

BankUnited, Inc.  
Form 8-K  
October 28, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 28, 2013 (October 22, 2013)**

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**BankUnited, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**001-35039**  
(Commission File Number)

**27-0162450**  
(I.R.S. Employer Identification No.)

**14817 Oak Lane**

**Miami Lakes, FL 33016**

(Address of principal executive offices) (Zip Code)

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(305) 569-2000

(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 8.01**

**Other Events.**

On October 22, 2013, BankUnited, Inc. (the Company) reported its results for the quarter ended September 30, 2013:

For the quarter ended September 30, 2013, the Company reported net income of \$54.3 million, or \$0.52 per diluted share, as compared to \$49.6 million, or \$0.48 per diluted share, for the quarter ended September 30, 2012.

For the nine months ended September 30, 2013, the Company reported net income of \$156.5 million, or \$1.51 per diluted share, generating an annualized return on average stockholders' equity of 11.27% and an annualized return on average assets of 1.61%. The Company reported net income of \$148.8 million, or \$1.44 per diluted share, for the nine months ended September 30, 2012.

**Performance Highlights**

- New loans grew by \$1.1 billion during the third quarter of 2013. For the nine months ended September 30, 2013, new loans increased by \$2.5 billion to \$6.2 billion.
- Total deposits increased by \$817 million for the quarter ended September 30, 2013 to \$9.8 billion, reflecting growth across all deposit categories. For the nine months ended September 30, 2013, total deposits grew by \$1.3 billion.
- The net interest margin, calculated on a tax-equivalent basis, was 5.70% for the quarter ended September 30, 2013.
- Earnings for the quarter ended September 30, 2013 benefited from a reduction in the effective income tax rate, primarily due to a \$3.6 million release of reserves for uncertain tax liabilities.
- Book value and tangible book value per common share were \$18.70 and \$18.01, respectively, at September 30, 2013.

**Capital**

The Company and its banking subsidiary continue to exceed all regulatory guidelines required to be considered well capitalized. The Company's regulatory capital ratios at September 30, 2013 were as follows:

|                           |       |
|---------------------------|-------|
| Tier 1 leverage           | 13.1% |
| Tier 1 risk-based capital | 24.1% |
| Total risk-based capital  | 25.0% |

**Loans and Leases**

Loans, net of premiums, discounts and deferred fees and costs, increased to \$7.8 billion at September 30, 2013 from \$5.6 billion at December 31, 2012. New loans grew by \$2.5 billion to \$6.2 billion at September 30, 2013 from \$3.7 billion at December 31, 2012. Covered loans declined to \$1.6 billion at September 30, 2013 from \$1.9 billion at December 31, 2012.

For the quarter ended September 30, 2013, new commercial loans, including commercial loans, commercial real estate loans and leases, grew \$762 million to \$4.5 billion, reflecting the continued success of lending operations in New York, further expansion of market share in Florida and growth of the lending subsidiaries. New residential loans grew by \$270 million to \$1.6 billion during the third quarter of 2013, primarily as a result of the continuation of the Company's residential loan purchase program.

A comparison of portfolio composition at September 30, 2013 and December 31, 2012 follows:

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|                                           | New Loans             |                      | Total Loans           |                      |
|-------------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                           | September 30,<br>2013 | December 31,<br>2012 | September 30,<br>2013 | December 31,<br>2012 |
| Single family residential and home equity | 25.9%                 | 25.0%                | 38.0%                 | 45.3%                |
| Commercial real estate                    | 35.0%                 | 31.8%                | 30.6%                 | 25.6%                |
| Commercial                                | 36.7%                 | 42.3%                | 29.5%                 | 28.5%                |
| Consumer                                  | 2.4%                  | 0.9%                 | 1.9%                  | 0.6%                 |
|                                           | 100.0%                | 100.0%               | 100.0%                | 100.0%               |

The Company's portfolio of equipment under operating lease grew by \$99.7 million for the quarter ended September 30, 2013 to \$185.0 million.

### Asset Quality

Asset quality remained strong. Credit risk continues to be limited, though to a declining extent, by the Loss Sharing Agreements with the FDIC. At September 30, 2013, covered loans represented 19.9% of the total loan portfolio, as compared to 33.5% at December 31, 2012.

The ratio of non-performing new loans to total new loans was 0.39% at September 30, 2013 and 0.43% at December 31, 2012. The ratio of total non-performing loans to total loans was 0.50% at September 30, 2013 as compared to 0.62% at December 31, 2012. At September 30, 2013, non-performing assets totaled \$87.2 million, including \$48.5 million of other real estate owned (OREO), as compared to \$110.6 million, including \$76.0 million of OREO, at December 31, 2012. At September 30, 2013, 71% of total non-performing assets were covered assets.

For the quarters ended September 30, 2013 and 2012, the Company recorded provisions for loan losses of \$2.6 million and \$6.4 million, respectively. Of these amounts, \$(2.8) million and \$1.0 million, respectively, related to provisions for (recoveries of) covered loans, and \$5.4 million and \$5.4 million, respectively, related to provisions for new loans.

For the nine months ended September 30, 2013 and 2012, the Company recorded provisions for loan losses of \$19.5 million and \$17.9 million, respectively. Of these amounts, \$(1.0) million and \$1.1 million, respectively, related to provisions for (recoveries of) covered loans, and \$20.4 million and \$16.7 million, respectively, related to provisions for new loans.

