EverBank Financial Corp
Form 424B4
November 07, 2012
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Registration No. 333-184381

EverBank Financial Corp

6,000,000 Depositary Shares, Each Representing a 1/1,000th Interest

in a Share of 6.75% Series A Non-Cumulative Perpetual Preferred Stock

EverBank Financial Corp is offering 6,000,000 depositary shares, each representing a 1/1,000th ownership interest in a share of 6.75% Series A Non-Cumulative Perpetual Preferred Stock, $0.01 par value per share, with a liquidation preference of $25,000 per share (equivalent to $25 per depositary share), or the Series A Preferred Stock. As a holder of depositary shares, you will be entitled to all proportional rights and preferences of the Series A Preferred Stock (including dividend, voting, redemption and liquidation rights). You must exercise such rights through the depositary.

Dividends on the Series A Preferred Stock, when, as and if declared by our board of directors or a duly authorized committee of the board, will accrue and be payable on the liquidation preference amount, on a non-cumulative basis, quarterly in arrears on the 5th day of January, April, July and October of each year, commencing on January 5, 2013, at a rate per annum equal to 6.75%. We currently anticipate paying dividends on the Series A Preferred Stock commencing with the first scheduled payment date on January 5, 2013. If our board of directors or a duly authorized committee of the board has not declared a dividend on the Series A Preferred Stock before the dividend payment date for any dividend period, such dividend shall not be cumulative and shall not accrue or be payable for such dividend period, and we will have no obligation to pay dividends for such dividend period, whether or not dividends on the Series A Preferred Stock are declared for any future dividend period. Payment of dividends on the Series A Preferred Stock is subject to certain legal, regulatory and other restrictions as described in more detail under Regulation and Supervision Regulation of Federal Savings Banks Limitation on Capital Distributions and Description of Series A Preferred Stock Dividends .

The Series A Preferred Stock may be redeemed at our option (i) in whole or in part on January 5, 2018, or any dividend payment date thereafter, or (ii) in whole, but not in part at any time within 90 days following a regulatory capital treatment event, as described herein, in each case at a redemption price equal to $25,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to, but excluding, the redemption date.

The Series A Preferred Stock will not have any voting rights, except as set forth under Description of Series A Preferred Stock Voting Rights on page 225.

We intend to apply to list the depositary shares on the New York Stock Exchange, or the NYSE, under the symbol EVER-PrA. If the application is approved, we expect trading of the depositary shares on the NYSE to begin within the 30-day period after the initial delivery of the depositary shares.

The depositary shares are equity securities and will not be savings accounts, deposits or other obligations of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency or instrumentality.

Investing in the depositary shares involves risks. Potential purchasers of the depositary shares should consider the information set forth in the Risk Factors section beginning on page 29.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

EverBank Financial Corp is an emerging growth company, as defined in Section 2(a) of the Securities Act of 1933.

	Per Depositary Share	Total
Price to Public	$25.00	$150,000,000
Underwriting discounts	$0.7875	$4,725,000
Proceeds before expenses	$24.2125	$145,275,000

The underwriters are offering the depositary shares as set forth under Underwriting. Delivery of the depositary shares in book-entry form through The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, is expected to be made on or about November 13, 2012.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley** **UBS Investment Bank** **Goldman, Sachs & Co.**

Lead Manager

Raymond James

Co-Managers

Deutsche Bank Securities **Keefe, Bruyette & Woods** **Sterne Agee**

Prospectus dated November 5, 2012.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

These securities are not deposits, bank accounts or obligations of any bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and are subject to investment risks, including possible loss of the entire amount invested.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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PROSPECTUS SUMMARY

The following is a summary of selected information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to purchase the depositary shares offered hereby. You should read this entire prospectus carefully, especially the Risk Factors section and the historical and pro forma financial statements and the related notes thereto and management s discussion and analysis thereof included elsewhere in this prospectus before making an investment decision to purchase the depositary shares. Unless we state otherwise or the context otherwise requires, references in this prospectus to EverBank Financial Corp, we, our, us, and the Company for all periods subsequent to May 8, 2012 refer to EverBank Financial Corp, a Delaware corporation, and its consolidated subsidiaries, and for all periods prior to May 8, 2012, these terms refer to EverBank Financial Corp, a Florida corporation, and its predecessors and their respective consolidated subsidiaries.

EverBank Financial Corp

Overview

We are a diversified financial services company that provides innovative banking, lending and investing products and services to approximately 575,000 customers nationwide through scalable, low-cost distribution channels. Our business model attracts financially sophisticated, self-directed, mass-affluent customers and a diverse base of small and medium-sized business customers. We market and distribute our products and services primarily through our integrated online financial portal, which is augmented by our nationwide network of independent financial advisors, 14 high-volume financial centers in targeted Florida markets and other financial intermediaries. 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 high quality assets with attractive financial returns and collectively leverage our core deposit franchise and customer base. We originate, invest in, sell and service residential mortgage loans, equipment leases, commercial loans and various other consumer loans, as market conditions warrant. Our organic origination activities are scalable, significant relative to our balance sheet size and provide us with growth potential. Additionally, 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 customers and provides us with a stable and flexible source of low, all-in cost funding. We have a demonstrated ability to grow our customer 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 customers. Our products, distribution and marketing strategies allow us to generate deposit growth while maintaining an attractive mix of high-value transaction and savings accounts.

Our organic growth has been supplemented by selective acquisitions of portfolios and businesses, including our recent acquisitions of General Electric Capital Corporation s, or GECC, Business Property Lending, Inc., or Business Property Lending, and MetLife Bank s warehouse finance business. Additionally, in 2010 we acquired the banking operations of the Bank of Florida Corporation, or Bank of Florida, in a Federal Deposit Insurance Corporation, or FDIC, assisted transaction and Tygris Commercial Finance Group, Inc., or Tygris, a commercial finance company. We evaluate and pursue financially attractive opportunities to enhance

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our franchise on an ongoing basis. We have also recently made significant investments in our business infrastructure, management team and operating platforms that we believe will enable us to grow our business efficiently and further capitalize on organic growth and strategic acquisition opportunities.

We have recorded positive earnings in every full year since 1995. From 2000 to 2011, we recorded an average return on average equity, or ROAE, of 14.9% and a net income compound annual growth rate, or CAGR, of 22%. As of June 30, 2012, we had total assets of $15.0 billion and total shareholders equity of $1.2 billion.

History

The following chart shows key events in our history, and the corresponding growth in our assets and deposits over time:

Asset Origination and Fee Income Businesses

We have a suite of asset origination and fee income businesses that individually generate attractive financial returns and collectively leverage our low-cost deposit franchise and mass-affluent customer base. These businesses diversify our earnings, strengthen our balance sheet and provide us with increased flexibility to manage through changing market and operating environments.

