BankUnited

ADDING and REPLACING BankUnited, Inc Reports First Quarter 2011 Results

May 3, 2011

MIAMI LAKES, Fla., May 03, 2011 (BUSINESS WIRE) --

Add after last table of release: Consolidated Balance Sheets and Consolidated Statements of Operations - Unaudited

The corrected release reads:

BANKUNITED, INC REPORTS FIRST QUARTER 2011 RESULTS

BankUnited, Inc. ("BankUnited" or the "Company") (NYSE:BKU) today announced financial results for the first quarter of 2011.

For the quarter ended March 31, 2011, after deducting a previously disclosed one-time charge of $110.4 million recorded in conjunction with the Company's initial public offering (IPO), the Company reported a net loss of $67.7 million or $0.72 per share. The $110.4 million charge, which is not deductible for tax purposes, reduced net income by $110.4 million, or $1.17 per share. For the quarter ended March 31, 2010, net income was $60.7 million, or $0.65 per share.

All earnings per share amounts reflect the 10-for-1 split of the Company's outstanding common shares effective January 10, 2011.

John Kanas, Chairman, President, and Chief Executive Officer said, "We are pleased by our first quarter operating results, especially the continued transformation of our deposit base. The completion of our initial public offering and our core system conversion during the first quarter provides BankUnited with great flexibility to consider the many strategic opportunities we see in the market."

Financial Highlights

- On February 2, 2011, the Company closed its IPO of 33,350,000 shares of common stock at $27.00 per share. In the offering, BankUnited Inc. sold 4,000,000 shares, while selling stockholders sold 29,350,000 shares, including 4,350,000 shares sold pursuant to the over-allotment option exercised in full by the underwriters of the IPO. In conjunction with the IPO, in the first quarter of 2011 the Company recorded approximately $110.4 million in expense related to the exchange of PIUs for a combination of common stock and options immediately prior to the completion of the IPO.
- The $110.4 million expense, which is not deductible for tax purposes, resulted in an offsetting increase in paid-in capital, and thus did not affect the Company's capital position.
- In the first quarter, deposit growth was especially strong in non-interest bearing demand accounts, which grew $100.5 million during the quarter, an annualized growth rate of over 80%. Core deposits grew $233.4 million during the first quarter to $4.2 billion, an annualized growth rate of 23%, as the Company continued to transform its deposit base.
- The Company successfully completed a conversion of its core operating systems in the first quarter, which helps to position BankUnited for growth in 2011 and beyond.
- Book value and tangible book value per common share were $14.78 and $14.07, respectively, at March 31, 2011.

Capital Ratios

BankUnited continues to maintain a robust capital position. The Bank's capital ratios at March 31, 2011 are as follows:

Tier 1 leverage	10.62%
Tier 1 risk-based capital	44.04%
Total risk-based capital	44.92%

BankUnited continues to exceed all regulatory guidelines required to be considered well capitalized.

At March 31, 2011, BankUnited, Inc.'s tangible common equity to tangible assets ratio was 12.74% (see Non-GAAP Financial Measure below).

Asset Quality

The Company's asset quality remained strong, with credit risk limited by its Loss Sharing Agreements with the FDIC. At March 31, 2011, Covered Loans represented 84% of the total loan portfolio, as compared to 86% at December 31, 2010.

The ratio of non-performing loans to total loans was 0.69% at March 31, 2011 as compared to 0.66% at December 31, 2010. At March 31, 2011, non-performing assets totaled $208.3 million, including $182.5 million of other real estate owned ("OREO") as compared to $232.5 million, including $206.7 million of OREO, at December 31, 2010. All OREO at March 31, 2011 is covered by the Company's Loss Sharing Agreements.

For the quarters ended March 31, 2011 and 2010, the Company recorded a provision for loan losses of $11.5 million and $8.2 million, respectively. Of these amounts, $10.0 million and $7.7 million, respectively related to Covered Loans, and $1.5 million and $0.5 million, respectively, related to loans originated since the Acquisition. The provisions related to Covered Loans were significantly mitigated by increases in non-interest income recorded in "Net gain (loss) on indemnification asset."

