EverBank Financial Corp
Form 10-Q
July 31, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

Q Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2013.

or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

EverBank Financial Corp
(Exact name of registrant as specified in its charter)

Delaware	001-35533	52-2024090
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
501 Riverside Ave., Jacksonville, FL		32202
(Address of principal executive offices)		(Zip Code)

904-281-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes Q No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes Q No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer Q (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No Q

As of July 29, 2013, there were 122,525,760 shares of common stock outstanding.

Table of Contents

EverBank Financial Corp
Form 10-Q
Index
Part I - Financial Information

Table of Contents

Part I. Financial Information
Item 1. Financial Statements (unaudited)
EverBank Financial Corp and Subsidiaries
Condensed Consolidated Balance Sheets (unaudited)
(Dollars in thousands, except per share data)

	June 30, 2013	December 31, 2012
Assets		
Cash and due from banks	$40,841	$175,400
Interest-bearing deposits in banks	448,746	268,514
Total cash and cash equivalents	489,587	443,914
Investment securities:		
Available for sale, at fair value	1,357,752	1,619,878
Held to maturity (fair value of $114,853 and $146,709 as of June 30, 2013 and December 31, 2012, respectively)	115,319	143,234
Other investments	142,225	158,172
Total investment securities	1,615,296	1,921,284
Loans held for sale (includes $1,327,883 and $1,452,236 carried at fair value as of June 30, 2013 and December 31, 2012, respectively)	2,000,390	2,088,046
Loans and leases held for investment:		
Loans and leases held for investment, net of unearned income	12,867,388	12,505,089
Allowance for loan and lease losses	(73,469)	(82,102)
Total loans and leases held for investment, net	12,793,919	12,422,987
Equipment under operating leases, net	39,850	50,040
Mortgage servicing rights (MSR), net	462,718	375,859
Deferred income taxes, net	139,814	170,877
Premises and equipment, net	65,930	66,806
Other assets	755,368	703,065
Total Assets	$18,362,872	$18,242,878
Liabilities		
Deposits:		
Noninterest-bearing	$1,205,326	$1,445,783
Interest-bearing	12,464,540	11,696,605
Total deposits	13,669,866	13,142,388
Other borrowings	2,667,700	3,173,021
Trust preferred securities	103,750	103,750
Accounts payable and accrued liabilities	372,173	372,543
Total Liabilities	16,813,489	16,791,702
Commitments and Contingencies (Note 14)		
Shareholders’ Equity		
Series A 6.75% Non-Cumulative Perpetual Preferred Stock, $0.01 par value (liquidation preference of $25,000 per share;10,000,000 shares authorized; 6,000 issued and outstanding at June 30, 2013 and December 31, 2012)	150,000	150,000
Common Stock, $0.01 par value (500,000,000 shares authorized; 122,383,260 and 120,987,955 issued and outstanding at June 30, 2013 and December 31, 2012, respectively)	1,224	1,210

Additional paid-in capital	827,682	811,085
Retained earnings	650,866	575,665
Accumulated other comprehensive income (loss) (AOCI)	(80,389)	(86,784)
Total Shareholders’ Equity	1,549,383	1,451,176
Total Liabilities and Shareholders’ Equity	$18,362,872	$18,242,878

See notes to unaudited condensed consolidated financial statements.

3

Table of Contents

EverBank Financial Corp and Subsidiaries
Condensed Consolidated Statements of Income (unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest Income				
Interest and fees on loans and leases	$172,723	$135,816	$346,509	$260,594
Interest and dividends on investment securities	14,813	20,699	31,063	41,248
Other interest income	317	82	615	186
Total Interest Income	187,853	156,597	378,187	302,028
Interest Expense				
Deposits	26,567	20,419	53,390	41,393
Other borrowings	20,069	11,194	39,764	20,028
Total Interest Expense	46,636	31,613	93,154	61,421
Net Interest Income	141,217	124,984	285,033	240,607
Provision for Loan and Lease Losses	29	5,757	1,948	17,112
Net Interest Income after Provision for Loan and Lease Losses	141,188	119,227	283,085	223,495
Noninterest Income				
Loan servicing fee income	47,192	42,483	89,355	88,039
Amortization and impairment of mortgage servicing rights	(3,373)	(64,277)	(25,896)	(108,760)
Net loan servicing income	43,819	(21,794)	63,459	(20,721)
Gain on sale of loans	75,837	69,926	158,148	118,103
Loan production revenue	10,063	9,852	19,552	17,289
Deposit fee income	4,290	5,828	10,215	12,067
Other lease income	6,471	8,822	12,882	17,485
Other	6,324	1,489	15,857	3,093
Total Noninterest Income	146,804	74,123	280,113	147,316
Noninterest Expense				
Salaries, commissions and other employee benefits expense	118,457	76,277	228,936	142,867
Equipment expense	20,707	16,889	40,559	32,837
Occupancy expense	7,547	6,017	14,931	11,366
General and administrative expense	66,829	76,600	140,930	147,534
Total Noninterest Expense	213,540	175,783	425,356	334,604
Income before Provision for Income Taxes	74,452	17,567	137,842	36,207
Provision for Income Taxes	28,459	6,395	52,703	13,189
Net Income	$45,993	$11,172	$85,139	$23,018
Less: Net Income Allocated to Preferred Stock	(2,531)	(1,685)	(5,062)	(7,664)
Net Income Allocated to Common Shareholders	$43,462	$9,487	$80,077	$15,354
Basic Earnings Per Common Share	$0.36	$0.09	$0.66	$0.17
Diluted Earnings Per Common Share	$0.35	$0.09	$0.65	$0.17
Dividends Declared Per Common Share	$0.02	$—	$0.04	$—

See notes to unaudited condensed consolidated financial statements.

EverBank Financial Corp and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net Income	$45,993	$11,172	$85,139	$23,018
Unrealized Gains (Losses) on Debt Securities				
Unrealized gains (losses) due to changes in fair value	(23,500)	(7,581)	(22,796)	13,705
Tax effect	8,932	2,883	8,668	(5,146)
Change in unrealized gains (losses) on debt securities	(14,568)	(4,698)	(14,128)	8,559
Interest Rate Swaps				
Net unrealized gains (losses) due to changes in fair value	17,383	(32,932)	21,766	(26,304)
Reclassification of net unrealized losses to interest expense	6,011	1,964	11,368	3,674
Tax effect	(8,891)	11,769	(12,611)	8,726
Change in interest rate swaps	14,503	(19,199)	20,523	(13,904)
Other Comprehensive Income (Loss)	(65)	(23,897)	6,395	(5,345)
Comprehensive Income (Loss)	$45,928	$(12,725)	$91,534	$17,673

See notes to unaudited condensed consolidated financial statements.

Table of Contents

EverBank Financial Corp and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity (unaudited)
(Dollars in thousands)

	Shareholders' Equity					
	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total Equity
Balance, January 1, 2013	$150,000	$1,210	$811,085	$575,665	$(86,784)	$1,451,176
Net income	—	—	—	85,139	—	85,139
Other comprehensive income	—	—	—	—	6,395	6,395
Issuance of common stock	—	14	10,456	—	—	10,470
Share-based grants (including income tax benefits)	—	—	6,141	—	—	6,141
Cash dividends on common stock	—	—	—	(4,875)	—	(4,875)
Cash dividends on preferred stock	—	—	—	(5,063)	—	(5,063)
Balance, June 30, 2013	$150,000	$1,224	$827,682	$650,866	$(80,389)	$1,549,383
Balance, January 1, 2012	$3	$751	$561,247	$513,413	$(107,749)	$967,665
Net income	—	—	—	23,018	—	23,018
Other comprehensive loss	—	—	—	—	(5,345)	(5,345)
Conversion of preferred stock	(3)	188	(185)	—	—	—
Issuance of common stock, net of issue costs	—	226	198,536	—	—	198,762
Repurchase of common stock	—	—	(360)	—	—	(360)
Share-based grants (including income tax benefits)	—	—	3,184	—	—	3,184
Cash dividends on preferred stock	—	—	—	(5,555)	—	(5,555)
Balance, June 30, 2012	$—	$1,165	$762,422	$530,876	$(113,094)	$1,181,369

See notes to unaudited condensed consolidated financial statements.

Table of Contents

EverBank Financial Corp and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(Dollars in thousands)

	Six Months Ended June 30, 2013	2012
Operating Activities:		
Net income	$85,139	$23,018
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of premiums and deferred origination costs	19,303	4,710
Depreciation and amortization of tangible and intangible assets	20,121	18,091
Reclassification of net loss on settlement of interest rate swaps	11,368	3,674
Amortization and impairment of mortgage servicing rights	25,896	108,760
Deferred income taxes (benefit)	27,120	(8,347)
Provision for loan and lease losses	1,948	17,112
Loss on other real estate owned (OREO)	2,855	4,605
Share-based compensation expense	3,147	2,229
Payments for settlement of forward interest rate swaps	(30,181)	(14,002)
Other operating activities	3	(2,778)
Changes in operating assets and liabilities:		
Loans held for sale, including proceeds from sales and repayments	(665,369)	(788,325)
Other assets	68,592	37,043
Accounts payable and accrued liabilities	(2,982)	1,638
Net cash provided by (used in) operating activities	(433,040)	(592,572)
Investing Activities:		
Investment securities available for sale:		
Purchases	(27,898)	(210,717)
Proceeds from prepayments and maturities	265,572	274,042
Investment securities held to maturity:		
Purchases	(19,260)	(14,917)
Proceeds from prepayments and maturities	46,691	13,506
Purchases of other investments	(57,050)	(37,422)
Proceeds from sales of other investments	72,997	—
Net change in loans and leases held for investment	(32,012)	(880,630)
Cash paid for acquisition	—	(351,071)
Purchases of premises and equipment, including equipment under operating leases	(9,246)	(31,267)
Purchases of mortgage servicing assets	(41,377)	—
Proceeds related to sale or settlement of other real estate owned	19,620	18,664
Proceeds from insured foreclosure claims	198,878	61,869
Other investing activities	3,546	(190)
Net cash provided by (used in) investing activities	420,461	(1,158,133)
Financing Activities:		
Net increase in nonmaturity deposits	826,916	343,692
Net increase (decrease) in time deposits	(269,741)	182,987
Net change in repurchase agreements	(142,322)	—
Net change in short-term Federal Home Loan Bank (FHLB) advances	(475,500)	370,000
Proceeds from long-term FHLB advances	225,000	1,100,000
Repayments of long-term FHLB advances	(112,158)	(223,500)
Proceeds from issuance of common stock	10,470	207,514

Other financing activities	(4,413)	(6,737)
Net cash provided by financing activities	58,252	1,973,956
Net change in cash and cash equivalents	45,673	223,251
Cash and cash equivalents at beginning of period	443,914	294,981
Cash and cash equivalents at end of period	$489,587	$518,232

See Note 1 for disclosures related to supplemental noncash information.
See notes to unaudited condensed consolidated financial statements.

Table of Contents

EverBank Financial Corp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)
(Dollars in thousands, except per share data)

1. Organization and Basis of Presentation

a) Organization — EverBank Financial Corp (the Company) is a thrift holding company with two direct operating subsidiaries, EverBank (EB) and EverBank Funding, LLC (EBF). EB is a federally chartered thrift institution with its home office located in Jacksonville, Florida. Its direct banking services are offered nationwide. In addition, EB operates financial centers in Florida and retail lending centers across the United States. EB (a) accepts deposits from the general public; (b) originates, purchases, services, sells and securitizes residential real estate mortgage loans, commercial real estate loans and commercial loans and leases; (c) originates consumer and home equity loans; and (d) offers full-service securities brokerage and investment advisory services.

EB's subsidiaries are:

- AMC Holding, Inc., the parent of CustomerOne Financial Network, Inc.;
- Tygris Commercial Finance Group, Inc. (Tygris), the parent of EverBank Commercial Finance, Inc.;
- EverInsurance, Inc.;
- Elite Lender Services, Inc.;
- EverBank Wealth Management, Inc. (EWM); and
- Business Property Lending, Inc.

On January 31, 2012, as part of a tax-free reorganization, the assets, liabilities and business activities of EWM were transferred to EB.

On February 14, 2013, the Company formed EverBank Funding, LLC, a Delaware limited liability company, to facilitate the pooling and securitization of mortgage loans for issuance into the secondary market.

b) Reincorporation — In September 2010, EverBank Financial Corp, a Florida corporation (EverBank Florida), formed EverBank Financial Corp, a Delaware corporation (EverBank Delaware). Subsequent to its formation, EverBank Delaware held no assets, had no subsidiaries and did not engage in any business or other activities except in connection with its formation. In May 2012, EverBank Delaware completed an initial public offering with its common stock listed on the New York Stock Exchange (NYSE) under the symbol "EVER". Immediately preceding the consummation of that offering, EverBank Florida merged with and into EverBank Delaware, with EverBank Delaware continuing as the surviving corporation and succeeding to all of the assets, liabilities and business of EverBank Florida. The merger resulted in the following:

- All of the outstanding shares of common stock of EverBank Florida were converted into approximately 77,994,699 shares of EverBank Delaware common stock;
- All of the outstanding shares of Series B Preferred Stock of EverBank Florida were converted into 15,964,644 shares of EverBank Delaware common stock;
- As a result of the reincorporation of EverBank Florida in Delaware, the Company is now governed by the laws of the State of Delaware.

Reincorporation of EverBank Florida in Delaware did not result in any change in the business, management, fiscal year, assets, liabilities or location of the principal offices of the Company.

c) Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information or footnotes necessary for a complete presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with generally accepted accounting principles. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and accompanying notes to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for acquired companies are included from their respective dates of acquisition. In management's opinion, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations, comprehensive income, and changes in cash flows have been made.

GAAP requires management to make estimates that affect the reported amounts and disclosures of contingencies in the condensed consolidated financial statements. Estimates by their nature are based on judgment and available information. Material estimates relate to the Company's allowance for loan and lease losses, loans and leases acquired with evidence of credit deterioration, repurchase obligations, contingent liabilities, and the fair values of investment securities, loans held for sale, MSR and derivative instruments. Because of the inherent uncertainties associated with any estimation process and future changes in market and economic conditions, it is possible that actual results could differ significantly from those estimates.

Table of Contents

d) Supplemental Cash Flow Information - Noncash investing activities are presented in the following table:

	Six Months Ended June 30,	
	2013	2012
Supplemental Schedules of Noncash Investing Activities:		
Loans transferred to foreclosure claims from loans held for investment	$220,783	$67,487
Loans transferred to foreclosure claims from loans held for sale	98,037	142,519
Loans transferred from held for sale to held for investment	745,262	26,138
Loans transferred from held for investment to held for sale	326,636	1,604
Supplemental Schedules of Noncash Financing Activities:		
Conversion of preferred stock	$—	$135,585

2. Recent Accounting Pronouncements

Presentation of Comprehensive Income — In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2011-05, Comprehensive Income (Topic 220)—Presentation of Comprehensive Income, to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. ASU 2011-05 is effective for the first quarter of 2012 and should be applied retrospectively. Adoption of this standard resulted in the presentation of a new statement of comprehensive income separate from the statement of shareholders' equity but did not have any impact on the Company's results of operations. In December 2011, the FASB issued ASU 2011-12,Comprehensive Income (Topic 220)- Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05, to allow time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of AOCI on the components of net income and other comprehensive income for all periods presented. Adoption of this ASU did not have any impact on the Company's condensed consolidated financial statements or results of operations. In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220)—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, to require an entity to disaggregate the total change of each component of other comprehensive income and separately present reclassification adjustments and current period other comprehensive income. ASU 2013-02 also requires that entities either (1) present in a single note or parenthetically on the face of the financial statements the effect of significant amounts reclassified from each component of AOCI based on its source and the income line item affected by the reclassification if items are reclassified out of AOCI in their entirety or (2) cross reference to other required, related disclosures for additional information if items are not reclassified out of AOCI in their entirety. ASU 2013-02 is effective prospectively for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. The adoption of this standard resulted in the additional disclosure of the lines of income or expense impacted by reclassifications out of AOCI within the statement of comprehensive income but did not have any impact on the Company's condensed consolidated financial statements or results of operations.

Balance Sheet Offsetting—In December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210)—Disclosures about Offsetting Assets and Liabilities, which will enhance disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. The guidance will require that entities disclose the gross and net information about both instruments that are offset in the balance sheet or are subject to a master netting arrangement. In January 2013, the FASB issued ASU 2013-01, Balance Sheet (Topic 210)—Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, which limits the scope of the new balance sheet offsetting disclosures to only (1) derivatives, including bifurcated embedded derivatives; (2) repurchase agreements and reverse repurchase agreements; and (3) securities borrowing and securities lending transactions, to the extent they are offset in the financial statements or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the statement of financial position. The requirements set forth in both ASU 2011-11 and ASU 2013-01 are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods with retrospective disclosure necessary for all comparative periods presented. The adoption of these standards resulted in additional disclosures as presented in Note 12 but did not have any impact on the Company's condensed consolidated financial statements or results of operations.

Updates to Significant Accounting Policies

Loans Held for Sale—Loans held for sale represent loans originated or acquired by the Company with the intent to sell. The Company has elected the fair value option of accounting under U.S. GAAP for certain residential mortgage loans. Electing to use the fair value option of accounting allows a better offset of the changes in the fair values of the loans and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting. These loans are initially recorded and carried at fair value, with changes in fair value recognized in gain on sale of loans. Loan origination fees are recorded when earned, and related costs are recognized when incurred.

The Company has not elected the fair value option for other residential mortgage loans primarily because the Company expects to hold these loans for a short duration. These loans are carried at the lower of cost or fair value. In determining the lower of cost or fair value adjustment on loans held for sale, the Company pools loans based on similar risk characteristics such as loan type and interest rate. Direct loan origination fees and costs are deferred at loan origination or acquisition. These amounts are recognized as income at the time the loan is sold and included in gain on sale of loans. Gains and losses on sale of these loans are recorded in gain on sale of loans.

Loans and leases are transferred from loans and leases held for investment to held for sale when the Company no longer has the intent to hold them for the foreseeable future. Loans and leases are transferred from held for sale to held for investment when the Company determines its intent to hold these loans and leases for the foreseeable future. Loans and leases are transferred to loans and leases held for investment at the lower of cost or fair value on the date of reclassification with any lower of cost or fair value adjustment recognized as a basis adjustment.

Table of Contents

Certain guarantees arise from agreements associated with servicing, securitization and sale of the Company's residential mortgage loans. Under these agreements, the Company may be obligated to repurchase, or otherwise indemnify or reimburse the investor or insurer for losses incurred, due to material breach of contractual representations and warranties with respect to non-GSE purchasers, or breach of contractual representations and warranties with respect to GSEs. These guarantees are accounted for in accordance with ASC 460, Guarantees, when the obligation is both probable and reasonably estimable. The guarantee is calculated at the fair value of the guarantee on the date of the loan sale or securitization. The corresponding provision is recognized as a reduction on net gains on loan sales and securitization, and is reduced, by a credit to earnings, as the guarantor is released from risk under the guarantee. The reserve for repurchase obligations is included in accounts payable and accrued liabilities on the consolidated balance sheets with changes to the reserve made through general and administrative expenses. See Note 5 and Note 14 for further information related to these guarantees.

3. Acquisition Activities

Acquisition of Business Property Lending, Inc. - On October 1, 2012, EB, a wholly owned subsidiary of the Company, acquired 100% of the outstanding common shares of Business Property Lending, Inc. (BPL), a wholly owned subsidiary of General Electric Capital Corporation (GECC) for cash consideration of $2,401,398. The acquisition provided the Company with an established and operating platform for expanding its originating capacity nationwide originating commercial real estate loans to small and mid-size business clients. The transaction was accounted for using the acquisition method with the consideration paid allocated to all identifiable assets and liabilities acquired.

Under the acquisition method of accounting, the measurement period for a transaction is to extend for a period necessary to obtain all available information to facilitate a complete and accurate recording of the transaction as of the acquisition date. This period, however, may not extend beyond a period of one year from the date of acquisition. In the event information not available at the time of acquisition is obtained during the measurement period that would affect the recording of the transaction, any applicable adjustments are to be performed retrospectively adjusting the initial recording of the acquisition.

The fair value of assets acquired included financing receivables for commercial real estate with a fair value of $2,337,123 that was comprised of both loans accounted for under ASC 310-20, Receivables, Nonrefundable Fees and Other Costs, as well as loans accounted for under ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality. Subsequent to the initial recording of the transaction, additional reviews into the ASC 310-20 population identified that evidence of deteriorated credit quality existed for some of these loans at the date of acquisition based on information not previously available. Upon review of the impact of this updated information to the overall fair value of the acquired loans, it was determined that no retrospective adjustment of the fair value was necessary. Therefore, a prospective adjustment was performed to include these loans in the ASC 310-30 population.

The following table presents a bridge from the unpaid principal balance (UPB), or contractual net investment, to carrying value for the acquired financing receivables by method of accounting as presented initially at the acquisition date, as well as, based on the updated loan stratification:

	As Initially Recorded		As Updated	
	ASC 310-20	ASC 310-30	ASC 310-20	ASC 310-30
Unpaid principal balance at acquisition	$2,229,822	$89,993	$2,174,738	$145,077
Plus: contractual interest due or unearned income	1,176,442	62,517	1,143,748	95,211
Contractual cash flows due	3,406,264	152,510	3,318,486	240,288
Less: cash flows not expected to be collected (1)	518,949	42,387	499,602	61,734
Expected cash flows	2,887,315	110,123	2,818,884	178,554
Less: accretable yield	629,788	30,527	617,297	43,018
Carrying value at acquisition	$2,257,527	$79,596	$2,201,587	$135,536

(1) Cash flows not expected to be collected includes the effects of both credit losses as well as modeled prepayment assumptions.

10

Table of Contents

4. Investment Securities

The amortized cost and fair value of investment securities with gross unrealized gains and losses were as follows as of June 30, 2013 and December 31, 2012:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Carrying Amount
June 30, 2013					
Available for sale:					
Residential collateralized mortgage obligations (CMO) securities - nonagency	$1,340,741	$17,840	$7,263	$1,351,318	$1,351,318
Asset-backed securities (ABS)	6,672	—	843	5,829	5,829
Other	333	272	—	605	605
Total available for sale securities	$1,347,746	$18,112	$8,106	$1,357,752	$1,357,752
Held to maturity:					
Residential CMO securities - agency	$61,526	$2,187	$31	$63,682	$61,526
Residential mortgage-backed securities (MBS) - agency	48,806	931	1,116	48,621	48,806
Corporate securities	4,987	—	2,437	2,550	4,987
Total held to maturity securities	$115,319	$3,118	$3,584	$114,853	$115,319
December 31, 2012					
Available for sale:					
Residential CMO securities - nonagency	$1,577,270	$39,860	$5,355	$1,611,775	$1,611,775
Asset-backed securities	9,461	—	1,935	7,526	7,526
Other	366	211	—	577	577
Total available for sale securities	$1,587,097	$40,071	$7,290	$1,619,878	$1,619,878
Held to maturity:					
Residential CMO securities - agency	$106,346	$3,497	$—	$109,843	$106,346
Residential MBS - agency	31,901	1,986	—	33,887	31,901
Corporate securities	4,987	—	2,008	2,979	4,987
Total held to maturity securities	$143,234	$5,483	$2,008	$146,709	$143,234

At June 30, 2013 and December 31, 2012, investment securities with a carrying value of $188,608 and $421,209, respectively, were pledged to secure other borrowings, public deposits, securities sold under agreements to repurchase, and for other purposes as required or permitted by law.