Our asset origination and fee income businesses include the following:

Mortgage Banking. We originate prime residential mortgage loans using a centrally controlled underwriting, processing and fulfillment infrastructure through financial intermediaries (including community banks, credit unions, mortgage bankers and brokers), consumer direct channels and financial centers. These low-cost, scalable distribution channels are consistent with our deposit distribution model. We have recently expanded our retail and correspondent distribution channels and emphasized jumbo prime mortgages, which we retain on our balance sheet, to our mass-affluent customer base.

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Our mortgage servicing business includes collecting loan payments, remitting principal and interest payments to investors, managing escrow funds and other activities. In addition to generating significant fee income, our mortgage banking activities provide us with direct asset acquisition opportunities. We believe that our mortgage banking expertise, insight and resources position us to make strategic investment decisions, effectively manage our loan and investment portfolio and capitalize on significant changes currently taking place in the industry.

Commercial Finance. We entered the commercial finance business as a result of our acquisition of Tygris. We originate equipment leases nationwide through relationships with approximately 280 equipment vendors with large networks of high quality borrowers and provide asset-backed loan facilities to other leasing companies. Since the acquisition, we have increased our origination activity by growing volumes in existing products as well as adding new products, customers and industries. Our commercial finance activities provide us with access to a variety of small business customers which creates opportunities to cross-sell our deposit, lending and wealth management products.

Commercial Lending. We have historically originated a variety of commercial loans, including owner-occupied commercial real estate, commercial investment property and small business commercial loans principally through our financial centers. We have not been originating a significant volume of new commercial loans in recent periods, but plan to expand origination of these assets in future periods through our recent acquisition of Business Property Lending which provides loans for essential use business properties to small and midsize businesses nationwide.

We also recently acquired MetLife Bank s warehouse finance business, which has enhanced our commercial lending capabilities. Our commercial lending business connects us with small business customers and provides cross-selling opportunities for our deposit, commercial finance, wealth management and other lending products.

Portfolio Management. Our investment analysis capabilities are a core competency of our organization. We supplement our organically originated assets by purchasing loans and securities when those investments have more attractive risk-adjusted returns than those we can originate. Our flexibility to increase risk-adjusted returns by retaining originated assets or acquiring assets, differentiates us from our competitors with regional lending constraints.

Wealth Management. Through our registered broker dealer and investment advisor subsidiaries, we provide comprehensive financial advisory, planning, brokerage, trust and other wealth management services to our affluent and financially sophisticated customers.

Deposit Franchise

Our deposit franchise fosters strong relationships with a large number of financially sophisticated customers and provides us with a stable, flexible source of low-cost funds. Our distribution channels, operating platform and marketing strategies are characterized by low operating costs and enable us to scale our business. Our unique products, distribution and marketing strategies allow us to generate organic deposit growth, providing us flexibility and efficiency in funding asset growth opportunities organically or through strategic acquisitions.

Our deposit customers are typically financially sophisticated, self-directed, mass-affluent individuals, as well as small and medium-sized businesses. These customers generally maintain high balances with us, and our average deposit balance per household (excluding escrow deposits) was $78,283 as of December 31, 2011, which we believe is more than three times the industry average.

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We build and manage our deposit customer relationships through an integrated, multi-faceted distribution network, including the following channels:

- ***Consumer Direct.*** Our consumer direct channel includes Internet, email, telephone and mobile device access to products and services.

- ***Financial Centers.*** We have a network of 14 high-volume financial centers in key Florida metropolitan areas, including the Jacksonville, Naples, Ft. Myers, Miami, Ft. Lauderdale, Tampa Bay and Clearwater markets with average deposits per financial center of $130.5 million as of December 31, 2011.

- ***Financial Intermediaries.*** We offer deposit products nationwide through relationships with financial advisory firms representing over 2,800 independent financial professionals.

We have received industry recognition for our innovative suite of deposit products with proprietary transaction and investment features that drive customer acquisition and increase customer retention rates. Our market-based deposit products, consisting of our WorldCurrency®, MarketSafe® and EverBank Metals Select℠ products, provide investment capabilities for customers seeking portfolio diversification with respect to foreign currencies, commodities and other indices, which are typically unavailable from our banking competitors. These market-based deposit products generate significant fee income. Our YieldPledge® deposit products offer our customers certainty that they will earn yields on these deposit accounts in the top 5% of competitive accounts, as tracked by national bank rate tracking services. Consequently, the YieldPledge® products reduce customers incentive to seek more favorable deposit rates from our competitors. YieldPledge® Checking and YieldPledge® Savings accounts have received numerous awards including Kiplinger Magazine s Best Checking Account and Money Magazine s Best of the Breed.

Our financial portal, recognized by Forbes.com as Best of the Web, includes online bill-pay, account aggregation, direct deposit, single sign-on for all customer accounts and other features, which further deepen our customer relationships. Our website and mobile device applications provide information on our product offerings, financial tools and calculators, newsletters, financial reporting services and other applications for customers to interact with us and manage all of their EverBank accounts on a single integrated platform. Our new mobile applications allow customers using iPhone®, iPad®, Android and BlackBerry® devices to view account balances, conduct real time balance transfers between EverBank accounts, administer billpay, review account activity detail and remotely deposit checks. Our innovative deposit products and the interoperability and functionality of our financial portal and mobile device applications have led to strong customer retention rates.

We believe our deposit franchise provides lower all-in funding costs with greater scalability than branch-intensive banking models, which must replicate operational and administrative activities at each branch. Because our centralized operating platform and distribution strategy largely avoid such redundancy, we realize significant marginal operating cost benefits as our deposit base grows. Our flexible account features and marketing strategies enable us to manage our deposit growth to meet strategic objectives.

Competitive Strengths

Disciplined Risk Management. Through a combination of leveraging our asset origination capabilities, applying our conservative underwriting standards and executing opportunistic acquisitions, we have built a diversified, low-risk asset portfolio with significant credit protection, geographic diversity and attractive yields. We adhere to rigorous underwriting criteria and were able to avoid the higher risk lending products and practices that plagued our industry in recent years. Our focus on the long-term success of the business through increasing risk-adjusted returns, as opposed to short-term profit goals, has enabled us to remain profitable in various market conditions across business cycles.

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Financial Stability and Strong Capital Position. Our strong capital and liquidity position coupled with our conservative management principles, have allowed us to grow our business profitably, across business cycles, even at times when the broader banking sector has experienced significant losses and balance sheet contraction. As of June 30, 2012, our total equity capital was approximately $1.2 billion, our total risk-based capital ratio (bank level) was 15.8% and our total deposits represented approximately 81% of total debt funding.