The provisions related to new loans reflect growth in the new loan portfolio offset in part by reductions in general loss factors. For the nine months ended September 30, 2013, the provision for new loans was also impacted by specific reserves recognized on impaired loans, particularly related to one commercial relationship.

The provisions (recoveries) related to covered loans were significantly mitigated by offsetting increases or decreases in non-interest income recorded in Net loss on indemnification asset.

The following tables summarize the activity in the allowance for loan and lease losses for the three and nine months ended September 30, 2013 and 2012 (in thousands):

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|                                | Three Months Ended September 30, 2013 |               |           |           | Three Months Ended September 30, 2012 |               |           |           |
|--------------------------------|---------------------------------------|---------------|-----------|-----------|---------------------------------------|---------------|-----------|-----------|
|                                | ACI Loans                             | Non-ACI Loans | New Loans | Total     | ACI Loans                             | Non-ACI Loans | New Loans | Total     |
| Balance at beginning of period | \$ 4,304                              | \$ 13,908     | \$ 40,219 | \$ 58,431 | \$ 11,085                             | \$ 9,878      | \$ 34,672 | \$ 55,635 |
| Provision                      | (842)                                 | (1,995)       | 5,441     | 2,604     | (867)                                 | 1,888         | 5,353     | 6,374     |
| Charge-offs                    | (117)                                 | (1,317)       | (586)     | (2,020)   | (296)                                 | (1,032)       | (578)     | (1,906)   |
| Recoveries                     |                                       | 147           | 457       | 604       |                                       | 131           | 182       | 313       |
| Balance at end of period       | \$ 3,345                              | \$ 10,743     | \$ 45,531 | \$ 59,619 | \$ 9,922                              | \$ 10,865     | \$ 39,629 | \$ 60,416 |

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|                                | Nine Months Ended September 30, 2013 |               |           |           | Nine Months Ended September 30, 2012 |               |           |           |
|--------------------------------|--------------------------------------|---------------|-----------|-----------|--------------------------------------|---------------|-----------|-----------|
|                                | ACI Loans                            | Non-ACI Loans | New Loans | Total     | ACI Loans                            | Non-ACI Loans | New Loans | Total     |
| Balance at beginning of period | \$ 8,019                             | \$ 9,874      | \$ 41,228 | \$ 59,121 | \$ 16,332                            | \$ 7,742      | \$ 24,328 | \$ 48,402 |
| Provision                      | (2,440)                              | 1,452         | 20,440    | 19,452    | (3,649)                              | 4,786         | 16,729    | 17,866    |
| Charge-offs                    | (2,234)                              | (3,223)       | (16,837)  | (22,294)  | (2,761)                              | (3,072)       | (1,694)   | (7,527)   |
| Recoveries                     |                                      | 2,640         | 700       | 3,340     |                                      | 1,409         | 266       | 1,675     |
| Balance at end of period       | \$ 3,345                             | \$ 10,743     | \$ 45,531 | \$ 59,619 | \$ 9,922                             | \$ 10,865     | \$ 39,629 | \$ 60,416 |

**Deposits**

At September 30, 2013, deposits totaled \$9.8 billion compared to \$8.5 billion at December 31, 2012. Demand deposits, including non-interest bearing and interest bearing deposits, comprised 23% of total deposits at September 30, 2013. The average cost of deposits was 0.64% for the quarter ended September 30, 2013 as compared to 0.78% for the quarter ended September 30, 2012 and 0.66% for the nine months ended September 30, 2013 as compared to 0.84% for the nine months ended September 30, 2012. The decrease in the average cost of deposits was attributable to both the growth in non-interest bearing deposits as a percentage of average total deposits and a decline in market rates of interest. Excluding the impact of hedge accounting and accretion of fair value adjustments, the average cost of deposits was 0.59% and 0.61%, respectively, for the three and nine months ended September 30, 2013.

**Net interest income**

Net interest income for the quarter ended September 30, 2013 grew to \$164.1 million from \$139.4 million for the quarter ended September 30, 2012. Net interest income for the nine months ended September 30, 2013 was \$482.0 million as compared to \$423.0 million for the nine months ended September 30, 2012.

The Company's net interest margin, calculated on a tax-equivalent basis, was 5.70% for the quarter ended September 30, 2013 as compared to 5.47% for the quarter ended September 30, 2012. Net interest margin, calculated on a tax-equivalent basis, was 5.92% for the nine months ended September 30, 2013 as compared to 5.82% for the nine months ended September 30, 2012. Significant factors impacting the trend in net interest margin for the three and nine months ended September 30, 2013 included:

- The tax-equivalent yield on loans declined to 8.83% and 9.79%, respectively, for the three and nine months ended September 30, 2013 compared to 10.79% and 11.80% for the corresponding periods in 2012, primarily because new loans, originated at yields lower than those on the covered loan portfolio, comprised a greater percentage of total loans.
- The yield on new loans decreased to 3.71% and 3.85%, respectively, for the quarter and nine months ended September 30, 2013 from 4.29% and 4.44% for the quarter and nine months ended September 30, 2012, primarily reflecting lower market interest rates.
- The yield on covered loans increased to 26.91% and 25.93%, respectively, for the quarter and nine months ended September 30, 2013 from 20.07% and 20.02% for the quarter and nine months ended September 30, 2012. The increase in the yield on covered loans was impacted

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by (i) improvements in expected cash flows and (ii) the inclusion in interest income for the quarter and nine months ended September 30, 2013 of proceeds of \$13.2 million and \$39.0 million, respectively, from the sale of ACI residential loans from a pool with a carrying value of zero.