There were no gross gains or gross losses realized on available for sale investments during the three and six months ended June 30, 2013 or 2012.

The gross unrealized losses and fair value of the Company’s investments in an unrealized loss position at June 30, 2013 and December 31, 2012, aggregated by investment category and the length of time individual securities have been in a continuous unrealized loss position, are as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2013						
Debt securities:						
Residential CMO securities - nonagency	$349,489	$5,767	$45,914	$1,496	$395,403	$7,263
Residential CMO securities - agency	11,686	31	—	—	11,686	31
Residential MBS - agency	35,750	1,116	—	—	35,750	1,116
Asset-backed securities	—	—	5,829	843	5,829	843
Corporate securities	—	—	2,550	2,437	2,550	2,437
Total debt securities	$396,925	$6,914	$54,293	$4,776	$451,218	$11,690

December 31, 2012						
Debt securities:						
Residential CMO securities - nonagency	$57,715	$299	$183,285	$5,056	$241,000	$5,355
Asset-backed securities	—	—	7,526	1,935	7,526	1,935
Corporate securities	—	—	2,979	2,008	2,979	2,008
Total debt securities	$57,715	$299	$193,790	$8,999	$251,505	$9,298

Table of Contents

The Company had unrealized losses at June 30, 2013 and December 31, 2012 on residential nonagency CMO securities, residential agency CMO securities, residential agency MBS, ABS and corporate securities. These unrealized losses are primarily attributable to weak market conditions. Based on the nature of the impairment, these unrealized losses are considered temporary. The Company does not intend to sell nor is it more likely than not that it will be required to sell these investments before their anticipated recovery.

At June 30, 2013, the Company had 56 debt securities in an unrealized loss position. A total of 42 were in an unrealized loss position for less than 12 months. These 42 securities consisted of 31 residential nonagency CMO securities, two residential agency CMO securities and nine residential agency MBS. The remaining 14 debt securities were in an unrealized loss position for 12 months or longer. These 14 securities consisted of three ABS, one corporate security and 10 residential nonagency CMO securities. Of the $11,690 in unrealized losses, $7,856 relate to debt securities that are rated investment grade with the remainder representing securities for which the Company believes it has both the intent and ability to hold to recovery.

At December 31, 2012, the Company had 31 debt securities in an unrealized loss position. A total of 3 were in an unrealized loss position for less than 12 months, all of which were residential CMO securities. The remaining 28 debt securities were in an unrealized loss position for 12 months or longer. These 28 securities consisted of three ABS, one corporate security and 24 residential nonagency CMO securities. Of the $9,298 in unrealized losses, $5,355 relate to debt securities that are rated investment grade with the remainder representing securities for which the Company believes it has both the intent and ability to hold to recovery.

When certain triggers indicate the likelihood of an other-than-temporary-impairment (OTTI) or the qualitative evaluation performed cannot support the expectation of recovering the entire amortized cost basis of an investment, the Company performs cash flow analyses that project prepayments, default rates and loss severities on the collateral supporting each security. If the net present value of the investment is less than the amortized cost, the difference is recognized in earnings as a credit-related impairment, while the remaining difference between the fair value and the amortized cost is recognized in AOCI. There were no OTTI losses recognized on available for sale or held to maturity securities during the three and six months ended June 30, 2013 or 2012.

During the three and six months ended June 30, 2013 and 2012, interest and dividend income on investment securities was comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest income on available for sale securities	$13,420	$18,728	$28,285	$37,599
Interest income on held to maturity securities	658	1,409	1,282	2,809
Other interest and dividend income	735	562	1,496	840
	$14,813	$20,699	$31,063	$41,248

All investment interest income recognized by the Company during the three and six months ended June 30, 2013 and 2012 was fully taxable.

5. Loans Held for Sale

Loans held for sale as of June 30, 2013 and December 31, 2012, consist of the following:

	June 30, 2013	December 31, 2012
Mortgage warehouse (carried at fair value)	$1,039,977	$1,452,236
Government insured pool buyouts	139,982	96,635
Other	532,525	539,175
Other (carried at fair value)	287,906	—
Total loans held for sale	$2,000,390	$2,088,046

The Company typically transfers residential mortgage loans originated or acquired to various financial institutions, government agencies, and GSEs. In addition, the Company enters into loan securitization transactions related to certain conforming residential mortgage loans. In connection with these transactions, loans are converted into mortgage-backed securities issued primarily by the Federal Home Loan Mortgage Corporation (FHLMC or Freddie

Mac), the Federal National Mortgage Association (FNMA or Fannie Mae) and the Government National Mortgage Association (GNMA or Ginnie Mae), and are subsequently sold to third party investors. Typically, the Company accounts for these transfers as sales and either retains or releases the right to service the loans. The servicing arrangement represents the Company's continuing involvement with these transferred loans.

In addition, the Company also may be exposed to limited liability related to recourse agreements and repurchase agreements made to our issuers and purchasers. This liability includes amounts related to loans sold that we may be required to repurchase, or otherwise indemnify or reimburse the investor or insurer for losses incurred, due to a material breach of contractual representations and warranties. Refer to Note 14 for the maximum exposure to loss for material breaches of contractual representations and warranties.

Other loans held for sale and carried at fair value of $287,906 represent preferred jumbo residential mortgage loans that the Company originated with the intent to market and sell in the secondary market either through third party sales or securitizations. The Company has elected the fair value option for these loans to provide a better offset of the changes in the fair values of the loans and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.

Table of Contents

The following is a summary of cash flows related to transfers accounted for as sales for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Proceeds received from agency securitizations	$2,688,840	$1,869,387	$5,093,450	$3,790,357
Proceeds received from nonagency sales	335,426	5,452	677,308	18,247
Servicing fees collected	29,349	23,944	55,562	47,900
Repurchased loans from agency securitizations	1,079	2,045	2,171	3,516
Repurchased loans from nonagency sales	4,939	4,346	10,216	9,514

The Company periodically transfers conforming residential mortgages to GNMA in exchange for mortgage-backed securities. As of June 30, 2013 and December 31, 2012, the Company retained $141,438 and $99,121, respectively, of these securities backed by the transferred loans and maintained effective control over these pools of transferred assets. Accordingly, the Company did not record these transfers as sales. These transferred assets were recorded in the condensed consolidated balance sheets as loans held for sale. The remaining securities were sold to unrelated third parties and were recorded as sales.

The gains and losses on transfers which qualify as sales are recorded in the condensed consolidated statements of income in gain on sale of loans, which includes the gain or loss on sale, change in fair value related to fair value option loans, rate lock commitments, and the offsetting hedging positions.

In connection with these transfers, the Company recorded servicing assets in the amount of $27,491 and $50,992 for the three and six months ended June 30, 2013, respectively. All servicing assets are initially recorded at fair value using a Level 3 measurement technique. Refer to Note 8 for information relating to servicing activities and MSR.

During the three and six months ended June 30, 2013, the Company transferred $721,220 and $745,660 in residential mortgage loans from loans held for sale to loans held for investment at lower of cost or market. A majority of these loans were originated preferred jumbo ARM residential mortgages which were intended to be sold in the secondary market. As a result of changing economic conditions and the Company's capacity and desire to hold these loans on the balance sheet, the Company intends to hold these loans for the foreseeable future and has transferred these loans to the held for investment portfolio. During the three and six months ended June 30, 2012, the Company transferred $8,700 and $26,138 in residential mortgage and commercial real estate loans held for sale to loans held for investment at lower of cost or market as the Company has the intent to hold these loans for the foreseeable future.

During the three and six months ended June 30, 2013, the Company transferred $224,652 and $326,636 of loans held for investment to held for sale at lower of cost or market. The majority of these loans were government insured pool buyouts initially originated for the held for investment portfolio. These loans were transferred to held for sale based upon a change in intent to no longer hold these loans for the foreseeable future.

Table of Contents

6. Loans and Leases Held for Investment, Net

Loans and leases held for investment as of June 30, 2013 and December 31, 2012 are comprised of the following:

	June 30, 2013	December 31, 2012
Residential mortgages	$6,586,116	$6,708,748
Commercial and commercial real estate	5,090,332	4,771,768
Lease financing receivables	1,014,996	836,935
Home equity lines	169,296	179,600
Consumer and credit card	6,648	8,038
Total loans and leases held for investment, net of discounts	12,867,388	12,505,089
Allowance for loan and lease losses	(73,469)	(82,102)
Total loans and leases held for investment, net	$12,793,919	$12,422,987

As of June 30, 2013 and December 31, 2012, the carrying values presented above include net purchased loan and lease discounts and net deferred loan and lease origination costs as follows:

	June 30, 2013	December 31, 2012
Net purchased loan and lease discounts	$130,880	$164,132
Net deferred loan and lease origination costs	37,232	25,275

Acquired Credit Impaired (ACI) Loans and Leases — At acquisition, the Company estimates the fair value of acquired loans and leases by segregating the portfolio into pools with similar risk characteristics. Fair value estimates for acquired loans and leases require estimates of the amounts and timing of expected future principal, interest and other cash flows. For each pool, the Company uses certain loan and lease information, including outstanding principal balance, probability of default and the estimated loss in the event of default to estimate the expected future cash flows for each loan and lease pool.

Acquisition date details of loans and leases acquired with evidence of credit deterioration during the six months ended June 30, 2013 are as follows:

	June 30, 2013
Contractual payments receivable for acquired loans and leases at acquisition	$345,890
Expected cash flows for acquired loans and leases at acquisition	193,549
Basis in acquired loans and leases at acquisition	179,027

Information pertaining to the ACI portfolio as of June 30, 2013 and December 31, 2012 is as follows:

	Bank of Florida	Other Acquired Loans	Total
June 30, 2013			
Carrying value, net of allowance	$391,565	$938,180	$1,329,745
Outstanding unpaid principal balance (UPB)	431,343	968,467	1,399,810
Allowance for loan and lease losses, beginning of period	16,789	5,175	21,964
Allowance for loan and lease losses, end of period	14,867	5,216	20,083

	Bank of Florida	Other Acquired Loans	Total
December 31, 2012			
Carrying value, net of allowance	$472,374	$876,351	$1,348,725
Outstanding unpaid principal balance	520,873	913,020	1,433,893
Allowance for loan and lease losses, beginning of year	11,638	4,351	15,989
Allowance for loan and lease losses, end of year	16,789	5,175	21,964

The Company recorded a reduction of $867 and an additional expense of $689 in provision for loan and lease losses for the ACI portfolio for the three months ended June 30, 2013 and 2012, respectively. The Company recorded $665 and $4,329 in provision for loan and lease losses for the ACI portfolio for the six months ended June 30, 2013 and 2012, respectively. The adjustments to provision performed are the result of changes in expected cash flows on ACI loans.

Table of Contents

The following is a summary of the accretable yield activity for the ACI loans during the six months ended June 30, 2013 and 2012:

	Bank of Florida	Other Acquired Loans	Total
June 30, 2013			
Balance, beginning of period	$99,201	$121,207	$220,408
Additions	—	12,173	12,173
Accretion	(13,995)	(21,692)	(35,687)
Reclassifications to accretable yield	7,256	23,372	30,628
Balance, end of period	$92,462	$135,060	$227,522
June 30, 2012			
Balance, beginning of period	$141,750	$65,973	$207,723
Accretion	(18,614)	(12,611)	(31,225)
Reclassifications (from) to accretable yield	(10,723)	1,446	(9,277)
Balance, end of period	$112,413	$54,808	$167,221

Covered Loans and Leases — Covered loans and leases are acquired and recorded at fair value at acquisition, exclusive of the loss share agreements with the Federal Deposit Insurance Corporation (FDIC) and the indemnification agreement with former shareholders of Tygris. All loans acquired through the loss share agreement with the FDIC and all loans and leases acquired in the purchase of Tygris are considered covered during the applicable indemnification period. As of June 30, 2013 and December 31, 2012, the Company does not expect to receive cash payments under these indemnification agreements due to the performance of the underlying loans.

The following is a summary of the recorded investment of major categories of covered loans and leases outstanding as of June 30, 2013 and December 31, 2012:

	Bank of Florida	Tygris	Total
June 30, 2013			
Residential mortgages	$47,234	$—	$47,234
Commercial and commercial real estate	365,680	—	365,680
Lease financing receivables	—	44,537	44,537
Home equity lines	17,569	—	17,569
Consumer and credit card	636	—	636
Total recorded investment of covered loans and leases	$431,119	$44,537	$475,656
December 31, 2012			
Residential mortgages	$56,390	$—	$56,390
Commercial and commercial real estate	441,998	—	441,998
Lease financing receivables	—	75,201	75,201
Home equity lines	17,992	—	17,992
Consumer and credit card	1,378	—	1,378
Total recorded investment of covered loans and leases	$517,758	$75,201	$592,959

Table of Contents

7. Allowance for Loan and Lease Losses

Changes in the allowance for loan and lease losses for the three and six months ended June 30, 2013 and 2012 are as follows:

Three Months Ended June 30, 2013	Residential Mortgages	Commercial and Commercial Real Estate	Lease Financing Receivables	Home Equity Lines	Consumer and Credit Card	Total
Balance, beginning of period	$30,185	$38,535	$ 3,590	$4,582	$175	$77,067
Provision for loan and lease losses	1,654	(2,422)	1,218	(387)	(34)	29
Charge-offs	(3,271)	(2,781)	(988)	(627)	(17)	(7,684)
Recoveries	117	3,549	253	120	18	4,057
Balance, end of period	$28,685	$36,881	$ 4,073	$3,688	$142	$73,469
Three Months Ended June 30, 2012						
Balance, beginning of period	$40,739	$31,391	$ 3,344	$2,632	$148	$78,254
Provision for loan and lease losses	957	1,958	1,704	1,085	53	5,757
Charge-offs	(4,139)	(1,710)	(917)	(484)	(40)	(7,290)
Recoveries	162	411	29	55	15	672
Balance, end of period	$37,719	$32,050	$ 4,160	$3,288	$176	$77,393

Six Months Ended June 30, 2013	Residential Mortgages	Commercial and Commercial Real Estate	Lease Financing Receivables	Home Equity Lines	Consumer and Credit Card	Total
Balance, beginning of period	$33,631	$39,863	$ 3,181	$5,265	$162	$82,102
Provision for loan and lease losses	3,166	(2,746)	2,256	(710)	(18)	1,948
Charge-offs	(8,340)	(4,228)	(1,696)	(1,116)	(37)	(15,417)
Recoveries	228	3,992	332	249	35	4,836
Balance, end of period	$28,685	$36,881	$ 4,073	$3,688	$142	$73,469
Six Months Ended June 30, 2012						
Balance, beginning of period	$43,454	$28,209	$ 3,766	$2,186	$150	$77,765
Provision for loan and lease losses	4,793	7,266	2,427	2,578	48	17,112
Charge-offs	(10,833)	(4,004)	(2,098)	(1,592)	(51)	(18,578)
Recoveries	305	579	65	116	29	1,094
Balance, end of period	$37,719	$32,050	$ 4,160	$3,288	$176	$77,393

Table of Contents

The following tables provide a breakdown of the allowance for loan and lease losses and the recorded investment in loans and leases based on the method for determining the allowance as of June 30, 2013 and December 31, 2012:

June 30, 2013	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ACI Loans	Total
Allowance for Loan and Lease Losses				
Residential mortgages	$ 11,762	$ 11,707	$ 5,216	$ 28,685
Commercial and commercial real estate	4,024	17,990	14,867	36,881
Lease financing receivables	—	4,073	—	4,073
Home equity lines	—	3,688	—	3,688
Consumer and credit card	—	142	—	142
Total allowance for loan and lease losses	$ 15,786	$ 37,600	$ 20,083	$ 73,469
Loans and Leases Held for Investment at Recorded Investment				
Residential mortgages	$ 95,678	$ 5,613,048	$ 877,390	$ 6,586,116
Commercial and commercial real estate	83,001	4,534,893	472,438	5,090,332
Lease financing receivables	—	1,014,996	—	1,014,996
Home equity lines	—	169,296	—	169,296
Consumer and credit card	—	6,648	—	6,648
Total loans and leases held for investment	$ 178,679	$ 11,338,881	$ 1,349,828	$ 12,867,388

December 31, 2012	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ACI Loans	Total
Allowance for Loan and Lease Losses				
Residential mortgages	$ 12,568	$ 15,888	$ 5,175	$ 33,631
Commercial and commercial real estate	5,569	17,505	16,789	39,863
Lease financing receivables	—	3,181	—	3,181
Home equity lines	—	5,265	—	5,265
Consumer and credit card	—	162	—	162
Total allowance for loan and lease losses	$ 18,137	$ 42,001	$ 21,964	$ 82,102
Loans and Leases Held for Investment at Recorded Investment				
Residential mortgages	$ 95,274	$ 5,747,862	$ 865,612	$ 6,708,748
Commercial and commercial real estate	92,262	4,174,429	505,077	4,771,768
Lease financing receivables	—	836,935	—	836,935
Home equity lines	—	179,600	—	179,600
Consumer and credit card	—	8,038	—	8,038
Total loans and leases held for investment	$ 187,536	$ 10,946,864	$ 1,370,689	$ 12,505,089

The Company uses a risk grading matrix to monitor credit quality for commercial and commercial real estate loans. Risk grades are continuously monitored and updated quarterly by credit administration personnel based on current information and events. The Company monitors the quarterly credit quality of all other loan types based on performing status.

Table of Contents

The following tables present the recorded investment for loans and leases by credit quality indicator as of June 30, 2013 and December 31, 2012:

	Performing	Non-performing Accrual	Nonaccrual	Total
June 30, 2013				
Residential mortgages:				
Residential [1]	$4,177,574	$—	$59,757	$4,237,331
Government insured pool buyouts [2] [3]	1,477,555	871,230	—	2,348,785
Lease financing receivables	1,012,395	—	2,601	1,014,996
Home equity lines	164,928	—	4,368	169,296
Consumer and credit card	6,405	—	243	6,648
Total	$6,838,857	$871,230	$66,969	$7,777,056

	Pass	Special Mention	Substandard	Doubtful	Total
June 30, 2013					
Commercial and commercial real estate:					
Commercial	$1,772,176	$302	$6,811	$3,434	$1,782,723
Commercial real estate	2,941,773	72,377	293,459	—	3,307,609
Total commercial and commercial real estate	$4,713,949	$72,679	$300,270	$3,434	$5,090,332

	Performing	Non-performing Accrual	Nonaccrual	Total
December 31, 2012				
Residential mortgages:				
Residential [1]	$3,880,360	$—	$68,924	$3,949,284
Government insured pool buyouts [2] [3]	1,590,732	1,168,732	—	2,759,464
Lease financing receivables	834,925	—	2,010	836,935
Home equity lines	175,354	—	4,246	179,600
Consumer and credit card	7,699	—	339	8,038
Total	$6,489,070	$1,168,732	$75,519	$7,733,321

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2012					
Commercial and commercial real estate:					
Commercial	$1,368,054	$565	$8,416	$4,405	$1,381,440
Commercial real estate	3,027,554	79,779	282,995	—	3,390,328
Total commercial and commercial real estate	$4,395,608	$80,344	$291,411	$4,405	$4,771,768

(1) For the periods ended June 30, 2013 and December 31, 2012, performing residential mortgages included $1,113 and $14,682, respectively of ACI loans greater than 90 days past due and still accruing.

(2) For the periods ended June 30, 2013 and December 31, 2012, performing government insured pool buyouts included $529,901 and $553,902, respectively of ACI loans greater than 90 days past due and still accruing.

(3) Non-performing government insured pool buyouts represent loans that are 90 days or greater past due but remain on accrual status as the interest earned is insured and thus collectible from the insuring governmental agency.

Table of Contents

The following tables present an aging analysis of the recorded investment for loans and leases by class as of June 30, 2013 and December 31, 2012:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Held for Investment Excluding ACI
June 30, 2013						
Residential mortgages:						
Residential	$13,906	$7,522	$59,757	$81,185	$4,069,343	$4,150,528
Government insured pool buyouts (1)	100,271	57,901	871,230	1,029,402	528,796	1,558,198
Commercial and commercial real estate:						
Commercial	733	—	2,902	3,635	1,749,513	1,753,148
Commercial real estate	3,387	136	16,830	20,353	2,844,393	2,864,746
Lease financing receivables	7,376	1,849	506	9,731	1,005,265	1,014,996
Home equity lines	1,315	301	4,368	5,984	163,312	169,296
Consumer and credit card	45	7	44	96	6,552	6,648
Total loans and leases held for investment	$127,033	$67,716	$955,637	$1,150,386	$10,367,174	$11,517,560
December 31, 2012						
Residential mortgages:						
Residential	$12,648	$4,844	$68,924	$86,416	$3,759,325	$3,845,741
Government insured pool buyouts (1)	132,479	70,915	1,168,732	1,372,126	625,269	1,997,395
Commercial and commercial real estate:						
Commercial	242	271	4,985	5,498	1,358,107	1,363,605
Commercial real estate	—	—	71,149	71,149	2,831,937	2,903,086
Lease financing receivables	4,250	2,039	571	6,860	830,075	836,935
Home equity lines	1,221	1,108	4,246	6,575	173,025	179,600
Consumer and credit card	57	30	339	426	7,612	8,038
Total loans and leases held for investment	$150,897	$79,207	$1,318,946	$1,549,050	$9,585,350	$11,134,400

(1) Government insured pool buyouts remain on accrual status after 90 days as the interest earned is collectible from the insuring governmental agency.

Impaired Loans — Impaired loans include loans identified as troubled loans as a result of a borrower's financial difficulties and other loans on which the accrual of interest income is suspended. The Company continues to collect payments on certain impaired loan balances on which accrual is suspended.