Scalable Source of Stable Low-Cost Funds. We believe that the operating noninterest expense needed to gather deposits is an important component of measuring funding costs. Our scalable platform and low-cost distribution channels enable us to achieve a lower all-in cost of deposit funding compared to traditional branch-intensive models. Our integrated online financial portal, online account opening and other self-service capabilities lower our customer support costs. Our low-cost distribution channels do not require the fixed cost investment or lead times associated with more expensive, slower-growth branch systems. In addition, we have demonstrated an ability to scale core deposits rapidly and in large increments by adjusting our marketing activities and account features.

Attractive Customer Base. Our products and services typically appeal to well-educated, middle-aged, high-income individuals and households as well as small and medium-sized businesses. We believe these customers, typically located in major metropolitan areas, tend to be financially sophisticated with complex financial needs, providing us with cross-selling opportunities. These customer characteristics result in higher average deposit balances and more self-directed transactions, which lead to operational efficiencies and lower account servicing costs.

Diversified Business Model. We have a diverse set of businesses that provide complementary earnings streams, investment opportunities and customer cross-selling benefits. We believe our multiple revenue sources and the geographic diversity of our customer base mitigate business risk and provide opportunities for growth in varied economic conditions.

Robust Asset Origination and Acquisition Capabilities. We have robust, nationwide asset origination platforms that generate a variety of assets to either retain for our balance sheet or sell in the capital markets. Our organic origination activities are scalable, significant relative to our balance sheet size and provide us with substantial growth potential. We originated $2.7 billion of loans and leases in the second quarter of 2012 ($10.9 billion on an annualized basis) representing an increase of 24% over the first quarter of 2012 and an increase of 89% over the second quarter of 2011. We organically generated $0.7 billion of volume for our own balance sheet ($2.9 billion on an annualized basis) representing an increase of 43% over the first quarter of 2012 and an increase of 69% over the second quarter of 2011.

Scalable Business Infrastructure. Our scalable business infrastructure has enabled us to grow our business and improve profitability. Over the course of 2011 and 2012, we made significant additional investments in our operating platforms, management talent and business processes. We believe our business infrastructure will enable us to continue growing our business well into the future.

Experienced Management Team with Long Tenures at the Company. Our management team has extensive and varied experience in managing national banking and financial services firms and has worked together at EverBank for many years. Senior management has demonstrated a track record of managing profitable growth, successfully executing acquisitions and instilling a rigorous analytical culture. In 2011 and 2012, we also made selective additions to our management team and added key business line leaders.

Strategy

Continue Growth of Deposit Base. We intend to continue to grow our deposit base to fund investment opportunities by expanding our marketing activities and enhancing account features. Key components of this strategy are to build our brand recognition and extend our reach through new media outlets.

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Capitalize on Changing Industry Dynamics. We believe that the wide-scale disruptions in the credit markets and changes in the competitive landscape during the financial crisis will continue to provide us with attractive returns on our lending and investing activities. We see significant opportunities for us in the mortgage markets as uncertainty on the outcome of future regulation and government participation is causing many of our competitors to retrench or exit the market. We plan to capitalize on fundamental changes to the pricing of risk and build on our proven success in evaluating high risk-adjusted return assets as part of our growth strategy going forward.

Opportunistically Evaluate Acquisitions. On an ongoing basis, we evaluate and pursue financially attractive opportunities to enhance our franchise. We may consider acquisitions of lines of business or lenders in commercial and small business lending or leasing, loans or securities portfolios, residential lenders, direct banks, banks or bank branches (whether in FDIC-assisted or unassisted transactions), wealth and investment management firms, securities brokerage firms, specialty finance or other financial services-related companies. Our strong capital and liquidity position enable us to strategically pursue acquisition opportunities as they arise.

Pursue Cross-Selling Opportunities. We intend to leverage our strong customer relationships by cross-selling our banking, lending and investing products and services, particularly as we expand our branding and marketing efforts. We believe our customer concentrations in major metropolitan markets will facilitate our abilities to cross-sell our products. We expect to increase distribution of our deposit and lending products, achieve additional efficiencies across our businesses and enhance our value proposition to our customers.

Execute on Wealth Management Business. We intend to appeal to our mass-affluent customer base by offering such customers additional investment and wealth management services. We believe our wealth management initiative will create new asset generation opportunities, drive additional fee income and build broader and deeper customer relationships.

Risk Factors

There are a number of risks that you should consider before making an investment decision regarding this offering. These risks are discussed more fully in the section entitled Risk Factors following this prospectus summary and the summary consolidated financial data. These risks include, but are not limited to:

- 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 mortgages held for sale;
- risk of higher loan and lease charge-offs;
- legislative or regulatory actions affecting or concerning mortgage loan modification and refinancing;
- our ability to comply with any supervisory actions to which we are or become subject as a result of examination by our regulators;
- concentration of our commercial real estate loan portfolio, in particular, those secured by properties located in Florida;

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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 customers and jumbo mortgages; and

impact of recent and future legal and regulatory changes, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and Basel III.

Corporate Information

Our principal executive offices are located at 501 Riverside Ave., Jacksonville, Florida 32202 and our telephone number is (904) 281-6000. Our corporate website address is www.everbank.com. Information on, or accessible through, our website is not part of, or incorporated by reference in, this prospectus. Our primary operating subsidiary is EverBank, a federal savings bank organized under the laws of the United States, referred to as EverBank.

EverBank (the EverBank logo) and other trade names and service marks that appear in this prospectus belong to EverBank. Trade names and service marks belonging to unaffiliated companies referenced in this prospectus are the property of their respective holders.

In September 2010, EverBank Financial Corp, a Florida corporation, or EverBank Florida, formed EverBank Financial Corp, a Delaware corporation, or EverBank Delaware. On May 8, 2012, 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.

Recent Developments

Third Quarter 2012 Financial Results

On October 24, 2012, we announced our third quarter 2012 financial results. We reported that total assets increased by $1.5 billion, or 10%, to $16.5 billion at September 30, 2012, from $15.0 billion at June 30, 2012, and by $4.0 billion, or 32%, from $12.6 billion at September 30, 2011 and that total deposits grew by $1.0 billion, or 9%, to $11.8 billion at September 30, 2012, from $10.8 billion at June 30, 2012, and by $1.6 billion, or 16%, from $10.2 billion at September 30, 2011.

Key highlights for the third quarter of 2012 include:

GAAP net income was $22.2 million, compared to $11.2 million for the second quarter 2012 and $7.8 million in the third quarter of 2011.

Adjusted net income was $36.2 million, compared to $36.5 million for the second quarter 2012 and $25.6 million for the third quarter of 2011. For a reconciliation of adjusted net income to net income, see Quarterly Financial Data Reconciliation of Non-GAAP Measures.

GAAP diluted earnings per share was $0.19, a 138% increase from $0.08 in the third quarter 2011. Adjusted diluted earnings per share was $0.30, an 11% increase from $0.27 in the third quarter 2011. For a reconciliation of adjusted diluted earnings per share and GAAP diluted earnings per share, see Quarterly Financial Data Reconciliation of Non-GAAP Measures.