- Loans, which are higher yielding than other types of interest earning assets, comprised a higher percentage of average interest earning assets for the three and nine months ended September 30, 2013 as compared to the corresponding periods in 2012.
- The average rate on interest bearing liabilities declined to 0.93% and 0.96%, respectively, for the quarter and nine months ended September 30, 2013 from 1.31% and 1.38% for the corresponding periods in 2012, primarily due to declining market interest rates.



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As anticipated, the net interest margin for the quarter ended September 30, 2013 declined by 0.44% in comparison to the immediately preceding quarter, largely due to a decline in the average yield on loans. This decline resulted primarily from continued growth of new loans as a percentage of the total loan portfolio. The cost of interest bearing liabilities remained relatively stable quarter over quarter.

The Company's net interest margin has been impacted by reclassifications from non-accretable difference to accretible yield on ACI loans. Non-accretable difference at acquisition represented the difference between the total contractual payments due and the cash flows expected to be received on these loans. The accretible yield on ACI loans represented the amount by which undiscounted expected future cash flows exceeded the carrying value of the loans. As the Company's expected cash flows from ACI loans have increased since the FSB Acquisition (as defined below), the Company has reclassified amounts from non-accretable difference to accretible yield.

Changes in accretible yield on ACI loans for the nine months ended September 30, 2013 and the year ended December 31, 2012 were as follows (in thousands):

|                                                 |    |           |
|-------------------------------------------------|----|-----------|
| Balance, December 31, 2011                      | \$ | 1,523,615 |
| Reclassification from non-accretable difference |    | 206,934   |
| Accretion                                       |    | (444,483) |
| Balance, December 31, 2012                      |    | 1,286,066 |
| Reclassification from non-accretable difference |    | 231,070   |
| Accretion                                       |    | (313,326) |
| Balance, September 30, 2013                     | \$ | 1,203,810 |

### **Non-interest income**

Non-interest income totaled \$1.3 million and \$25.2 million for the quarter and nine months ended September 30, 2013 as compared to \$25.7 million and \$83.7 million for the quarter and nine months ended September 30, 2012.

As anticipated, in 2013, the Company began amortizing the FDIC indemnification asset. In prior periods, we recorded accretion of discount on the FDIC indemnification asset. Non-interest income included amortization of the FDIC indemnification asset of \$(12.4) million and \$(21.8) million, respectively, for the quarter and nine months ended September 30, 2013 compared to accretion of \$3.4 million and \$14.5 million, respectively, for the quarter and nine months ended September 30, 2012. As the expected cash flows from ACI loans have increased as discussed above, expected cash flows from the FDIC indemnification asset have decreased.

Income from resolution of covered assets, net was \$24.6 million and \$64.4 million, respectively, for the quarter and nine months ended September 30, 2013 compared to \$17.5 million and \$39.6 million for the quarter and nine months ended September 30, 2012. This increase in income resulted mainly from higher income from commercial recoveries and lower losses from residential foreclosure resolutions.

Net loss on indemnification asset was \$(18.4) million and \$(47.7) million, respectively, for the quarter and nine months ended September 30, 2013, compared to \$(14.2) million and \$(26.6) million for the quarter and nine months ended September 30, 2012. This line item represents the mitigating impact of FDIC indemnification on gains and losses arising from certain transactions related to the covered assets. Significant factors impacting these variances included increased income from resolution of covered assets, net, fluctuations in the provision for (recovery of) losses

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on covered loans, the loss on sale of covered loans, reduced OREO impairment and more favorable results from the sale of OREO.

Loss on the sale of covered loans was \$4.3 million and \$9.4 million for the quarter and nine months ended September 30, 2013. No covered loans were sold during the quarter and nine months ended September 30, 2012.

Gains on investment securities available for sale for the quarter and nine months ended September 30, 2013 related primarily to sales of securities to fund loan originations. Securities gains for the nine months ended September 30, 2013 also included gains of \$1.6 million from the sale of securities in conjunction with the merger of Herald National Bank ( Herald ) into BankUnited. The quarter and nine months ended September 30, 2012 included

approximately \$6.0 million of aggregate realized gains from the liquidation of our position in non-investment grade and certain other preferred stock positions in order to reduce our concentration in bank preferred stock investments.

Declines in FDIC reimbursement of costs of resolution of covered assets and mortgage insurance income reflect the lower volume of covered loan foreclosure resolution activity.

### **Non-interest expense**

Non-interest expense totaled \$84.3 million and \$243.1 million, respectively, for the quarter and nine months ended September 30, 2013 as compared to \$77.2 million and \$244.4 million for the quarter and nine months ended September 30, 2012.