The following tables present the unpaid principal balance, the recorded investment and the related allowance for impaired loans as of June 30, 2013 and December 31, 2012:

	June 30, 2013			December 31, 2012		
	Unpaid Principal Balance	Recorded Investment (1)	Related Allowance	Unpaid Principal Balance	Recorded Investment (1)	Related Allowance
With an allowance recorded:						
Residential mortgages:						

Residential	$84,490	$77,662	$11,762	$77,501	$75,111	$12,568
Commercial and commercial real estate:						
Commercial	15,170	3,837	1,145	12,356	2,615	371
Commercial real estate	23,019	18,502	2,879	56,997	33,967	5,198
Total impaired loans with an allowance recorded	$122,679	$100,001	$15,786	$146,854	$111,693	$18,137
Without a related allowance recorded:						
Residential mortgages:						
Residential	$23,604	$18,016	$—	$25,602	$20,163	$—
Commercial and commercial real estate:						
Commercial	311	94	—	5,413	4,446	—
Commercial real estate	67,589	60,568	—	59,332	51,234	—
Total impaired loans without an allowance recorded	$91,504	$78,678	$—	$90,347	$75,843	$—

(1) The primary difference between the unpaid principal balance and recorded investment represents charge offs previously taken.

Table of Contents

The following table presents the average investment and interest income recognized on impaired loans for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,			
	2013		2012	
	Average Investment	Interest Income Recognized	Average Investment	Interest Income Recognized
With and without a related allowance recorded:				
Residential mortgages:				
Residential	$95,736	$706	$91,238	$654
Commercial and commercial real estate:				
Commercial	4,786	—	8,480	12
Commercial real estate	76,875	250	108,857	468
Total impaired loans	$177,397	$956	$208,575	$1,134

	Six Months Ended June 30,			
	2013		2012	
	Average Investment	Interest Income Recognized	Average Investment	Interest Income Recognized
With and without a related allowance recorded:				
Residential mortgages:				
Residential	$95,582	$1,476	$91,134	$1,314
Commercial and commercial real estate:				
Commercial	5,544	2	10,490	35
Commercial real estate	79,650	464	115,188	1,026
Total impaired loans	$180,776	$1,942	$216,812	$2,375

The following table presents the recorded investment for loans and leases on nonaccrual status by class and loans greater than 90 days past due and still accruing as of June 30, 2013 and December 31, 2012:

	June 30, 2013		December 31, 2012	
	Nonaccrual Status	Greater than 90 Days Past Due and Accruing	Nonaccrual Status	Greater than 90 Days Past Due and Accruing
Residential mortgages:				
Residential	$59,757	$—	$68,924	$—
Government insured pool buyouts	—	871,230	—	1,168,732
Commercial and commercial real estate:				
Commercial	4,680	—	4,985	—
Commercial real estate	55,956	—	71,149	—
Lease financing receivables	2,601	—	2,010	—
Home equity lines	4,368	—	4,246	—
Consumer and credit card	243	—	339	—
Total non-performing loans and leases	$127,605	$871,230	$151,653	$1,168,732

Troubled Debt Restructurings (TDR) — Modifications considered to be TDRs are individually evaluated for credit loss based on a discounted cash flow model using the loan’s effective interest rate at the time of origination. The discounted cash flow model used in this evaluation is adjusted to reflect the modified loan’s elevated probability of future default based on the Company’s historical redefault rate. These loans are classified as nonaccrual and have been included in the Company’s impaired loan disclosures in the tables above. A loan is considered to redefault when it is 30 days past due. Once a modified loan demonstrates a consistent period of performance under the modified terms, generally six months, the Company returns the loan to an accrual classification. If a modified loan defaults under the terms of the modified agreement, the Company measures the allowance for loan and lease losses based on the fair value of collateral less cost to sell.

Table of Contents

The following is a summary of information relating to modifications considered to be TDRs for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013			Six Months Ended June 30, 2013		
	Number of Contracts	Pre-modification Recorded Investment	Post-modification Recorded Investment	Number of Contracts	Pre-modification Recorded Investment	Post-modification Recorded Investment
Residential mortgages:						
Residential	6	$2,300	$2,310	18	$ 7,888	$ 7,910
Commercial and commercial real estate:						
Commercial real estate	1	1,319	1,319	2	1,695	1,695
Total	7	$3,619	$3,629	20	$ 9,583	$ 9,605

	Three Months Ended June 30, 2012			Six Months Ended June 30, 2012		
	Number of Contracts	Pre-modification Recorded Investment	Post-modification Recorded Investment	Number of Contracts	Pre-modification Recorded Investment	Post-modification Recorded Investment
Residential mortgages:						
Residential	17	$7,693	$7,705	33	$ 13,707	$ 13,726
Commercial and commercial real estate:						
Commercial	1	—	—	4	2,954	2,954
Commercial real estate	7	13,066	13,066	13	21,307	21,307
Total	25	$20,759	$20,771	50	$ 37,968	$ 37,987

The Company included 131 loans with an unpaid principal balance of $14,562 in Chapter 7 bankruptcy as TDRs at June 30, 2013. Modifications made to residential loans during the period included extension of original contractual maturity date, extension of the period of below market rate interest only payments, or contingent reduction of past due interest. Commercial loan modifications made during the period included extension of original contractual maturity date, payment forbearance, reduction of interest rates, or extension of interest only periods.

The number of contracts and recorded investment of loans that were modified during the last 12 months and subsequently defaulted during the three and six months ended June 30, 2013 and 2012 are as follows:

	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Residential mortgages:				
Residential	1	$187	1	$187
Commercial and commercial real estate:				
Commercial	1	728	1	728
Commercial real estate	1	136	1	136
Total	3	$1,051	3	$1,051

	Three Months Ended June 30, 2012		Six Months Ended June 30, 2012	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment

Residential mortgages:				
Residential	8	$2,965	9	$3,111
Commercial and commercial real estate:				
Commercial	1	860	1	860
Commercial real estate	1	3,687	1	3,687
Total	10	$7,512	11	$7,658

21

Table of Contents

The recorded investment of TDRs as of June 30, 2013 and December 31, 2012 are summarized as follows:

	June 30, 2013	December 31, 2012
Loan Type:		
Residential mortgages	$95,678	$95,275
Commercial and commercial real estate	39,546	64,674
Total recorded investment of TDRs	$135,224	$159,949
Accrual Status:		
Current	$76,835	$86,495
30-89 days past-due accruing	5,401	3,600
90+ days past-due accruing	481	244
Nonaccrual	52,507	69,610
Total recorded investment of TDRs	$135,224	$159,949
TDRs classified as impaired loans	$135,224	$159,949
Valuation allowance on TDRs	12,892	16,258

8. Servicing Activities and Mortgage Servicing Rights

A summary of MSR activities for the three and six months ended June 30, 2013 and 2012 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Balance, beginning of period	$375,641	$462,420	$375,859	$489,496
Originated servicing rights capitalized upon sale of loans	27,491	18,498	50,992	37,027
Acquired servicing rights	63,555	—	63,555	—
Amortization	(35,945)	(34,142)	(71,023)	(63,481)
Decrease (increase) in valuation allowance	32,572	(30,135)	45,127	(45,279)
Other	(596)	(679)	(1,792)	(1,801)
Balance, end of period	$462,718	$415,962	$462,718	$415,962
Valuation allowance:				
Balance, beginning of period	$90,408	$54,599	$102,963	$39,455
Increase in valuation allowance	—	30,135	—	45,279
Recoveries	(32,572)	—	(45,127)	—
Balance, end of period	$57,836	$84,734	$57,836	$84,734

Components of loan servicing fee income for the three and six months ended June 30, 2013 and 2012 are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Contractually specified service fees, net	$38,584	$33,686	$70,373	$69,071
Other ancillary fees	7,993	8,247	17,730	17,866
Other	615	550	1,252	1,102
	$47,192	$42,483	$89,355	$88,039

Residential

On April 1, 2013, EverBank purchased the servicing rights to $12,962,454 of UPB of Fannie Mae residential servicing assets for $63,555, which transferred on July 1, 2013. The acquired servicing rights will be included in the residential class of MSR.

For loans securitized and sold with servicing retained during the three and six months ended June 30, 2013 and 2012, management used the following assumptions to determine the fair value of residential MSR at the date of securitization:

	Three Months Ended June 30, 2013				Six Months Ended June 30, 2013			
Average discount rates	9.61	%	—	9.67%	9.38	%	—	9.85%
Expected prepayment speeds	7.91	%	—	14.93%	7.91	%	—	14.93%
Weighted-average life in years	5.33		—	6.91	5.33		—	6.91

Table of Contents

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Average discount rates	8.77 % — 8.88%	8.60 % — 9.14%
Expected prepayment speeds	10.50 % — 12.07%	10.13 % — 14.62%
Weighted-average life in years	6.03 — 6.65	5.46 — 6.70

At June 30, 2013 and December 31, 2012, the Company estimated the fair value of its capitalized residential MSR to be approximately $457,643 and $363,173, respectively. The unpaid principal balance below excludes $7,172,000 and $7,049,000 at June 30, 2013 and December 31, 2012, respectively, for residential loans with no related MSR basis. The characteristics used in estimating the fair value of the residential MSR portfolio at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Unpaid principal balance	$52,842,000	$42,373,000
Gross weighted-average coupon	4.48 %	4.66 %
Weighted-average servicing fee	0.30 %	0.30 %
Expected prepayment speed (1)	15.57 %	19.73 %

(1) The prepayment speed assumptions include a blend of prepayment speeds that are influenced by mortgage interest rates, the current macroeconomic environment and borrower behaviors and may vary over the expected life of the asset.

A sensitivity analysis of the Company's fair value of residential MSR portfolio to hypothetical adverse changes of 10% and 20% to the weighted-average of certain key assumptions as of June 30, 2013 and December 31, 2012 is presented below.

	June 30, 2013	December 31, 2012
Prepayment Rate		
10% adverse rate change	$22,707	$23,100
20% adverse rate change	43,670	44,232
Discount Rate		
10% adverse rate change	16,001	12,696
20% adverse rate change	30,952	24,539

In the previous table, the effect of a variation in a specific assumption on the fair value is calculated without changing any other assumptions. This analysis typically cannot be extrapolated because the relationship of a change in one key assumption to the change in the fair value of the Company's residential mortgage servicing rights usually is not linear. The effect of changing one key assumption will likely result in the change of another key assumption which could impact the sensitivities.

Commercial

The carrying value and fair value of our commercial MSR was $9,357 at June 30, 2013. As of December 31, 2012, the carrying value and fair value of our commercial MSR was $12,700 and $15,698, respectively.

9. Income Taxes

For the three and six months ended June 30, 2013, the Company's effective income tax rate of 38.2% for both periods differs from the statutory federal income tax rate primarily due to state income taxes. For the three and six months ended June 30, 2012, the Company's effective income tax rate of 36.4% for both periods, differs from the statutory federal income tax rate primarily due to state income taxes.

10. Share-Based Compensation

Option Plans - On March 6, 2013, the Company granted 537,154 options with a fair value on the grant date of $7.53. The fair value of each option award was estimated as of the grant date using the Black-Scholes option-pricing model. Significant assumptions used in the Black-Scholes option-pricing model to determine the fair value of stock options are as follows:

Risk-free interest rate	1.76 %
Expected volatility	38.93 %

Expected term (years)	9.10	
Dividend yield	0.55	%

The risk-free interest rate is based on the U.S. Treasury constant maturity yield for treasury securities with maturities approximating the expected life of the options granted on the date of grant. The expected option terms were based on the Company’s historical exercise and post-vesting termination behaviors. The Company analyzes a group of publicly-traded peer institutions to determine the expected volatility of its stock. The peer group is assessed for adequacy annually, or as circumstances indicate significant changes to the composition of the peer group are warranted. Volatility for the Company's stock is estimated utilizing the average volatility calculated for the peer group, which is based upon daily price observations over the estimated term of the options granted.

During the six months ended June 30, 2013, 1,332,500 options were exercised with a total intrinsic value of $9,321.

Nonvested Stock - The Company issued 274,548 nonvested shares of stock to certain employees as an incentive for continued employment and certain directors in lieu of cash payouts for compensation during the six months ended June 30, 2013. The weighted-average grant date fair value of these shares was $16.60.

Table of Contents

11. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	$45,993	$11,172	$85,139	$23,018
Less dividends on preferred stock	(2,531)	(1,073)	(5,062)	(5,555)
Less undistributed net income allocated to participating preferred stock	—	(612)	—	(2,109)
Net income allocated to common shareholders	$43,462	$9,487	$80,077	$15,354
(Units in Thousands)				
Average common shares outstanding	122,281	100,779	121,934	88,454
Common share equivalents:				
Stock options	1,683	1,530	1,730	1,691
Nonvested stock	70	265	71	269
Average common shares outstanding, assuming dilution	124,034	102,574	123,735	90,414
Basic earnings per share	$0.36	$0.09	$0.66	$0.17
Diluted earnings per share	$0.35	$0.09	$0.65	$0.17

On January 25, 2012, the Company’s Board of Directors approved a special cash dividend of $4,482 to the holders of the Series A 6% Preferred Stock, which was paid on March 1, 2012, in order to induce conversion to shares of Common Stock. On April 24, 2012, the Company's Board of Directors approved a special cash dividend of $1,073 to the holders of the Series B 4% Preferred Stock, which was paid on June 19, 2012. In addition, the Company included the Series A 6% Preferred Stock and Series B 4% Preferred Stock as a participating security through the date of conversion and upon conversion, the Company included the shares in common shares outstanding.

Certain securities were antidilutive and were therefore excluded from the calculation of diluted earnings per share. Common shares attributed to these antidilutive securities had these securities been exercised or converted as of June 30, 2013 and 2012 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Stock Options	3,201,156	4,121,160	4,673,609	5,905,837

Table of Contents

12. Derivative Financial Instruments

The fair values of derivatives are reported in other assets, deposits, or accounts payable and accrued liabilities. The fair values are derived using the valuation techniques described in Note 13. The total notional or contractual amounts and fair values as of June 30, 2013 and December 31, 2012 are as follows:

	Notional Amount	Fair Value Asset Derivatives	Liability Derivatives
June 30, 2013			
Qualifying hedge contracts accounted for under Accounting Standards Codification (ASC) 815, Derivatives and Hedging			
Cash flow hedges:			
Forward interest rate swaps	$478,000	$—	$53,219
Derivatives not designated as hedging instruments under ASC 815, Derivatives and Hedging			
Freestanding derivatives:			
Interest rate lock commitments (IRLCs)	1,359,696	1,935	18,361
Forward and optional forward sales commitments	2,901,268	95,341	19,426
Interest rate swaps	55,096	—	582
Foreign exchange contracts	884,508	1,075	30,605
Equity, foreign currency, commodity and metals indexed options	146,155	8,827	—
Options embedded in client deposits	145,263	—	8,801
Indemnification assets	208,107	8,931	—
Total freestanding derivatives		116,109	77,775
Netting and cash collateral adjustments [1]		(6,879)	(80,439)
Total derivatives		$109,230	$50,555

	Notional Amount	Fair Value Asset Derivatives	Liability Derivatives
December 31, 2012			
Qualifying hedge contracts accounted for under ASC 815, Derivatives and Hedging			
Fair value hedges:			
Interest rate swaps	$31,247	$—	$579
Cash flow hedges:			
Forward interest rate swaps	703,000	—	105,166
Derivatives not designated as hedging instruments under ASC 815, Derivatives and Hedging			
Freestanding derivatives:			
IRLCs	1,737,555	10,904	970
Forward and optional forward sales commitments	2,781,788	2,498	6,481
Foreign exchange contracts	963,820	10,368	2,121
Equity, foreign currency, commodity and metals indexed options	150,885	15,880	—
Options embedded in client deposits	150,181	—	15,750
Indemnification assets	273,687	9,092	—
Total freestanding derivatives		48,742	25,322
Netting and cash collateral adjustments [1]		(15,481)	(110,641)
Total derivatives		$33,261	$20,426

(1) Amounts represent the effect of legally enforceable master netting agreements that allow the Company to settle positive and negative positions as well as cash collateral and related accrued interest held or placed with the same

counterparties. Amounts as of June 30, 2013 and December 31, 2012 include derivative positions netted totaling $261 and $651, respectively.

Table of Contents

Cash Flow Hedges
Activity for derivatives in cash flow hedge relationships for the three and six months ended June 30, 2013 and 2012 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Pretax losses recognized in interest expense (ineffective portion)	$—	$(205)	$—	$(270)

All changes in the value of the derivatives were included in the assessment of hedge effectiveness.
As of June 30, 2013, AOCI included $28,574 of deferred pre-tax net losses expected to be reclassified into earnings during the next 12 months for derivative instruments designated as cash flow hedges of forecasted transactions. The Company is hedging its exposure to the variability of future cash flows for forecasted transactions of fixed-rate debt for a maximum of 10 years.
Freestanding Derivatives
The following table shows the net losses recognized for the three and six months ended June 30, 2013 and 2012 in the condensed consolidated statements of income related to derivatives not designated as hedging instruments under ASC 815, Derivatives and Hedging. These gains and losses are recognized in other noninterest income, except for the indemnification assets which are recognized in general and administrative expense.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Freestanding derivatives				
Gains (losses) on interest rate contracts (1)	$56,027	$(36,358)	$78,059	$(48,188)
Gains (losses) on indemnification assets (2)	16	570	(161)	843
Other	(6)	(49)	(146)	397
Total	$56,037	$(35,837)	$77,752	$(46,948)

(1) Interest rate contracts include interest rate lock commitments, forward and optional forward sales commitments, and interest rate swaps.
(2) Refer to Note 13 for additional information relating to the indemnification asset.

Interest rate contracts are predominantly used as economic hedges of interest rate lock commitments and loans held for sale. Other derivatives are predominantly used as economic hedges of foreign exchange, commodity, metals and equity risk.
Credit Risk Contingent Features
Certain of the Company's derivative instruments contain provisions that require the Company to post collateral when derivatives are in a net liability position. The provisions generally are dependent upon the Company's credit rating based on certain major credit rating agencies or dollar amounts in a liability position at any given time which exceed specified thresholds, as indicated in the relevant contracts. In these circumstances, the counterparties could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features in a net liability position on June 30, 2013 and December 31, 2012 was $84,406 and $107,215, respectively. The Company offsets derivative instruments against the rights to reclaim cash collateral or the obligations to return cash collateral in the balance sheet. As of June 30, 2013 and December 31, 2012, $80,700 and $109,990, respectively, in collateral was netted against liability derivative positions subject to master netting agreements. As of June 30, 2013 and December 31, 2012, $100 and $40,260, respectively, of collateral was posted for positions not subject to master netting agreements.
Counterparty Credit Risk
The Company is exposed to counterparty credit risk if counterparties to the derivative contracts do not perform as expected. If the counterparty fails to perform, counterparty credit risk equals the amount reported as derivative assets in the balance sheet. The amounts reported as derivative assets are derivative contracts in a gain position, and to the extent subject to master netting arrangements, net of derivatives in a loss position with the same counterparty and cash

collateral received. The Company minimizes this risk through obtaining credit approvals, monitoring credit limits, monitoring procedures, and executing master netting arrangements and obtaining collateral, where appropriate. The Company offsets derivative instruments against the rights to reclaim cash collateral or the obligations to return cash collateral in the balance sheet. As of June 30, 2013 and December 31, 2012, $7,140 and $14,830, respectively, in collateral was netted against asset derivative positions subject to master netting agreements. As of June 30, 2013 and December 31, 2012, the Company held $7,140 and $15,220, respectively, in collateral from its counterparties. Counterparty credit risk related to derivatives is considered in determining fair value.

13. Fair Value Measurements

Asset and liability fair value measurements have been categorized based upon the fair value hierarchy described below:

Level 1 – Valuation is based upon quoted market prices for identical instruments in active markets.

Level 2 – Valuation is based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates or assumptions that market participants would use in pricing the assets or liabilities. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Table of Contents

Recurring Fair Value Measurements

As of June 30, 2013 and December 31, 2012, assets and liabilities measured at fair value on a recurring basis, including certain loans held for sale for which the Company has elected the fair value option, are as follows:

	Level 1	Level 2	Level 3	Netting	Total
June 30, 2013					
Financial assets:					
Available for sale securities:					
Residential CMO securities - nonagency	$—	$1,351,318	$—	$—	$1,351,318
Asset-backed securities	—	5,829	—	—	5,829
Other	331	274	—	—	605
Total available for sale securities	331	1,357,421	—	—	1,357,752
Loans held for sale	—	1,039,977	287,906	—	1,327,883
Financial liabilities:					
FDIC clawback liability	—	—	48,993	—	48,993
Derivative financial instruments:					
Derivative assets (Note 12)	1,075	104,168	10,866	(6,879)	109,230
Derivative liabilities (Note 12)	30,605	82,028	18,361	(80,439)	50,555

	Level 1	Level 2	Level 3	Netting	Total
December 31, 2012					
Financial assets:					
Available for sale securities:					
Residential CMO securities - nonagency	$—	$1,611,775	$—	$—	$1,611,775
Asset-backed securities	—	7,526	—	—	7,526
Other	267	310	—	—	577
Total available for sale securities	267	1,619,611	—	—	1,619,878
Loans held for sale	—	1,452,236	—	—	1,452,236
Financial liabilities:					
FDIC clawback liability	—	—	50,720	—	50,720
Derivative financial instruments:					
Derivative assets (Note 12)	10,368	29,282	9,092	(15,481)	33,261
Derivative liabilities (Note 12)	2,121	128,946	—	(110,641)	20,426

Changes in assets and liabilities measured at Level 3 fair value on a recurring basis for the three and six months ended June 30, 2013 and 2012 are as follows:

	Loans Held for Sale (1)	FDIC Clawback Liability (2)	Freestanding Derivatives, net (3)
Three Months Ended June 30, 2013			
Balance, beginning of period	$—	$(52,188)	$15,544
Issuances	291,288	—	91,793
Settlements	—	—	(40,259)
Gains (losses) included in earnings for the period	(3,382)	3,195	(74,574)
Balance, end of period	$287,906	$(48,993)	$(7,496)
Change in unrealized net gains (losses) included in net income related to assets and liabilities still held as of June 30, 2013	$(3,382)	$3,195	$(23,040)
Three Months Ended June 30, 2012			
Balance, beginning of period	$—	$(43,694)	$8,814
Gains (losses) included in earnings for the period	—	(3,044)	569

Balance, end of period	$—	$(46,738)	$9,383
Change in unrealized net gains (losses) included in net income related to assets and liabilities still held as of June 30, 2012	$—	$(3,044)	$569

Table of Contents

	Loans Held for Sale [1]	FDIC Clawback Liability [2]	Freestanding Derivatives, net [3]
Six Months Ended June 30, 2013			
Balance, beginning of period	$—	$(50,720)	$9,092
Issuances	291,288	—	91,793
Transfers into Level 3	—	—	6,628
Settlements	—	—	(40,259)
Gains (losses) included in earnings for the period	(3,382)	1,727	(74,750)
Balance, end of period	$287,906	$(48,993)	$(7,496)
Change in unrealized net gains (losses) included in net income related to assets and liabilities still held as of June 30, 2013	$(3,382)	$1,727	$(23,216)
Six Months Ended June 30, 2012			
Balance, beginning of period	$15,462	$(43,317)	$8,539
Settlements	(623)	—	—
Transfers out of Level 3	(14,946)	—	—
Gains (losses) included in earnings for the period	107	(3,421)	844
Balance, end of period	$—	$(46,738)	$9,383
Change in unrealized net gains (losses) included in net income related to assets and liabilities still held as of June 30, 2012	$107	$(3,421)	$844

(1) Net realized and unrealized gains on loans held for sale are included in gain on sale of loans.
(2) Changes in fair value of the FDIC clawback liability are recorded in general and administrative expense.
(3) Net realized and unrealized gains (losses) on IRLCs are included in gain on sale of loans. Changes in the fair value of the indemnification assets are recorded in general and administrative expense.