Tangible book value per common share was $10.29 at September 30, 2012, and excluding accumulated other comprehensive loss was $11.18.

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Total loans and leases were $11.4 billion at September 30, 2012, up $0.5 billion, or 5% for the quarter and up $3.4 billion, or 42%, compared to September 30, 2011. Loans and leases generated were $3.3 billion, an increase of 85% compared to the third quarter of 2011. Asset quality improved as adjusted nonperforming assets were 1.29% of total assets at September 30, 2012, compared to 1.73% for the third quarter of 2011. For a reconciliation of adjusted non-performing assets to non-performing assets, see Quarterly Financial Data Reconciliation of Non-GAAP Measures.

Annualized net charge-offs to average loans and leases held for investment were 0.25% for the three months ended September 30, 2012, compared to 1.03% for the third quarter of 2011.

Completion of the Initial Public Offering of Our Common Stock

In May 2012, we closed our initial public offering of 22,103,000 shares of our common stock at $10.00 per share, which resulted in net proceeds of $198 million. Our common stock is listed on the NYSE under the symbol EVER .

Acquisition of GECC s Business Property Lending

On October 1, 2012, we acquired for $2.4 billion in cash Business Property Lending, which included the commercial loan origination and servicing platform, $2.3 billion of performing commercial loans and the rights to service $2.9 billion of loans securitized by GECC from 2003 to 2007. We funded the transaction through a combination of available cash on hand, deposits and wholesale borrowings, and no debt was assumed in the transaction. The acquired portfolio consisted of 889 100% performing loans to borrowers in 46 of the 50 states. Loans based in the top five states, based on concentration, represent approximately 43% of the unpaid principal balance at closing with California, New York, Texas, Florida and North Carolina representing 14%, 9%, 9%, 7% and 4%, respectively.

Business Property Lending operates as a nationwide originator and servicer of owner-occupied and credit-tenant commercial loans to small and midsize businesses for essential use properties. Business Property Lending focuses on well-capitalized business borrowers with strong cash flow and secondary sources of repayment. The Mortgage Bankers Association, or MBA, forecasts total commercial and multifamily mortgage debt outstanding to grow to more than $2.5 trillion by 2015, an increase of 8% versus 2010 levels. Furthermore, the MBA forecasts this debt attributed to banks and thrifts to grow to $852 billion in 2015.

The majority of recent commercial real estate sales in the industrial, retail and office industries have been concentrated in loan sizes consistent with the $2 million to $3 million average balance of the acquired portfolio. In 2011, 47%, 47% and 40% of the industrial, retail and office real estate sales, respectively, have been between $1 million and $5 million.

The acquisition diversifies our current loan portfolio and enhances our robust asset generation capabilities through a complementary nationwide origination platform. As adjusted for the acquisition, our commercial and commercial real estate and total loans would have been $4.2 billion and $13.2 billion, respectively at June 30, 2012. This represents an increase of 126% and 21%, respectively. We intend to grow this business and leverage cross selling opportunities to small business customers and their mass-affluent owners.

Private Placement of Common Stock pursuant to Conversion of Escrowed Cash

In August 2012, we converted $48.7 million of cash held in escrow into 4,032,662 shares of our common stock at a price per share of $12.065. The conversion price was based on the trailing ten day volume weighted average price per share of our common stock through August 27, 2012, as quoted on the NYSE. The private placement was with certain of our shareholders all of whom were former shareholders of Tygris Commercial Finance Group, Inc. The cash had been held in escrow to satisfy certain indemnification and other obligations related to our acquisition of Tygris Commercial Finance Group, Inc. The newly issued shares in the transaction remain in escrow in accordance with the terms of the original escrow agreement.

Acquisition of MetLife Bank s Warehouse Finance Business

In April 2012, we acquired MetLife Bank s warehouse finance business, including approximately $351 million in assets for a price of approximately $351 million. We funded the transaction through available cash on hand and no debt was assumed in the transaction. In connection with the acquisition, we hired 16 sales and operational staff from MetLife who were a part of the existing warehouse business. The warehouse business will continue to be operated out of locations in New York, New York, Boston, Massachusetts and Plano, Texas. We intend to grow this line of business, which will provide residential loan financing to mid-sized, high-quality mortgage banking companies across the country.

Regulatory Developments

A horizontal review of the residential mortgage foreclosure operations of fourteen mortgage servicers, including EverBank, by the federal banking agencies resulted in formal enforcement actions against all of the banks subject to the horizontal review. On April 13, 2011, we and EverBank each entered into a consent order with the Office of Thrift Supervision, or OTS, with respect to EverBank s mortgage foreclosure practices and our oversight of those practices. The consent orders require, among other things, that we establish a new compliance program for our mortgage servicing and foreclosure operations and that we ensure that we have 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. We are 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. We have retained an independent firm to conduct a review and the review is ongoing. We are working to fulfill the requirements of the consent orders which has resulted in a material increase in our legal and compliance costs compared to prior periods. Our costs related to regulatory compliance were $7.8 million in 2011 and $6.8 million for the first six months of 2012. We expect to have continued legal and compliance costs related to these regulatory actions through the end of 2013, and we expect that these costs will impact our financial results and results of operations. In response to the consent orders, we have established an oversight committee to monitor the implementation of the actions required by the consent orders. Furthermore, we have enhanced and updated several policies, procedures, processes and controls to help ensure the mitigation of the findings of the consent orders, and submitted them to the Board of Governors of the Federal Reserve System, or FRB, and the Office of the Comptroller of the Currency, or OCC (the applicable successors to the OTS), for review. In addition, we have enhanced our third-party vendor management system and our compliance program, hired additional personnel and retained an independent firm to conduct foreclosure reviews. We believe we have implemented all the requirements of the consent order, or have an action plan satisfactory to our regulators for implementation of the requirements, and are validating our compliance therewith. The regulators must also perform their own validation of our compliance prior to releasing us from the consent orders.

In addition to the horizontal review, other government agencies, including state attorneys general and the U.S. Department of Justice, investigated various mortgage related practices of certain servicers, some of which practices were also the subject of the horizontal review. In March 2012, the U.S. Department of Justice, the Department of Housing and Urban Development and 50 state attorneys general entered into separate consent judgments with five major mortgage servicers with respect to these matters. We were not party to any such consent judgment. In total, the five mortgage servicers agreed to $25 billion in borrower restitution assistance

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and refinancing. Monetary sanctions imposed by the federal banking agencies as a consequence of the horizontal review are being held in abeyance, subject to provision of borrower assistance and remediation under the consent judgments. We understand certain other institutions subject to the consent decrees with the banking regulators announced in April 2011 recently have been contacted by the U.S. Department of Justice and state attorneys general regarding a settlement. In addition, the federal banking agencies may impose civil monetary penalties on the remaining banks that were subject to the horizontal review as part of such an investigation or independently but have not indicated what the amount of any such penalties would be. At this time, we do not know whether any other requirements or remedies or penalties may be imposed on us as a result of the horizontal review.

