For example, we consider Sections 409A and 280G of the Code. Section 409A, which governs the form and time of payment of deferred compensation, imposes additional significant taxes and penalties on a recipient of deferred compensation that does not comply with Section 409A. Section 280G also imposes additional significant taxes on recipients of payments or benefits in connection with a change in control that exceed certain limits, and we or our successor could lose a deduction on the amounts subject to the additional tax.

Section 162(m) of the Code did not apply to our compensation while we were a private company. Subsequent to the completion of our initial public offering in December 2010, Section 162(m) limits the deductibility of the annual compensation of our named executive officers (other than our CFO) to \$1 million per individual unless the compensation plan and awards meet certain requirements. We intend to rely on transitional relief that is available under Section 162(m) that exempts compensation paid under a plan that existed while we are private. This transitional relief will be available to us until the earliest to occur of: (1) the expiration of the plan; (2) the material modification of the plan; (3) the issuance of all available shares and other compensation that has been allocated under the plan; and (4) the first meeting of shareholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the offering occurs (i.e., the first meeting of shareholders after December 31, 2013). While we will consider the implications of Section 162(m) and the limits of deductibility on compensation in excess of \$1 million as we design our compensation program going forward, we consider it important to retain the flexibility to design a compensation program that is in the best long-term interests of us and our shareholders, particularly as we transition from a

private company to a public company. As a result, we have not adopted a policy requiring that all compensation be deductible and our Compensation Committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best long-term interests of us and our shareholders.

We have designed the 2012 Executive Incentive Plan and the Stock Award Plan to contain features intended to meet the requirements of Section 162(m).

In making decisions about executive compensation, we also consider how various elements of compensation will affect our financial reporting. For example, we consider the impact of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, “—Compensation—Stock Compensation,” which requires us to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards.

### Executive Compensation Tables

The following tables set forth compensation information for our named executive officers and should be read in conjunction with the associated narratives and the Compensation Discussion and Analysis. As previously stated, during the first half of 2010, First Republic operated as a division of Bank of America. The data shown in the following tables with respect to stock awards reflect awards under plans of Bank of America and Merrill Lynch prior to June 30, 2010 and, subsequent to July 1, 2010, include awards relating to the stock options of the Bank pursuant to the Stock Award Plan. In the Transaction, none of the previously granted stock awards by Bank of America or Merrill Lynch were converted into equity or equity awards of the Bank.

#### Summary Compensation Table

The following table sets forth the compensation earned by our named executive officers for services rendered to First Republic in all capacities in fiscal years 2012, 2011 and 2010, including compensation paid by BANA in the six months prior to July 1, 2010, the effective date of the Transaction.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary(1)</u>	<u>Bonus(2)</u>	<u>Stock Awards(3)</u>	<u>Option Awards(4)</u>	<u>Non-Equity Incentive Plan Compensation(5)</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings(6)</u>	<u>All Other Compensation(7)</u>	<u>Total</u>
James H. Herbert, II Chairman and Chief Executive Officer	2012	\$750,000	\$ —	\$11,130,000	\$ —	\$2,923,155	\$ 85,507	\$281,734	\$15,170,396
	2011	\$750,000	\$ —	\$ —	\$ —	\$2,762,415	\$ 51,297	\$131,993	\$ 3,695,705
	2010	\$720,000	\$3,780,000	\$ 2,655,000	\$27,556,188	\$1,312,210	\$ 91,446	\$219,272	\$36,334,116
Willis H. Newton, Jr. Executive Vice President and Chief Financial Officer	2012	\$375,000	\$ 950,000	\$ 378,000	\$ —	\$ —	\$118,536	\$ 49,871	\$ 1,871,407
	2011	\$375,000	\$ 850,000	\$ —	\$ —	\$ —	\$ 34,369	\$ 51,222	\$ 1,310,591
	2010	\$325,000	\$1,075,000	\$ —	\$ 576,000	\$ —	\$ 90,151	\$125,585	\$ 2,191,736
Katherine August-deWilde President and Chief Operating Officer	2012	\$750,000	\$ —	\$ 1,272,000	\$ —	\$2,923,155	\$129,149	\$ 99,095	\$ 5,173,399
	2011	\$750,000	\$ —	\$ —	\$ —	\$2,762,415	\$ 43,109	\$ 93,138	\$ 3,648,662
	2010	\$593,000	\$2,657,000	\$ 912,800	\$27,556,188	\$1,312,210	\$104,121	\$251,659	\$33,386,978
Michael D. Selfridge(8) Senior Executive Vice President and Deputy Chief Operating Officer	2012	\$307,692	\$ 600,000	\$ 1,575,000	\$ —	\$ 500,000	\$ —	\$ 25,037	\$ 3,007,729
David B. Lichtman Executive Vice President and Chief Credit Officer	2012	\$395,000	\$ 275,000	\$ 472,500	\$ —	\$ 800,000	\$116,870	\$ 21,832	\$ 2,081,202
	2011	\$375,000	\$ 122,500	\$ —	\$ —	\$ 727,500	\$ 15,453	\$ 17,521	\$ 1,257,974
	2010	\$350,000	\$ 100,000	\$ —	\$ 950,400	\$ 620,000	\$ 67,357	\$ 30,361	\$ 2,118,118

(1) For a discussion of changes in salary, see “—Overview of Compensation—Base Salary.”

- (2) Consists of the following:
- The cash portion of 2010 bonuses included bonuses under employee agreements for the first six months of 2010 paid by the Bank as a Division of Bank of America as follows: \$2,655,000 for Mr. Herbert and \$2,282,000 for Ms. August-deWilde;
  - Aggregate cash sign-on bonus of \$600,000 paid by the Bank in 2012 for Mr. Selfridge;
  - Discretionary cash bonuses paid by the Bank for 2012, 2011 and 2010 as follows: \$950,000, \$850,000 and \$1,075,000, respectively, for Mr. Newton and \$275,000, \$122,500 and \$100,000, respectively, for Mr. Lichtman; and
  - Aggregate cash retention bonuses paid by the Bank as a Division of Bank of America as follows for 2010: \$1,125,000 for Mr. Herbert and \$375,000 for Ms. August-deWilde.
- (3) Amounts included in stock awards for 2012 represent performance-based restricted stock awards granted in connection with the extension of the employment arrangement for Mr. Herbert from January 1, 2015 through December 31, 2019 and the consulting arrangement for Ms. August-deWilde for 2015 and 2016, and restricted shares awarded to the other named executive officers. Amounts shown reflect the grant date fair value recognized by First Republic for financial statement reporting purposes in accordance with FASB ASC Topic 718, which is based upon the closing price of the Bank's common stock of \$31.80 on February 27, 2012 with respect to grants to Mr. Herbert and Ms. August-deWilde and \$31.50 on March 22, 2012 for Messrs. Newton, Selfridge and Lichtman.
- Amounts included in stock awards for 2010 consist of Bank of America restricted stock units as follows for 2010: \$2,655,000 for Mr. Herbert and \$912,800 for Ms. August-deWilde, representing a portion of their 2009 bonus paid in Bank of America restricted stock.
- (4) Amounts shown reflect the grant date fair value recognized by First Republic for financial statement reporting purposes in accordance with FASB ASC Topic 718. See Note 16 to First Republic's financial statements included in First Republic's Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of the measurement of stock options issued under the Bank's Stock Award Plan.
- (5) Represents annual incentives earned under their employment agreements with First Republic of \$2,923,155 for 2012, \$2,762,415 for 2011 and \$1,312,210 for the last six months of 2010, each for Mr. Herbert and Ms. August-deWilde and for the objective component under the compensation plans for Messrs. Selfridge and Lichtman.
- (6) Under the First Republic SERP, each named executive officer (other than Mr. Selfridge) is entitled to receive a lump sum cash payment at his or her normal retirement date. The amount of the payment has been fixed since inception of the SERP and generally equates to the estimated book value of the Bank's life insurance policy on each executive as of the normal retirement date. The amounts included above represent the change in the present value of these benefits over each calendar year.
- (7) All Other Compensation includes the following for 2012:
- Estimated dollar value of the benefit from the Split-Dollar Life insurance premiums paid by the Bank: \$20,211 for Mr. Herbert, \$9,484 for Mr. Newton, \$12,585 for Ms. August-deWilde and \$2,772 for Mr. Lichtman;
  - Automobile costs for leased vehicles, auto allowances and/or parking paid by the Bank: \$25,403 for Mr. Herbert, (\$20,903 for auto and \$4,500 for parking), \$8,700 for Mr. Newton (\$4,200 for auto and \$4,500 for parking), \$15,792 for Ms. August-deWilde (\$11,292 for auto and \$4,500 for parking), \$3,375 for Mr. Selfridge for parking and \$7,500 for Mr. Lichtman (\$3,000 for auto and \$4,500 for parking);
  - Tax return preparation and financial planning services paid by the Bank as follows: \$121,803 (including certain tax preparation costs for 2011 paid in 2012) for Mr. Herbert and \$48,087 for Ms. August-deWilde, as well as \$18,273 for Mr. Newton;