Employee compensation and benefits for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012 reflected a decrease of \$10.2 million in equity-based compensation resulting primarily from the vesting in 2012 of instruments issued in conjunction with the Company's initial public offering of common stock in 2011. Increased compensation costs related to the Company's growth and expansion into New York largely offset this decrease in equity-based compensation and drove an increase in employee compensation and benefits of \$2.1 million for the three months ended September 30, 2013 as compared to the three months ended September 30, 2012.

Occupancy and equipment expense increased to \$16.6 million and \$47.0 million, respectively, for the quarter and nine months ended September 30, 2013 from \$13.7 million and \$38.8 million for the quarter and nine months ended September 30, 2012 due primarily to our expansion into New York and the growth and refurbishment of our branch network in Florida.

For the quarter and nine months ended September 30, 2013, the aggregate of foreclosure and OREO expense was \$2.8 million and \$7.4 million, respectively, as compared to \$4.8 million and \$14.9 million for the quarter and nine months ended September 30, 2012. For the quarter and nine months ended September 30, 2013, the net amount of gain on sale of OREO and impairment of OREO was \$(1.7) million and \$(7.1) million, respectively, as compared to (gain) loss of \$(25) thousand and \$6.5 million for the quarter and nine months ended September 30, 2012. These changes reflect continuing trends of lower levels of OREO and foreclosure activity and an improving real estate market.

### **Provision for income taxes**

The effective income tax rate decreased to 30.9% and 36.0%, for the three and nine months ended September 30, 2013 from 39.2% for both the three and nine months ended September 30, 2012. The decrease reflects the release in the third quarter of 2013 of \$3.6 million in reserves for uncertain state income tax positions as a result of the lapse in the statute of limitations related thereto.

### **About BankUnited, Inc. and the FSB Acquisition**

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BankUnited, Inc. is the bank holding company of BankUnited, N.A., a national bank headquartered in Miami Lakes, Florida with \$14.1 billion of assets, 98 banking centers in 15 Florida counties and 5 banking centers in the New York metropolitan area at September 30, 2013.

The Company was organized by a management team led by its Chairman, President and Chief Executive Officer, John A. Kanas in 2009. On May 21, 2009, BankUnited acquired substantially all of the assets and assumed all of the non-brokered deposits and substantially all other liabilities of BankUnited, FSB from the FDIC, in a transaction referred to as the FSB Acquisition. Concurrently with the FSB Acquisition, BankUnited entered into two loss sharing agreements, or the Loss Sharing Agreements, which covered certain legacy assets, including the entire legacy loan portfolio and OREO, and certain purchased investment securities. Assets covered by the Loss Sharing Agreements are referred to as covered assets (or, in certain cases, covered loans). The Loss Sharing Agreements do not apply to subsequently purchased or originated loans (new loans) or other assets. Pursuant to the terms of the Loss Sharing Agreements, the covered assets are subject to a stated loss threshold whereby the FDIC will reimburse BankUnited for 80% of losses, including certain interest and expenses, up to the \$4.0 billion stated threshold and 95% of losses in excess of the \$4.0 billion stated threshold. The Company's current estimate of

cumulative losses on the covered assets is approximately \$4.3 billion. The Company has received \$2.5 billion from the FDIC in reimbursements under the Loss Sharing Agreements for claims filed for incurred losses as of September 30, 2013.

**Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the Company's current views with respect to, among other things, future events and financial performance. The Company generally identifies forward-looking statements by terminology such as outlook, believes, expects, potential, continues, may, will, could, should, approximately, predicts, intends, plans, estimates, anticipates or the negative version of those words or other comparable words. Any forward-looking statements contained in this press release are based on the historical performance of the Company and its subsidiaries or on the Company's current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations contemplated by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company's operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, the Company's actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. Information on these factors can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 available at the SEC's website ([www.sec.gov](http://www.sec.gov)).

**BANKUNITED, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS - UNAUDITED**

(In thousands, except share and per share data)