The Company monitors the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the Company reports the transfer at the end of the reporting period.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a recurring basis at June 30, 2013 and December 31, 2012:

Level 3 Fair Value Measurement	Fair Value	Valuation Technique	Unobservable Inputs	Significant Unobservable Input Value
June 30, 2013				
FDIC clawback liability	$48,993	Discounted cash flow	Servicing cost	$7,493 - $15,746 [1]
Indemnification asset	8,931	Discounted cash flow	Discount Rate	4.35 % - 4.35%
			Reinstatement rate	6.2 % - 61.5% [2]
			Loss duration (in months)	9 - 78 [2]
			Loss severity [3] [5]	(3.8)% - 17.1% [2]
IRLCs, net	16,426	Discounted cash flow	Loan closing ratio	0.0 % - 99.0% [4]
Loans held for sale	287,906	Discounted cash flow	Discount rate	3.39 % - 3.97%
			Prepayment rate	8.00 % - 8.00%
			Default rate	0.20 % - 3.18%
			Weighted average life (in years)	5.38 - 8.44
			Cumulative loss	0.0 % - 1.11%
			Loss severity	0.0 % - 46.73%
December 31, 2012				
FDIC clawback liability	$50,720	Discounted cash flow	Servicing cost	$6,790 - $14,558 [1]

Indemnification asset	9,092	Discounted cash flow	Reinstatement rate	3.8	% - 79.5%	(2)
			Loss duration (in months)	8	- 50	(2)
			Loss severity (3)	2.4	% - 11.3%	(2)

(1) The range represents the sum of the highest and lowest servicing cost values for all tranches that we use in our valuation process. The servicing cost represents 1% of projected UPB of the underlying loans.

(2) The range represents the sum of the highest and lowest values for all tranches that we use in our valuation process.

(3) Loss severity represents the interest loss severity as a percentage of UPB.

(4) The range represents the highest and lowest loan closing rates used in the IRLC valuation. The range includes the closing ratio for rate locks unclosed at the end of the period, as well as the closing ratio for loans which have settled during the period.

Table of Contents

(5) Negative loss severity results from the indemnifying party receiving a debenture rate interest from the insuring agency that more than offsets the lower note rate interest payments due from the indemnifying party under the indemnification agreement.

The significant unobservable input used in the fair value measurement of the FDIC clawback liability is servicing cost. Significant increases (decreases) in this input in isolation could result in a significantly lower (higher) fair value measurement. The Company estimates the fair value of the FDIC clawback liability using a discounted cash flow model. The Company enters observable and unobservable inputs into the model to arrive at fair value. Changes in the estimate are primarily driven by changes in the interpolated discount rate (an observable input) and changes in servicing cost as a result of changes in projected UPB. The assumptions are reviewed and updated on a quarterly basis by management.

The significant unobservable inputs used in the fair value measurement of the indemnification asset are the reinstatement rate, loss severity and duration. Significant increases (decreases) in any of those inputs in isolation could result in a significantly lower (higher) fair value measurement. The reinstatement rate is determined by analyzing historical default activity of similar loans. Loss severity is estimated as the interest rate spread between the note and debenture rate of the government insured loans as well as advance costs that are not reimbursable by the Federal Housing Administration (FHA), which is then extrapolated over the expected duration. In assessing the note to debenture rate spread in estimating severity, an analysis is performed to evaluate the cash flows related to the indemnified loans as experienced by the indemnifying party. In certain situations, the debenture rate interest received by the indemnifying party may exceed the note rate interest guaranteed under the indemnification, which will result in positive cash flows for the indemnifying party and negative severity experienced on any tranches for which the weighted average debenture rate exceeds the weighted average note rate. The Company’s portfolio management group is responsible for analyzing and updating the assumptions and cash flow model of the underlying loans on a quarterly basis, which includes corroboration with historical experience.

The significant unobservable input used in the fair value measurement of the Company's IRLCs is the closing ratio, which represents the percentage of loans currently in a lock position which management estimates will ultimately close. Generally, the fair value of an IRLC is positive (negative) if the prevailing interest rate is lower (higher) than the IRLC rate. Therefore, an increase in the loan closing probability (i.e., higher percentage of loans estimated to close) will result in the fair value of the IRLC to increase if in a gain position, or decrease if in a loss position. The loan closing ratio is largely dependent on the loan processing stage that a loan is currently in and the change in prevailing interest rates from the time of the rate lock through the time the loan closes. The closing ratio is computed by our secondary marketing system using historical data and the ratio is periodically reviewed by the Company's secondary marketing department of the portfolio management group for reasonableness.

The Company estimates the fair value of Level 3 loans held for sale utilizing a discounted cash flow approach which includes an evaluation of the collateral and underlying loan characteristics, as well as assumptions to determine the discount rate such as credit loss and prepayment forecasts, and servicing costs. In determining the appropriate discount rate, prepayment and credit assumptions, the Company monitors other capital markets activity for similar collateral being traded and/or interest rates currently being offered for similar products. Discussions related to the fair value of these loans held for sale are held between our internal valuation specialists and executive and business unit management to discuss the key assumptions used in arriving at our estimates.

Loans Held for Sale Accounted for under the Fair Value Option

The following table presents information on loans held for sale reported under the fair value option at June 30, 2013 and December 31, 2012:

	Total
June 30, 2013	
Fair value carrying amount	$1,327,883
Aggregate unpaid principal balance	1,335,129
Fair value carrying amount less aggregate unpaid principal	$(7,246)
December 31, 2012	
Fair value carrying amount	$1,452,236

Aggregate unpaid principal balance	1,387,423
Fair value carrying amount less aggregate unpaid principal	$64,813

No loans recorded under the fair value option were on nonaccrual status at June 30, 2013 or December 31, 2012.
Differences between the fair value carrying amount and the aggregate unpaid principal balance include changes in fair value recorded at and subsequent to funding, gains and losses on the related loan commitment prior to funding and premiums or discounts on acquired loans.
The net gain from initial measurement of loans accounted for under the fair value option and subsequent changes in fair value were $26,304 and $87,935 for the three and six months ended June 30, 2013, respectively, and $111,464 and $176,173 for the three and six months ended June 30, 2012, respectively, and are included in gain on sale of loans. These amounts exclude the impact from offsetting hedging arrangements which are also included in gain on sale of loans in the condensed consolidated statements of income. An immaterial portion of the change in fair value was attributable to changes in instrument-specific credit risk.

Table of Contents

Non-recurring Fair Value Measurements

Certain assets and liabilities are measured at fair value on a non-recurring basis and therefore are not included in the tables above. These measurements primarily result from assets carried at the lower of cost or fair value or from impairment of individual assets. Gains and losses disclosed below represent changes in fair value recognized subsequent to initial classification. The change in the MSR value represents a change due to impairment or recoveries on previous write downs. The carrying value of assets measured at fair value on a non-recurring basis and held at June 30, 2013 and December 31, 2012 and related changes in fair value are as follows:

	Level 1	Level 2	Level 3	Total	Loss (Gain) Due to Change in Fair Value
June 30, 2013					
Collateral-dependent loans	$—	$—	$12,699	$12,699	$(2,051)
Other real estate owned (1)	—	—	10,936	10,936	(1,933)
Mortgage servicing rights (2)	—	—	389,774	389,774	(45,127)
Loans held for sale	—	—	456,540	456,540	(6,872)
December 31, 2012					
Collateral-dependent loans	$—	$—	$48,048	$48,048	$6,163
Other real estate owned (1)	—	4,030	26,787	30,817	6,230
Mortgage servicing rights (2)	—	—	320,901	320,901	63,508

(1) Gains and losses resulting from subsequent measurement of OREO are included in the condensed consolidated statements of income as general and administrative expense. OREO is included in other assets in the condensed consolidated balance sheets.

(2) The fair value for mortgage servicing rights represents the value of the strata with impairment or recoveries on previous valuation allowances.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2013 and December 31, 2012:

Level 3 Fair Value Measurement	Fair Value	Valuation Technique	Unobservable Inputs	Significant Unobservable Input Value	
June 30, 2013					
Collateral-dependent loans	$12,699	Appraised value	Appraised value	NM	(1)
Other real estate owned	10,936	Appraised value	Appraised value	NM	(1)
Mortgage servicing rights	389,774	Discounted cash flow	Prepayment speed	13.6 % - 21.7%	(2)
			Discount rate	9.5 % - 10.0%	(3)
Loans held for sale	456,540	Discounted cash flow	Discount rate	3.39 % - 3.97%	
			Prepayment rate	8 % - 8%	
			Default rate	0.20 % - 3.18%	
			Weighted average life (in years)	5.38 - 8.44	
			Cumulative loss	0.0 % - 1.11%	
			Loss severity	0.0 % - 46.73%	
December 31, 2012					
Collateral-dependent loans	$36,609	Sales comparison approach	Appraisal value adjustment	0 % - 47%	
Collateral-dependent loans	11,439	Discounted appraisals	Collateral discounts	5.0 % - 5.0%	

Other real estate owned	23,359	Sales comparison approach	Appraisal value adjustment	0.0	% - 82.0%	
Other real estate owned	3,428	Discounted appraisals	Collateral discounts	5.0	% - 10.0%	
Mortgage servicing rights	320,901	Discounted cash flow	Prepayment speed	16.5	% - 19.8%	(2)
			Discount rate	9.2	% - 9.8%	(3)

(1) NM - Not Meaningful

(2) The prepayment speed assumptions include a blend of prepayment speeds that are influenced by mortgage interest rates, the current macroeconomic environment and borrower behaviors and may vary over the expected life of the asset. The range represents the highest and lowest values for the strata with recoveries on previous valuation allowances.

(3) The discount rate range represents the highest and lowest values for the MSR strata with recoveries on previous valuation allowances.

The Company estimates the fair value of collateral-dependent loans and OREO using appraisal valuation. Appraisals for both collateral-dependent impaired loans and OREO are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Company's valuation services group reviews the assumptions and approaches utilized in the appraisal. To assess the reasonableness of the fair value, the Company's valuation services group compares the assumptions to independent data sources such as recent market data or industry-wide statistics. For collateral dependent loans in which a new appraisal is expected in the next quarter, the appraisal is reviewed by an officer and an adjustment may be made based on a review of the property, historical property value changes, and current market rates.

The fair value of mortgage servicing rights is determined by using a discounted cash flow model to calculate the present value of estimated future net servicing income. The assumptions are a combination of market and company-specific data. On a quarterly basis, the portfolio management group compares the Company’s estimated fair value of the mortgage servicing rights to a third-party valuation as part of

Table of Contents

the valuation process. Discussions are held between executive management and the independent third-party to discuss the key assumptions used by the respective parties in arriving at those estimates.
The Company estimates the fair value of Level 3 loans held for sale utilizing a discounted cash flow approach which includes an evaluation of the collateral and underlying loan characteristics, as well as assumptions to determine the discount rate such as credit loss and prepayment forecasts, and servicing costs. In determining the appropriate discount rate, prepayment and credit assumptions, the Company monitors other capital markets activity for similar collateral being traded and/or interest rates currently being offered for similar products. Discussions related to the fair value of these loans held for sale are held between our internal valuation specialists and executive and business unit management to discuss the key assumptions used in arriving at our estimates.
Disclosures about Fair Value of Financial Instruments
The following table presents the carrying amount, estimated fair value, and placement in the fair value hierarchy of the Company’s financial instruments as of June 30, 2013 and December 31, 2012. This table excludes financial instruments with short-term or no stated maturity, prevailing market rates and limited credit risk, where carrying amounts approximate fair value. For financial assets such as cash and due from banks, FHLB restricted stock, and other investments, the carrying amount is a reasonable estimate of fair value. For financial liabilities such as noninterest-bearing demand, interest-bearing demand, and savings and money market deposits, the carrying amount is a reasonable estimate of fair value as these liabilities have no stated maturity.

	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
June 30, 2013					
Financial assets:					
Investment securities:					
Held to maturity	$115,319	$114,853	$—	$112,303	$2,550
Loans held for sale (1)	672,507	684,038	—	151,513	532,525
Loans held for investment (2)	11,782,996	11,788,877	—	—	11,788,877
Financial liabilities:					
Time deposits	$3,816,076	$3,856,360	$—	$3,856,360	$—
Other borrowings	2,667,700	2,613,783	—	2,613,783	—
Trust preferred securities	103,750	84,707	—	—	84,707
December 31, 2012					
Financial assets:					
Investment securities:					
Held to maturity	$143,234	$146,709	$—	$143,730	$2,979
Loans held for sale (1)	635,810	658,091	—	642,437	15,654
Loans held for investment (2)	11,589,233	11,716,283	—	—	11,716,283
Financial liabilities:					
Time deposits	$4,123,594	$4,165,065	$—	$4,165,065	$—
Other borrowings (3)	3,050,698	3,085,174	—	3,085,174	—
Trust preferred securities	103,750	78,112	—	—	78,112

(1) The carrying value of loans held for sale excludes $1,327,883 and $1,452,236 in loans measured at fair value on a recurring basis as of June 30, 2013 and December 31, 2012, respectively.

(2) The carrying value of loans held for investment is net of the allowance for loan loss of $69,396 and $78,921 as of June 30, 2013 and December 31, 2012, respectively. In addition, the carrying values excludes $1,010,923 and $833,754 of lease financing receivables as of June 30, 2013 and December 31, 2012, respectively.

(3) The carrying value of other borrowings excludes $122,323 in repurchase agreements which have remaining maturities of less than one month as of December 31, 2012.

Following are descriptions of the valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not carried at fair value:

Investment Securities — Fair values are derived from quoted market prices and values from third party pricing services for which management understands the methods used to determine fair value and is able to assess the values. The Company also performs an assessment on the pricing of investment securities received from third party pricing services to ensure that the prices represent a reasonable estimate of fair value. The procedures include, but are not limited to, initial and on-going review of pricing methodologies and trends. The Company has the ability to challenge values and discuss its analysis with the third party pricing service provider in order to ensure that investments are recorded or disclosed at the appropriate fair value.

When the level and volume of trading activity for certain securities has significantly declined and/or when the Company believes that third party pricing may be based in part on forced liquidations or distressed sales, the Company analyzes each security for the appropriate valuation methodology based on a combination of the market approach reflecting third party pricing information and a discounted cash flow approach. In calculating the fair value derived from the income approach, the Company makes certain significant assumptions in addition to those discussed above related to the liquidity risk premium, specific non-performance and default experience specific to the collateral underlying the security. The values resulting from each approach (i.e., market and income approaches) are weighted to derive the final fair value for each security trading in an inactive market. As of June 30, 2013 and December 31, 2012, management did not make any adjustments to the prices provided by the third party pricing service as a result of illiquid or inactive markets. In addition, the Company has one corporate security that is valued using the income approach. To determine the price, the Company determines the cash flows based on the contract terms which include

Table of Contents

London Interbank Offered Rate (LIBOR) plus the spread and then discounts those cash flows at a rate that makes the present value of total discounted cash flows of a newly issued security approximate par. The spread to swap curve is interpolated based on the comparable securities that would issue in the market on the valuation date. Industry and rating factors are used to determine the comparable securities. This security has been classified as level 3.

Loans Held for Sale — Fair values for loans held for sale valued under the fair value option were derived from quoted market prices or from models using loan characteristics (product type, pricing features and loan maturity dates) and economic assumptions (prepayment estimates and discount rates) based on prices currently offered in secondary markets for similar loans.

Fair values for loans carried at lower of cost or fair value were derived from models using characteristics of the loans (e.g., product type, pricing features and loan maturity dates) and economic assumptions (e.g., prepayment estimates, discount rates and estimated credit losses). Certain loans are valued using market observable pricing. All other loans are classified as level 3.

Loans Held for Investment — The fair value of loans held for investment is derived from discounted cash flows and includes an evaluation of the collateral and underlying loan characteristics, as well as assumptions to determine the discount rate such as credit loss and prepayment forecasts, and servicing costs. Held for investment loans are classified as level 3.

Impaired Loans — At the time a loan is considered impaired, it is valued at the lower of cost or fair value. Fair value is determined primarily by using an income, cost, or market approach and is normally provided through appraisals. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. For collateral-dependent loans for which a new appraisal is expected in the next quarter, the appraisal is reviewed by an officer and an adjustment may be made based on a review of the property, historical changes, and current market rates. Such adjustments are usually significant and typically result in a level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a level 3 fair value classification. Impaired loans are evaluated at least quarterly for additional impairment and adjusted accordingly. Impaired loans carried at fair value generally receive specific allocations of the allowance for loan losses.

Other Real Estate Owned — Foreclosed assets are carried at the lower of carrying value or fair value. Foreclosed assets are adjusted to fair value less costs to sell upon transfer of the loans to foreclosed assets. Fair value is generally based upon appraisals or independent market prices that are periodically updated subsequent to classification as OREO. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments on OREO are usually significant and typically result in a level 3 classification of the inputs for determining fair value.

Mortgage Servicing Rights — Mortgage servicing rights are evaluated for impairment on a quarterly basis. If the carrying amount of an individual stratum exceeds fair value, a valuation allowance is recorded on that stratum so that the servicing asset is carried at fair value. Additionally, subsequent to the impairment, the MSR asset can recover its value up to the amount of valuation allowance recorded. A third-party valuation is obtained quarterly. The servicing portfolio is valued using all relevant positive and negative cash flows including servicing fees, miscellaneous income and float, costs of servicing, the cost of carry of advances, foreclosure losses, and applying certain prevailing assumptions used in the marketplace. Mortgage servicing rights do not trade in an active, open market with readily observable prices. Due to the nature of the valuation inputs, mortgage servicing rights are classified within level 3 of the hierarchy.

Time Deposits — The fair value of fixed-rate certificates of deposit is estimated using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. The Company considers the impact of its own credit spreads in the valuation of these liabilities. The credit risk is determined by reference to observable credit spreads in the secondary cash market.

Other Borrowings — For advances that bear interest at a variable rate, the carrying amount is a reasonable estimate of fair value. For fixed-rate advances and repurchase agreements, fair value is estimated using quantitative discounted cash flow models that require the use of interest rate inputs that are currently offered for fixed-rate advances and repurchase agreements of similar remaining maturities. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. For hybrid advances, fair value is obtained from an FHLB proprietary model mathematical approximation of the market value of the underlying hedge. The terms of the hedge are similar to the advances.

Trust Preferred Securities — Fair value is estimated using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate pricing curves. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. The Company interpolates its own credit spreads in the valuation of these liabilities. Due to the significance of the credit spread in the valuation inputs, trust preferred securities are classified within level 3 of the hierarchy.

FDIC Clawback Liability — The fair value of the FDIC clawback liability represents the net present value of expected true-up payments due 45 days after the fifth and tenth anniversaries of the closing of the Bank of Florida acquisition pursuant to the purchase and assumption agreements between the Company and the FDIC. On the true-up measurement dates, the Company is required to make a true-up payment to the FDIC in an amount equal to 50% of the excess, if any, of (1) 20% of the intrinsic loss estimate (an established figure by the FDIC) less (2) the sum of (a) 25% of the asset discount, (part of the Company's bid) plus (b) 25% of the cumulative loss share payments plus (c) a 1% servicing fee based on the principal amount of the covered assets over the term (calculated annually based on the average principal amount at the beginning and end of each year and then summed up for a total fee included in the calculation). The liability was discounted using an estimated cost of debt capital, based on an interpolated cost of debt capital of banks with credit quality comparable to the Company's (using USD US Bank (BBB) BFV Curve index). This liability is considered to be contingent consideration as it requires the return of a portion of the initial consideration in the event contingencies are met. Due to the nature of the valuation inputs, FDIC clawback liability is classified within level 3 of the hierarchy.

Fair Value and Cash Flow Hedges — The fair value of interest rate swaps is determined by a third party from a derivative valuation model. The inputs for the valuation model primarily include start and end swap dates, swap coupon, interest rate curve and notional amounts. See Note 12 for additional information on fair value and cash flow hedges.

Table of Contents

Freestanding Derivatives — The fair value of forward sales and optional forward sales commitments is determined based upon the difference between the settlement values of the commitments and the quoted market values of the securities. Fair values of foreign exchange contracts are based on quoted prices for each foreign currency at the balance sheet date. For indexed options and embedded options, the fair value is determined by obtaining market or dealer quotes for instruments with similar characteristics. The Company uses a cash flow model to project cash flows for GNMA pool buyouts with and without recourse to determine the fair value for the indemnification asset. As this derivative is based on company-specific assumptions and is not actively traded, the indemnification asset is classified within level 3 of the hierarchy. Fair values of interest rate lock commitments are derived by using valuation models incorporating current market information or by obtaining market or dealer quotes for instruments with similar characteristics, subject to anticipated loan funding probability or fallout. The funding probability is the loan closing ratio. This ratio is estimated based primarily upon historical experience by product. Because of the significance of the closing ratio in the fair value calculation, interest rate locks are classified within level 3 of the hierarchy. Counterparty credit risk is taken into account when determining fair value. See Note 12 for additional information on freestanding derivatives.

14. Commitments and Contingencies

Commitments — Commitments to extend credit are agreements to lend to customers in accordance with predetermined contractual provisions. These commitments, predominantly at variable interest rates, are for specific periods or contain termination clauses and may require the payment of a fee. The total amounts of unused commitments do not necessarily represent future credit exposure or cash requirements, as commitments often expire without being drawn upon.

In order to meet the needs of its clients, the Company also issues standby letters of credit, which are conditional commitments generally to provide credit support for some creditors in case of default. The credit risk and potential cash requirements involved in issuing standby letters of credit are essentially the same as those involved in extending loan facilities to clients.

Unfunded credit extension commitments at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Commercial[(1)]	$1,364,532	$1,094,900
Leasing	168,857	172,808
Residential	67,916	—
Home equity lines of credit	36,248	40,915
Credit card lines of credit	34,989	32,496
Standby letters of credit	1,341	1,274
Total unfunded credit extension commitments	$1,673,883	$1,342,393

(1) Unfunded commercial commitments include $877,531 and $609,619 of conditional commitments for which certain requirements must be met in order to obtain an advance under the existing commitment as of June 30, 2013 and December 31, 2012, respectively.