- Dividends on restricted stock shares paid by First Republic as follows: \$101,500 for Mr. Herbert, \$3,600 for Mr. Newton, \$12,000 for Ms. August-deWilde, \$15,000 for Mr. Selfridge and \$4,500 for Mr. Lichtman;
  - Dividends on restricted stock units and restricted stock shares paid by Bank of America as follows: \$2,376 for Mr. Herbert and \$817 for Ms. August-deWilde;
  - Excess group term life insurance premiums paid by the Bank as follows: \$4,191 for Mr. Herbert, \$3,564 for Mr. Newton, \$3,564 for Ms. August-deWilde, \$460 for Mr. Selfridge and \$810 for Mr. Lichtman; and
  - Contributions by the Bank to the Bank's 401(k) Plan: \$6,250 for Mr. Herbert, \$6,250 for Mr. Newton, \$6,250 for Ms. August-deWilde, \$6,202 for Mr. Selfridge and \$6,250 for Mr. Lichtman.
- (8) Mr. Selfridge joined the Bank on March 12, 2012 as Senior Executive Vice President. His compensation is reported only from March 12, 2012 forward.

### ***2012 Awards for CEO and President***

The summary compensation table on page 36 includes the grant date fair value of the entire restricted stock award granted to the CEO, President and other named executive officers in 2012 as required under the SEC rules. However, the restricted stock awards granted in 2012 vest over multiple years and, in the case of the CEO and President, include performance criteria that must be met for the awards to vest.

As further described in “—Compensation Discussion and Analysis—Employment Agreements”, in February 2012, the Bank amended and extended the employment and non-compete agreements with Mr. Herbert and Ms. August-deWilde in connection with the Bank's ongoing succession planning objectives.

In February 2012, Mr. Herbert entered into a 5-year extension of his employment and non-compete agreements, which originally ended on December 31, 2014. Mr. Herbert has agreed to continue as Chairman and CEO until June 30, 2016, and thereafter as Executive Chairman (subject to election) until December 31, 2019.

As an inducement for entering into these new, extended employment and non-compete agreements, Mr. Herbert received a one-time award of 350,000 shares of restricted stock, that vest over an 8 year period. Importantly, 70% of this award, which is performance-based and contingent upon future service, occurs during or after 2015, the beginning of the extension period. The vesting of this restricted stock award is subject to the Bank's achievement of performance goals and Mr. Herbert's continued service.

Also in February 2012, Ms. August-deWilde entered into an amendment of her employment agreement, which ends on December 31, 2014, providing for a consulting agreement under which she will thereafter serve as Senior Consultant and Vice Chairman (subject to election) until December 31, 2016. In connection the consulting agreement, Ms. August-deWilde was awarded 40,000 shares of restricted stock, which vest ratably in 2015 and 2016, subject to the Bank's achievement of performance goals and her continued service.

As required under SEC rules, the amount shown for restricted stock awards for Mr. Herbert in 2012 represents the full grant date fair value of the stock award. This award accounts for substantially all of the increase in Mr. Herbert's total compensation compared to 2011. However, this award actually vests over 8 future years, with some shares not vesting until 2019 and is also subject to performance targets. In 2012, only 5%, or 17,500 shares, of the restricted stock award actually vested, and these shares had a grant date fair value of \$556,500 versus the \$11.1 million shown in the Summary Compensation Table. First Republic's Compensation Committee believes that a more meaningful evaluation of the compensation of its senior executives, particularly with respect to the 2012 long-term equity awards, should focus on the value of such equity awards when, and if, they actually vest, and not on the total fair value of such awards in the year in which they are granted.

If the Summary Compensation Table included only the restricted stock that vested in 2012, total compensation for Mr. Herbert would have been fully 70% less than total compensation under SEC rules, or \$4.6 million.

The table below presents the grant date fair value of the 2012 performance-based restricted stock awards, by year of potential vesting (assuming complete vesting is earned), for the Chairman and CEO and President and COO:

Name	2012	2013	2014	2015	2016	2017	2018	2019
James H. Herbert, II . . . . .	\$556,500	\$556,500	\$2,226,000	\$3,339,000	\$2,782,500	\$556,500	\$556,500	\$556,500
Katherine August-deWilde . . . . .	\$ —	\$ —	\$ —	\$ 636,000	\$ 636,000	\$ —	\$ —	\$ —

**2012 Grants of Plan-Based Awards**

There were no awards of stock options of First Republic made to the named executive officers under the Bank’s Stock Award Plan during fiscal year 2012. The following table presents information concerning the awards of restricted stock to the named executive officers in 2012 and the non-equity incentive awards paid in cash by First Republic to Mr. Herbert, Ms. August-deWilde, Mr. Selfridge and Mr. Lichtman.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock And Option Awards(4)
		Thres-hold	Target	Maxi-mum	Thres-hold	Target	Maxi-mum				
James H. Herbert, II . . . . .	(2)(3)	\$1,750,000	\$2,650,000	\$2,923,155	—	\$350,000	—	—	—	\$—	\$11,130,000
Willis H. Newton, Jr. . . . .	—	\$ —	\$ —	\$ —	—	—	—	12,000	—	\$—	\$ 378,000
Katherine August-deWilde . . . . .	(2)(3)	\$1,750,000	\$2,650,000	\$2,923,155	—	\$ 40,000	—	—	—	\$—	\$ 1,272,000
Michael D. Selfridge . . . . .	(2)(3)	\$ 300,000	\$ 400,000	\$ 500,000	—	—	—	50,000	—	\$—	\$ 1,575,000
David B. Lichtman . . . . .	(2)(3)	\$ 525,000	\$ 675,000	\$ 825,000	—	—	—	15,000	—	\$—	\$ 472,500

- (1) Represents incentive compensation for Mr. Herbert and Ms. August-deWilde that is calculated pursuant to quantifiable measures in their employment agreements for 2012. For Mr. Selfridge and Mr. Lichtman, represents the objective component under their compensation plans for 2012.
- (2) Non-equity incentive compensation for Mr. Herbert and Ms. August-deWilde for 2012 was calculated pursuant to their employment agreements, which were entered into on July 1, 2010. Non-equity incentive compensation for Mr. Selfridge and Mr. Lichtman for 2012 was calculated pursuant to their compensation plans, which were effective as of March 12, 2012 and January 1, 2012, respectively.
- (3) Equity incentive plan awards and other stock awards were granted on February 27, 2012 with respect to Mr. Herbert and Ms. August-deWilde and on March 22, 2012 with respect to Messrs. Newton, Selfridge and Lichtman.
- (4) Based upon the grant date closing price of the Bank’s common stock of \$31.80 on February 27, 2012 and \$31.50 on March 22, 2012. As previously discussed, restricted stock awarded in 2012 vests over multiple years; also see notes 4 and 6 to “—Executive Compensation Tables—2012 Outstanding Equity Awards at Fiscal Year-End”.