|                                                                                                                                                      | September 30,<br>2013 | December 31,<br>2012 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                        |                       |                      |
| Cash and due from banks:                                                                                                                             |                       |                      |
| Non-interest bearing                                                                                                                                 | \$ 42,360             | \$ 61,088            |
| Interest bearing                                                                                                                                     | 16,854                | 21,507               |
| Interest bearing deposits at Federal Reserve Bank                                                                                                    | 463,311               | 408,827              |
| Federal funds sold                                                                                                                                   | 3,154                 | 3,931                |
| Cash and cash equivalents                                                                                                                            | 525,679               | 495,353              |
| Investment securities available for sale, at fair value (including covered securities of \$206,666 and \$226,505)                                    | 3,871,948             | 4,172,412            |
| Non-marketable equity securities                                                                                                                     | 149,816               | 133,060              |
| Loans held for sale                                                                                                                                  | 844                   | 2,129                |
| Loans (including covered loans of \$1,550,974 and \$1,864,375)                                                                                       | 7,806,563             | 5,571,739            |
| Allowance for loan and lease losses                                                                                                                  | (59,619)              | (59,121)             |
| Loans, net                                                                                                                                           | 7,746,944             | 5,512,618            |
| FDIC indemnification asset                                                                                                                           | 1,265,037             | 1,457,570            |
| Bank owned life insurance                                                                                                                            | 206,296               | 207,069              |
| Other real estate owned (including covered OREO of \$47,546 and \$76,022)                                                                            | 48,510                | 76,022               |
| Deferred tax asset, net                                                                                                                              | 79,954                | 62,274               |
| Goodwill and other intangible assets                                                                                                                 | 69,240                | 69,768               |
| Other assets                                                                                                                                         | 343,746               | 187,678              |
| Total assets                                                                                                                                         | \$ 14,308,014         | \$ 12,375,953        |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                                                                                                           |                       |                      |
| <b>Liabilities:</b>                                                                                                                                  |                       |                      |
| Demand deposits:                                                                                                                                     |                       |                      |
| Non-interest bearing                                                                                                                                 | \$ 1,680,004          | \$ 1,312,779         |
| Interest bearing                                                                                                                                     | 632,159               | 542,561              |
| Savings and money market                                                                                                                             | 4,429,034             | 4,042,022            |
| Time                                                                                                                                                 | 3,106,906             | 2,640,711            |
| Total deposits                                                                                                                                       | 9,848,103             | 8,538,073            |
| Short-term borrowings                                                                                                                                | 6,015                 | 8,175                |
| Federal Home Loan Bank advances and other borrowings                                                                                                 | 2,363,745             | 1,916,919            |
| Other liabilities                                                                                                                                    | 204,337               | 106,106              |
| Total liabilities                                                                                                                                    | 12,422,200            | 10,569,273           |
| <b>Commitments and contingencies</b>                                                                                                                 |                       |                      |
| <b>Stockholders equity:</b>                                                                                                                          |                       |                      |
| Common stock, par value \$0.01 per share, 400,000,000 shares authorized; 100,860,270 and 95,006,729 shares issued and outstanding                    | 1,009                 | 950                  |
| Preferred stock, par value \$0.01 per share, 100,000,000 shares authorized; 5,415,794 shares of Series A issued and outstanding at December 31, 2012 |                       | 54                   |
| Paid-in capital                                                                                                                                      | 1,327,164             | 1,308,315            |
| Retained earnings                                                                                                                                    | 504,702               | 413,385              |
| Accumulated other comprehensive income                                                                                                               | 52,939                | 83,976               |
| Total stockholders equity                                                                                                                            | 1,885,814             | 1,806,680            |

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|                                            |    |            |    |            |
|--------------------------------------------|----|------------|----|------------|
| Total liabilities and stockholders' equity | \$ | 14,308,014 | \$ | 12,375,953 |
|--------------------------------------------|----|------------|----|------------|

## BANKUNITED, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

(In thousands, except per share data)

|                                                                                                                                                               | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|---------------------------------|------------|
|                                                                                                                                                               | 2013                             | 2012       | 2013                            | 2012       |
| <b>Interest income:</b>                                                                                                                                       |                                  |            |                                 |            |
| Loans                                                                                                                                                         | \$ 158,332                       | \$ 137,039 | \$ 458,183                      | \$ 415,957 |
| Investment securities available for sale                                                                                                                      | 27,993                           | 32,149     | 88,194                          | 99,247     |
| Other                                                                                                                                                         | 1,359                            | 1,117      | 3,780                           | 3,306      |
| Total interest income                                                                                                                                         | 187,684                          | 170,305    | 550,157                         | 518,510    |
| <b>Interest expense:</b>                                                                                                                                      |                                  |            |                                 |            |
| Deposits                                                                                                                                                      | 15,248                           | 16,459     | 44,287                          | 50,466     |
| Borrowings                                                                                                                                                    | 8,318                            | 14,429     | 23,915                          | 45,021     |
| Total interest expense                                                                                                                                        | 23,566                           | 30,888     | 68,202                          | 95,487     |
| Net interest income before provision for (recovery of) loan losses                                                                                            | 164,118                          | 139,417    | 481,955                         | 423,023    |
| Provision for (recovery of) loan losses (including \$(2,837), \$1,021, \$(988) and \$1,137 for covered loans)                                                 | 2,604                            | 6,374      | 19,452                          | 17,866     |
| Net interest income after provision for (recovery of) loan losses                                                                                             | 161,514                          | 133,043    | 462,503                         | 405,157    |
| <b>Non-interest income:</b>                                                                                                                                   |                                  |            |                                 |            |
| (Amortization) accretion of FDIC indemnification asset                                                                                                        | (12,354)                         | 3,432      | (21,784)                        | 14,513     |
| Income from resolution of covered assets, net                                                                                                                 | 24,592                           | 17,517     | 64,362                          | 39,602     |
| Net loss on indemnification asset                                                                                                                             | (18,377)                         | (14,199)   | (47,747)                        | (26,602)   |
| FDIC reimbursement of costs of resolution of covered assets                                                                                                   | 2,040                            | 3,566      | 7,165                           | 13,415     |
| Service charges and fees                                                                                                                                      | 3,634                            | 3,095      | 10,355                          | 9,440      |
| Gain (loss) on sale of loans, net (including loss related to covered loans of \$(4,286) and \$(9,368) for the three and nine months ended September 30, 2013) | (4,081)                          | 189        | (8,782)                         | 698        |
| Gain on investment securities available for sale, net (including loss related to covered securities of \$(963) for the nine months ended September 30, 2013)  | 1,066                            | 6,035      | 6,288                           | 6,931      |
| Mortgage insurance income                                                                                                                                     | 310                              | 2,571      | 1,212                           | 8,910      |
| Other non-interest income                                                                                                                                     | 4,476                            | 3,478      | 14,160                          | 16,841     |
| Total non-interest income                                                                                                                                     | 1,306                            | 25,684     | 25,229                          | 83,748     |
| <b>Non-interest expense:</b>                                                                                                                                  |                                  |            |                                 |            |
| Employee compensation and benefits                                                                                                                            | 44,117                           | 41,968     | 130,219                         | 132,544    |
| Occupancy and equipment                                                                                                                                       | 16,571                           | 13,725     | 46,994                          | 38,776     |
| Impairment (recovery) of other real estate owned                                                                                                              | (243)                            | 1,385      | 1,456                           | 7,980      |
| Gain on sale of other real estate owned                                                                                                                       | (1,454)                          | (1,410)    | (8,576)                         | (1,499)    |
| Other real estate owned expense                                                                                                                               | 533                              | 1,756      | 2,663                           | 5,193      |
| Foreclosure expense                                                                                                                                           | 2,270                            | 3,060      | 4,769                           | 9,671      |
| Deposit insurance expense                                                                                                                                     | 1,926                            | 2,040      | 5,587                           | 5,136      |
| Professional fees                                                                                                                                             | 4,831                            | 3,850      | 17,212                          | 11,452     |
| Telecommunications and data processing                                                                                                                        | 2,842                            | 3,379      | 9,694                           | 9,730      |
| Other non-interest expense                                                                                                                                    | 12,870                           | 7,469      | 33,101                          | 25,388     |
| Total non-interest expense                                                                                                                                    | 84,263                           | 77,222     | 243,119                         | 244,371    |
| Income before income taxes                                                                                                                                    | 78,557                           | 81,505     | 244,613                         | 244,534    |
| Provision for income taxes                                                                                                                                    | 24,248                           | 31,948     | 88,070                          | 95,776     |
| Net income                                                                                                                                                    | 54,309                           | 49,557     | 156,543                         | 148,758    |
| Preferred stock dividends                                                                                                                                     |                                  | 921        |                                 | 2,762      |