In the ordinary course of business, the Company enters into commitments to originate residential mortgage loans held for sale at interest rates determined prior to funding. Interest rate lock commitments for loans that the Company intends to sell are considered freestanding derivatives and are recorded at fair value. See Note 12 for information on interest rate lock commitments as they are not included in the table above.

The Company has an agreement with the Jacksonville Jaguars of the National Football League whereby the Company obtained the naming rights to the football stadium in Jacksonville, Florida. Under the agreement, the Company is obligated to pay $400 during the remainder of 2013. The amount due in 2014 is $3,647, which is a 5% increase from the total obligation due in 2013.

Guarantees — The Company sells and securitizes conventional conforming and federally insured single-family residential mortgage loans predominantly to GSEs, such as Fannie Mae and Freddie Mac. The Company also sells residential mortgage loans, primarily those that do not meet criteria for whole loan sales to GSEs, through whole loan

sales to private non-GSE purchasers. In doing so, representations and warranties regarding certain attributes of the loans are made to the GSE or the third-party purchaser. Subsequent to the sale, if it is determined that the loans sold are (1) with respect to the GSEs, in breach of these representations or warranties or (2) with respect to non-GSE purchasers, in material breach of these representations and warranties, the Company generally has an obligation to either: (a) repurchase the loan for the UPB, accrued interest and related advances, (b) indemnify the purchaser or (c) make the purchaser whole for the economic benefits of the loan. From 2004 through June 30, 2013, the Company originated and securitized approximately $54,296,396 of mortgage loans to GSEs and private non-GSE purchasers. A majority of the loans sold to non-GSEs were agency deliverable products that were eventually sold by large aggregators of agency product who eventually securitized and sold to the agencies.
In some cases, the Company also has an obligation to repurchase loans in the event of early payment default (EPD) which is typically triggered if a borrower does not make the first several payments due after the loan has been sold to an investor. The Company’s private investors have agreed to waive EPD provisions for conventional conforming and federally insured single-family residential mortgage loans and certain jumbo loan products. However, the Company is subject to EPD provisions on the community reinvestment loans the Company originates and sells under the State of Florida housing program, which represents a minimal amount of total originations.
The Company’s obligations vary based upon the nature of the repurchase demand and the current status of the mortgage loan. The Company establishes reserves for estimated losses inherent in the Company’s origination of mortgage loans. In estimating the accrued liability for loan repurchase and make-whole obligations, the Company estimates probable losses inherent in the population of all loans sold based on trends in claims requests and actual loss severities experienced. The liability includes accruals for probable contingent losses in addition to those identified in the pipeline of repurchase or make-whole requests. There is additional inherent uncertainty in the estimate because the Company historically sold a majority of loan servicing released prior to 2009 and currently does not have servicing performance metrics on a majority of those loans it originated and sold. The estimation process is designed to include amounts based on actual losses experienced from actual repurchase activity. The baseline for the repurchase reserve uses historical loss factors that are applied to loan pools originated in 2003 through June 30, 2013 and sold in years 2004 through June 30, 2013. Loss factors, tracked by year of loss, are calculated using actual losses incurred on repurchase or make-whole arrangements. The historical loss factors experienced are accumulated for each sale vintage (year loan

Table of Contents

was sold) and are applied to more recent sale vintages to estimate inherent losses not yet realized. The Company's estimated recourse related to these loans was $21,960 and $27,000 at June 30, 2013 and December 31, 2012, respectively, and is recorded in accounts payable and accrued liabilities.

In the ordinary course of its loan servicing activities, the Company routinely initiates actions to foreclose real estate securing serviced loans. For certain serviced loans, there are provisions in which the Company is either obligated to fund foreclosure-related costs or to repurchase loans in default. Additionally, as servicer, the Company could be obligated to repurchase loans from or indemnify GSEs for loans originated by defunct originators. The outstanding principal balance on loans serviced at June 30, 2013 and December 31, 2012, was $61,700,811 and $49,422,104, respectively, including residential mortgage loans held for sale. The amount of estimated recourse recorded in accounts payable and accrued liabilities related to servicing activities at June 30, 2013 and December 31, 2012, was $23,518 and $26,026, respectively.

Federal Reserve Requirement — The Federal Reserve Board (FRB) requires certain institutions, including EB, to maintain cash reserves in the form of vault cash and average account balances with the Federal Reserve Bank. The reserve requirement is based on average deposits outstanding and was approximately $147,678 and $154,706 at June 30, 2013 and December 31, 2012, respectively.

Legal Actions — On April 13, 2011, each of the Company and EverBank entered into a consent order with the Office of Thrift Supervision (OTS) with respect to EverBank's mortgage foreclosure practices and the Company's oversight of those practices. The Office of the Comptroller of the Currency (OCC) succeeded the OTS with respect to EverBank's consent order, and the Board of Governors of the FRB succeeded the OTS with respect to the Company's consent order. The consent orders require, among other things, that the Company establish a new compliance program for mortgage servicing and foreclosure operations and that the Company ensures that it has dedicated resources for communicating with borrowers, policies and procedures for outsourcing foreclosure or related functions and management information systems that ensure timely delivery of complete and accurate information. The Company is also required to retain an independent firm to conduct a review of residential foreclosure actions that were pending from January 1, 2009 through December 31, 2010 in order to determine whether any borrowers sustained financial injury as a result of any errors, misrepresentations or deficiencies and to provide remediation as appropriate. The outcome of these processes could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, as well as significant legal costs in responding to governmental examinations and additional litigation for the Company. As of June 30, 2013, the independent consultant completed a portion of the review and provided a remediation plan based upon certain identified deficiencies. The Company accrued $12,841 based upon information available in the current remediation plan. As of June 30, 2013, the Company is unable to determine a possible range of loss as the review is not complete and the findings have not been finalized. There is at least a reasonable possibility that an exposure to loss exists in excess of the amount accrued.

In January 2013, thirteen mortgage servicing companies that were subject to similar consent orders reached an agreement in principle with the OCC and the FRB to terminate the independent foreclosure review requirements of the enforcement actions. As a result of this agreement, the participating servicers would cease their respective independent foreclosure reviews and instead make payments to borrowers within a framework established in the settlement agreement. For mortgage servicing companies like the Company and EverBank that did not enter into the settlement, the independent foreclosure review process will continue. The Company may be subject to civil monetary penalties with respect to the consent order, but the federal banking agencies have not indicated what the amount of any such penalties would be.

In addition, other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Company and other major mortgage servicers. The Company continues to cooperate with these investigations. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, as well as significant legal costs in responding to governmental investigations and additional litigation. The Company has evaluated subsequent events through the date in which financial statements are available to be issued and currently, the Company is unable to estimate any loss that may result from penalties or fines imposed by the OCC or

other governmental agencies and hence, no amounts have been accrued.
In the ordinary course of business, the Company and its subsidiaries are routinely involved in various claims and legal actions. In light of the uncertainties involved in these government proceedings, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by the Company.

15. Variable Interest Entities

The Company, in the normal course of business, engages in certain activities that involve variable interest entities (VIEs), which are legal entities that lack sufficient equity to finance their activities, or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the enterprise that has both the power to direct the activities most significant to the economic performance of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. The Company evaluates its interest in certain entities to determine if these entities meet the definition of a VIE and whether the Company is the primary beneficiary and should consolidate the entity based on the variable interests it held both at inception and when there is a change in circumstances that requires a reconsideration. If the Company is determined to be the primary beneficiary of a VIE, it must account for the VIE as a consolidated subsidiary. If the Company is determined not to be the primary beneficiary of a VIE but holds a variable interest in the entity, such variable interests are accounted for under accounting standards as deemed appropriate.

Non-consolidated VIEs

The table below summarizes select information related to variable interests held by the Company at June 30, 2013 and December 31, 2012:

	June 30, 2013		December 31, 2012	
Non-consolidated VIEs	Total Assets	Maximum Exposure	Total Assets	Maximum Exposure
Loans provided to VIEs	$168,525	$168,525	$185,000	$185,000
On-balance-sheet securitizations	141,438	141,438	99,121	99,121
Debt securities	1,467,753	1,467,753	1,757,858	1,757,858

Table of Contents

Loans provided to VIEs

The Company has provided funding to certain unconsolidated VIEs sponsored by third parties. These VIEs are generally established to finance certain small business loans originated by third parties and are not considered to have significant equity at risk. The entities are primarily funded through the issuance of loans from the Company and a certified development company (CDC). The Company's loan is secured by a first lien. Although the Company retains the servicing rights to the loan, the Company is unable to unilaterally make all decisions necessary to direct the activities that most significantly impact the VIE; therefore, it is not the primary beneficiary. The principal risk to which these entities are exposed is credit risk related to the underlying assets. The loans to these VIEs are included in the Company's overall analysis of the ALLL and reserve for unfunded commitments, respectively. The Company does not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs. The Company records the commercial loans on its condensed consolidated balance sheet as loans held for investment.

On-balance sheet securitizations

The Company engages in on-balance-sheet securitizations which are securitizations that do not qualify for sales treatment; thus, the assets remain on the Company's condensed consolidated balance sheet. The Company securitizes mortgage loans generally through a GSE, such as GNMA, FNMA or FHLMC (U.S. agency-sponsored mortgages). Occasionally, the Company will transfer conforming residential mortgages to GNMA in exchange for mortgage-backed securities. The Company maintains effective control over pools of transferred assets that remain unsold at the end of the period. Accordingly, the Company has not recorded these transfers as sales. These transferred assets are recorded in the condensed consolidated balance sheet as loans held for sale.

Debt securities

All MBS, CMO and ABS securities owned by the Company are issued through VIEs. The related VIEs were not consolidated, as the Company was not determined to be the primary beneficiary. See Note 4 for information related to debt securities.

Mortgage securitizations

The Company provides a variety of mortgage loan products to a diverse customer base. Once originated, the Company often securitizes these loans through the use of VIEs. These VIEs are funded through the issuance of trust certificates backed solely by the transferred assets. These mortgage loan securitizations are non-recourse except in accordance with the Company's standard obligations under representations and warranties. Thereby, the transaction effectively transfers the risk of future credit losses to the purchasers of the securities issued by the trust. The Company generally retains the servicing rights of the transferred assets but does not retain any other interest in the entities.

As noted above, the Company securitizes mortgage loans through government-sponsored entities or through private label (non-agency sponsored) securitizations. The Company is not the primary beneficiary of its U.S. agency-sponsored mortgage securitizations, because the Company does not have the power to direct the activities of the VIE that most significantly impact the entity's economic performance. Therefore, the Company does not consolidate these U.S. agency-sponsored mortgage securitizations. Additionally, the Company does not consolidate VIEs of private label securitizations. Although the Company is the servicer of the VIE, the servicing relationship is deemed to be a fiduciary relationship and, therefore, the Company is not deemed to be the primary beneficiary of the entity. Refer to Note 5 for information related to sales of residential mortgage receivables and Note 8 for information related to mortgage servicing rights.

16. Segment Information

The Company has three reportable segments: Banking and Wealth Management, Mortgage Banking, and Corporate Services. The Company's reportable business segments are strategic business units that offer distinctive products and services marketed through different channels. These segments are managed separately because of their marketing and distribution requirements.

The Banking and Wealth Management segment includes all banking, lending and investing products and services offered to customers either over the web or telephone or through financial centers or financial advisors. Activity relating to recent acquisitions has been included in the Banking and Wealth Management segment.

The Mortgage Banking segment includes the origination and servicing of mortgage loans and focuses primarily on residential loans for purposes of resale to GSEs, institutional investors or for investment by the Banking and Wealth Management segment.

The Corporate Services segment consists of services provided to the Banking and Wealth Management and Mortgage Banking segments including executive management, technology, legal, human resources, marketing, corporate development, treasury, accounting, finance and other services and transaction-related items. Direct expenses are allocated to the operating segments. Unallocated expenses are included in Corporate Services. Certain other expenses, including interest expense on trust preferred debt and transaction-related items, are included in the Corporate Services segment.

The chief operating decision maker's review of each segment's performance is based on segment income, which is defined as income from operations before income taxes and certain corporate allocations. Additionally, total net revenue is defined as net interest income before provision for loan and lease losses and total noninterest income.

Intersegment revenue among the Company's business units reflects the results of a funds transfer pricing (FTP) process, which takes into account assets and liabilities with similar interest rate sensitivity and maturity characteristics and reflects the allocation of net interest income related to the Company's overall asset and liability management activities. This provides for the creation of an economic benchmark, which allows the Company to determine the profitability of the Company's products and cost centers by calculating profitability spreads between product yields and internal references. However, business segments have some latitude to retain certain interest rate exposures related to customer pricing decisions within guidelines.

FTP serves to transfer interest rate risk to the treasury function through a transfer pricing methodology and cost allocating model. The basis for the allocation of net interest income is a function of the Company's methodologies and assumptions that management believes are appropriate to accurately reflect business segment results. These factors are subject to change based on changes in current interest rates and market conditions.

Table of Contents

The results of each segment are reported on a continuing basis. The following table presents financial information of reportable segments as of and for the three and six months ended June 30, 2013 and 2012. The eliminations column includes intersegment eliminations required for consolidation purposes.

As of and for the Three Months Ended June 30, 2013	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Net interest income (expense)	$127,072	$15,719	$(1,574)	$—	$141,217
Total net revenue	159,726	129,620 (1)	(1,325)	—	288,021
Intersegment revenue	4,613	(4,613)	—	—	—
Depreciation and amortization	7,180	1,256	1,785	—	10,221
Income before income taxes	89,076	10,347 (1)	(24,971) (3)	—	74,452
Total assets	15,588,567	2,805,876	194,395	(225,966)	18,362,872

As of and for the Three Months Ended June 30, 2012	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Net interest income (expense)	$114,801	$11,790	$(1,607)	$—	$124,984
Total net revenue	140,406	60,314 (2)	(1,613)	—	199,107
Intersegment revenue	(2,277)	2,277	—	—	—
Depreciation and amortization	7,080	409	1,798	—	9,287
Income before income taxes	59,819	(7,872) (2)	(34,380)	—	17,567
Total assets	13,327,046	1,902,152	124,406	(312,780)	15,040,824

As of and for the Six Months Ended June 30, 2013	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Net interest income (expense)	$259,445	$28,733	$(3,145)	$—	$285,033
Total net revenue	319,880	248,003 (1)	(2,737)	—	565,146
Intersegment revenue	7,768	(7,768)	—	—	—
Depreciation and amortization	14,230	2,560	3,331	—	20,121
Income before income taxes	165,506	23,794 (1)	(51,458) (3)	—	137,842
Total assets	15,588,567	2,805,876	194,395	(225,966)	18,362,872

As of and for the Six Months Ended June 30, 2012	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Net interest income (expense)	$221,346	$22,286	$(3,025)	$—	$240,607
Total net revenue	272,179	118,683 (2)	(2,939)	—	387,923
Intersegment revenue	(4,901)	4,901	—	—	—
Depreciation and amortization	13,470	996	3,625	—	18,091
Income before income taxes	121,652	(22,394) (2)	(63,051)	—	36,207
Total assets	13,327,046	1,902,152	124,406	(312,780)	15,040,824

(1) Segment earnings in the Mortgage Banking segment included a $32,572 recovery on the MSR valuation allowance for the three months ended June 30, 2013 and a $45,127 recovery on the MSR valuation allowance for the six

months ended June 30, 2013.

(2) Segment earnings in the Mortgage Banking segment included a $30,135 charge for MSR impairment for the three months ended June 30, 2012 and a $45,279 charge for MSR impairment for the six months ended June 30, 2012 .

(3) Income before income taxes includes additional allocation of intersegment expenses beginning in 2013.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist readers in understanding the condensed consolidated financial condition and results of operations of the Company during the three and six month periods ended June 30, 2013 and should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the period ended December 31, 2012, as filed with the SEC on March 15, 2013.

Forward-Looking Statements

This report contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. We generally identify forward-looking statements by terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “could,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “anticipates” or the negative version of those words or other comparable words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements contained in this report. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in Item 1A “Risk Factors” contained in our Annual Report on Form 10-K for the period ended December 31, 2012, as filed with the SEC on March 15, 2013. These factors include without limitation:

- deterioration of general business and economic conditions, including the real estate and financial markets, in the United States and in the geographic regions and communities we serve;
- risks related to liquidity, including the adequacy of our cash flow from operations and borrowings to meet our short-term liquidity needs;
- changes in interest rates that affect the pricing of our financial products, the demand for our financial services and the valuation of our financial assets and liabilities, mortgage servicing rights and mortgage loans held for sale;
- risk of higher loan and lease charge-offs;
- legislative or regulatory actions affecting or concerning mortgage loan modification, refinancing and foreclosure;
- our ability to comply with any supervisory actions to which we are or become subject as a result of examination by our regulators;
- our ability to complete the independent foreclosure review in a timely manner and comply with the consent order;
- concentration of our commercial real estate loan portfolio;
- higher than normal delinquency and default rates affecting our mortgage banking business;
- limited ability to rely on brokered deposits as a part of our funding strategy;
- concentration of mass-affluent clients and jumbo mortgages;
- the effectiveness of the hedging strategies we use to manage our mortgage pipeline;
- the effectiveness of our derivatives to manage interest rate risk;
- delinquencies on our equipment leases and reductions in the resale value of leased equipment;
- increases in loan repurchase requests and our reserves for loan repurchases;
- failure to prevent a breach to our Internet-based system and online commerce security;
- soundness of other financial institutions;
- changes in currency exchange rates or other political or economic changes in certain foreign countries;
- the competitive industry and market areas in which we operate;
- historical growth rate and performance may not be a reliable indicator of future results;
- loss of key personnel;
- fraudulent and negligent acts by loan applicants, mortgage brokers, other vendors and our employees;
- compliance with laws, rules, regulations and orders that govern our operations;
- failure to establish and maintain effective internal controls and procedures;
- impact of current and future legal and regulatory changes, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) and the capital requirements promulgated by the Basel Committee on Banking Supervision ("Basel Committee");
- effects of changes in existing U.S. government or government-sponsored mortgage programs;
- changes in laws and regulations that may restrict our ability to originate or increase our risk of liability with respect to certain mortgage loans;
- risks related to the continuing integration of acquired businesses and any future acquisitions;
- legislative action regarding foreclosures or bankruptcy laws;

- changes to generally accepted accounting principles (GAAP);
- environmental liabilities with respect to properties that we take title to upon foreclosure; and
- inability of EverBank, our banking subsidiary, to pay dividends.

Reclassifications

Certain prior period information in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) has been reclassified to conform to current period classifications.

Introduction and Overview

We are a thrift holding company which operates primarily through our direct subsidiary, EverBank (EB or EverBank). EB is a federally chartered thrift institution with its home office located in Jacksonville, Florida. References to "we," "our," "us," or the "Company" refer to the holding company and its subsidiaries that are consolidated for financial reporting purposes. We are a diversified financial services company that provides innovative banking, lending and investment products and services to clients nationwide through scalable, low-cost distribution channels. Our business model attracts financially sophisticated, self-directed, mass-affluent clients and a diverse base of small and medium-sized business clients. We market and distribute our products and services primarily through our integrated on-line financial portal, which is augmented by our nationwide network of independent financial advisors, high-volume financial centers in targeted Florida markets and other business offices throughout the country. These channels are connected by technology-driven centralized platforms, which provide operating leverage throughout our business.

We have a suite of asset origination and fee income businesses that individually generate attractive financial returns and collectively leverage our core deposit franchise and client base. We originate, invest in, sell and service residential mortgage loans, equipment leases, and various other consumer and commercial loans, as market conditions warrant. Our organic origination activities are scalable, significant relative to our balance sheet size and provide us with substantial growth potential. Our origination, lending and servicing expertise positions us to acquire assets in the capital markets when risk-adjusted returns available through acquisition exceed those available through origination. Our rigorous analytical approach provides capital markets discipline to calibrate our levels of asset origination, retention and acquisition. These activities diversify our earnings, strengthen our balance sheet and provide us with flexibility to capitalize on market opportunities.

Our deposit franchise fosters strong relationships with a large number of financially sophisticated clients and provides us with a stable and flexible source of low, all-in cost funding. We have a demonstrated ability to grow our client deposit base significantly with short lead time by adapting our product offerings and marketing activities rather than incurring the higher fixed operating costs inherent in more branch-intensive banking models. Our extensive offering of deposit products and services includes proprietary features that distinguish us from our competitors and enhance our value proposition to clients. Our products, distribution and marketing strategies allow us to generate substantial deposit growth while maintaining an attractive mix of high-value transaction and savings accounts.

Key Factors Affecting Our Business and Financial Statements

Economic and Interest Rate Environment

The results of our operations are highly dependent on economic conditions and market interest rates. Beginning in 2007, turmoil in the financial sector resulted in a reduced level of confidence in financial markets among borrowers, lenders and depositors, as well as extreme volatility in the capital and credit markets. In response to these conditions, the Board of Governors of the Federal Reserve Board (FRB) began decreasing short-term interest rates, with 11 consecutive decreases totaling 525 basis points between September 2007 and December 2008. To stimulate economic activity and stabilize the financial markets, the FRB maintained historically low market interest rates from 2009 to 2013. While market conditions and home prices improved during this period, continued economic uncertainty resulted in high unemployment and low consumer confidence. As part of a sustained effort to spur economic growth, the FRB has reaffirmed their pledge to hold short-term interest rates low into 2014.

Net interest income is our largest source of income and is driven primarily as a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities and the spread between the contractual yield on such assets and the contractual cost of such liabilities. These factors are influenced by both the pricing and mix of interest-earning assets and interest-bearing liabilities which, in turn, are impacted by external factors such as the local economy, competition for loans and deposits, the monetary policy of the FRB and market interest rates. The cost of our deposits is largely based on short-term interest rates which are driven primarily by the FRB’s actions. However, the yields generated by our loans and securities are typically driven by longer-term interest rates which are set by the market, or, at times by the FRB’s actions. Our net interest income is therefore influenced by movements in interest rates and the pace at which these movements occur. Currently, short-term and long-term interest rates are at near historic lows, with overall market and industry margins tightening.

In the latter half of the second quarter of 2013, the FRB indicated their intention to reduce their bond buying activities associated with quantitative easing 3 (QE3) if the economy continued to show improvement. The uncertainty around the FRB's intent created volatility in the capital markets and resulted in a market sell-off which drove the 10-year treasury yield from 1.7% on May 2, 2013 to 2.6% on June 25, 2013. This had a direct impact on mortgage rates which increased sharply from 3.7% at the beginning of the second quarter 2013 to 4.4% at the end of the quarter. In addition, the spreads over the treasury curve widened to levels higher than we've seen since the FRB's first quantiative easing program. The move in mortgage rates impacts origination volume as the number of borrowers eligible to refinance into lower rates is reduced. However, we have made substantial investments in our retail platform focused on purchase business in anticipation of the higher rate environment. The expectation of slower prepayments due to refinancing has a positive impact on the fair value and amortization of our mortgage servicing rights. While in the near term there are both positive and negative effects of this move, the steepening of the yield curve where yields are low on short term lending but higher on the back end of the yield curve should have a positive long term effect on our business.