## *Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table*

### *Post-Transaction Employment Agreements with First Republic Bank*

Effective upon the closing of the Transaction on June 30, 2010, we entered into employment agreements with Mr. Herbert, our CEO, and Ms. August-deWilde, our President. The material terms of these agreements are largely identical and are summarized below:

- **Term:** Before these agreements were extended in 2012, the agreements had an initial term from June 30, 2010 until December 31, 2014 with automatic one year renewals, unless either the named executive officer or the Bank provides 120 days advance notice of non-renewal to the other party.
- **Title:** Mr. Herbert was appointed CEO and Ms. August-deWilde was appointed President.
- **Board Election:** Each of these executive officers will serve as a member of the Board, subject to annual election.
- **Base Salary:** Each of these executive officers was entitled to a base salary of \$750,000 per annum, subject to periodic review and possible increase.
- **Annual Cash Bonus:** Mr. Herbert and Ms. August-deWilde are each entitled to an annual cash bonus opportunity equal to up to 0.5% of our pre-tax profit each fiscal year (the bonus opportunity for the period from July 1, 2010 to December 31, 2010 was based on the pre-tax profit for that six month period), subject to the continued employment of these executive officers with us. Under their agreements, the amount of the annual bonus opportunity to which the executive will be entitled will be based upon (a) satisfaction by us of certain safety and soundness criteria relating to the quarterly average of nonperforming assets to total assets and certain regulatory criteria and (b) the attainment by us of specified levels of after-tax annual return on average tangible assets and average tangible equity. See “—Compensation Discussion and Analysis—Overview of Compensation—Annual Incentives.”
- **Stock Option Grant as of July 1, 2010:** Mr. Herbert and Ms. August-deWilde were each granted an option to purchase 4,937,121 shares of our common stock at an exercise price of \$15 per share pursuant to the Stock Award Plan. This award was initially divided into service options to purchase 1,410,606 shares, performance options to purchase 2,821,212 shares and super-performance options to purchase 705,303 shares.

The number of stock options awarded and the timing of their vesting were designed to reward these two executives for their leadership in creating the newly independent organization, the completion of a successful IPO, which established a liquid market for the Initial Investors and the achievement of a stock price, which represented a significant return on investment to the Initial Investors. Additionally, a portion of these stock options are vesting over the initial 4-year term of their employment agreements as longer-term incentives for these executives to continue to successfully lead First Republic.

The options expire on the tenth anniversary of the date of grant.

- **Service Options:** Initially, the service options vested and became exercisable on a monthly basis. Pursuant to the terms of these agreements, all of the remaining unvested service options became vested and exercisable upon the consummation of the initial public offering in December 2010.
- **Performance Options:** Mr. Herbert and Ms. August-deWilde were each awarded an option to purchase a total of 2,821,212 shares of the Bank’s common stock, which would vest and become exercisable based on our performance. Options to purchase 705,303 shares of common stock would vest and become exercisable at the end of four consecutive calendar years, commencing December 31, 2010, upon the achievement of specified performance goals based on our operations. Pursuant to the terms of these agreements, upon the consummation of the initial public offering in December 2010, the performance vesting provisions of the options converted into time vesting options. 2.0833% of these options vested and became exercisable for each of the 30 calendar months elapsed from the grant date of the option to December 31, 2012. Thereafter, 2.0833% of these

options will vest and become exercisable for each calendar month that each of these two executive officers remains an employee of us, until the options have fully vested or otherwise expired or been accelerated pursuant to the terms of the agreements.

- *Super-Performance Options:* Mr. Herbert and Ms. August-deWilde were each awarded an option to purchase 705,303 shares of the Bank's common stock, which would vest based upon the Initial Investors receiving a specified return on or prior to the second anniversary of the grant of two times on their initial investment in the Bank in connection with the Transaction. The Initial Investors were deemed to have met this condition based on the average closing price of our common stock over a period of 30 consecutive trading days. This resulted in the complete vesting of all the super-performance options in the second quarter of 2011.
- *Acceleration:* The options granted to Mr. Herbert and Ms. August-deWilde are subject to accelerated vesting in certain events, including a change in control and certain terminations of service.
- *Shareholders' Agreement:* The shares of our common stock received by Mr. Herbert and Ms. August-deWilde upon the exercise of options will be subject to the Shareholders' Agreement, as described in "—Potential Payments upon Termination or Change in Control."
- *Initial Investment:* Mr. Herbert and Ms. August-deWilde were each given the right to purchase approximately \$6.1 million in shares of the Bank's common stock in the Transaction through use of their personal funds and each officer made such an investment at the time of the Transaction.
- *Employee Benefit Plans:* Each named executive officer is entitled to participate in our welfare benefit plans consistent with past practice.
- *Retirement:* The agreements provide that First Republic assume all obligations under the SERP and the Split-Dollar Agreement. For a description of retirement benefits, see "—Executive Compensation Tables—2012 Pension Benefits" and "—Potential Payments upon Termination or Change in Control."

*Other Benefits:* The agreements entitle each named executive officer to minimum paid vacation days on an annual basis, reimbursement of business expenses and indemnification and directors and officers liability insurance.

#### *Employment Agreements with BANA—First six-months of 2010*

Prior to the Transaction, Mr. Herbert and Ms. August-deWilde served under employment agreements with BANA. These agreements entitled Mr. Herbert and Ms. August-deWilde to annual base salaries of \$690,000 and \$436,000, respectively, and guaranteed 2009 bonuses of \$5,310,000 and \$4,564,000, respectively. At the option of BANA, a portion of these guaranteed bonuses could be paid in Bank of America restricted share units. In 2010, \$2,655,000 and \$912,800 of the guaranteed 2009 bonuses for Mr. Herbert and Ms. August-deWilde, respectively, were paid in Bank of America restricted share units, which were granted on February 12, 2010. In addition, pursuant to their employment agreements with MLFSB, Mr. Herbert received a cash retention bonus of \$1,125,000 in 2010 and Ms. August-deWilde received a cash retention bonus of \$375,000 in 2010.

#### *Stock Option Awards to Other Named Executive Officers*

In July, 2010, we entered into stock option agreements whereby performance options were granted to Messrs. Newton and Lichtman, covering 100,000 and 165,000 shares, respectively. The exercise price was \$15 per share. The grants to Messrs. Newton and Lichtman consisted of 20% service options and 80% performance options. The service options vest ratably over four years. The performance options vest ratably over four performance years in amounts predetermined by the attainment of performance goals. Vesting of the performance options also requires the continued employment of the named executive officers. The performance goal categories for these options are return on average tangible common equity, percentage of non-CD deposit growth and level of average nonperforming assets. Performance options awarded to Messrs. Newton and Lichtman in 2010 will terminate and expire if not vested at the time of termination of their service and they will not be eligible for catch-up payments for previous performance periods

following their termination of employment. In the event of termination due to death or disability, Messrs. Newton and Lichtman will have six months following termination to exercise their vested options. In the event of termination by us without cause, Messrs. Newton and Lichtman will have three months to exercise their vested options. These options also contain provisions which would result in the options fully vesting upon the occurrence of certain change in control transactions where the executive is terminated without cause. In the event of termination by us for cause, all outstanding options will be terminated and cancelled. All unexercised options will expire 10 years after the date of grant. See “—Compensation Discussion and Analysis—Overview of Compensation—Long-Term Incentives” for more information about the awards to Messrs. Newton and Lichtman. Mr. Selfridge has not been granted any stock option awards.

The shares of our common stock received by each of Mr. Herbert and Ms. August-deWilde upon the exercise of stock options will be subject to the Shareholders’ Agreement. The Shareholders’ Agreement provides that Mr. Herbert and Ms. August-deWilde, as parties thereto, may each own not more than 9.9% of our outstanding common stock. The Shareholders’ Agreement also provides Mr. Herbert and Ms. August-deWilde with demand registration rights and piggyback registration rights. These provisions will remain in place for the term of the Shareholders’ Agreement, which is 25 years, unless terminated earlier by consent of the parties to the Shareholders’ Agreement.