The following table summarizes the activity in the allowance for loan losses for the quarters ended March 31, 2011 and 2010 (in thousands):

	Covered Loans			
	ACI Loans	Non-ACI Loans	Non-Covered Loans	Total
Balance at December 31, 2010	39,925	12,284	6,151	58,360
Provision	3,844	6,173	1,439	11,456
Charge-offs	(7,060)	(1,155)	(50)	(8,265)
Recoveries	-	-	6	6
Balance at March 31, 2011	36,709	17,302	7,546	61,557
Balance December 31, 2009	20,021	1,266	1,334	22,621
Provision	4,683	3,001	499	8,183
Charge-offs	(4,683)	-	-	(4,683)
Balance at March 31, 2010	20,021	4,267	1,833	26,121

Loans

Total loans declined to $3.7 billion at March 31, 2011 from $3.9 billion at December 31, 2010, reflecting continued resolution of Covered Loans. Non-Covered Loans, or those originated and purchased by the Company since the Acquisition, increased by $54.8 million or 10.2%, to $593.0 million at March 31, 2011 from $538.2 million at December 31, 2010. Covered Loans declined to $3.2 billion at March 31, 2011 from $3.4 billion at December 31, 2010.

A comparison of portfolio composition at March 31, 2011 and December 31, 2010 follows:

	Non-covered loans		Total loans	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Single family residential and home equity	23.5%	21.1%	73.9%	75.2%
Commercial real estate	29.2%	29.7%	16.6%	15.9%
Commercial	46.7%	48.6%	9.3%	8.7%
Consumer	0.6%	0.6%	0.2%	0.2%

Investment Securities

Investment securities grew to $3.4 billion at March 31, 2011 from $2.9 billion at December 31, 2010. Growth in the investment portfolio continues to be driven by the deployment of cash generated by loan resolution activity into investment securities during a period of diminished loan demand. The average yield on investment securities was 4.07% for the quarter ended March 31, 2011 as compared to 5.02% for the quarter ended March 31, 2010. The decline in yield reflects the impact of purchases of securities at lower prevailing market rates of interest.

Deposits

At March 31, 2011, core deposits, which we define as total deposits minus certificates of deposit, totaled $4.2 billion as compared to $4.0 billion at December 31, 2010. Core deposits comprised 61% of total deposits at March 31, 2011 and 56% of total deposits at December 31, 2010. Non-interest bearing demand accounts grew $100.5 million to $595.0 million during the first quarter, principally driven by growth in commercial and small business accounts. Total deposits declined to $6.9 billion at March 31, 2011 as compared to $7.2 billion at December 31, 2010 primarily as a result of continued run-off of time deposits. The average cost of interest bearing deposits was 1.27% for the quarter ended March 31, 2011 as compared to 1.58% for the period ended March 31, 2010. The decrease in the average cost of deposits is primarily attributable to the continued shift of deposit mix from time deposits to lower cost deposit products and a decline in market rates of interest.

Net interest income

Net interest income for the first quarter of 2011 totaled $112.3 million, as compared to $92.5 million for the quarter ended March 31, 2010.

The Company's net interest margin for the first quarter of 2011 was 5.76%, as compared to 4.89% for the quarter ended March 31, 2010.

The Company's net interest margin for the first quarter of 2011, and to a lesser extent in the first quarter of 2010, was impacted by reclassification from non-accretable difference to accretable yield on ACI loans (defined as Covered Loans acquired with evidence of credit impairment). Non-accretable difference at the Acquisition represented the difference between the total contractual payments due and the cash flows expected to be received on these loans. The accretable yield on ACI loans represents the amount by which undiscounted expected future cash flows exceed the carrying value of the loans. As the Company's expected cash flows from ACI loans have increased since the Acquisition, the Company reclassified amounts from non-accretable difference to accretable yield.

Changes in accretable yield on ACI loans for the first quarter of 2011 and the year ended December 31, 2010 were as follows (in thousands):

	Quarter ended March 31, 2011	Year ended December 31, 2010
Balance, beginning of period	$ 1,833,974	$ 1,734,233
Reclassifications from non-accretable difference	87,398	487,718
Accretion	(102,039)	(387,977)

Balance, end of period	$ 1,819,333	$ 1,833,974

Non-interest income

Non-interest income for the quarter ended March 31, 2011 was $64.3 million, as compared to $82.5 million for the quarter ended March 31, 2010.

Non-interest income for the first quarter of 2011 was impacted by lower accretion of discount on the FDIC indemnification asset of $19.6 million, as compared to $54.4 million in the quarter ended March 31, 2010. As the expected cash flows from ACI loans have increased as discussed above, the Company expects reduced cash flows from the FDIC indemnification asset, resulting in lowered accretion.