Regulatory Changes

Our financial condition and the results of our operations are dependent upon the composition of our balance sheet and the assets which we originate, sell, and/or retain for investment. Proposed changes to the regulatory capital treatment of certain securities and asset classes could cause our management to reevaluate components of our capital structure as well as our exposure to certain assets.

In July 2013, our primary federal regulator, the Federal Reserve, published final rules (the “Basel III Capital Rules”) establishing a new comprehensive capital framework for U.S. banking organizations. The Basel III Capital Rules implement the Basel Committee's December 2010 framework known as “Basel III” for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, including us and EverBank, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The Basel III Capital Rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach, which was derived from the Basel I capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee's 2004 “Basel II” capital accords. The Basel III Capital Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies' rules. The Basel III Capital Rules will become effective for the Company and EverBank on January 1, 2015 (subject to phase-in periods as discussed below).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called “Common Equity Tier 1” (“CET1”), (ii) specify that Tier 1 capital consist of CET1 and “Additional Tier 1 capital” instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments from capital as compared to existing regulations.

When fully phased in on January 1, 2019, the Basel III Capital Rules will require us to maintain (i) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% “capital conservation buffer” (which is added to the 4.5% CET1 ratio as that buffer is phased in, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7% upon full implementation), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation), (iii) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation) and (iv) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets (as compared to a current minimum leverage ratio of 3% for banking organizations that either have the highest supervisory rating or have implemented the appropriate federal regulatory authority's risk-adjusted measure for market risk).

Under the Basel III Capital Rules, the initial minimum capital ratios as of January 1, 2015 will be as follows:

- 4.5% CET1 to risk-weighted assets.
- 6.0% Tier 1 capital to risk-weighted assets.
- 8.0% Total capital to risk-weighted assets.

The Basel III Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Under current capital standards, the effects of accumulated other comprehensive income items included in capital are excluded for the purposes of determining regulatory capital ratios. Under the Basel III Capital Rules, the effects of certain accumulated other comprehensive items are not excluded; however, certain banking organizations, including us and EverBank, may make a one-time permanent election to continue to exclude these items. The Basel III Capital Rules also preclude counting certain hybrid securities, such as trust preferred securities, as Tier 1 capital of bank holding companies. However for bank holding companies that had assets of less than $15 billion as of December 31, 2009 like us, trust preferred securities issued prior to May 19, 2010 can be treated as Tier 1 capital to the extent that they do not exceed 25% of Tier 1 capital after applying all capital deductions and adjustments.

Implementation of the deductions and other adjustments to CET1 will begin on January 1, 2015 and will be phased-in over a 4-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter until fully phased-in at January 1, 2018). The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

With respect to EverBank, the Basel III Capital Rules also revise the "prompt corrective action" regulations pursuant to Section 38 of the Federal Deposit Insurance Act, by (i) introducing a CET1 ratio requirement at each level (other than critically undercapitalized), with the required CET1 ratio being 6.5% for well-capitalized status; (ii) increasing the minimum Tier 1 capital ratio requirement for each category, with the minimum Tier 1 capital ratio for well-capitalized status being 8% (as compared to the current 6%); and (iii) eliminating the current provision that provides that a bank with a composite supervisory rating of 1 may have a 3% leverage ratio and still be adequately capitalized. The Basel III Capital Rules do not change the total risk-based capital requirement for any "prompt corrective action" category.

The Basel III Capital Rules prescribe a standardized approach for risk weightings that expand the risk-weighting categories from the current four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities to 600% for certain equity exposures, and resulting in higher risk weights for a variety of asset categories. Specific changes to current rules impacting our determination of risk-weighted assets include, among other things:

- Applying a 150% risk weight instead of a 100% risk weight for certain high volatility commercial real estate acquisition, development and construction loans.
- Assigning a 150% risk weight to exposures (other than residential mortgage exposures, which remains at an assigned risk weighting of 100%) that are 90 days past due.

- Providing for a 20% credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable (currently set at 0%).
- Providing for a risk weight, generally not less than 20% with certain exceptions, for securities lending transactions based on the risk weight category of the underlying collateral securing the transaction.
- Providing for a 100% risk weight for claims on securities firms.
- Eliminating the current 50% cap on the risk weight for OTC derivatives.

In addition, the Basel III Capital Rules also provide more advantageous risk weights for derivatives and repurchase-style transactions cleared through a qualifying central counterparty and increases the scope of eligible guarantors and eligible collateral for purposes of credit risk mitigation.

Management believes, at June 30, 2013, that we and EverBank would meet all capital adequacy requirements under the Basel III and Standardized Approach Proposals on a fully phased-in basis if such requirements were currently effective. There can be no guarantee that the Basel III Capital Rules will not be changed before the effective date and phase-in periods or what changes may be made.

Performance Highlights

- GAAP diluted earnings per share was $0.35, a 17% increase from $0.30 in the first quarter 2013 and a 289% increase from $0.09 in the second quarter 2012.
- Adjusted diluted earnings per share was $0.28, a 15% decrease from $0.33 in the first quarter 2013 and a 15% decrease from $0.33 in the second quarter 2012.[1]
- Return on equity ("ROE") was 12.7% and adjusted ROE was 10.2%.
- Net income of $46 million, an increase of 17% compared to the prior quarter and an increase of 312% compared to the second quarter of 2012.

Table of Contents

- Adjusted net income of $37 million, a decrease of 15% compared to the prior quarter and an increase of 2% compared to the second quarter of 2012.
- Revenue of $288 million, an increase of 4% compared to the prior quarter and an increase of 45% compared to the second quarter of 2012.
- Total organic asset generation of $3.8 billion, an increase of 15% compared to the prior quarter and an increase of 39% compared to the second quarter of 2012.
- Total loans and leases held for investment were $12.9 billion, an increase of 5% compared to the prior quarter.
- Annualized net charge-offs to average loans and leases held for investment were 0.12% for the quarter.
- Tangible common equity per common share was $11.00 at June 30, 2013, an increase of 3% compared to the prior quarter and an increase of 10% compared to the second quarter 2012.
- Our board of directors approved a 50% increase in the quarterly common stock dividend to $0.03 per share.

[1] Reconciliations of Non-GAAP financial measures can be found in Table 1, Table 1A, Table 1B, Table 7A, Table 7B, Table 7C, Table 7D and Table 18

Table of Contents

Balance Sheet

Diversified Loan Growth

Total portfolio loans held for investment were $12.9 billion at June 30, 2013, an increase of $0.6 billion, or 5%, from the prior quarter. Year over year, this represents a $5.1 billion, or 65%, increase. Loans held for investment for the second quarter 2013 were comprised of:

(dollars in millions)	June 30, 2013	March 31, 2013	June 30, 2012
Residential mortgages	$6,586	$6,280	$5,061
Commercial and commercial real estate	3,798	3,722	1,320
Warehouse finance	1,292	1,161	527
Lease financing receivables	1,015	911	681
Other	176	181	196
Total HFI	$12,867	$12,255	$7,785

During the second quarter, residential loans HFI increased by 5% compared to the prior quarter to $6.6 billion as we experienced significant growth in our prime jumbo hybrid ARM portfolio. Based on the current rate environment, we expect to continue to originate prime jumbo loans for our balance sheet and will selectively evaluate capital market executions. This strategy is consistent with our approach of retaining high quality loans with attractive risk-adjusted returns for our portfolio.

Our commercial lending and leasing platforms experienced strong growth in the quarter and represent approximately 47% of loans HFI in the second quarter compared to approximately 32% a year ago. Our focus on high quality commercial lending and leasing assets positions us to benefit from higher interest rate levels.

Loan Origination Activities

Organic asset generation totaled $3.8 billion and retained organic production totaled $1.1 billion for the second quarter of 2013, an increase of 15% and 111%, respectively, from the prior quarter. Total commercial loans and leases originated during the quarter were $0.5 billion, including commercial real estate originations of $0.2 billion. This represents an increase of 31% and 149%, respectively, compared to the prior quarter.

Residential loan originations were $3.2 billion for the second quarter, an increase of 12% compared to the prior quarter. Origination volume from our retail channel was $1.2 billion in the second quarter, an increase of 45% from the prior quarter and a 293% increase year over year. Purchase transactions represented 32% of total volumes and 49% of retail volumes, compared to 19% and 32%, respectively, in the prior quarter. We originated record prime jumbo loan volume of $1.1 billion during the second quarter, an increase of 36% over the prior quarter, including hybrid ARM volume of $0.5 billion and fixed-rate volume of $0.6 billion.

Subsequent to the end of the quarter, we executed a sale of our fixed-rate prime jumbo loans classified as held for sale at June 30, 2013. The transaction is expected to close in the third quarter, subject to customary closing conditions.

Deposit Growth

Total deposits were $13.7 billion at June 30, 2013, flat quarter over quarter, as increased transaction, savings and money market balances were offset by lower time deposit balances. Year over year, total deposits grew by $2.9 billion, or 27%, from $10.8 billion. At June 30, 2013, our deposits were comprised of the following:

(dollars in millions)	June 30, 2013	March 31, 2013	June 30, 2012
Noninterest-bearing demand	$1,205	$1,287	$1,357
Interest-bearing demand	3,082	2,933	2,159
Savings and money market accounts	5,153	4,902	3,960
Global market-based accounts	1,051	1,136	1,266
Time, excluding market-based	3,179	3,416	2,062
Total deposits	$13,670	$13,674	$10,804

Other Funding Sources

Total other borrowings were $2.7 billion at June 30, 2013, a decrease of 1% quarter over quarter. We expect to continue to replace a portion of our wholesale borrowings with core deposits over time.

41

Table of Contents

Financial Highlights — Table 1

(dollars in thousands, except per share amounts)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
For the Period:				
Operating Results:				
Total revenue	$288,021	$199,107	$565,146	$387,923
Net interest income	141,217	124,984	285,033	240,607
Provision for loan and lease losses	29	5,757	1,948	17,112
Noninterest income	146,804	74,123	280,113	147,316
Noninterest expense	213,540	175,783	425,356	334,604
Net income	45,993	11,172	85,139	23,018
Net earnings per common share, basic	0.36	0.09	0.66	0.17
Net earnings per common share, diluted	0.35	0.09	0.65	0.17
Performance Metrics:				
Adjusted net income(1)	$37,303	$36,462	$81,040	$63,716
Adjusted net earnings per common share, basic(2)	0.28	0.34	0.62	0.63
Adjusted net earnings per common share, diluted(2)	0.28	0.33	0.61	0.62
Yield on interest-earning assets	4.40 %	4.80 %	4.43 %	4.88 %
Cost of interest-bearing liabilities	1.23 %	1.11 %	1.23 %	1.14 %
Net interest spread	3.17 %	3.69 %	3.20 %	3.74 %
Net interest margin	3.33 %	3.86 %	3.37 %	3.91 %
Return on average assets	1.00 %	0.31 %	0.93 %	0.33 %
Return on average equity(3)	12.71 %	4.11 %	11.89 %	4.41 %
Adjusted return on average assets(4)	0.81 %	1.01 %	0.88 %	0.93 %
Adjusted return on average equity(5)	10.17 %	13.41 %	11.28 %	12.22 %
Credit Quality Ratios:				
Net charge-offs to average loans and leases held for investment	0.12 %	0.34 %	0.17 %	0.49 %
Banking and Wealth Management Metrics:				
Efficiency ratio(6)	45.1 %	53.8 %	48.7 %	49.7 %
Mortgage Banking Metrics:				
Unpaid principal balance of loans originated (in millions)	$3,242.2	$2,260.0	$6,140.6	$4,166.3

Table of Contents

Financial Highlights

(dollars in thousands, except per share amounts)	Table 1 (cont.) June 30, 2013		December 31, 2012	
As of Period End:				
Balance Sheet Data:				
Cash and cash equivalents	$489,587		$443,914	
Investment securities	1,615,296		1,921,284	
Loans held for sale	2,000,390		2,088,046	
Loans and leases held for investment, net	12,793,919		12,422,987	
Total assets	18,362,872		18,242,878	
Deposits	13,669,866		13,142,388	
Total liabilities	16,813,489		16,791,702	
Total shareholders’ equity	1,549,383		1,451,176	
Credit Quality Ratios:				
Adjusted non-performing assets as a percentage of total assets (see Table 18)	0.92	%	1.08	%
Allowance for loan and lease losses (ALLL) as a percentage of loans and leases held for investment (see Table 19)	0.57	%	0.66	%
Capital Ratios:				
Tier 1 leverage ratio (bank level) (see Table 31)	8.3	%	8.0	%
Tier 1 risk-based capital ratio (see Table 31)	13.1	%	12.8	%
Total risk-based capital ratio (bank level) (see Table 31)	13.7	%	13.5	%
Tangible equity to tangible assets (see Table 1B)	8.2	%	7.7	%
Deposit Metrics:				
Deposit growth (trailing 12 months)	26.5	%	28.0	%
Mortgage Banking Metrics:				
Unpaid principal balance of loans serviced for the Company and others (in millions)	$61,700.8		$51,198.7	
Tangible Common Equity Per Common Share:				
Excluding accumulated other comprehensive loss(7)	$11.65		$11.02	
Including accumulated other comprehensive loss(8)	11.00		10.30	

(1) Adjusted net income includes adjustments to our net income for certain material items that we believe are not reflective of our ongoing business or operating performance. For a reconciliation of adjusted net income to net income, which is the most directly comparable GAAP measure, see Table 1A.

(2) Both basic and diluted adjusted net earnings per common share are calculated using a numerator based on adjusted net income. Adjusted net earnings per common share, basic is a non-GAAP financial measure and its most directly comparable GAAP measure is net earnings per common share, basic. Adjusted net earnings per common share, diluted is a non-GAAP financial measure and its most directly comparable GAAP measure is net earnings per common share, diluted. For 2012, both basic and diluted adjusted net earnings per common share have been adjusted to exclude the impact of the $4.5 million special cash dividend paid in March 2012 to holders of the Series A 6% Cumulative Convertible Preferred Stock and the $1.1 million special cash dividend paid in June 2012 to holders of the Series B 4% Cumulative Convertible Preferred Stock. The special cash dividends were paid in connection with the conversion of all shares of both the Series A 6% Cumulative Convertible Preferred Stock and the Series B 4% Cumulative Convertible Preferred Stock into common stock.

(3) Due to the issuance of non-participating perpetual preferred stock during the fourth quarter of 2012, we amended our calculation for return on average equity. Beginning with the fourth quarter of 2012, return on average equity is calculated as net income less dividends declared on the Series A 6.75% Non-Cumulative Perpetual Preferred Stock divided by average common shareholders' equity (average shareholders' equity less average Series A 6.75% Non-Cumulative Perpetual Preferred Stock). Prior to the fourth quarter of 2012, return on average equity was

calculated as net income divided by average shareholders' equity.

(4) Adjusted return on average assets equals adjusted net income divided by average total assets. Adjusted net income is a non-GAAP measure of our financial performance and its most directly comparable GAAP measure is net income. For a reconciliation of net income to adjusted net income, see Table 1A.

(5) Due to the issuance of non-participating perpetual preferred stock during the fourth quarter of 2012, we amended our calculation for adjusted return on average equity. Beginning with the fourth quarter of 2012, adjusted return on average equity is calculated as adjusted net income less dividends declared on the Series A 6.75% Non-Cumulative Perpetual Preferred Stock divided by average common shareholders' equity. Prior to the fourth quarter of 2012, adjusted return on average equity was calculated as adjusted net income divided by average shareholders' equity. Adjusted net income is a non-GAAP measure of our financial performance and its most directly comparable GAAP measure is net income. For a reconciliation of net income to adjusted net income, see Table 1A.

(6) The efficiency ratio represents noninterest expense from our Banking and Wealth Management segment as a percentage of total revenues from our Banking and Wealth Management segment. We use the efficiency ratio to measure noninterest costs expended to generate a dollar of revenue. Because of the significant costs we incur and fees we generate from activities related to our mortgage production and servicing operations, we believe the efficiency ratio is a more meaningful metric when evaluated within our Banking and Wealth Management segment.

(7) Calculated as adjusted tangible common shareholders' equity divided by shares of common stock. Adjusted tangible common shareholders' equity equals shareholders' equity less goodwill, other intangible assets, perpetual preferred stock and accumulated other comprehensive loss (see Table 1B). Tangible common equity per common share is calculated using a denominator that includes

Table of Contents

actual period end common shares outstanding and for periods prior to the fourth quarter of 2012, additional common shares assuming conversion of all outstanding convertible preferred stock to common stock. Tangible common equity per common share excluding accumulated other comprehensive loss is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

(8) Calculated as tangible common shareholders' equity divided by shares of common stock. Tangible common shareholders' equity equals shareholders' equity less goodwill, other intangible assets and perpetual preferred stock (see Table 1B). Tangible common equity per common share is calculated using a denominator that includes actual period end common shares outstanding and for periods prior to the fourth quarter of 2012, additional common shares assuming conversion of all outstanding convertible preferred stock to common stock. Tangible common equity per common share including accumulated other comprehensive loss is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

A reconciliation of adjusted net income to net income, which is the most directly comparable GAAP measure, is as follows:

Adjusted Net Income — Table 1A

(dollars in thousands, except per share data)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net income	$45,993	$11,172	$85,139	$23,018
Transaction expense, net of tax	—	2,363	—	3,184
Non-recurring regulatory related expense, net of tax	12,042	3,780	23,467	6,843
Increase (decrease) in Bank of Florida non-accretable discount, net of tax	(538)	463	412	2,598
MSR impairment (recovery), net of tax	(20,194)	18,684	(27,978)	28,073
Adjusted net income	$37,303	$36,462	$81,040	$63,716
Adjusted net income allocated to preferred stock	2,531	2,206	5,062	7,696
Adjusted net income allocated to common shareholders	$34,772	$34,256	$75,978	$56,020
Adjusted net earnings per common share, basic	$0.28	$0.34	$0.62	$0.63
Adjusted net earnings per common share, diluted	$0.28	$0.33	$0.61	$0.62
Weighted average common shares outstanding:				
(units in thousands)				
Basic	122,281	100,779	121,934	88,454
Diluted	124,034	102,574	123,735	90,414

A reconciliation of tangible equity, tangible common equity and adjusted tangible equity to shareholders’ equity, which is the most directly comparable GAAP measure, and tangible assets to total assets, which is the most directly comparable GAAP measure, is as follows:

Tangible Equity, Tangible Common Equity, Adjusted Tangible Common Equity and Tangible Assets — Table 1B

(dollars in thousands)	June 30, 2013	December 31, 2012
Shareholders’ equity	$1,549,383	$1,451,176
Less:		
Goodwill	46,859	46,859
Intangible assets	6,867	7,921
Tangible equity	1,495,657	1,396,396
Less:		
Perpetual preferred stock	150,000	150,000
Tangible common equity	1,345,657	1,246,396
Less:		

Accumulated other comprehensive loss	(80,389)	(86,784)
Adjusted tangible common equity	$1,426,046	$1,333,180
Total assets	$18,362,872	$18,242,878
Less:		
Goodwill	46,859	46,859
Intangible assets	6,867	7,921
Tangible assets	$18,309,146	$18,188,098

Table of Contents

Analysis of Statements of Income

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of the Company from earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rate; (iii) net interest income; (iv) net interest spread; and (v) net interest margin.