### 2012 Outstanding Equity Awards at Fiscal Year-End

The following table shows outstanding equity awards held by the named executive officers as of December 31, 2012. The number of shares included in the “Equity Incentive Plan Awards” column represents performance-based awards for the named executive officers. Bank of America restricted stock units held by our named executive officers are not included in the table below because all service requirements with respect to these restricted stock units have been met as of December 31, 2012.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options(1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options(2)	Option Exercise Price(3)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(4)	Market Value of Shares or Units of Stock That Have Not Vested(5)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(5)
James H. Herbert, II . . . . .	2,858,478	1,057,950	—	\$15.00	6/30/20	—	\$ —	332,500(6)	\$10,899,350
Willis H. Newton, Jr. . . . .	30,000	10,000	40,000	\$15.00	6/30/20	12,000	\$ 393,360	—	\$ —
Katherine August-deWilde . . . . .	2,383,211	1,057,950	—	\$15.00	6/30/20	—	\$ —	40,000(7)	\$ 1,311,200
Michael D. Selfridge . . . . .	—	—	—	\$ —	—	50,000	\$1,639,000	—	\$ —
David B. Lichtman . . . . .	22,500	16,500	66,000	\$15.00	6/30/20	15,000	\$ 491,700	—	\$ —

- (1) Represents unvested service options, including, in the case of Mr. Herbert and Ms. August-deWilde, performance options that became service options in accordance with their terms upon completion of our initial public offering in December 2010. 58,775 options held by each of Mr. Herbert and Ms. August-deWilde will vest at the end of each month until June 30, 2014. With respect to Mr. Newton, 5,000 options will vest on each July 1 of 2013 and 2014. With respect to Mr. Lichtman, 8,250 options will vest on each July 1 of 2013 and 2014. Vesting is subject in each case to continued employment or service with us.
- (2) Represents performance options in the case of Messrs. Newton and Lichtman. With respect to Mr. Newton, 20,000 options will vest on each April 30 of 2013 and 2014. With respect to Mr. Lichtman, 33,000 options will vest on each April 30 of 2013 and 2014. Vesting is subject in each case to continued employment and the attainment of performance goals.

- (3) Reflects the market value of the Bank's common stock of \$15.00 on June 30, 2010 as offered to all Initial Investors as part of the Transaction.
- (4) With respect to Mr. Newton, 3,000 shares, with respect to Mr. Selfridge, 12,500 shares, and with respect to Mr. Lichtman, 3,750 shares, of restricted stock are scheduled to vest on each March 22 of 2013, 2014, 2015 and 2016, subject in each case to continued employment with us.
- (5) Reflects the December 31, 2012 closing market price of \$32.78.
- (6) Represents shares of restricted stock that vest on the last day of each quarter through 2019, subject to the Bank meeting various performance objectives and continued employment or service with us, as follows: 1.25% in each quarter in 2013, 5% in each quarter in 2014, 7.5% in each quarter in 2015 and each of the first two quarters in 2016, 5% in each of the last two quarters in 2016, and 1.25% in each quarter in 2017, 2018 and 2019.
- (7) Represents shares of restricted stock that vest ratably at the end of each quarter in 2015 and 2016, subject to the Bank meeting various performance objectives and continued employment or service with us.

### ***2012 Option Exercises and Stock Awards Vested***

The following table sets forth information concerning value realized upon the exercise of stock option awards and the vesting of stock awards during 2012 by each of the named executive officers. In all cases, the value realized is based upon the market price on the date of exercise or vesting.

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Exercise</u>	<u>Value Realized on Exercise</u>	<u>Number of Shares Acquired on Vesting</u>	<u>Value Realized on Vesting</u>
James H. Herbert, II . . . . .	629,643	\$ 9,893,486	17,500	\$585,288
Willis H. Newton, Jr. . . . .	20,000	\$ 362,515	—	\$ —
Katherine August-deWilde . . . . .	1,104,910	\$18,695,606	—	\$ —
Michael D. Selfridge . . . . .	—	\$ —	—	\$ —
David B. Lichtman . . . . .	60,000	\$ 1,046,518	—	\$ —

### ***2012 Pension Benefits***

The following table shows the actuarial present value of the accumulated retirement benefits payable upon normal retirement age (estimated at age 65) to each of the named executive officers, computed as of December 31, 2012. The amounts disclosed are based upon benefits provided to the named executive officers under the SERP.

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years Credited Service</u>	<u>Present Value of Accumulated Benefits</u>	<u>Payments During Last Fiscal Year</u>
James H. Herbert, II . . . . .	Supplemental Executive Retirement Plan	—	\$1,612,914	\$ —
Willis H. Newton, Jr. . . . .	Supplemental Executive Retirement Plan	—	\$1,169,356	\$ —
Katherine August-deWilde . . . . .	Supplemental Executive Retirement Plan	—	\$1,438,599	\$ —
David B. Lichtman . . . . .	Supplemental Executive Retirement Plan	—	\$ 615,808	\$ —

Each executive is eligible for benefits provided under the SERP, which specifies a Full Benefits Date (based on attainment of a certain age), and a Payment Date, ranging from 0 to 5 years from the Full Benefits Date. As a

result of the acquisition of First Republic in 2007, the above named executive officers became eligible for full benefits and continue, as of December 31, 2012, to be eligible for Full Benefits under the agreements. The amount above represents the Full Benefit that would be payable to each executive as of December 31, 2012, present value from the Payment Date using the December 2012 Applicable Federal Rates. See “—Compensation Discussion and Analysis—Overview of Compensation—Retirement—Supplemental Executive Retirement Plan.”

Mr. Selfridge is not a participant in the SERP or the Insurance Plan as these two plans were no longer active when he joined First Republic in 2012.

**2012 Nonqualified Deferred Compensation Plan**

While the Bank does not offer a nonqualified deferred compensation plan, each of the named executive officers (other than Mr. Selfridge) have held Bank of America restricted stock units that were deemed to be vested in connection with the Transaction, but have continued to pay out in accordance with their original schedule. For purposes of the table below, these restricted stock unit awards constitute nonqualified deferred compensation. The units held as of December 31, 2011 were distributed to the named executive officers in February 2012, except for 59,396 units owed to Mr. Herbert and 20,420 units owed to Ms. August-deWilde, which were distributed in February 2013.

<u>Name</u>	<u>Executive Contribution in Last FY</u>	<u>Registrant Contribution in Last FY</u>	<u>Aggregate Earnings in Last FY(1)</u>	<u>Aggregate Withdrawals/ Distributions(2)</u>	<u>Aggregate Balance at Last FYE(3)</u>
James H. Herbert, II . . . . .	\$ —	\$ —	\$895,591	\$1,666,715	\$689,588
Willis H. Newton, Jr. . . . .	\$ —	\$ —	\$ 30,042	\$ 96,590	\$ —
Katherine August-deWilde . . . . .	\$ —	\$ —	\$305,672	\$ 566,176	\$237,076
David B. Lichtman . . . . .	\$ —	\$ —	\$ 30,042	\$ 96,590	\$ —

- (1) Represents the increase in value of shares of Bank of America restricted stock units from December 31, 2011 to December 31, 2012, or to the date of distribution in February 2012.
- (2) Represents the value of shares distributed by Bank of America during 2012 as of the dates distributed, as follows: Mr. Herbert—203,322 shares; Ms. August-deWilde—69,073 shares; and Messrs. Newton and Lichtman—11,969 shares for each.
- (3) Represents the number of shares of Bank of America restricted stock units, which are valued at \$11.61 per share, the closing price on December 31, 2012. This amount does not represent a future obligation of First Republic Bank.

**Potential Payments upon Termination or Change in Control**

This section provides a narrative discussion and tables describing post-employment payments to each named executive officer assuming each individual named executive officer had ended his or her employment with the Bank on December 31, 2012. The benefits payable to each named executive officer, as described below, were based on the plans and arrangements in place at that time.