Income (loss) from resolution of covered assets, net was $(0.7) million in the first quarter of 2011, as compared to $33.7 million in the first quarter of 2010. As the Company has reclassified amounts from non-accretable difference to accretable yield as discussed above, income from the resolution of loans has decreased.

Net gain (loss) on indemnification asset was $26.3 million for the first quarter of 2011, as compared to $(20.7) million for the first quarter of 2010. Factors impacting this variance include the variance in impairment of OREO as discussed below, as well as the variance in income (loss) from resolution of covered assets, net as discussed above.

Non-interest expense

Non-interest expense totaled $204.3 million for the first quarter of 2011, as compared to $65.7 million for the quarter ended March 31, 2010.

As noted above, the first quarter of 2011 included compensation expense of $110.4 million recorded in conjunction with the Company's IPO. In addition, in the aggregate, OREO expense, foreclosure expense, and impairment of OREO totaled $30.6 million in the first quarter of 2011 as compared to $14.6 million in the first quarter of 2010, reflecting the continuing high volume of foreclosure and OREO sales activity, and the continuing depreciation in home prices.

Non-GAAP Financial Measure

Tangible common equity to tangible assets is a non-GAAP financial measure. For purposes of computing tangible common equity to tangible assets, tangible common equity is calculated as common stockholder's equity less goodwill and other intangible assets, net, and tangible assets is calculated as total assets less goodwill and other intangible assets, net. Tangible common equity to tangible assets should not be viewed as a substitute for total stockholders' equity to total assets. The most directly comparable GAAP financial measure is total stockholders' equity to total assets. See the reconciliation below:

	March 31, 2011	December 31, 2010
Total stockholders' equity	$ 1,436,952	$ 1,253,508
Less: goodwill and other intangible assets, net	68,919	69,011
Tangible common stockholders' equity	$ 1,368,033	$ 1,184,497
Total assets	$10,808,443	$10,869,560
Less: goodwill and other intangible assets, net	68,919	69,011
Tangible Assets	$10,739,524	$10,800,549
Equity to assets	13.29%	11.53%
Tangible common equity to tangible assets	12.74%	10.97%

Management of the Company believes this non-GAAP financial measure provides an additional meaningful method of evaluating certain aspects of the Company's capital strength from period to period on a basis that may not be otherwise apparent under GAAP. Management also believes that this non-GAAP financial measure, which complements the capital ratios defined by regulators, is useful to investors who are interested in the Company's equity to assets ratio exclusive of the effect of changes in intangible assets on equity and total assets.

About BankUnited and the Acquisition

BankUnited, Inc. is a savings and loan holding company with two wholly-owned subsidiaries: BankUnited, which is one of the largest independent depository institutions headquartered in Florida by assets, and BankUnited Investment Services, Inc., or BankUnited Investment Services, a Florida insurance agency which provides comprehensive wealth management products and financial planning services. BankUnited is a federally-chartered, federally-insured savings association headquartered in Miami Lakes, Florida, with $10.8 billion of assets, more than 1,200 professionals and 81 branches in 13 counties at March 31, 2011.

The Company was organized by a management team led by its Chairman, President and Chief Executive Officer, John A. Kanas, on April 28, 2009 and was initially capitalized with $945.0 million by a group of investors. On May 21, 2009, BankUnited was granted a savings association charter and the newly formed bank 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 as the "Acquisition". Concurrently with the Acquisition, BankUnited entered into two loss sharing agreements, or the "Loss Sharing Agreements", which cover certain legacy assets, including the entire legacy loan portfolio and OREO, and certain purchased investment securities, including private-label mortgage-backed securities and non-investment grade 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 acquired, purchased, or originated assets.

The Acquisition consisted of assets with a fair value of $10.9 billion, including $5.0 billion of loans (with a corresponding unpaid principal balance, or "UPB", of $11.2 billion), a $3.4 billion FDIC indemnification asset, $538.9 million of investment securities, $1.2 billion of cash and cash equivalents, $177.7 million of foreclosed assets, $243.3 million of Federal Home Loan Bank, or FHLB, stock and $347.4 million of other assets. Liabilities with a fair value of $13.1 billion were also assumed, including $8.3 billion of non-brokered deposits, $4.6 billion of FHLB advances, and $112.2 million of other liabilities.