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|                                             |    |        |    |        |    |         |    |         |
|---------------------------------------------|----|--------|----|--------|----|---------|----|---------|
| Net income available to common stockholders | \$ | 54,309 | \$ | 48,636 | \$ | 156,543 | \$ | 145,996 |
| Earnings per common share, basic            | \$ | 0.52   | \$ | 0.48   | \$ | 1.52    | \$ | 1.45    |
| Earnings per common share, diluted          | \$ | 0.52   | \$ | 0.48   | \$ | 1.51    | \$ | 1.44    |
| Cash dividends declared per common share    | \$ | 0.21   | \$ | 0.17   | \$ | 0.63    | \$ | 0.51    |

## BANKUNITED, INC. AND SUBSIDIARIES

## AVERAGE BALANCES AND YIELDS

(Dollars in thousands)

|                                             | Three Months Ended September 30, |                      |                    |                    |                      |                    |
|---------------------------------------------|----------------------------------|----------------------|--------------------|--------------------|----------------------|--------------------|
|                                             | Average<br>Balance               | 2013<br>Interest (1) | Yield/<br>Rate (2) | Average<br>Balance | 2012<br>Interest (1) | Yield/<br>Rate (2) |
| <b>Assets:</b>                              |                                  |                      |                    |                    |                      |                    |
| <b>Interest earning assets:</b>             |                                  |                      |                    |                    |                      |                    |
| Loans                                       | \$ 7,234,822                     | \$ 160,257           | 8.83%              | \$ 5,117,295       | \$ 138,252           | 10.79%             |
| Investment securities available for sale    | 4,030,197                        | 28,670               | 2.85%              | 4,658,274          | 33,082               | 2.84%              |
| Other interest earning assets               | 416,185                          | 1,359                | 1.30%              | 559,889            | 1,117                | 0.80%              |
| Total interest earning assets               | 11,681,204                       | 190,286              | 6.50%              | 10,335,458         | 172,451              | 6.66%              |
| Allowance for loan and lease losses         | (61,792)                         |                      |                    | (56,392)           |                      |                    |
| Non-interest earning assets                 | 2,009,626                        |                      |                    | 2,372,698          |                      |                    |
| Total assets                                | \$ 13,629,038                    |                      |                    | \$ 12,651,764      |                      |                    |
| <b>Liabilities and Stockholders Equity:</b> |                                  |                      |                    |                    |                      |                    |
| <b>Interest bearing liabilities:</b>        |                                  |                      |                    |                    |                      |                    |
| Interest bearing demand deposits            | \$ 571,884                       | 636                  | 0.44%              | \$ 505,657         | 824                  | 0.65%              |
| Savings and money market deposits           | 4,342,628                        | 5,191                | 0.47%              | 3,989,263          | 5,867                | 0.59%              |
| Time deposits                               | 2,927,537                        | 9,421                | 1.28%              | 2,661,285          | 9,768                | 1.46%              |
| Total interest bearing deposits             | 7,842,049                        | 15,248               | 0.77%              | 7,156,205          | 16,459               | 0.91%              |
| <b>Borrowings:</b>                          |                                  |                      |                    |                    |                      |                    |
| FHLB advances and other borrowings          | 2,198,613                        | 8,316                | 1.50%              | 2,225,235          | 14,420               | 2.58%              |
| Short-term borrowings                       | 1,118                            | 2                    | 0.50%              | 7,952              | 9                    | 0.43%              |
| Total interest bearing liabilities          | 10,041,780                       | 23,566               | 0.93%              | 9,389,392          | 30,888               | 1.31%              |
| Non-interest bearing demand deposits        | 1,568,407                        |                      |                    | 1,199,577          |                      |                    |
| Other non-interest bearing liabilities      | 144,231                          |                      |                    | 335,193            |                      |                    |
| Total liabilities                           | 11,754,418                       |                      |                    | 10,924,162         |                      |                    |
| Stockholders equity                         | 1,874,620                        |                      |                    | 1,727,602          |                      |                    |
| Total liabilities and stockholders equity   | \$ 13,629,038                    |                      |                    | \$ 12,651,764      |                      |                    |
| Net interest income                         |                                  | \$ 166,720           |                    |                    | \$ 141,563           |                    |
| Interest rate spread                        |                                  |                      | 5.57%              |                    |                      | 5.35%              |
| Net interest margin                         |                                  |                      | 5.70%              |                    |                      | 5.47%              |