**Employment Agreements**

Under their employment agreements with us that became effective as of the date of Transaction, if either of Mr. Herbert or Ms. August-deWilde terminates employment with us due to death or disability, or for “good reason,” or if either is terminated by us “without cause,” at any time during the term of their respective employment agreements, and without regard to whether a change in control has occurred, the terminated executive will be entitled to an annual bonus of 0.5% of our pre-tax profits for each completed fiscal quarter in the year of termination of employment, and 0.5% of our pre-tax profits for the quarter in which such termination

occurred, prorated for the number of days in the quarter in which he or she was employed by us prior to such termination. In addition, Mr. Herbert and Ms. August-deWilde will each be entitled to severance pay equal to two times the sum of:

- His or her annual salary; and
- 0.5% of our budgeted pre-tax profits for the year in which such termination occurs.

Each of these executive officers will also be entitled to continued participation in our welfare benefit plans for a period of two years.

In addition, pursuant to the terms of their stock option award agreements, upon termination due to death or disability or by us without cause or by Mr. Herbert or Ms. August-deWilde for good reason, 100% of the unvested service options held by each of these executive officers will become vested and remain exercisable for 12 months. Upon termination for any reason other than death, disability, termination by us without cause or termination by Mr. Herbert or Ms. August-deWilde for good reason, vested options will remain exercisable for 12 months following termination and unvested options will generally terminate and expire upon the date of termination.

Mr. Herbert and Ms. August-deWilde may terminate their employment with us for “good reason” in the following situations:

- Relocation without the named executive officer’s consent outside of San Francisco;
- Material diminution of title, authority or reporting relationship;
- Reduction in annual salary or cash bonus opportunity;
- We fail to perform our material obligations under the employment agreement; or
- For Ms. August-deWilde, a change in control with respect to the Bank, provided that she will, if requested, remain employed for up to three months following the change in control, or a failure to be appointed successor Chief Executive Officer.

We may terminate the employment of Mr. Herbert or Ms. August-deWilde “for cause” in the following situations:

- Failure by each of the executive officers, other than for reasons of death or disability, to substantially perform his or her duties or failure to carry out the reasonable instructions of the Board;
- Material, continuing and uncorrected breach by the named executive officer of the rules or regulations of any regulatory authority of the Bank;
- Gross misconduct;
- Failure to comply with the material terms of his or her employment agreement after notice and an opportunity to cure;
- Conviction or plea of *nolo contendere* to any fraudulent act or criminal offense;
- Failure by each of the executive officers to maintain any necessary license necessary to perform their duties with the Bank; or
- Being disqualified by the SEC or FDIC from serving as an officer or director of an insured depository institution or public company.

Under their agreements, a change in control generally means any of the following events:

- Subject to certain exceptions, the acquisition by any person or group of 33% or more of the voting securities of the Bank;

- Members of the Board at the date of the Transaction or directors nominated by a majority of those directors cease to constitute at least a majority of the members of the Board; or
- A reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets unless, (1) the beneficial owners of our common stock prior to the transaction own more than 50% of the surviving entity; and (2) our directors prior to the transaction constitute more than a majority of the members of the board of directors of the surviving entity.

After termination of employment, Mr. Herbert and Ms. August-deWilde will remain subject to confidentiality, non-competition and non-solicitation obligations. Each of these executive officers are prohibited from using or disclosing our confidential information for 120 days after termination of employment. They are also prohibited from contacting any of our customers for purposes of soliciting their business for 14 days after termination of employment, or five business days after we publicly announce such termination. Upon termination of employment, each of these executive officers are required to return all confidential information to us. For up to 12 months following a change in control in which each of these executive officers have disposed of all equity securities in the Bank and the executive officer's employment with us is terminated, Mr. Herbert and Ms. August-deWilde may not:

- Hold a 10% or greater ownership interest in a competing enterprise;
- Associate with a competing enterprise, or in connection with such association, manage or supervise any personnel engaged in activities substantially similar to the executive officer's activities at the Bank or the activities managed or supervised by the executive officer at the Bank;
- Attempt to solicit any client to transact business with a competing enterprise or to refrain from doing business with us; or
- Attempt to recruit our employees.

See also “—2012 Amendments to Employment Agreements.”

### ***Stock Awards***

Performance stock options awarded to Messrs. Newton and Lichtman in 2010 will terminate and expire if not vested at the time of termination of the executive's service, and these named executive officers will not be eligible for catch-up payments for previous performance periods following their termination of employment. In the event of termination due to death or disability, Messrs. Newton and Lichtman will have six months following termination to exercise their vested options, and in the event of termination by us without cause, Messrs. Newton and Lichtman will have three months to exercise their vested options. These options also contain provisions which would result in the options fully vesting upon the occurrence of certain change in control transactions. In the event of termination by us for cause, all outstanding options will be terminated and cancelled. “Cause” is defined by the Stock Award Plan to mean (1) continued neglect of duties to the Bank; (2) conduct that is injurious to the Bank; (3) commission of a felony or any crime involving fraud or dishonesty; (4) failure to follow the lawful instructions of the Board or direct supervisors; or (5) violation of the rules, regulations, procedures or instructions relating to the conduct of officers of the Bank.

Time-vested stock options awarded to Messrs. Newton and Lichtman and restricted stock awards granted to Messrs. Newton, Selfridge and Lichtman have similar vesting conditions as those described in the performance stock options above solely in the event of a change in control.

### ***SERP***

Upon termination of employment, each of our named executive officers (other than Mr. Selfridge, who is not a participant in the SERP) will be entitled to a lump sum payment under our SERP. The lump sum payment upon an involuntary termination is approximately equal to \$1,700,000 in the case of Mr. Herbert, \$1,600,000 in the case of Ms. August-deWilde, \$1,400,000 in the case of Mr. Newton and \$900,000 in the case of

Mr. Lichtman. A voluntary termination of employment would result in lower lump sum payment amounts, as reflected in “—Executive Compensation Tables—2012 —Potential Payments upon Termination or Change in Control.” The retirement benefit will be payable to Mr. Herbert, Ms. August-deWilde and Mr. Newton at age 70, and it will be payable to Mr. Lichtman at age 65. As a result of the acquisition of First Republic in 2007, each named executive officer became fully vested in these SERP benefits even if his or her employment is terminated prior to age 65. The SERP remains in effect after the Transaction. For a short period after termination for any reason, the named executive officer will have the option to purchase the underlying life insurance policy from the Bank at an amount equivalent to the Bank’s carrying value.

#### *Insurance Plan*

At December 31, 2012, the death benefit payable to each named executive officer’s beneficiary (other than Mr. Selfridge) under our Insurance Plan was \$2,700,000 in the case of Mr. Herbert, \$2,900,000 in the case of Ms. August-deWilde, \$2,500,000 in the case of Mr. Newton and \$2,700,000 in the case of Mr. Lichtman. The agreement to pay a portion of the death benefit will terminate at age 70 in the case of Mr. Herbert, Ms. August-deWilde and Mr. Newton, and at age 65 in the case of Mr. Lichtman. For a short period after termination of employment for any reason, each named executive officer will have the option to purchase the underlying life insurance policy from us at an amount equivalent to our carrying value.

#### *Other*

In all cases of termination of employment, the named executive officer or the estate of the deceased named executive officer would have been entitled to all earned and unpaid salary and unused vacation or leave time and payment of all unreimbursed business expenses. Named executive officers may also have qualified for continued coverage under welfare benefit plans, including medical, dental and vision on the same terms generally available to all of our full time employees. There were no employment agreements or arrangements whereby named executive officers would have received tax gross-up payments in the event of termination.