Average Balance Sheet, Interest and Yield/Rate Analysis — Table 2A

	Three Months Ended					
	June 30, 2013			June 30, 2012		
(dollars in thousands)	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets:						
Interest-earning assets:						
Cash and cash equivalents	$616,553	$317	0.21 %	$128,325	$82	0.26 %
Investment securities	1,569,234	14,077	3.59 %	2,108,672	20,137	3.82 %
Other investments	136,249	736	2.17 %	122,919	562	1.84 %
Loans held for sale	2,559,305	22,371	3.50 %	2,974,918	37,446	5.03 %
Loans and leases held for investment:						
Residential mortgages	6,220,190	68,346	4.40 %	5,225,570	53,390	4.09 %
Commercial and commercial real estate	4,805,116	61,261	5.07 %	1,642,813	20,324	4.89 %
Lease financing receivables	943,101	18,311	7.77 %	621,667	21,298	13.70 %
Home equity lines	170,039	2,371	5.59 %	191,673	3,297	6.92 %
Consumer and credit card	7,221	63	3.50 %	8,045	61	3.05 %
Total loans and leases held for investment	12,145,667	150,352	4.94 %	7,689,768	98,370	5.11 %
Total interest-earning assets	17,027,008	$187,853	4.40 %	13,024,602	$156,597	4.80 %
Noninterest-earning assets	1,342,084			1,437,511		
Total assets	$18,369,092			$14,462,113		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$3,006,281	$5,776	0.77 %	$2,123,862	$3,816	0.72 %
Market-based money market accounts	421,180	758	0.72 %	435,496	823	0.76 %
Savings and money market accounts, excluding market-based	5,024,910	9,465	0.76 %	3,861,879	7,266	0.76 %
Market-based time	683,027	1,269	0.75 %	851,735	1,905	0.90 %
Time, excluding market-based	3,345,856	9,299	1.11 %	1,940,577	6,609	1.37 %
Total deposits	12,481,254	26,567	0.85 %	9,213,549	20,419	0.89 %
Borrowings:						
Trust preferred securities	103,750	1,644	6.36 %	103,750	1,607	6.23 %
Federal Home Loan Bank (FHLB) advances	2,533,707	18,425	2.88 %	2,068,750	9,500	1.85 %
Repurchase agreements	—	—	0.00 %	20,283	87	1.73 %
Total interest-bearing liabilities	15,118,711	$46,636	1.23 %	11,406,332	$31,613	1.11 %
Noninterest-bearing demand deposits	1,393,071			1,462,506		
Other noninterest-bearing liabilities	339,039			505,365		
Total liabilities	16,850,821			13,374,203		
Total shareholders' equity	1,518,271			1,087,910		
Total liabilities and shareholders' equity	$18,369,092			$14,462,113		
Net interest income/spread		$141,217	3.17 %		$124,984	3.69 %
Net interest margin			3.33 %			3.86 %

Memo: Total deposits including non-interest bearing	$13,874,325	$26,567	0.76	%	$10,676,055	$20,419	0.77	%

45

Table of Contents

Average Balance Sheet, Interest and Yield/Rate Analysis Table 2B

	Six Months Ended								
	June 30, 2013				June 30, 2012				
(dollars in thousands)	Average Balance	Interest	Yield/Rate		Average Balance	Interest	Yield/Rate		
Assets:									
Interest-earning assets:									
Cash and cash equivalents	$583,800	$615	0.21	%	$146,720	$186	0.25	%	
Investment securities	1,640,574	29,567	3.61	%	2,096,297	40,408	3.86	%	
Other investments	137,427	1,496	2.20	%	110,725	840	1.53	%	
Loans held for sale	2,494,176	42,680	3.42	%	2,840,935	71,395	5.03	%	
Loans and leases held for investment:									
Residential mortgages	6,383,075	138,925	4.35	%	4,954,469	101,478	4.10	%	
Commercial and commercial real estate	4,716,687	122,525	5.18	%	1,411,401	36,770	5.15	%	
Lease financing receivables	902,270	37,724	8.36	%	602,573	45,164	14.99	%	
Home equity lines	173,342	4,523	5.26	%	194,746	5,667	5.85	%	
Consumer and credit card	7,213	132	3.69	%	7,952	120	3.03	%	
Total loans and leases held for investment	12,182,587	303,829	4.98	%	7,171,141	189,199	5.27	%	
Total interest-earning assets	17,038,564	$378,187	4.43	%	12,365,818	$302,028	4.88	%	
Noninterest-earning assets	1,341,590				1,395,033				
Total assets	$18,380,154				$13,760,851				
Liabilities and Shareholders’ Equity:									
Interest-bearing liabilities:									
Deposits:									
Interest-bearing demand	$2,908,343	$11,234	0.78	%	$2,115,810	$7,555	0.72	%	
Market-based money market accounts	426,333	1,597	0.76	%	443,092	1,675	0.76	%	
Savings and money market accounts, excluding market-based	4,855,737	18,498	0.77	%	3,817,059	14,314	0.75	%	
Market-based time	704,210	2,840	0.81	%	876,462	4,269	0.98	%	
Time, excluding market-based	3,569,336	19,221	1.09	%	1,923,743	13,580	1.42	%	
Total deposits	12,463,959	53,390	0.86	%	9,176,166	41,393	0.91	%	
Borrowings:									
Trust preferred securities	103,750	3,286	6.39	%	103,750	3,025	5.86	%	
Federal Home Loan Bank (FHLB) advances	2,564,154	36,256	2.81	%	1,565,464	16,829	2.16	%	
Repurchase agreements	28,146	222	1.59	%	21,289	174	1.64	%	
Other	—	—	0.00	%	18	—	0.00	%	
Total interest-bearing liabilities	15,160,009	$93,154	1.23	%	10,866,687	$61,421	1.14	%	
Noninterest-bearing demand deposits	1,385,131				1,383,610				
Other noninterest-bearing liabilities	338,343				467,487				
Total liabilities	16,883,483				12,717,784				
Total shareholders’ equity	1,496,671				1,043,067				
Total liabilities and shareholders’ equity	$18,380,154				$13,760,851				
Net interest income/spread		$285,033	3.20	%		$240,607	3.74	%	
Net interest margin			3.37	%			3.91	%	
Memo: Total deposits including non-interest bearing	$13,849,090	$53,390	0.77	%	$10,559,776	$41,393	0.79	%	
(1)									

The average balances are principally daily averages, and for loans, include both performing and non-performing balances.

(2) Interest income on loans includes the effects of discount accretion and net deferred loan origination costs accounted for as yield adjustments.

(3) All interest income was fully taxable for all periods presented.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following table shows the effect that these factors had on the interest earned on our interest-earning assets and the interest incurred on our interest-bearing liabilities.

Table of Contents

Analysis of Change in Net Interest Income Table 3

	Three Months Ended June 30, 2013 Compared to June 30, 2012 Increase (Decrease) Due to			Six Months Ended June 30, 2013 Compared to June 30, 2012 Increase (Decrease) Due to		
(dollars in thousands)	Volume	Rate	Total	Volume	Rate	Total
Interest-earning assets:						
Cash and cash equivalents	$316	$(81)	$235	$542	$(113)	$429
Investment securities	(5,138)	(922)	(6,060)	(8,723)	(2,118)	(10,841)
Other investments	61	113	174	203	453	656
Loans held for sale	(5,212)	(9,863)	(15,075)	(8,649)	(20,066)	(28,715)
Loans and leases held for investment:						
Residential mortgages	10,142	4,814	14,956	29,046	8,401	37,447
Commercial and commercial real estate	38,553	2,384	40,937	84,412	1,343	85,755
Lease financing receivables	10,979	(13,966)	(2,987)	22,278	(29,718)	(7,440)
Home equity lines	(373)	(553)	(926)	(621)	(523)	(1,144)
Consumer and credit card	(6)	8	2	(11)	23	12
Total loans and leases held for investment	59,295	(7,313)	51,982	135,104	(20,474)	114,630
Total change in interest income	49,322	(18,066)	31,256	118,477	(42,318)	76,159
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$1,584	$376	$1,960	$2,830	$849	$3,679
Market-based money market accounts	(27)	(38)	(65)	(63)	(15)	(78)
Savings and money market accounts, excluding market-based	2,204	(5)	2,199	3,863	321	4,184
Market-based time	(379)	(257)	(636)	(837)	(592)	(1,429)
Time, excluding market-based	4,800	(2,110)	2,690	11,588	(5,947)	5,641
Total deposits	8,182	(2,034)	6,148	17,381	(5,384)	11,997
Borrowings:						
Trust preferred securities	—	37	37	—	261	261
FHLB advances	2,145	6,780	8,925	10,697	8,730	19,427
Repurchase agreements	(87)	—	(87)	56	(8)	48
Total change in interest expense	10,240	4,783	15,023	28,134	3,599	31,733
Total change in net interest income	$39,082	$(22,849)	$16,233	$90,343	$(45,917)	$44,426

(1) The effect of changes in volume is determined by multiplying the change in volume by the previous period's average yield/cost. Similarly, the effect of rate changes is calculated by multiplying the change in average yield/cost by the previous period's volume. Changes applicable to both volume and rate have been allocated to rate.

Net Interest Income

Net interest income is affected by both changes in interest rates and the amount and composition of earning assets and interest-bearing liabilities. Net interest margin is defined as net interest income as a percentage of average interest-earning assets.

Net interest income increased by $16.2 million, or 13%, in the second quarter of 2013 compared to the same period in 2012 due to an increase in interest income of $31.3 million, or 20%, partially offset by an increase in interest expense of $15.0 million, or 48%.

Net interest income increased by $44.4 million, or 18%, in the first six months of 2013, compared to the same period in 2012, due to an increase in interest income of $76.2 million or 25%, and an increase in interest expense of $31.7 million or 52%.

Our net interest margin decreased by 53 basis points in the second quarter of 2013 and 54 basis points in the first six months of 2013 compared to the same periods in 2012, which was led by a decrease in yields in our interest-earning assets.

Yields on our interest-earning assets decreased by 40 basis points in the second quarter of 2013 and by 45 basis points in the first six months of 2013, compared to the same periods in 2012, primarily due to a decrease in yields for both our loans and leases held for investment and our loans held for sale. Our lease financing receivables portfolio led the decrease in loans and leases held for investment yields as a result of a decrease in excess accretion as well as continued organic production of lease financing receivables at market interest rates. We define excess accretion as above market yields as a result of the market dislocation in 2008 and 2009. We recognized $4.9 million, a decrease of $5.7 million, in excess accretion in the second quarter of 2013 compared to the same period in 2012. We recognized $11.3 million, a decrease of $12.5 million, in excess accretion in the first six months of 2013 compared to the same period in 2012. Excess accretion is currently limited to our acquired Tygris leases which included a significant liquidity discount at acquisition. The decrease in yields on our loans held for sale is due primarily to the transfer of $1.9 billion of mortgage pool buyouts with attractive yields from loans held for sale to loans held for investment during the third quarter of 2012 offset by organic production of fixed rate, jumbo mortgages at market interest rates.

Table of Contents

Average balances of our interest-earning assets increased by $4.0 billion, or 31%, in the second quarter of 2013 compared to the same period in 2012 primarily due to a $4.5 billion increase in loans and leases held for investment. Average balances of our interest-earning assets increased by $4.7 billion, or 38%, in the first six months of 2013 compared to the same period in 2012 primarily due to a $5.0 billion increase in loans and leases held for investment. The increase in the average balance of loans held for investment for the three and six months ended June 30, 2013, compared to the same periods in 2012 was due primarily to our commercial and commercial real estate and residential mortgage portfolios. Our fourth quarter 2012 acquisition of BPL contributed to the growth in our commercial and commercial real estate portfolio with a $2.2 billion increase in our average balance in the second quarter of 2013 and $2.2 billion increase in the first six months of 2013. Our warehouse finance acquisition, which closed in the second quarter of 2012, contributed $720 million to the increase in our average balance in the second quarter of 2013 and $790 million in the first six months of 2013.

The increase in the average balance of our residential mortgage portfolio increased primarily due to the transfer of mortgage pool buyouts during the third quarter of 2012 as well as a transfer of jumbo preferred residential mortgage and commercial loans from loans held for sale to loans held for investment at the lower of cost or fair value during the three months ended June 30, 2013. The preferred adjustable rate mortgage (ARM) loans were transferred to our portfolio as the credit profile and duration of these loans offer attractive risk adjusted returns.

Average balances in our interest-bearing liabilities increased by $3.7 billion, or 33%, in the second quarter of 2013 and by $4.3 billion, or 40% in the first six months of 2013, compared to the same periods in 2012 primarily due to an increase in average balances in our interest-bearing deposits and FHLB advances. Average balances in our interest-bearing deposits increased by $3.3 billion, or 35%, in the second quarter of 2013 and $3.3 billion, or 36%, in the first six months of 2013 compared to the same periods in 2012 primarily due to growth in time deposits (excluding market-based), savings and money market accounts (excluding market-based), and interest-bearing demand deposits. The growth in lower-cost deposits was the result of successful sales and marketing efforts and clients' increased preference for more liquid products during 2013. We continued to focus on marketing and promoting products in the second quarter of 2013 and expect to replace a portion of our wholesale borrowings with core deposits over time. Due to the significant deposit growth through the first half of 2013, we reduced the interest rates being paid on our interest bearing demand and money market accounts by 15 basis points from 0.76% to 0.61% from May 30, 2013 to July 1, 2013. Average balances in our FHLB advances increased by $0.5 billion in the second quarter of 2013 and by $1.0 billion in the first six months of 2013, compared to the same periods in 2012 to fund strategic acquisitions and other asset growth in 2013 and to take advantage of historically low interest rates.

Provision for Loan and Lease Losses

We assess the allowance for loan and lease losses and make provisions for loan and lease losses as deemed appropriate in order to maintain the adequacy of the allowance for loan and lease losses. Increases in the allowance for loan and lease losses are achieved through provisions for loan and lease losses that are charged against net interest income. Additional allowance may result from a reduction of the net present value (NPV) of our acquired credit impaired (ACI) loans. We recorded a provision for loan and lease losses of $0.03 million in the second quarter of 2013, which is a decrease of 99% from $5.8 million in the same period in 2012. We recorded a provision for loan and lease losses of $1.9 million in the first six months of 2013, which is a decrease of 89% from $17.1 million in the same period in 2012. Provision expense increased $0.7 million during the second quarter of 2013 as compared to the same period in 2012 due to adjustable loans resetting at higher interest rates. For the first six months of 2013, provision for loan and lease losses decreased for both our residential and commercial portfolios compared to the same period in 2012. The residential provision decreased primarily due to sustained performance in preferred product originations, continued loan performance from the portfolio acquisition in the first six months of 2012 and fewer charge-offs on our home equity lines. In addition, our provision related to residential TDRs decreased due to improved expected performance of these loans and lower charge-off amounts.

The commercial and commercial real estate loan provision decreased due to new originations with increased credit quality. The net commercial provision also decreased due to favorable property sales, lower charge off amounts and an increase in performing TDRs that resulted in a change in our default assumption. Commercial impairment decreased due to increases in residual values of collateral as well as the increases in expected cash flows.

Noninterest Income

Noninterest income increased by $72.7 million or 98%, in the second quarter of 2013 and by $132.8 million, or by 90%, in the first six months of 2013, compared to the same periods in 2012. The following table illustrates the primary components of noninterest income for the periods indicated.

Noninterest Income — Table 4

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2013	2012	2013	2012
Loan servicing fee income	$47,192	$42,483	$89,355	$88,039
Amortization of MSR	(35,945)	(34,143)	(71,023)	(63,481)
Recovery (impairment) of MSR	32,572	(30,134)	45,127	(45,279)
Net loan servicing income	43,819	(21,794)	63,459	(20,721)
Gain on sale of loans	75,837	69,926	158,148	118,103
Loan production revenue	10,063	9,852	19,552	17,289
Deposit fee income	4,290	5,828	10,215	12,067
Other lease income	6,471	8,822	12,882	17,485
Other	6,324	1,489	15,857	3,093
Total Noninterest Income	$146,804	$74,123	$280,113	$147,316

The increase in noninterest income was driven primarily by net loan servicing income, gain on sale of loans and other noninterest

48

Table of Contents

income.
Net loan servicing income increased by $65.6 million in the second quarter of 2013 and by $84.2 million in the first six months of 2013, compared to the same periods in 2012. The increase was primarily due to recoveries recognized on MSR valuation allowance in the first and second quarters of 2013 compared to MSR impairment recognized in the first and second quarters of 2012. MSR recovery is due to lower projected prepayment speeds as a result of increases in mortgage interest rates. This increase in net loan servicing income was offset by increased amortization of $1.8 million in the second quarter of 2013 and $7.5 million in the first six months of 2013, compared to the same periods in 2012 due to elevated prepayment levels driven by refinancing demand and government sponsored refinancing programs, such as HARP. In addition, servicing fees increased by $4.7 million in the second quarter of 2013 and $1.3 million in the first six months of 2013, as the UPB of our servicing portfolio increased by $8.4 billion, to $61.7 billion as of June 30, 2013 due to the acquisition of $13.0 billion of residential servicing on April 1, 2013, compared to the same period in 2012.

Gain on sale of loans increased by $5.9 million, or 8%, in the second quarter of 2013 and by $40 million, or 34% in the first six months of 2013, compared to the same periods in 2012, primarily driven by low interest rates for most of the period which resulted in increased lending volume. This increase was offset by a reduction in our gain on sale margin which was impacted by the market sell-off at quarter end as well as spread widening in spread products such as HARP 2.0 specified pools and the non-agency market. Refinancing demand was most notably due to the Home Affordable Refinance Program (HARP) 2.0 and the low mortgage interest rate environment throughout the period. Lending volume also benefited from the continued expansion of our retail lending channel and increased lending of some of our preferred products. Mortgage lending volume increased by $982.2 million, or 43%, to $3.2 billion in the second quarter of 2013 compared to the same period in 2012. Mortgage lending volume increased by $2.0 billion, or 47%, to $6.1 billion in the first six months of 2013 compared to the same period in 2012.

Deposit fee income decreased by $1.5 million, or 26%, in the second quarter of 2013 and $1.9 million, or 15%, in the first six months of 2013, compared to the same periods in 2012. The decrease was due to the decline in deposit principal as the dollar performed well against other foreign currencies.

Other lease income decreased by $2.4 million, or 27%, in the second quarter of 2013 and $4.6 million, or 26%, in the first six months of 2013, compared to the same periods in 2012. Lease income decreased as a result of lower income related to late fees, lower operating lease revenue due to the declining operating lease portfolio and higher net losses on lease terminations.

Other noninterest income increased by $4.8 million in the second quarter of 2013 and $12.8 million in the first six months of 2013, compared to the same periods in 2012 due primarily to prepayment penalty income related to serviced loans in the business lending trusts (BLTs), acquired with the BPL acquisition as well as income related to the recovery of losses experienced on loans and servicing rights previously acquired.

Noninterest Expense

Noninterest expense increased by $37.8 million, or 21%, in the second quarter of 2013 and $90.8 million, or 27%, in the first six months of 2013 compared to the same periods in 2012. The following table illustrates the primary components of noninterest expense for the periods indicated.

Noninterest Expense Table 5

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2013	2012	2013	2012
Salaries, commissions and other employee benefits expense	$118,457	$76,277	$228,936	$142,867
Equipment expense	20,707	16,889	40,559	32,837
Occupancy expense	7,547	6,017	14,931	11,366
General and administrative expense:				
Professional fees	24,754	19,319	47,802	34,929
Foreclosure and other real estate owned (OREO) expense	9,614	14,969	16,641	25,928
Other credit-related expenses	1,850	5,806	4,178	17,616
	8,358	9,352	22,060	18,613

Federal Deposit Insurance Corporation (FDIC) premium assessment and other agency fees				
Advertising and marketing expense	6,320	8,646	16,701	14,553
Other	15,933	18,508	33,548	35,895
Total general and administrative expense	66,829	76,600	140,930	147,534
Total Noninterest Expense	$213,540	$175,783	$425,356	$334,604

The increase in noninterest expense was driven by increases in salaries, commissions and employee benefits, occupancy and equipment expense partially offset by decreases in general and administrative expense.

Salaries, commissions and employee benefits increased by $42.2 million, or 55% in the second quarter of 2013 and $86.1 million, or 60%, in the first six months of 2013, compared to the same periods in 2012 due primarily to growth in our Mortgage Banking reporting segment. Mortgage Banking salaries, commissions and employee benefits increased by $27.1 million in the second quarter of 2013 and $54.1 million in the first six months of 2013, which included an increase in variable commissions of $11.3 million and $21.5 million, respectively. Salary and headcount increases were driven by increased mortgage lending and the expansion of our retail and consumer direct production channels. Additional growth was also due to headcount increases in our Corporate Services and Banking and Wealth Management reporting segments due to the acquisitions of warehouse finance and BPL in 2012, legal and regulatory compliance, as well as general operations growth. Headcount growth was 61%, 22%, and 33% in our Mortgage Banking, Banking and Wealth Management and Corporate Services reporting segments, respectively, as of June 30, 2013 compared to the same period in 2012.

Occupancy and equipment expense increased by $5.3 million, or 23%, in the second quarter of 2013 and by $11.3 million, or 26%, in the first six months of 2013, compared to the same periods in 2012. The increase was primarily due to increased costs associated with the

Table of Contents
expansion of our retail lending channels. Additionally, increased expenses are due to our warehouse finance and BPL acquisitions and overall expansion and growth of the business.
General and administrative expense decreased by $9.8 million, or 13%, in the second quarter of 2013 and $6.6 million, or 4%, in the first six months of 2013, compared to the same periods in 2012. For the second quarter of 2013 decreases were experienced in foreclosure and OREO expense, other credit-related expenses, advertising and marketing expense, FDIC premium assessment and other agency fees and other general and administrative expense, partially offset by an increase in professional fees compared to the same period in 2012. For the first six months of 2013 decreases were experienced in other credit-related expenses, foreclosure and OREO expense, and other general and administrative expense, partially offset by increases in professional fees, FDIC premium assessment and other agency fees and advertising and marketing expense compared to the same period in 2012.
Professional fees increased by $5.4 million, or 28%, in the second quarter of 2013 and $12.9 million, or 37%, in the first six months of 2013, compared to the same periods in 2012. The increase was primarily associated with the increase in consultant costs associated with the consent order remediation process we are undergoing.
Foreclosure and OREO expense decreased by $5.4 million, or 36%, in the second quarter of 2013 and by $9.3 million, or 36%, in the first six months of 2013, compared to the same periods in 2012 due primarily to a decrease in foreclosure-related expenses. Foreclosure expenses decreased by $3.8 million in the second quarter of 2013 and by $5.6 million in the first six months of 2013, compared to the same periods in 2012 due to improved credit quality and the decrease in government insured pool buyout activity over the past year. OREO expense decreased $1.6 million in the second quarter of 2013, and by $3.7 million in the first six months of 2013, due to stabilizing property values and declining losses incurred on OREO properties as a result.
Other credit-related expenses decreased by $4.0 million, or 68%, in the second quarter of 2013 and by $13.4 million, or 76%, in the first six months of 2013, compared to the same periods in 2012 primarily due to a decrease in our repurchase reserve expenses related to our originated and serviced loans. We describe our reserves for loans subject to representations and warranties in Note 14 in our condensed consolidated financial statements and in our Analysis of Statements of Condition in the "Loans Subject to Representations and Warranties" section of this Quarterly Report on Form 10-Q.
FDIC insurance premium assessment and other agency fees decreased by $1.0 million, or 11%, in the second quarter of 2013 and increased by $3.4 million, or 19%, in the first six months of 2013 compared to the same periods in 2012. The increase in the first six months of 2013 was due to retrospective fee assessment which was charged during the first quarter of 2013.
Advertising and marketing expense decreased by $2.3 million, or 27%, in the second quarter of 2013, and increased by $2.1 million, or 15%, in the first six months of 2013, compared to the same periods in 2012. The decrease in the second quarter of 2013 was due to the reduction in overall advertising as well as sponsorships. The increase in the first six months of 2013 was due primarily to our deposit gathering initiatives and our sponsorship of the Professional Golfers' Association (PGA) Golf Tournament during the first quarter of 2013.
Subsequent to quarter end, we announced we will cease originating residential mortgages through our wholesale broker lending channel. Origination volume attributable to the wholesale broker channel was $0.5 billion in the second quarter and $1.2 billion year-to-date. These actions will eliminate approximately 150 positions nationwide and result in a one-time after-tax charge of $2.0 to $4.0 million which will be recognized in the third quarter of 2013.

Provision for Income Taxes and Effective Tax Rates

Provision for Income Taxes and Effective Tax Rates Table 6

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2013	2012	2013	2012
Provision for income taxes	$28,459	$6,395	$52,703	$13,189
Effective tax rates	38.2 %	36.4 %	38.2 %	36.4 %

For the three and six months ended June 30, 2013 and 2012, our effective income tax rate differs from the statutory federal income tax rate primarily due to state income taxes.

Segment Results

We evaluate our overall financial performance through three financial reporting segments: Banking and Wealth Management, Mortgage Banking and Corporate Services. To generate financial information by operating segment, we use an internal profitability reporting system which is based on a series of management estimates and allocations. We continually review and refine many of these estimates and allocations, many of which are subjective in nature. Any changes we make to estimates and allocations that may affect the reported results of any business segment do not affect our consolidated financial position or consolidated results of operations. Beginning in 2013, we updated our intersegment allocation of expenses for legal, human resources, and marketing expenses from the Corporate Services segment to the Banking and Wealth Management and Mortgage Banking segments, as applicable.