Emerging Growth Company Status

We are an emerging growth company, as defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We have not made a decision whether to take advantage of any or all of these exemptions.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period.

We could remain an emerging growth company for up to five years, or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (b) the date that we become a large accelerated filer as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

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The Offering

Issuer	EverBank Financial Corp
Securities offered	6,000,000 depositary shares, each representing a 1/1,000th ownership interest in a share of Series A Preferred Stock. Each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series A Preferred Stock represented by such depositary share, to all of the rights and preferences of the Series A Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).
Ranking	Shares of the Series A Preferred Stock will rank senior to our common stock, and at least equally with each other series of our preferred stock we may issue (except for any senior series that may be issued with the requisite consent of the holders of the Series A Preferred Stock), with respect to the payment of dividends and distributions upon liquidation, dissolution or winding up. We will generally be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of lawfully available assets for such payment (i.e., after taking account of all indebtedness and other non-equity claims).
Dividends	Dividends on the Series A Preferred Stock, when, as and if declared by our board of directors or a duly authorized committee of the board, will accrue and be payable on the liquidation preference amount, on a non-cumulative basis, quarterly in arrears on the 5th day of each January, April, July and October of each year, commencing on January 5, 2013, at a rate *per annum* equal to 6.75%; provided, dividends not declared with respect to any dividend period shall not be cumulative. Any dividends paid will be distributed to holders of depositary shares in the manner described under Description of Depositary Shares - Dividends and Other Distributions below.
	A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date, except that the initial dividend period will commence on and include the original issue date of the Series A Preferred Stock.
	If our board of directors or a duly authorized committee of the board has not declared a dividend on the Series A Preferred Stock before the dividend payment date for any dividend period, such dividend shall not be cumulative and shall not accrue or be payable for such dividend period, and we will have no obligation to pay dividends for such dividend period, whether or not dividends on the Series A Preferred Stock, parity stock, junior stock or other preferred stock are declared for any future dividend period.

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So long as any share of Series A Preferred Stock remains outstanding, (1) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any junior stock (other than a dividend payable solely in junior stock), (2) no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than as a result of a reclassification of junior stock for or into other junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock) nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by us and (3) no shares of parity stock shall be repurchased, redeemed or otherwise acquired for consideration by us other than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series A Preferred Stock and such parity stock except by conversion into or exchange for junior stock, during a dividend period, unless, in the case of each of clauses (1), (2) and (3) above, the full dividends for the then-current dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside.

When dividends are not paid in full upon the shares of Series A Preferred Stock and any parity stock, all dividends declared upon shares of Series A Preferred Stock and any parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current dividend period per share on Series A Preferred Stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other.

Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by our board of directors or a duly authorized committee of the board, may be declared and paid on our common stock and any other securities ranking equally with or junior to the Series A Preferred Stock from time to time out of any assets legally available for such payment, and the holders of the Series A Preferred Stock shall not be entitled to participate in any such dividend.

Dividends on the Series A Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause us to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

Dividend payment dates

The 5th day of each January, April, July and October of each year, commencing on January 5, 2013. If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next succeeding business day and no additional dividends will accrue in respect of any payment made on the next succeeding business day.

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Redemption	On January 5, 2018, or any dividend payment date thereafter, the Series A Preferred Stock may be redeemed at our option in whole, or in part, at a redemption price equal to $25,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series A Preferred Stock also may be redeemed at our option in whole, but not in part, at any time within ninety (90) days following a regulatory capital treatment event, as described below under Description of Series A Preferred Stock - Redemption, at a redemption price equal to $25,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Neither the holders of Series A Preferred Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series A Preferred Stock.
	Any redemption of the Series A Preferred Stock will be subject to our receipt of required prior approval by the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency), if any, and to the satisfaction of conditions set forth in the capital adequacy guidelines or regulations of the Federal Reserve (or any successor bank regulatory authority that may become our applicable federal banking agency) applicable to redemption of the Series A Preferred Stock, if any.
Liquidation rights	Upon any voluntary or involuntary liquidation, dissolution or winding up of EverBank Financial Corp, holders of shares of Series A Preferred Stock are entitled to receive out of the assets of EverBank Financial Corp available for distribution to stockholders, before any distribution of assets is made to holders of our common stock or of any other shares of our stock ranking junior as to such a distribution to the Series A Preferred Stock, a liquidating distribution in the amount of the liquidation preference of $25,000 per share (equivalent to $25 per depositary share) plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Distributions will be made only to the extent of EverBank Financial Corp s assets that are available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series A Preferred Stock and pro rata as to the Series A Preferred Stock and any other shares of our stock ranking equally as to such distribution.
Voting rights	None, except with respect to authorizing or increasing the authorized amount of senior stock, certain changes in the terms of the Series A Preferred Stock, and upon our non-payment of the equivalent of six quarterly dividends (whether consecutive or not), the right, together with holders of any other series of our preferred stock ranking equally with the Series A Preferred Stock with similar voting rights, to elect a minimum of two directors. See Description of Series A Preferred Stock Voting Rights below. Holders of depositary shares must act through the depositary to exercise any voting rights, as described under Description of Depositary Shares Voting the Series A Preferred Stock below.

Maturity	The Series A Preferred Stock does not have a maturity date, and we are not required to redeem the Series A Preferred Stock. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely, unless and until we decide to redeem it.
Preemptive and conversion rights	None.
Listing	We intend to apply for listing of the depositary shares on the NYSE under the symbol EVER-PrA. If the application is approved, we expect trading of the depositary shares on the NYSE to commence within a 30-day period after the initial delivery of the depositary shares.
Tax consequences	Distributions constituting dividend income received by a non-corporate U.S. holder in respect of the depositary shares before January 1, 2013 will generally represent qualified dividend income, which will be subject to taxation at a maximum rate of 15% (or a lower rate for individuals in certain tax brackets) subject to certain exceptions for short-term and hedged positions. In the absence of legislation extending the term of the preferential tax rates for qualified dividend income, all dividends received during taxable years beginning on or after January 1, 2013 will be taxed at rates applicable to ordinary income. In addition, subject to certain exceptions for short-term and hedged positions, distributions on the depositary shares constituting dividend income paid to holders that are U.S. corporations will generally qualify for the 70% dividends-received deduction. For further discussion of the tax consequences relating to the Series A Preferred Stock, see Certain U.S. Federal Income Tax Considerations below.
Use of proceeds	We estimate that the net proceeds to us from the sale in this offering will be approximately $144.4 million after deducting estimated underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds of this offering for general corporate purposes, which may include organic growth or the acquisition of businesses or assets that we believe are complementary to our present business and provide attractive risk-adjusted returns. See Use of Proceeds.
Registrar and Depositary	Wells Fargo Bank, N.A.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The summary historical consolidated financial information set forth below for each of the years ended December 31, 2011, 2010 and 2009 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial information as of and for the six months ended June 30, 2012 and 2011 (unaudited) is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and includes all adjustments consisting of normal recurring accruals that we consider necessary for a fair presentation of the financial position and the results of operations for this period. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

We have consummated several significant transactions in this period and previous fiscal periods, including the acquisition of Tygris in February 2010, the acquisition of the banking operations of Bank of Florida in an FDIC-assisted transaction in May 2010, the acquisition of MetLife s warehouse business in April 2012 and the acquisition of Business Property Lending in October 2012. Accordingly, our operating results for the historical periods presented below are not comparable and may not be predictive of future results.