### Summary Table of Potential Payments Upon Various Termination Events

The table below reflects the amount of compensation to each of our named executive officers as of December 31, 2012 under their agreements and arrangements then in effect in the event of termination of such executive's employment. Named executive officers were not entitled to any payments upon termination by the Bank for cause, except benefits and payments which had already accrued at the time of such termination. Amounts shown for restricted stock and stock options are valued at the closing market price per share of First Republic common stock on December 31, 2012.

Payment	Voluntary Termination	Death	Disability	Termination without Cause	Termination for Cause	Change in Control (No Termination)(1)	Termination following a Change in Control(1)
<b>James H. Herbert, II</b>							
Severance(2)	\$ —	\$ 7,346,310	\$ 7,346,310	\$ 7,346,310	\$ —	\$ —	\$ 7,346,310
Stock Options(3)	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351
Stock Awards(4)	10,899,350	10,899,350	10,899,350	10,899,350	10,899,350	10,899,350	10,899,350
SERP(5)	1,681,105	—	1,681,105	1,681,105	1,681,105	1,681,105	1,681,105
Insurance Plan(6)	—	2,700,000	—	—	—	—	—
Total	<u>\$31,390,806</u>	<u>\$39,756,011</u>	<u>\$38,737,116</u>	<u>\$38,737,116</u>	<u>\$31,390,806</u>	<u>\$31,390,806</u>	<u>\$38,737,116</u>
<b>Willis H. Newton, Jr.</b>							
Severance(7)	\$ —	\$ —	\$ —	\$ 950,000	\$ —	\$ —	\$ 950,000
Stock Options(3)	—	—	—	—	—	889,000	889,000
Stock Awards(4)	—	—	—	—	—	393,360	393,360
SERP(5)	953,586	—	1,362,265	1,362,265	1,362,265	1,362,265	1,362,265
Insurance Plan(6)	—	2,500,000	—	—	—	—	—
Total	<u>\$ 953,586</u>	<u>\$ 2,500,000</u>	<u>\$ 1,362,265</u>	<u>\$ 2,312,265</u>	<u>\$ 1,362,265</u>	<u>\$ 2,644,625</u>	<u>\$ 3,594,625</u>
<b>Katherine August-deWilde</b>							
Severance(2)	\$ —	\$ 7,346,310	\$ 7,346,310	\$ 7,346,310	\$ —	\$ —	\$ 7,346,310
Stock Options(3)	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351	18,810,351
Stock Awards(4)	1,311,200	1,311,200	1,311,200	1,311,200	1,311,200	1,311,200	1,311,200
SERP(5)	1,268,488	—	1,630,913	1,630,913	1,630,913	1,630,913	1,630,913
Insurance Plan(6)	—	2,900,000	—	—	—	—	—
Total	<u>\$21,390,039</u>	<u>\$30,367,861</u>	<u>\$29,098,774</u>	<u>\$29,098,774</u>	<u>\$21,752,464</u>	<u>\$21,752,464</u>	<u>\$29,098,774</u>
<b>Michael D. Selfridge</b>							
Severance(7)	\$ —	\$ —	\$ —	\$ 500,000	\$ —	\$ —	\$ 500,000
Stock Awards(4)	—	—	—	—	—	1,639,000	1,639,000
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 500,000</u>	<u>\$ —</u>	<u>\$ 1,639,000</u>	<u>\$ 2,139,000</u>
<b>David B. Lichtman</b>							
Severance(7)	\$ —	\$ —	\$ —	\$ 1,075,000	\$ —	\$ —	\$ 1,075,000
Stock Options(3)	—	—	—	—	—	1,466,850	1,466,850
Stock Awards(4)	—	—	—	—	—	491,700	491,700
SERP(5)	260,716	—	893,885	893,885	893,885	893,885	893,885
Insurance Plan(6)	—	2,700,000	—	—	—	—	—
Total	<u>\$ 260,716</u>	<u>\$ 2,700,000</u>	<u>\$ 893,885</u>	<u>\$ 1,968,885</u>	<u>\$ 893,885</u>	<u>\$ 2,852,435</u>	<u>\$ 3,927,435</u>

(1) Assumes a Change in Control in which our named executive officers retain their current position or are terminated (or resign for "good reason") following the Change in Control, respectively.

(2) Under the terms of the executive's agreement, a cash severance payment of two times annual salary plus annual bonus for the year in which such termination occurs in the event of a termination due to death, disability or termination without cause. For purposes of this calculation, the annual bonus component is based upon the actual amount earned under their employment agreement for the calendar year 2012.

- (3) Represents the value of unvested stock options which would vest in the event of termination, based on the difference between fair market value and exercise price at December 31, 2012. Service options held by Mr. Herbert and Ms. August-deWilde will vest upon all termination situations.
- (4) Represents the value of unvested restricted stock which would vest in the event of termination. Restricted stock held by Mr. Herbert and Ms. August-deWilde will vest upon all termination situations.
- (5) Represents the fully vested future payments to be paid at a future date under the Bank's SERP that the executive would have been entitled to as a result of termination, except in the case of voluntary termination.
- (6) Represents value of death benefit under the Insurance Plan payable by a third-party insurance company.
- (7) Represents unpaid annual bonus as of December 31, 2012.

### Director Compensation

The following compensation policies for non-employee directors have been in place since First Republic became an independent entity on July 1, 2010:

- An annual cash retainer for all non-employee directors of \$50,000, paid on a quarterly basis;
- Annual cash retainers, paid quarterly, of \$12,500 for the Chair of the Audit Committee and \$10,000 for the Chairs of all other committees;
- For all non-employee directors, a fee of \$3,000 for each regularly scheduled meeting of the Board and \$1,500 for telephonic meetings attended;
- For members of committees, a fee of \$2,000 per regularly scheduled committee meeting attended and \$1,000 for telephonic meetings which last one hour or less; and
- Members of the Board are reimbursed for their out-of-pocket expenses incurred in connection with attendance at Board or committee meetings in accordance with established policy.
- L. Martin Gibbs receives an annual retainer of \$20,000 for serving as our lead outside director.

The table below presents director compensation for 2012:

<u>Name(1)</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards(2)</u>	<u>Total Director Compensation</u>
Thomas J. Barrack, Jr. ....	\$ 72,500	\$100,000	\$172,500
Frank J. Fahrenkopf, Jr. ....	\$107,100	\$100,000	\$207,100
William E. Ford. ....	\$101,000	\$100,000	\$201,000
L. Martin Gibbs ....	\$118,000	\$100,000	\$218,000
Sandra R. Hernández ....	\$ 89,500	\$100,000	\$189,500
Pamela J. Joyner ....	\$141,800	\$100,000	\$241,800
Jody S. Lindell ....	\$127,300	\$100,000	\$227,300
George G.C. Parker ....	\$136,900	\$100,000	\$236,900

(1) Mr. Herbert, our CEO, and Ms. August-deWilde, our President, are not included in this table because they are Named Executive Officers of First Republic and receive no compensation for their services as directors.

(2) Amounts shown reflect the grant date fair value of restricted stock units recognized by First Republic for financial statement reporting purposes in accordance with FASB ASC Topic 718, which is based upon the closing price of the Bank's common stock of \$30.12 on March 7, 2012.

In lieu of paying higher directors' fees in cash to our non-employee directors, to closely match their long-term interests with those of other shareholders, and to properly compensate directors for the responsibilities and risks they undertake from a legal, business and regulatory perspective, as a board member of a large, FDIC-insured public bank, we intend from time to time to grant stock options or shares of restricted stock to non-employee directors.

In connection with our re-establishment as an independent entity, directors received stock option grants during 2010. The Bank granted to each non-employee director (other than Messrs. Barrack and Ford) an option to purchase 15,000 shares of the Bank's common stock at an exercise price of \$15 per share (the amount paid per share by all investors on the date of the transaction re-establishing us as an independent entity). Such options vest over a four-year period based upon the director's continued service through August 2014. As of December 31, 2012, each of Mr. Fahrenkopf, Mr. Gibbs, Dr. Hernández, Ms. Joyner, Ms. Lindell had 15,000 options previously awarded and outstanding, of which 7,500 were vested. As of December 31, 2012, Mr. Parker had 11,250 options previously awarded and outstanding, of which 3,750 were vested. During 2011, our non-employee directors were not issued any stock awards or stock options.