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 up to the $4.0 billion stated threshold and 95% of losses in excess of the $4.0 billion stated threshold, calculated, in each case, based on UPB (or, for investments securities, unamortized cost basis) plus certain interest and expenses. The Company's current estimate of cumulative losses on the Covered Assets is approximately $4.8 billion. The carrying value of the FDIC indemnification asset at March 31, 2011 was $2.4 billion. BankUnited will reimburse the FDIC for its share of recoveries with respect to losses for which the FDIC paid the Bank a reimbursement under the Loss Sharing Agreements. The FDIC's obligation to reimburse the Company for losses with respect to the Covered Assets began with the first dollar of loss incurred. The Company has received $1.4 billion from the FDIC in reimbursements under the Loss Sharing Agreements for claims filed for incurred losses as of March 31, 2011.

On February 2, 2011, the Company closed its IPO of 33,350,000 shares of common stock at $27.00 per share. In the offering, BankUnited, Inc. sold 4,000,000 shares, while selling stockholders sold 29,350,000 shares, including 4,350,000 shares sold pursuant to the over-allotment option exercised in full by the underwriters of the IPO.

In conjunction with the IPO, in the first quarter of 2011 the Company recorded approximately $110.4 million in compensation expense related to the exchange of Profits Interest Units ("PIUs") for a combination of common stock and options immediately prior to the completion of the IPO. This expense, which is not deductible for tax purposes, resulted in an offsetting increase in paid-in capital, and thus did not affect the Company's capital position.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by terminology such as "outlook", "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "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 us and our subsidiaries or on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our 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 our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive. We do 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.

BankUnited Inc.

Average Balances and Yields

	For the Three Months Ended March 31,					
	2011			2010		
	Average Balance	Interest	Yield/ Rate(1)	Average Balance	Interest	Yield/ Rate(1)
Assets:						
Interest earning assets:						
Investment securities available for sale	$ 701,341	$ 5,414	3.09%	$ 103,858	$ 855	3.29%
Mortgage-backed securities	2,499,867	27,135	4.34%	2,236,004	28,515	5.10%
Total investment securities available for sale	3,201,208	32,549	4.07%	2,339,862	29,370	5.02%
Other interest earning assets	792,540	1,006	0.51%	786,196	481	0.25%
Loans	3,802,786	114,651	12.10%	4,423,336	104,086	9.44%
Total interest earning assets	7,796,534	148,206	7.63%	7,549,394	133,937	7.11%
Allowance for loan losses	(58,443)			(22,953)		
Other assets	3,175,098			3,735,689		
Total assets	$10,913,189			$11,262,130		
Liabilities and Stockholders' Equity:						
Interest bearing liabilities:						
Interest bearing deposits:						
Interest bearing demand	$ 349,822	$ 553	0.64%	$ 219,193	$ 456	0.84%
Savings and money market	3,252,484	7,226	0.90%	2,661,337	9,562	1.46%
Time deposits	2,893,837	12,527	1.76%	4,398,955	18,261	1.68%
Total interest bearing deposits	6,496,143	20,306	1.27%	7,279,485	28,279	1.58%
Borrowings:						
FHLB advances	2,253,222	15,572	2.80%	2,166,249	13,127	2.46%
Repurchase agreements	286	1	0.28%	15,098	38	1.02%
Total interest bearing liabilities	8,749,651	35,879	1.66%	9,460,832	41,444	1.78%
Non-interest bearing demand deposits	525,622			344,759		
Other liabilities	277,786			319,442		
Total liabilities	9,553,059			10,125,033		
Stockholders' equity	1,360,130			1,137,097		
Total liabilities and stockholders' equity	$10,913,189			$11,262,130		

Net interest income	$112,327	$ 92,493
Interest rate spread	5.97%	5.33%
Net interest margin	5.76%	4.89%

(1) Annualized

Financial ratios	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Return on average assets	-2.51%	2.19%
Return on average stockholder's equity	-20.17%	21.66%
Net interest margin	5.76%	4.89%
Capital ratios	**March 31, 2011**	**December 31, 2010**
Tier 1 risk-based capital	44.04%	41.30%
Total risk-based capital	44.92%	42.04%
Tier 1 leverage	10.62%	10.34%
Asset quality ratios	**March 31, 2011**	**December 31, 2010**
Non-performing loans to total loans (1) (3)	0.69%	0.66%
Non-performing assets to total assets (2)	1.93%	2.14%
Allowance for loan losses to total loans (3)	1.64%	1.48%
Allowance for loan losses to non-performing loans (1)	238.46%	226.35%
Net charge-offs to average loans	0.22%	0.37%

(1) We define non-performing loans to include nonaccrual loans and loans, other than ACI loans, that are past due 90 days or more and still accruing. Contractually delinquent ACI loans on which interest continues to be accreted are excluded from non-performing loans. The carrying value of ACI loans contractually delinquent by more than 90 days, but not identified as non-performing was $621.7 million and $717.7 million at March 31, 2011 and December 31, 2010, respectively.