(1) On a tax-equivalent basis where applicable

(2) Annualized

## BANKUNITED, INC. AND SUBSIDIARIES

## AVERAGE BALANCES AND YIELDS

(Dollars in thousands)

|                                             | Nine Months Ended September 30, |                      |                    |                    |                      |                    |
|---------------------------------------------|---------------------------------|----------------------|--------------------|--------------------|----------------------|--------------------|
|                                             | Average<br>Balance              | 2013<br>Interest (1) | Yield/<br>Rate (2) | Average<br>Balance | 2012<br>Interest (1) | Yield/<br>Rate (2) |
| <b>Assets:</b>                              |                                 |                      |                    |                    |                      |                    |
| <b>Interest earning assets:</b>             |                                 |                      |                    |                    |                      |                    |
| Loans                                       | \$ 6,311,252                    | \$ 463,144           | 9.79%              | \$ 4,736,869       | \$ 418,835           | 11.80%             |
| Investment securities available for sale    | 4,245,236                       | 90,327               | 2.84%              | 4,582,143          | 103,129              | 3.00%              |
| Other interest earning assets               | 471,625                         | 3,780                | 1.07%              | 535,912            | 3,306                | 0.82%              |
| Total interest earning assets               | 11,028,113                      | 557,251              | 6.74%              | 9,854,924          | 525,270              | 7.11%              |
| Allowance for loan and lease losses         | (62,272)                        |                      |                    | (54,540)           |                      |                    |
| Non-interest earning assets                 | 2,060,332                       |                      |                    | 2,408,962          |                      |                    |
| Total assets                                | \$ 13,026,173                   |                      |                    | \$ 12,209,346      |                      |                    |
| <b>Liabilities and Stockholders Equity:</b> |                                 |                      |                    |                    |                      |                    |
| <b>Interest bearing liabilities:</b>        |                                 |                      |                    |                    |                      |                    |
| Interest bearing demand deposits            | \$ 562,299                      | 1,945                | 0.46%              | \$ 494,331         | 2,406                | 0.65%              |
| Savings and money market deposits           | 4,208,333                       | 15,175               | 0.48%              | 3,870,050          | 18,790               | 0.65%              |
| Time deposits                               | 2,734,198                       | 27,167               | 1.33%              | 2,621,599          | 29,270               | 1.49%              |
| Total interest bearing deposits             | 7,504,830                       | 44,287               | 0.79%              | 6,985,980          | 50,466               | 0.96%              |
| Borrowings:                                 |                                 |                      |                    |                    |                      |                    |
| FHLB advances and other borrowings          | 2,026,828                       | 23,896               | 1.58%              | 2,229,674          | 44,976               | 2.69%              |
| Short-term borrowings                       | 5,977                           | 19                   | 0.43%              | 14,777             | 45                   | 0.41%              |
| Total interest bearing liabilities          | 9,537,635                       | 68,202               | 0.96%              | 9,230,431          | 95,487               | 1.38%              |
| Non-interest bearing demand deposits        | 1,458,849                       |                      |                    | 1,040,153          |                      |                    |
| Other non-interest bearing liabilities      | 172,342                         |                      |                    | 276,857            |                      |                    |
| Total liabilities                           | 11,168,826                      |                      |                    | 10,547,441         |                      |                    |
| Stockholders equity                         | 1,857,347                       |                      |                    | 1,661,905          |                      |                    |
| Total liabilities and stockholders equity   | \$ 13,026,173                   |                      |                    | \$ 12,209,346      |                      |                    |
| Net interest income                         |                                 | \$ 489,049           |                    |                    | \$ 429,783           |                    |
| Interest rate spread                        |                                 |                      | 5.78%              |                    |                      | 5.73%              |
| Net interest margin                         |                                 |                      | 5.92%              |                    |                      | 5.82%              |