In February 2012, the Board approved the granting to each independent, non-executive director shares of restricted stock units with a value of approximately \$100,000. These restricted stock units, which would vest at the end of a one-year service period, were granted on March 7, 2012, resulting in 3,320 shares being awarded to each such director. At that same meeting, the Board approved a director stock ownership guideline, requiring that independent directors hold common stock with a value of five times their annual retainer amount by February 2017 (or if later, within five years of first becoming a non-employee director).

### **AUDIT COMMITTEE REPORT**

The Audit Committee is responsible for providing independent, objective oversight of the Bank's accounting functions and internal controls. The Audit Committee is composed of five directors, each of whom is independent as defined by the standards of the NYSE and the FDIC. The Audit Committee operates under a written charter approved by the Board of Directors.

The Bank has engaged the independent firm of Deloitte & Touche LLP to perform selected internal audit services on an outsourced basis. In 2012, an independent consulting firm also performed an independent review of the Bank's loan portfolio. All reports of such independent firms are provided to the Audit Committee. The Bank and the Audit Committee believe that the use of independent firms for these services strengthens the review of internal controls.

Management is responsible for the Bank's internal controls and financial reporting process. KPMG LLP, the Bank's independent auditors, are responsible for performing an independent audit of the Bank's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee met with management and the independent auditors to review and discuss the December 31, 2012 financial statements. The Audit Committee also discussed with the independent auditors the matters required by applicable standards of the Public Company Accounting Oversight Board (the "PCAOB"). The Audit Committee also received written disclosures from the independent auditors required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee. The Audit Committee discussed with the independent auditors that firm's independence and met in executive session with the independent auditors.

Based upon the Audit Committee's discussions with management and the independent auditors, and the Audit Committee's review of the representations of management and the independent auditors, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Bank's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the FDIC.

### **THE AUDIT COMMITTEE**

Jody S. Lindell (Chair)

Frank J. Fahrenkopf, Jr.

Sandra R. Hernández

George G.C. Parker

## PROPOSAL 2—RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed KPMG LLP (“KPMG”) as our independent registered public accounting firm for the 2013 fiscal year. We are submitting the appointment of our independent registered public accounting firm for shareholder ratification at the Annual Meeting.

In connection with our re-establishment as an independent entity in June 2010 and our subsequent initial public offering and listing on the NYSE in December 2010, KPMG audited our financial statements as of December 31, 2010 and for the six months ended December 31, 2010. KPMG was the independent auditor of our predecessor entity from 1989 until the sale of our predecessor entity to MLFSB in 2007.

Our organizational documents do not require that our shareholders ratify the appointment of KPMG as our independent registered public accounting firm. We are doing so because we believe it is a matter of good corporate practice. If our shareholders do not ratify the appointment, the Audit Committee will reconsider whether to retain KPMG, but still may retain them. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Bank or our shareholders.

During 2012, First Republic had no disagreements with KPMG on accounting and financial statement disclosure. A representative of KPMG is expected to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so. It is expected that such representative will be available to respond to appropriate questions.

### Independent Auditor Fees for Services Rendered in 2012 and 2011

The following table presents fees for professional audit services rendered by KPMG in 2012 and 2011 for the audit of our financial statements and fees billed for other services rendered by KPMG.

	<u>2012</u>	<u>2011</u>
Audit fees(1) .....	\$1,165,000	\$ 991,000
Audit related fees(2) .....	95,000	95,000
Tax fees(3) .....	103,000	186,000
All other fees .....	<u>—</u>	<u>—</u>
Total fees .....	<u>\$1,363,000</u>	<u>\$1,272,000</u>

- (1) Audit fees include the audit of our financial statements, the review of quarterly financial statements, and audit of internal control over financial reporting. Audit fees also relate to services such as subsidiary audits, comfort letters associated with equity offerings and regulatory and compliance attest services.
- (2) Audit related fees consisted of internal control examinations.
- (3) Tax fees consisted of fees for tax compliance and tax consultation services.

### Pre-Approval Policies and Procedures of the Audit Committee

It is the Audit Committee’s policy to have all auditing services and permitted non-audit services of KPMG pre-approved by the Audit Committee, including fees and terms. Under this policy, the Audit Committee has pre-approved all of the engagements and fees for the audits of the Bank, audit related engagements and tax engagements paid since its inception on July 1, 2010.

### Board’s Recommendation

The Board unanimously recommends you vote **FOR** the ratification of KPMG LLP as our independent registered public accounting firm.

### **PROPOSAL 3—ADVISORY (NON-BINDING) VOTE APPROVING EXECUTIVE COMPENSATION**

At the Annual Meeting, you will have the opportunity to vote on the following resolution:

**RESOLVED, that the Bank’s shareholders approve, on an advisory basis, the compensation paid to the Bank’s named executive officers, as disclosed in the Bank’s Proxy Statement for the 2013 Annual Meeting of Shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.**

The above resolution, commonly known as a “say on pay” proposal, gives you as a shareholder the opportunity to endorse or not endorse the compensation we pay to our named executive officers by voting to approve or not approve such compensation as described in this Proxy Statement. Your vote on this resolution is advisory only, and none of First Republic, the Board or the Compensation Committee will be bound by the outcome of this advisory vote when making future compensation decisions regarding our executive officers. Although your vote on this resolution is only advisory, First Republic, the Board and the Compensation Committee value your input and will carefully consider the outcome of the vote on this and future “say on pay” resolutions when considering future executive compensation decisions.

We believe that our compensation policies and procedures are competitive, are in compliance with applicable regulatory guidelines, and, to the extent permitted by banking regulations, are focused on pay for performance principles and are strongly aligned with the long-term interests of our shareholders. As described above in the Compensation Discussion and Analysis section of this Proxy Statement, we have developed our compensation programs based on the belief that our executive compensation should closely reflect the achievement of results as measured by both short-term and long-term measures of performance and the development and implementation of effective strategic business plans approved annually by the Board. The compensation plans for our named executive officers are based upon the following goals and policies:

- A significant portion of executive compensation should be incentive compensation that is directly linked to our safety and soundness, and to our annual performance, which supports achievement of both our short-term and long-term financial safety and performance goals;
- Incentive compensation should be based on the measures of our performance that are most meaningfully related to the creation of value for shareholders, including the level of earnings, return on equity, return on assets, asset quality, efficiency and regulatory status;
- Compensation programs should support our long-term strategic goals and objectives;
- Compensation programs should incentivize and reward individuals for outstanding contributions to our success, including performance under difficult economic circumstances; and
- Compensation programs should encourage safety and soundness and not encourage excess risk taking.

We encourage you to closely review the Compensation Discussion and Analysis section of this Proxy Statement and the tabular disclosure which follows it. The Compensation Discussion and Analysis discusses each element of compensation we use to incentivize our executive officers, beginning with direct compensation (base salary and annual incentives) and including long-term incentives based on building shareholder wealth (stock options or shares of restricted stock). We also discuss our policies and other factors, such as financial and regulatory constraints, which affect the Board’s decisions or those of the Compensation Committee.

#### **Board’s Recommendation**

The Board unanimously recommends you vote **FOR** the approval of the compensation of the named executive officers as described in the Compensation and Disclosure Analysis, compensation tables and narrative discussion in this Proxy Statement.

## **OTHER MATTERS**

We are not aware of any matter that may be presented properly for action at the Annual Meeting other than the matters discussed in this Proxy Statement and set forth in the accompanying Notice of Annual Meeting of Shareholders. If any other business does come properly before the Annual Meeting, the persons named as proxies on the enclosed proxy card, or proxy voting instruction form, will vote as they deem in our best interests on all such matters.