The information below is only a summary and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated historical and pro forma financial statements and the related notes thereto included in this prospectus.

As indicated in the notes to the tables below, certain items included in the tables are non-GAAP financial measures. For a more detailed discussion of these items, including a discussion of why we believe these items are meaningful and a reconciliation of each of these items to the most directly comparable generally accepted accounting principles, or GAAP, financial measure, see Management s Discussion and Analysis of Financial Condition and Results of Operations Primary Factors Used to Evaluate Our Business.

	Six Months Ended June 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
	(In millions, except share and per share data)				
Income Statement Data:					
Interest income	$ 302.0	$ 298.2	$ 588.2	$ 612.5	$ 440.6
Interest expense	61.4	71.6	135.9	147.2	163.2
Net interest income	240.6	226.6	452.3	465.3	277.4
Provision for loan and lease losses (1)	17.1	27.0	49.7	79.3	121.9
Net interest income after provision for loan and lease losses	223.5	199.6	402.6	386.0	155.5
Noninterest income (2)	147.3	118.8	233.1	357.8	232.1
Noninterest expense (3)	334.6	267.0	554.2	493.9	299.2
Income before income taxes	36.2	51.4	81.5	249.9	88.4
Provision for income taxes	13.2	20.2	28.8	61.0	34.9
Net income from continuing operations	23.0	31.2	52.7	188.9	53.5
Discontinued operations, net of income taxes					(0.2)
Net income	$ 23.0	$ 31.2	$ 52.7	$ 188.9	$ 53.4
Net income allocated to common shareholders	$ 15.4	$ 24.4	$ 41.5	$ 144.8	$ 33.8

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	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(In millions, except share and per share data)				
Share Data:					
Weighted-average common shares outstanding:					
(units in thousands)					
Basic	88,454	74,764	74,892	72,479	42,126
Diluted	90,414	77,620	77,506	74,589	43,299
Earnings from continuing operations per common share:					
Basic	$ 0.17	$ 0.33	$ 0.55	$ 2.00	$ 0.80
Diluted	0.17	0.32	0.54	1.94	0.78
Net tangible book value per as converted common share at period end:					
Excluding accumulated other comprehensive income (loss) (4)	$ 10.97	$ 11.03	$ 11.27	$ 10.70	$ 8.23
Including accumulated other comprehensive income (loss) (5)	10.00	10.77	10.12	10.65	8.54

	As of June 30, 2012	As of June 30, 2011	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009
	(In millions)				
Balance Sheet Data:					
Cash and cash equivalents	$ 518.2	$ 683.6	$ 295.0	$ 1,169.2	$ 23.3
Investment securities	2,174.4	2,930.4	2,191.8	2,203.6	1,678.9
Loans held for sale	3,178.6	792.4	2,725.3	1,237.7	1,283.0
Loans and leases held for investment, net	7,708.0	6,767.0	6,441.5	6,005.6	4,072.7
Total assets	15,040.8	12,520.2	13,041.7	12,007.9	8,060.2
Deposits	10,803.7	9,936.5	10,265.8	9,683.1	6,315.3
Total liabilities	13,859.4	11,492.5	12,074.0	10,994.7	7,506.3
Total shareholders equity	1,181.4	1,027.7	967.7	1,013.2	553.9

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Capital Ratios (period end):					
Tangible equity to tangible assets (6)	7.8%	8.1%	7.3%	8.3%	6.9%
Tier 1 leverage ratio (bank level) (7)	8.3%	8.3%	8.0%	8.7%	8.0%
Tier 1 risk-based capital ratio (bank level) (7)	14.8%	15.2%	14.6%	15.8%	13.8%
Total risk-based capital ratio (bank level) (7)	15.8%	16.4%	15.7%	17.0%	15.0%
Performance Metrics:					
Adjusted net income attributable to the Company from continuing operations (in millions) (8)	$ 63.7	$ 50.0	$ 107.6	$ 127.0	$ 53.5
Return on average assets	0.3%	0.5%	0.4%	1.8%	0.7%
Return on average equity	4.4%	6.1%	5.2%	20.9%	11.5%
Adjusted return on average assets (9)	0.9%	0.8%	0.9%	1.2%	0.7%
Adjusted return on average equity (9)	12.2%	9.8%	10.7%	14.0%	11.5%

(1) For the six months ended June 30, 2012, provision for loan and lease losses includes a $4.2 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the six months ended June 30, 2011, provision for loan and lease losses includes a $0.8 million increase in non-accretable

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discount related to Bank of Florida acquired credit-impaired loans, a $1.9 million impact of change in ALLL methodology and a $10.0 million impact of early adoption of troubled debt restructuring, or TDR, guidance and policy change. For the year ended December 31, 2011, provision for loan and lease losses includes a $4.9 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans, a $1.9 million impact of change in ALLL methodology and a $10.0 million impact of early adoption of TDR guidance and policy change. For the year ended December 31, 2010, provision for loan and lease losses includes a $6.2 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans.

(2) For the six months ended June 30, 2012, noninterest income includes a $45.3 million impairment charge related to mortgage servicing rights, or MSR. For the six months ended June 30, 2011, noninterest income includes a $4.7 million gain on repurchase of trust preferred securities including $0.3 million resulting from the unwind of the associated cash flow hedge. For the year ended December 31, 2011, noninterest income includes a $4.7 million gain on repurchase of trust preferred securities including $0.3 million resulting from the unwind of the associated cash flow hedge and a $39.5 million impairment charge related to MSR. For the year ended December 31, 2010, noninterest income includes a $68.1 million non-recurring bargain purchase gain associated with the Tygris acquisition, a $19.9 million gain on sale of investment securities due to portfolio concentration repositioning and a $5.7 million gain on repurchase of trust preferred securities.