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

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

BANKUNITED, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2011	December 31, 2010
ASSETS		
	(Unaudited)	
Cash and due from banks:		
Non-interest bearing	$ 42,557	$ 44,860
Interest bearing	12,925	12,523
Due from Federal Reserve Bank	395,556	502,828
Federal funds sold	3,011	4,563
Cash and cash equivalents	454,049	564,774
Investment securities available for sale, at fair value (including covered securities of $259,536 and $263,568)	3,426,596	2,926,602
Federal Home Loan Bank stock	217,408	217,408
Loans held for sale	2,614	2,659
Loans (including covered loans of $3,155,362 and $3,396,047)	3,748,386	3,934,217
Allowance for loan losses	(61,557)	(58,360)
Loans, net	3,686,829	3,875,857
FDIC indemnification asset	2,427,145	2,667,401
Bank owned life insurance	228,576	207,061
Other real estate owned, covered by loss sharing agreements	182,482	206,680
Income tax receivable	-	10,862
Goodwill and other intangible assets	68,919	69,011
Other assets	113,825	121,245
Total assets	$10,808,443	$ 10,869,560
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Demand deposits:		
Non-interest bearing	$ 595,025	$ 494,499

Interest bearing	353,054	349,985
Savings and money market	3,264,682	3,134,884
Time	2,689,130	3,184,360
Total deposits	6,901,891	7,163,728
Securities sold under agreements to repurchase	105	492
Federal Home Loan Bank advances	2,250,498	2,255,200
Income taxes payable	3,990	-
Deferred tax liability, net	20,660	4,618
Advance payments by borrowers for taxes and insurance	31,155	22,563
Other liabilities	163,192	169,451
Total liabilities	9,371,491	9,616,052
Commitments and contingencies		
Stockholders' equity:		
Common Stock, par value $0.01 per share 400,000,000 and 110,000,000 shares authorized; 97,238,307 and 92,971,850 shares issued and outstanding	972	930
Paid-in capital	1,212,013	950,831
Retained earnings	187,873	269,781
Accumulated other comprehensive income	36,094	31,966
Total stockholders' equity	1,436,952	1,253,508
Total liabilities and stockholders' equity	$10,808,443	$ 10,869,560

BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

(In thousands, except per share data)

	Three Months Ended March 31,	
	2011	**2010**
Interest income:		
Interest and fees on loans	$ 114,651	$ 104,086
Interest and dividends on investment securities available for sale	32,549	29,370
Other	1,006	481
Total interest income	148,206	133,937
Interest expense:		
Interest on deposits	20,306	28,279
Interest on borrowings	15,573	13,165
Total interest expense	35,879	41,444
Net interest income before provision for loan losses	112,327	92,493
Provision for loan losses	11,456	8,183
Net interest income after provision for loan losses	100,871	84,310
Non-interest income:		
Accretion of discount on FDIC indemnification asset	19,570	54,384
Income (loss) from resolution of covered assets, net	(710)	33,683
Net gain (loss) on indemnification asset	26,322	(20,704)
FDIC reimbursement of costs of resolution of covered assets	10,500	6,818
Service charges	2,684	2,631
Mortgage insurance income	1,301	2,802
Other non-interest income	4,595	2,842
Total non-interest income	64,262	82,456
Non-interest expense:		
Employee compensation and benefits	149,306	29,423
Occupancy and equipment	7,605	6,224
Impairment of other real estate owned	9,599	838
Foreclosure expense	4,470	11,443
Other real estate owned related expense	16,553	2,326
Deposit insurance expense	4,189	3,245
Professional fees	3,229	2,193
Telecommunications and data processing	3,448	2,990
Other non-interest expense	5,940	7,020

Total non-interest expense	204,339	65,702
Income (loss) before income taxes	(39,206)	101,064
Provision for income taxes	28,454	40,345
Net income (loss)	$ (67,660)	$ 60,719
Earnings (loss) per common share, basic and diluted	$ (0.72)	$ 0.65
Weighted average number of common shares outstanding	94,304,787	92,936,842

SOURCE: BankUnited, Inc.

BankUnited, Inc.
Melissa Gracey, 305-817-8117