### **DEADLINE FOR SHAREHOLDER PROPOSALS FOR OUR 2014 ANNUAL MEETING**

Proposals by shareholders intended to be presented at our 2014 Annual Meeting of Shareholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, must be received by us no later than December 5, 2013 for consideration for possible inclusion in our proxy statement relating to that meeting.

In addition, our Bylaws include provisions requiring advance notice of a shareholder's nomination of individuals to serve as members of the Board. To be timely, such notice must be received by our Corporate Secretary not less than 120 days before the date of the previous year's annual meeting, or January 14, 2014, in the case of the 2014 Annual Meeting of Shareholders. If no annual meeting was held the previous year and in any year in which the date of the annual meeting is moved by more than 30 days from the date of the previous year's annual meeting, the notice will be considered timely if received not less than 120 days before the date of the annual meeting or by the 10th day following the day on which public disclosure of the annual meeting date was made. The Board is not required to nominate in our annual proxy statement any person so proposed.

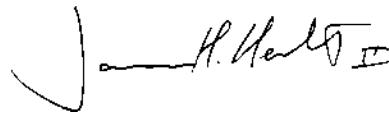
The procedure for submitting a shareholder proposal pursuant to our Bylaws is generally the same as for submitting nominations of individuals to serve as members of the Board.

## IMPORTANT NOTICE REGARDING THE DELIVERY OF SHAREHOLDER DOCUMENTS

FDIC rules permit us to deliver a single copy of this Proxy Statement, Notice and our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 to multiple shareholders sharing the same address and last name, or who we reasonably believe are members of the same family, unless we have received contrary instructions from one or more of such shareholders. This practice is referred to as “householding” and can result in significant savings of paper and mailing costs. Some brokers may also deliver a single copy of our proxy statements, notices and annual reports to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. If, at any time, you would prefer to receive a separate copy of our proxy statement, notice or annual report, or if you are receiving multiple copies of either document and wish to receive only one, please notify us at Investor Relations, First Republic Bank, 111 Pine Street, 2nd Floor, San Francisco, CA 94111, or by calling (415) 392-1400 or emailing [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com) if you are a record holder of the Bank or please notify your broker or other nominee if you hold your shares in street name.

We will deliver promptly upon written or oral request a separate copy of our proxy statement or notice or our annual report to a shareholder at a shared address to which a single copy of any such document was delivered. For copies of any or all of such documents, shareholders should contact us at Investor Relations, First Republic Bank, 111 Pine Street, 2nd Floor, San Francisco, CA 94111, or by calling (415) 392-1400 or emailing [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com).

By Order of the Board of Directors

A handwritten signature in black ink that reads "James H. Herbert, II". The signature is written in a cursive style with a large initial "J" and a Roman numeral "II" at the end.

James H. Herbert, II  
Chairman and Chief Executive Officer

A handwritten signature in black ink that reads "Katherine August-deWilde". The signature is written in a cursive style.

Katherine August-deWilde  
President and Chief Operating Officer

San Francisco, California  
April 4, 2013

**FIRST REPUBLIC BANK**  
**111 PINE STREET**  
**SAN FRANCISCO, CA 94111**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy card must be received no later than the beginning of the annual meeting.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M53565-P33347

KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**FIRST REPUBLIC BANK**

The Board of Directors recommends you vote FOR all of the following:

1. Election of Directors

<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

**Nominees:**

- |                              |                         |
|------------------------------|-------------------------|
| 01) James H. Herbert, II     | 07) Sandra R. Hernández |
| 02) Katherine August-deWilde | 08) Pamela J. Joyner    |
| 03) Thomas J. Barrack, Jr.   | 09) Reynold Levy        |
| 04) Frank J. Fahrenkopf, Jr. | 10) Jody S. Lindell     |
| 05) William E. Ford          | 11) George G. C. Parker |
| 06) L. Martin Gibbs          |                         |

The Board of Directors recommends you vote FOR the following proposals:

**For Against Abstain**

2. To ratify the appointment of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2013.
3. To approve, by advisory (non-binding) vote, the compensation of our executive officers (a "say on pay" vote).
4. To transact such other business as may properly come before the meeting or any adjournment of the meeting.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.  **Yes**  **No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date

Signature (Joint Owners)	Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

M53566-P33347

**FIRST REPUBLIC BANK  
Annual Meeting of Shareholders  
May 14, 2013 9:30 AM  
This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Edward J. Dobranski and Michael J. Roffler, or either of them, and each with full power of substitution, to act as attorneys and proxies for the undersigned to vote all shares of Common Stock of First Republic Bank (the "Bank") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Bank to be held at the New York Yacht Club, 37 West 44th Street, New York, NY 10036 on May 14, 2013 at 9:30 AM, Eastern Time, and at all adjournments thereof, as indicated on this proxy.

This proxy, when properly executed, will be voted in the manner directed herein. **If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

Address Changes/Comments: \_\_\_\_\_  
\_\_\_\_\_

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

**\*\*\* Exercise Your *Right* to Vote \*\*\***  
**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on May 14, 2013.**

**FIRST REPUBLIC BANK**

FIRST REPUBLIC BANK  
111 PINE STREET  
SAN FRANCISCO, CA 94111

**Meeting Information**

**Meeting Type:** Annual Meeting  
**For holders as of:** March 18, 2013  
**Date:** May 14, 2013    **Time:** 9:30 AM  
**Location:** New York Yacht Club  
37 West 44th Street  
New York, NY 10036

Notice is hereby given of the Annual Meeting of Shareholders of First Republic Bank. Matters to be voted on are listed herein.

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at [www.proxyvote.com](http://www.proxyvote.com) or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain  
proxy materials and voting instructions.**

— **Before You Vote** —  
How to Access the Proxy Materials

**Proxy Materials Available to VIEW or RECEIVE:**

NOTICE AND PROXY STATEMENT      2012 ANNUAL REPORT ON FORM 10-K

**How to View Online:**

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) and visit: [www.proxyvote.com](http://www.proxyvote.com).

**How to Request and Receive a PAPER or E-MAIL Copy:**

If you want to receive a paper or e-mail copy of these documents, you must request one—you will not otherwise receive a copy. There is NO charge for requesting a copy. You may also request copies of such documents for future shareholders meetings. Please choose one of the following methods to make your request:

- 1) BY INTERNET:      [www.proxyvote.com](http://www.proxyvote.com)
- 2) BY TELEPHONE:    1-800-579-1639
- 3) BY E-MAIL\*:      [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 30, 2013 to facilitate timely delivery.

— **How To Vote** —  
Please Choose One of the Following Voting Methods

**Vote In Person:** Many shareholder meetings have attendance requirements. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares. For directions to the meeting, you may e-mail [investorrelations@firstrepublic.com](mailto:investorrelations@firstrepublic.com) or call 1-800-392-1400.

**Vote By Internet:** To vote now by Internet, go to [www.proxyvote.com](http://www.proxyvote.com). Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) available and follow the instructions.

**Vote By Phone:** To vote by telephone, go to [www.proxyvote.com](http://www.proxyvote.com) or request a copy of the proxy materials. Use the telephone number provided on the website or in the proxy materials to vote.

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

## Voting Items

**The Board of Directors recommends you vote FOR all of the following:**

1. Election of Directors

**Nominees:**

- |                              |                         |
|------------------------------|-------------------------|
| 01) James H. Herbert, II     | 07) Sandra R. Hernández |
| 02) Katherine August-deWilde | 08) Pamela J. Joyner    |
| 03) Thomas J. Barrack, Jr.   | 09) Reynold Levy        |
| 04) Frank J. Fahrenkopf, Jr. | 10) Jody S. Lindell     |
| 05) William E. Ford          | 11) George G. C. Parker |
| 06) L. Martin Gibbs          |                         |

**The Board of Directors recommends you vote FOR the following proposals:**

2. To ratify the appointment of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2013.
3. To approve, by advisory (non-binding) vote, the compensation of our executive officers (a "say on pay" vote).
4. To transact such other business as may properly come before the meeting or any adjournment of the meeting.