(1) On a tax-equivalent basis where applicable

(2) Annualized

## BANKUNITED, INC. AND SUBSIDIARIES

## EARNINGS PER COMMON SHARE

(In thousands except share amounts)

|                                                                              | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |             |
|------------------------------------------------------------------------------|-------------------------------------|------------|------------------------------------|-------------|
|                                                                              | 2013                                | 2012       | 2013                               | 2012        |
| <b>Basic earnings per common share:</b>                                      |                                     |            |                                    |             |
| <b>Numerator:</b>                                                            |                                     |            |                                    |             |
| Net income                                                                   | \$ 54,309                           | \$ 49,557  | \$ 156,543                         | \$ 148,758  |
| Preferred stock dividends                                                    |                                     | (921)      |                                    | (2,762)     |
| Net income available to common stockholders                                  | 54,309                              | 48,636     | 156,543                            | 145,996     |
| Distributed and undistributed earnings allocated to participating securities | (2,132)                             | (3,536)    | (7,427)                            | (10,505)    |
| Income allocated to common stockholders for basic earnings per common share  | \$ 52,177                           | \$ 45,100  | \$ 149,116                         | \$ 135,491  |
| <b>Denominator:</b>                                                          |                                     |            |                                    |             |
| Weighted average common shares outstanding                                   | 100,737,319                         | 94,196,429 | 99,131,377                         | 94,856,763  |
| Less average unvested stock awards                                           | (1,085,044)                         | (746,934)  | (1,118,496)                        | (1,184,068) |
| Weighted average shares for basic earnings per common share                  | 99,652,275                          | 93,449,495 | 98,012,881                         | 93,672,695  |
| <b>Basic earnings per common share</b>                                       | \$ 0.52                             | \$ 0.48    | \$ 1.52                            | \$ 1.45     |
| <b>Diluted earnings per common share:</b>                                    |                                     |            |                                    |             |
| <b>Numerator:</b>                                                            |                                     |            |                                    |             |
| Income allocated to common stockholders for basic earnings per common share  | \$ 52,177                           | \$ 45,100  | \$ 149,116                         | \$ 135,491  |
| Adjustment for earnings reallocated from participating securities            | 4                                   | 2,615      | 1,264                              | 15          |
| Income used in calculating diluted earnings per common share                 | \$ 52,181                           | \$ 47,715  | \$ 150,380                         | \$ 135,506  |
| <b>Denominator:</b>                                                          |                                     |            |                                    |             |
| Average shares for basic earnings per common share                           | 99,652,275                          | 93,449,495 | 98,012,881                         | 93,672,695  |
| Dilutive effect of stock options and preferred shares                        | 196,190                             | 5,613,427  | 1,626,264                          | 187,582     |
| Weighted average shares for diluted earnings per common share                | 99,848,465                          | 99,062,922 | 99,639,145                         | 93,860,277  |
| <b>Diluted earnings per common share</b>                                     | \$ 0.52                             | \$ 0.48    | \$ 1.51                            | \$ 1.44     |

## BANKUNITED, INC. AND SUBSIDIARIES

## SELECTED RATIOS

| Financial ratios                       | Three Months Ended<br>September 30, |          | Nine Months Ended September<br>30, |          |
|----------------------------------------|-------------------------------------|----------|------------------------------------|----------|
|                                        | 2013 (4)                            | 2012 (4) | 2013 (4)                           | 2012 (4) |
| Return on average assets               | 1.58%                               | 1.56%    | 1.61%                              | 1.63%    |
| Return on average stockholders' equity | 11.49%                              | 11.41%   | 11.27%                             | 11.96%   |
| Net interest margin (5)                | 5.70%                               | 5.47%    | 5.92%                              | 5.82%    |

|                          |        |        |
|--------------------------|--------|--------|
| Tier 1 leverage          | 13.11% | 13.16% |
| Total risk-based capital | 24.97% | 34.88% |

| Asset quality ratios                                            | September 30, 2013 |         | December 31, 2012 |         |
|-----------------------------------------------------------------|--------------------|---------|-------------------|---------|
|                                                                 | Non-Covered        | Total   | Non-Covered       | Total   |
| Non-performing loans to total loans (1) (3)                     | 0.39%              | 0.50%   | 0.43%             | 0.62%   |
| Non-performing assets to total assets (2)                       | 0.18%              | 0.61%   | 0.13%             | 0.89%   |
| Allowance for loan and lease losses to total loans (3)          | 0.73%              | 0.76%   | 1.11%             | 1.06%   |
| Allowance for loan and lease losses to non-performing loans (1) | 186.06%            | 153.98% | 256.65%           | 171.21% |
| Net charge-offs to average loans (4)                            | 0.47%              | 0.40%   | 0.09%             | 0.17%   |

(1) We define non-performing loans to include nonaccrual loans, loans, other than ACI loans, that are past due 90 days or more and still accruing and certain loans modified in troubled debt restructurings. Contractually delinquent ACI loans on which interest continues to be accreted are excluded from non-performing loans.

(2) Non-performing assets include non-performing loans and other real estate owned.

(3) Total loans is net of unearned discounts, premiums and deferred fees and costs.

(4) Annualized.

(5) On a tax-equivalent basis.



**SIGNATURE**

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

Dated: October 28, 2013

BANKUNITED, INC.

/s/ Leslie Lunak

Name:

Leslie Lunak

Title:

Chief Financial Officer