(3) For the six months ended June 30, 2012, noninterest expense includes $16.2 million in transaction and non-recurring regulatory related expense. For the six months ended June 30, 2011, noninterest expense includes $12.5 million in transaction and non-recurring regulatory related expense and an $8.7 million decrease in fair value of the Tygris indemnification asset resulting from a decrease in estimated future credit losses. For the year ended December 31, 2011, noninterest expense includes $27.1 million in transaction and non-recurring regulatory related expense and an $8.7 million decrease in fair value of the Tygris indemnification asset. For the year ended December 31, 2010, noninterest expense includes $9.7 million in transaction related expense, a $10.3 million loss on early extinguishment of acquired debt and a $22.0 million decrease in fair value of the Tygris indemnification asset. The carrying value of the Tygris indemnification asset has been $0 since March 31, 2011.

(4) Calculated as adjusted tangible shareholders equity divided by shares of common stock. Adjusted tangible shareholders equity equals shareholders equity less goodwill, other intangible assets and accumulated other comprehensive income (loss). Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share excluding accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

(5) Calculated as tangible shareholders equity divided by shares of common stock. Tangible shareholders equity equals shareholders equity less goodwill and other intangible assets. Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share including accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

(6) Calculated as tangible shareholders equity divided by tangible assets, after deducting goodwill and intangible assets from the numerator and the denominator. Tangible equity to tangible assets is a non-GAAP financial measure, and the most directly comparable GAAP financial measure for tangible equity is shareholders equity and the most directly comparable GAAP financial measure for tangible assets is total assets.

(7) The Tier 1 leverage ratio, the Tier 1 risk-based capital ratio and the total risk-based capital ratio are regulatory financial measures that are used to assess the capital position of financial services companies and, as such, these ratios are presented at the bank level.

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The Tier 1 leverage ratio is calculated as Tier 1 capital divided by adjusted total assets. The Tier 1 risk-based capital ratio is calculated as Tier 1 capital divided by total risk-weighted assets. The total risk-based capital ratio is calculated as total risk-based capital (total regulatory capital) divided by total risk-weighted assets.

Adjusted total assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. In calculating adjusted total assets, total assets are adjusted for goodwill, deferred tax assets disallowed from Tier 1 capital and other regulatory adjustments.

Total risk-weighted assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total risk-weighted assets.

Tier 1 capital is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Tier 1 capital includes common equity and certain qualifying preferred stock less goodwill, disallowed deferred tax assets and other regulatory deductions.

Total risk-based capital (total regulatory capital) is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Total risk-based capital (total regulatory capital) includes Tier 1 capital, ALLL, subject to limitations, and other additions.

A reconciliation of (1) Tier 1 capital to bank level shareholders equity which is the most comparable GAAP financial measure, and (2) total risk-based capital (total regulatory capital) to bank level shareholders equity which is the most comparable GAAP financial measure, is as follows:

	June 30,		December 31,		
	2012	2011	2011 (in thousands)	2010	2009
(Bank Level)					
Shareholders equity	$ 1,263,687	$ 1,130,104	$ 1,070,887	$ 1,117,037	$ 663,291
Less: Goodwill and other intangibles	(16,938)	(18,319)	(17,642)	(18,859)	(239)
Disallowed servicing asset	(36,650)	(31,927)	(38,925)		(2,058)
Disallowed deferred tax asset	(70,357)	(74,522)	(71,803)	(69,641)	
Add: Accumulated losses (gains) on securities and cash flow hedges	110,101	25,051	105,682	6,440	(19,836)
Tier 1 capital	1,249,843	1,030,387	1,048,199	1,034,977	641,158
Less: Low-level recourse and residual interests		(19,079)	(21,587)	(13,241)	(17,693)
Add: Allowance for loan and lease losses	77,393	80,419	77,765	80,938	56,658
Total regulatory capital	$ 1,327,236	$ 1,091,727	$ 1,104,377	$ 1,102,674	$ 680,123

Adjusted total assets	$ 15,022,729	$ 12,438,222	$ 13,081,401	$ 11,930,638	$ 8,025,330
Risk-weighted assets	8,424,290	6,648,103	7,043,371	6,472,517	4,532,689

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(8) Adjusted net income attributable to the Company from continuing operations includes adjustments to our net income attributable to the Company from continuing operations for certain material items that we believe are not reflective of our ongoing business or operating performance, including the Tygris and Bank of Florida acquisitions. There were no material items that gave rise to adjustments prior to the year ended December 31, 2010. Accordingly, for periods presented before the year ended December 31, 2010, we have not reflected adjustments to net income attributable to the Company from continuing operations calculated in accordance with GAAP. A reconciliation of adjusted net income attributable to the Company from continuing operations to net income attributable to the Company from continuing operations, which is the most directly comparable GAAP measure, is as follows:

	Six Months Ended June 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
			(In thousands)		
Net income attributable to the Company from continuing operations	$ 23,018	$ 31,211	$ 52,729	$ 188,900	$ 53,537
Bargain purchase gain on Tygris transaction, net of tax				(68,056)	
Gain on sale of investment securities due to portfolio concentration repositioning, net of tax				(12,337)	
Gain on repurchase of trust preferred securities, net of tax		(2,910)	(2,910)	(3,556)	
Transaction and non-recurring regulatory related expense, net of tax	10,027	7,749	16,831	5,984	
Loss on early extinguishment of acquired debt, net of tax				6,411	
Decrease in fair value of Tygris indemnification asset resulting from a decrease in estimated future credit losses, net of tax		5,382	5,382	13,654	
Increase in Bank of Florida non-accretable discount, net of tax	2,598	501	3,007	3,837	
Impact of change in ALLL methodology, net of tax		1,178	1,178		
Early adoption of TDR guidance and policy change, net of tax		6,225	6,225		
MSR impairment, net of tax	28,073		24,462		
Tax expense (benefit) related to revaluation of Tygris net unrealized built-in losses, net of tax		691	691	(7,840)	
Adjusted net income attributable to the Company from continuing operations	$ 63,716	$ 50,027	$ 107,595	$ 126,997	$ 53,537

(9) Adjusted return on average assets equals adjusted net income attributable to the Company from continuing operations divided by average total assets and adjusted return on average equity equals adjusted net income attributable to the Company from continuing operations divided by average shareholders equity. Adjusted net income attributable to the Company from continuing operations is a non-GAAP measure of our financial performance and its most directly comparable GAAP measure is net income attributable to the Company from continuing operations. For a reconciliation of net income attributable to the Company from continuing operations to adjusted net income attributable to the Company from continuing operations, see Note 8 above.

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QUARTERLY FINANCIAL DATA

The summary historical consolidated financial information set forth below as of December 31, 2011 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial information as of and for the three and nine months ended September 30, 2012 and 2011 (unaudited) is derived from our unaudited interim consolidated financial statements and includes all adjustments consisting of normal recurring accruals that we consider necessary for a fair presentation of the financial position and the results of operations for this period. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

The information below is only a summary and should be read in conjunction with the Summary Consolidated Financial Data, the Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated historical and pro forma financial statements and the related notes thereto included in this prospectus.