We use funds transfer pricing in the calculation of the respective operating segment's net interest income to measure the value of funds used in and provided by an operating segment. The difference between the interest income on earning assets and the interest expense on funding liabilities and the corresponding funds transfer pricing charge for interest income or credit for interest expense results in net interest income. We allocate risk-adjusted capital to our segments based upon the credit, liquidity, operating and interest rate risk inherent in the segment's asset and liability composition and operations. These capital allocations are determined based upon formulas that incorporate regulatory, GAAP and economic capital frameworks including risk-weighting assets, allocating noninterest expense and incorporating economic liquidity premiums for assets deemed by management to lower liquidity profiles.

Our Banking and Wealth Management segment often invests in loans originated from asset generation channels contained within our Banking and Wealth Management and Mortgage Banking segments as well as third party loan acquisitions. When intersegment acquisitions take place, we assign an estimate of the market value to the asset and record the transfer as a market purchase. In addition, intersegment cash balances are eliminated in segment reporting. The effects of these intersegment allocations and transfers are eliminated in consolidated reporting.

Table of Contents

The following table summarizes segment income and total assets for each of our segments as of and for each of the periods shown:

Business Segments Selected Financial Information Table 7A

(dollars in thousands)	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Three Months Ended June 30, 2013					
Net interest income (loss)	$127,072	$15,719	$(1,574)	$—	$141,217
Provision for loan and lease losses	(1,320)	1,349	—	—	29
Net interest income after provision for loan and lease losses	128,392	14,370	(1,574)	—	141,188
Noninterest income	32,654	113,901	249	—	146,804
Noninterest expense:					
Foreclosure and OREO expense	6,577	3,037	—	—	9,614
Other credit-related expenses	1,238	612	—	—	1,850
All other noninterest expense	64,155	114,275	23,646	—	202,076
Income (loss) before income tax	89,076	10,347	(24,971)	—	74,452
Adjustment items (pre-tax):					
Decrease in Bank of Florida non-accretable discount	(867)	—	—	—	(867)
MSR impairment (recovery)	—	(32,572)	—	—	(32,572)
Transaction and non-recurring regulatory related expense	—	18,012	1,410	—	19,422
Adjusted income (loss) before income tax	$88,209	$(4,213)	$(23,561)	$—	$60,435
Total assets as of June 30, 2013	$15,588,567	$2,805,876	$194,395	$(225,966)	$18,362,872

Business Segments Selected Financial Information Table 7B

(dollars in thousands)	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Three Months Ended June 30, 2012					
Net interest income (loss)	$114,801	$11,790	$(1,607)	$—	$124,984
Provision for loan and lease losses	5,041	716	—	—	5,757
Net interest income after provision for loan and lease losses	109,760	11,074	(1,607)	—	119,227
Noninterest income	25,605	48,524	(6)	—	74,123
Noninterest expense:					
Foreclosure and OREO expense	12,378	2,591	—	—	14,969
Other credit-related expenses	1,604	4,193	9	—	5,806
All other noninterest expense	61,564	60,686	32,758	—	155,008
Income (loss) before income tax	59,819	(7,872)	(34,380)	—	17,567
Adjustment items (pre-tax):					
Increase in Bank of Florida non-accretable discount	747	—	—	—	747
MSR impairment	—	30,135	—	—	30,135

Transaction and non-recurring regulatory related expense	—	5,461	4,448	—	9,909
Adjusted income (loss) before income tax	$60,566	$27,724	$(29,932)	$—	$58,358
Total assets as of June 30, 2012	$13,327,046	$1,902,152	$124,406	$(312,780)	$15,040,824

Table of Contents

Business Segments Selected Financial Information Table 7C

(dollars in thousands)	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Six Months Ended June 30, 2013					
Net interest income (loss)	$259,445	$28,733	$(3,145)	$—	$285,033
Provision for loan and lease losses	(1,399)	3,347	—	—	1,948
Net interest income after provision for loan and lease losses	260,844	25,386	(3,145)	—	283,085
Noninterest income	60,435	219,270	408	—	280,113
Noninterest expense:					
Foreclosure and OREO expense	11,862	4,779	—	—	16,641
Other credit-related expenses	1,908	2,270	—	—	4,178
All other noninterest expense	142,003	213,813	48,721	—	404,537
Income (loss) before income tax	165,506	23,794	(51,458)	—	137,842
Adjustment items (pre-tax):					
Increase in Bank of Florida non-accretable discount	665	—	—	—	665
MSR impairment (recovery)	—	(45,127)	—	—	(45,127)
Transaction and non-recurring regulatory related expense	5,252	29,543	3,056	—	37,851
Adjusted income (loss) before income tax	$171,423	$8,210	$(48,402)	$—	$131,231
Total assets as of June 30, 2013	$15,588,567	$2,805,876	$194,395	$(225,966)	$18,362,872

Business Segments Selected Financial Information Table 7D

(dollars in thousands)	Banking and Wealth Management	Mortgage Banking	Corporate Services	Eliminations	Consolidated
Six Months Ended June 30, 2012					
Net interest income (loss)	$221,346	$22,286	$(3,025)	$—	$240,607
Provision for loan and lease losses	15,356	1,756	—	—	17,112
Net interest income after provision for loan and lease losses	205,990	20,530	(3,025)	—	223,495
Noninterest income	50,833	96,397	86	—	147,316
Noninterest expense:					
Foreclosure and OREO expense	20,340	5,588	—	—	25,928
Other credit-related expenses	1,421	16,183	12	—	17,616
All other noninterest expense	113,410	117,550	60,100	—	291,060
Income (loss) before income tax	121,652	(22,394)	(63,051)	—	36,207
Adjustment items (pre-tax):					
Increase in Bank of Florida non-accretable discount	4,191	—	—	—	4,191
MSR impairment	—	45,279	—	—	45,279
Transaction and non-recurring regulatory related expense	—	10,183	5,990	—	16,173

Adjusted income (loss) before income tax	$125,843	$33,068	$(57,061)	$—	$101,850
Total assets as of June 30, 2012	$13,327,046	$1,902,152	$124,406	$(312,780)	$15,040,824

52

Table of Contents

Banking and Wealth Management

Banking and Wealth Management

Table 8

(dollars in thousands)	Three Months Ended June 30, 2013	2012	Six Months Ended June 30, 2013	2012
Interest income				
Interest and fees on loans and leases	$152,385	$126,296	$309,997	$243,197
Interest and dividends on investment securities	14,813	20,699	31,063	41,248
Other interest income (1)	12,397	8,084	23,058	15,285
Total interest income	179,595	155,079	364,118	299,730
Interest expense				
Deposits	26,560	20,411	53,378	41,379
Other borrowings	18,425	9,587	36,478	17,004
Other interest expense (2)	7,538	10,280	14,817	20,001
Total interest expense	52,523	40,278	104,673	78,384
Net interest income	127,072	114,801	259,445	221,346
Provision for loan and lease losses	(1,320)	5,041	(1,399)	15,356
Net interest income after provision for loan and lease losses	128,392	109,760	260,844	205,990
Noninterest income				
Gain on sale of loans	17,539	10,918	25,868	21,470
Other	15,115	14,687	34,567	29,363
Total noninterest income	32,654	25,605	60,435	50,833
Noninterest expense				
Salaries, commissions and employee benefits	30,566	22,048	61,369	42,712
Equipment and occupancy	13,718	12,283	27,272	23,631
Foreclosure and OREO	6,577	12,378	11,862	20,340
Other general and administrative	21,109	28,837	55,270	48,488
Total noninterest expense	71,970	75,546	155,773	135,171
Income before income taxes	$89,076	$59,819	$165,506	$121,652

(1) Other interest income includes interest income from interest-bearing cash and cash equivalents and intersegment interest income.

(2) Other interest expense represents intersegment interest expense.

Banking and Wealth Management segment earnings increased by $29.3 million, or 49%, in the second quarter of 2013 compared to the same period in 2012 primarily due to increases in net interest income, noninterest income and gain on sale of loans as well as a decrease in provision for loan and lease losses and noninterest expense. Segment earnings increased by $43.9 million, or 36%, in the first six months of 2013 compared to the same period in 2012 primarily due to increases in net interest income, noninterest income and a decrease in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Net interest income increased by $12.3 million, or 11%, in the second quarter of 2013, and by $38.1 million, or 17%, in the first six months of 2013 compared to the same periods in 2012 due to an increase in interest income from acquisitions of $24.5 million in the second quarter of 2013 and $64.4 million in the first six months of 2013, partially offset by an increase in interest expense of $12.2 million in the second quarter of 2013, and $26.3 million in the first six months of 2013 . The warehouse finance acquisition, completed in the second quarter of 2012, and BPL acquisition, completed in the fourth quarter of 2012, contributed $10.4 million and $47.0 million, respectively, to interest income during the first six months of 2013. Interest expense increased primarily due to growth in FHLB advances and deposits throughout 2012 to fund a portion of our asset growth and to take advantage of historically low fixed borrowing rates. For a detailed explanation of changes in net interest income, please refer to our volume/rate analysis in Table 3.

Provision for loan and lease losses decreased by $6.4 million, or 126%, in the second quarter of 2013 and by $16.8 million, or 109%, in the first six months of 2013 compared to the same periods in 2012 due primarily to improving credit performance in our residential and commercial portfolios. Our loan portfolio experienced net charge-offs of $3.6 million and $10.6 million for the three and six months ended June 30, 2013 compared to $6.6 million and $17.5 million in the same periods of 2012. The improved credit performance resulted in an annualized net charge-off ratio of 0.12% in the second quarter of 2013 compared to 0.34% in the same period in 2012. For a detailed explanation of changes in our allowance for loan and lease losses, please refer to "Loan and Lease Quality."

Noninterest income increased by $7.0 million, or 28%, in the second quarter of 2013 and by $9.6 million, or 19%, in the first six months of 2013, compared to the same periods in 2012. The warehouse finance and BPL acquisitions contributed $1.5 million and $3.4 million, respectively, to noninterest income during the second quarter of 2013, and $2.1 million and $6.6 million, respectively, in the first six months of 2013. Prepayment penalty income related to commercial loan servicing drove the noninterest income contributed by the BPL acquisition. Additionally, we generated $4.0 million in the first six months of 2013, of noninterest income related to the recovery of losses experienced on loans and servicing rights previously acquired. Increases were offset by a $2.4 million decrease in lease income for the second quarter of 2013 and a $4.6 million decrease for the first six months of 2013, compared to the same periods of 2012, as late fees related to our deferred financing leases are included in net interest income. Additionally, there was a $6.6 million increase in gains from third party loan sales for the first quarter and $4.4 for the first six months of 2013. Increased gain on sale of loans for the second quarter of 2013 increased $6.6 million compared to the same period in 2012 due to gains on loan sales related to securitization and sales activities related primarily to the redelivery of reperforming

Table of Contents

pool buyouts into GNMA securities.
Noninterest expense decreased by $3.6 million, or 5%, in the second quarter of 2013 and increased by $20.6, or 15%, in the first six months of 2013 compared to the same periods in 2012. The decrease in the second quarter of 2013 was primarily due to a decrease in our foreclosure and OREO expenses and other general and administrative expenses partially offset by an increase in salaries, commissions, and employee benefits. The increase in the first six months of 2013 compared to the same period in 2012 was primarily due to an increase in salaries, commissions, and employee benefits and other general and administrative expenses partially offset by a decrease in foreclosure and OREO expenses.
Salaries, commissions, and employee benefits increased by $8.5 million, or 39%, in the second quarter of 2013 and by $18.7 million, or 44%, in the first six months of 2013, compared to the same periods in 2012 due to the warehouse finance and BPL acquisitions. Total Banking and Wealth Management headcount increased by 22% as of June 30, 2013, compared to the same period in 2012.
Equipment and occupancy expense increased by $1.4 million, or 12%, in the second quarter of 2013 and by $3.6 million, or 15%, in the first six months of 2013 compared to the same periods in 2012 primarily due to growth within the business segment due to our warehouse finance and BPL acquisitions. Additional growth is due to our new WorldCurrency® system and overall expansion and growth of the segment.
Foreclosure and OREO expense decreased by $5.8 million, or 47%, in the second quarter of 2013 and $8.5 million, or 42%, in the first six months of 2013 compared to the same period in 2012 primarily due to stabilizing property values and declining losses on OREO properties as a result. OREO related expenses and provisions decreased by $0.8 million in the second quarter of 2013 and by $1.4 million in the first six months of 2013, compared to the same periods in 2012. Additionally, foreclosure expenses decreased by $4.1 million in the second quarter of 2013, and by $5.0 million for the first six months of 2013, compared to the same periods in 2012 due to improved credit quality and home prices and the decrease in government insured pool buyout activity over the past year.
Other general and administrative expense decreased by $7.7 million, or 27%, in the second quarter of 2013 and increased by $6.8 million, or 14%, in the first six months of 2013, compared to the same periods in 2012. The decrease in the second quarter of 2013 was driven primarily by decreases in advertising expenses, FDIC insurance assessment and other agency fees, deferred origination costs and FDIC clawback expense, partially offset by an increase in corporate allocations. The increase in the first six months of 2013 was driven primarily by increases in corporate allocations, professional and legal expenses, FDIC insurance assessment and other agency fees and production reserves and losses, partially offset by decreases in deferred origination costs and FDIC clawback expense.
Corporate allocations increased by $3.9 million in the second quarter of 2013 and by $7.5 million in the first six months of 2013, compared to the same periods in 2012. The increase in corporate allocation was due primarily to the allocation of additional corporate expenses to our business segments to more closely align cost with utilization by the segments, as well as an increase in marketing allocations, as we continue to focus on increasing our deposit base. The FDIC clawback liability decreased during the second quarter of 2013 due to a rise in interest rates and a corresponding increase in the discount rate used to value the liability. Therefore, FDIC clawback expense decreased by $6.2 million in the second quarter of 2013, and by $5.1 million in the first six months of 2013 compared to the same periods in 2012. FDIC insurance assessment and other agency fees decreased by $1.3 million in the second quarter 2013, and increased by $2.9 million in the first six months of 2013 compared to the same periods in 2012. The increase in the first six months was due to additional FDIC fees recorded in the first quarter of 2013 for a fee assessment which was assessed on a retrospective basis.

Mortgage Banking

Mortgage Banking

Table 9

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2013	2012	2013	2012
Net interest income	$15,719	$11,790	$28,733	$22,286
Provision for loan and lease losses	1,349	716	3,347	1,756
Net interest income after provision for loan and lease losses	14,370	11,074	25,386	20,530

Noninterest income				
Gain on sale of loans	58,296	59,006	132,276	96,631
Loan servicing fee income:				
Loan servicing fee income	48,228	44,697	91,318	92,386
Amortization and impairment of MSR	(1,771)	(64,278)	(22,553)	(108,760)
Net loan servicing income	46,457	(19,581)	68,765	(16,374)
Other	9,148	9,099	18,229	16,140
Total noninterest income	113,901	48,524	219,270	96,397
Noninterest expense				
Salaries, commissions and employee benefits	63,254	36,176	119,722	65,613
Equipment and occupancy	8,179	4,684	15,604	9,157
Professional fees	15,456	4,778	28,938	10,927
Foreclosure and OREO	3,037	2,591	4,779	5,588
Other credit-related expenses	612	4,193	2,270	16,183
Other general and administrative	27,386	15,048	49,549	31,853
Total noninterest expense	117,924	67,470	220,862	139,321
Income (loss) before income taxes	$10,347	$(7,872)	$23,794	$(22,394)

Table of Contents

Second Quarter of 2013 compared to Second Quarter of 2012

Mortgage Banking segment earnings increased by $18.2 million, in the second quarter of 2013 compared to the same period in 2012 primarily due to an increase in noninterest income partially offset by an increase in noninterest expense.

Net interest income increased by $3.3 million, or 30%, in the second quarter of 2013 compared to the same period in 2012. The increase was driven by an increased volume in the amount of loans being carried in our loans held for sale account compared to the same period in 2012. For a detailed explanation of changes in net interest income, please refer to our volume/rate analysis in Table 3.

Noninterest income increased by $65.4 million, or 135%, in the second quarter of 2013 compared to the same period in 2012. The increase was driven by an increase in net loan servicing income of $66.0 million in the second quarter of 2013 compared to the same period in 2012. Amortization and impairment of MSR decreased by $62.5 million, or 97%, in the second quarter of 2013 due primarily to a $30.1 million MSR impairment charge recorded during the second quarter of 2012. We recognized a MSR recovery of $32.6 million of the related valuation allowance in the second quarter of 2013. Impairment during 2012 was due to a combination of a declining rate environment that resulted in higher prepayment speeds including the impact from HARP 2.0. In the second quarter of 2013, expected and actual prepayment speeds decreased from the previous quarter due to a significant increase in mortgage rates during the quarter which reduced the number of borrowers that would benefit from refinance.

Additionally, loan servicing fees increased by $3.5 million, or 8%, in the second quarter of 2013 compared to the same period in 2012. The increase in loan servicing fees is due an increase in the UPB of loans serviced primarily as a result of the residential MSR portfolio acquisition in the second quarter of 2013.

Noninterest expense increased by $50.5 million, or 75%, in the second quarter of 2013 compared to the same period in 2012 primarily due to increases in salaries, commissions, and employee benefits, professional fees, and other general and administrative costs. These increases were partially offset by decreases in other credit-related expenses due to a decrease in our repurchase reserve expenses.

Salaries, commissions, and employee benefits increased $27.1 million, or 75%, in the second quarter of 2013 compared to the same period in 2012. The increase is directly attributable to an increase in headcount of 61% as of June 30, 2013 compared to the same period in 2012. The increase in headcount is due to the expansion of our retail and consumer direct production channels and our servicing default services.

Professional fees increased by $10.7 million, in the second quarter of 2013 compared to the same period in 2012 primarily related to third party costs associated with the consent order remediation process.

Other general and administrative expenses increased by $12.3 million, or 82%, in the second quarter of 2013 compared to the same period in 2012. This was due primarily to an increase in corporate allocations of $7.3 million in the second quarter of 2013. Additional corporate expenses were allocated to our business segments to more closely align cost with utilization by the segments. Additional increases are due to operating cost growth associated with growth within our segment.

Other credit-related expenses decreased by $3.6 million, or 85%, in the second quarter of 2013 compared to the same period in 2012. This decrease was due to the decrease in repurchase reserve expenses related to our originated and serviced loans. We describe our reserves related to loans subject to representations and warranties in Note 14 in our condensed consolidated financial statements and in our Analysis of Statements of Condition in "Loans Subject to Representations and Warranties."

Six Months Ended June 30, 2013 compared to Six Months Ended June 30, 2012

Mortgage Banking segment earnings increased by $46.2 million in the first six months of 2013 compared to the same period in 2012 primarily due to an increase in noninterest income partially offset by an increase in noninterest expense.

Net interest income increased by $4.9 million, or 24%, in the first six months of 2013 compared to the same period in 2012. The increase was driven by an increased volume in the amount of loans being carried in our loans held for sale account compared to the same period in 2012. For a detailed explanation of changes in net interest income, please refer to our volume/rate analysis in Table 3.

Noninterest income increased by $122.9 million, or 127% in the first six months of 2013 compared to the same period in 2012. The increase was driven by an increase in net loan servicing income of $85.1 and an increase in gain on sale of loans in our mortgage lending business of $35.6 million in the first six months of 2013, compared to the same period in 2012.

Gain on sale of loans increased by $35.6 million in the first six months of 2013 compared to the same period in 2012 primarily due to an increase in mortgage lending volume. Lending volume increased by $2.0 billion, or 47%, to $6.1 billion in the first six months of 2013, compared to the same period in 2012. Lending volume benefited substantially from growth in our retail channel, which generated 83% of the increase in lending volume. Refinancing demand and government sponsored programs, such as HARP, continued to contribute to lending growth as well as increased lending of certain jumbo mortgage products. In addition to an increase in lending volume, we continued to benefit from pricing power on the refinancing demand as gain on sale continued to benefit from strong margins that are greater than the historical norm. While gain on sale continues to benefit from the high margins associated with the conforming product, we saw spreads widen on the non-agency jumbo fixed rate product we have been originating for resale. As a result of this move in spreads, we saw a decline in our reported gain on sale margins.

Net loan servicing income increased $85.1 million in the first six months of 2013 compared to the same period in 2012 primarily due to a decrease in amortization and impairment of MSR. Amortization and impairment of MSR decreased by $86.2 million, or 79%, in the first six months of 2013, due primarily to an impairment charge of $45.3 million recorded in the first six months of 2012. Additionally, we recognized recoveries of the related valuation allowance of $45.1 million in the first six months of 2013. Impairment during 2012 was due to a combination of a declining rate environment that resulted in higher prepayment speeds including the impact from HARP 2.0. In the second quarter of 2013, expected and actual prepayment speeds decreased from the previous quarter due to a significant increase in mortgage rates during the quarter which reduced the number of borrowers that would benefit from refinance.

Noninterest expense increased by $81.5 million, or 59%, in the first six months of 2013, compared to the same period in 2012 primarily due to increases in salaries, commissions, and employee benefits, professional fees, and other general and administrative costs. These increases were partially offset by decreases in other credit-related expenses due to a decrease in our repurchase reserve expenses.

Table of Contents

Salaries, commissions, and employee benefits increased $54.1 million, or 82%, in the second quarter of 2013 compared to the same period in 2012. The increase is directly attributable to an increase in headcount of 61% as of June 30, 2013 compared to the same period in 2012. The increase in headcount is due to the expansion of our retail and consumer direct production channels and our servicing default services.

Professional fees increased by $18.0 million in the first six months of 2013 compared to the same periods in 2012 primarily related to third party costs associated with the consent order remediation process.

Other general and administrative expenses increased by $17.7 million, or 56%, in the first six months of 2013 compared to the same period in 2012. This was due primarily to an increase in corporate allocations of $14.2 million in the first six months of 2013. Additional corporate expenses were allocated to our business segments to more closely align cost with utilization by the segments. Additional increases are due to operating cost growth associated with growth within our segment. The year to date increase was offset by a $2.4 million decrease in Federal National Mortgage Association (FNMA) compensatory fees in the first six months of 2013.

Other credit-related expenses decreased by $13.9 million, or 86%, in the first six months of 2013, compared to the same period in 2012. This decrease was due to the decrease in repurchase reserve expenses related to our originated and serviced loans. We describe our reserves related to loans subject to representations and warranties in Note 14 in our condensed consolidated financial statements and in our Analysis of Statements of Condition in "Loans Subject to Representations and Warranties."

Corporate Services

Corporate Services

Table 10

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2013	2012	2013	2012
Net interest income	$(1,574)	$(1,607)	$(3,145)	$(3,025)
Noninterest income	249	(6)	408	86
Noninterest expense				
Salaries, commissions and employee benefits	24,637	18,053	47,845	34,542
Equipment and occupancy	6,357	5,939	12,614	11,415
Other general and administrative	12,758	19,006	29,649	