Certain items included in the information below are non-GAAP financial measures. Adjusted Net Income, Adjusted Earnings Per Share, Adjusted Non-Performing Asset Ratio, Tangible Shareholders Equity, Adjusted Tangible Shareholders Equity, and Tangible Assets are non-GAAP financial measures. Our management uses these measures to evaluate the underlying performance and efficiency of its operations. Our management believes these non-GAAP measures allow for a better evaluation and transparency of the operating performance of our business and facilitate a meaningful comparison of our results in the current period to those in prior periods and future periods because these non-GAAP measures exclude certain items that may not be indicative of our core operating results and business outlook. In addition our management believes that certain of these non-GAAP measures represent a consistent benchmark against which to evaluate the Company s growth, profitability and capital position. These non-GAAP measures are provided to enhance investors overall understanding of our current financial performance, and not as a substitute for, the Company s reported results. Moreover, the manner in which we calculate these measures may differ from that of other companies reporting non-GAAP measures with similar names. In the tables below, we have provided a reconciliation of, where applicable, the most comparable GAAP financial measures and ratios to the non-GAAP financial measures and ratios used in this section, or a reconciliation of the non-GAAP calculation of the financial measure for the periods indicated.

Balance Sheet Highlights

Continued Balance Sheet Growth

Our total assets increased by $1.5 billion, or 10%, to $16.5 billion at September 30, 2012, from $15.0 billion at June 30, 2012, and by $4.0 billion, or 32%, from $12.6 billion at September 30, 2011. Our interest-earning assets for the third quarter 2012 were largely comprised of:

- Residential loans which increased by 33% to $8.2 billion from the third quarter of 2011. During the quarter, we transferred $1.9 billion of Ginnie Mae, or GNMA, pool buyout loans from loans held for sale to loans held for investment due to our intention to hold the loans for the foreseeable future;

- Commercial and commercial real estate loans which increased by 101% to $2.3 billion, from the third quarter of 2011;

- Commercial leases which increased by 43% to $0.7 billion, from the third quarter of 2011; and

- Investment securities which decreased by 24% to $2.0 billion, from the third quarter of 2011.

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During the third quarter we accumulated a cash balance of $1.6 billion and slowed our retention of organic assets in preparation for funding the Business Property Lending acquisition which closed on October 1, 2012.

Loan Origination Activities

Our organic generation of residential loans, commercial loans and leases totaled $3.3 billion for the third quarter of 2012. Retained organic production totaled $1.0 billion for the quarter, an increase of 29% and 92% compared to second quarter 2012 and third quarter 2011, respectively.

Deposit and Other Funding Sources

Our total deposits grew by $1.0 billion, or 9%, to $11.8 billion at September 30, 2012, from $10.8 billion at June 30, 2012, and by $1.6 billion, or 16%, from $10.2 billion at September 30, 2011. At September 30, 2012, our deposits were comprised of the following:

- Non-interest bearing accounts were $1.5 billion, or 12%, of total deposits;
- Interest-bearing checking accounts were $2.4 billion, or 21%, of total deposits;
- Savings and money market accounts were $4.3 billion, or 36%, of total deposits;
- Global markets money market and time accounts were $1.2 billion, or 10%, of total deposits; and
- Time deposit accounts, excluding global markets, were $2.4 billion, or 20%, of total deposits.

Our total other borrowings were $2.8 billion at September 30, 2012, compared to $2.5 billion at June 30, 2012. Our core deposit growth and increase in other borrowings were part of the balance sheet positioning we undertook to fund the Business Property Lending acquisition.

Credit Quality

Our adjusted nonperforming assets were 1.29% of total assets at September 30, 2012, a decrease from 1.46% at June 30, 2012. We recorded provision for loan and lease losses of $4.4 million during the third quarter of 2012, a decrease of $1.4 million, or 24%, when compared to the second quarter of 2012. Net charge-offs during the third quarter of 2012 declined to $5.3 million, from $6.6 million in the second quarter of 2012, a decline of 20%. On an annualized basis, net charge-offs were 0.25% of total average loans and leases held for investment outstanding for the third quarter of 2012, compared to 0.34% for the second quarter of 2012 and 1.03% for the third quarter of 2011.

Originated Loan Repurchase Activity

During the third quarter of 2012, we experienced charge-offs of $4.7 million and recorded a provision of $1.7 million on repurchase obligations for loans sold or securitized. Our reserve declined from $34.0 million in the second quarter to $31.0 million in the third quarter.

Capital Strength

Our total shareholders equity was $1.3 billion at September 30, 2012, compared to $1.2 billion at June 30, 2012. The bank s Tier 1 leverage ratio was 8.0% and total risk-based capital ratio was 16.1% at September 30, 2012. As a result, the bank is considered well-capitalized under all applicable regulatory guidelines.

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Income Statement Highlights

Net Interest Income

For the third quarter of 2012, our net interest income increased $1.2 million to $126.2 million, from $125.0 million for the second quarter of 2012. This increase was attributable to higher commercial lending volumes driven by our warehouse finance and lender finance businesses and resulted in a $4.7 million increase in interest income during the quarter. Our interest expense increased by $3.5 million during the quarter as we increased deposits and borrowings to execute on our balance sheet positioning in advance of the Business Property Lending acquisition.

Net interest margin decreased to 3.66% for the third quarter from 3.86% in the second quarter. The change in net interest margin was primarily driven by the growth in floating rate, short duration assets through increased levels of warehouse finance and lender finance originations combined with an increase in interest expense on deposits and borrowings. During the third quarter, we entered into commitments for fixed rate advances to support the acquisition of Business Property Lending.

Noninterest Income

Noninterest income for the third quarter of 2012 increased by $23.2 million, or 31%, to $97.3 million compared to the second quarter of 2012. This increase was driven by production revenues and gain on sale of loans which increased by $16.5 million, or 21%, to $96.3 million. The increase in noninterest income also reflects a $9.6 million improvement in the net loan servicing loss from $21.8 million for the second quarter to $12.2 million for the third quarter of 2012. Net loan servicing loss includes a non-cash MSR valuation allowance of $18.2 million, compared to a valuation allowance of $30.1 million in the second quarter of 2012, as well as MSR amortization expense of $36.3 million, compared to amortization of $34.1 million in the second quarter of 2012. These changes were primarily related to an extension of the historic low interest rate environment which resulted in strong residential origination volumes of $2.5 billion and elevated servicing pay-off activity.

Noninterest Expense

Our noninterest expense for the third quarter of 2012 increased by $8.2 million, or 5%, to $184.0 million from $175.8 million in the second quarter. Salaries, commissions and employee benefits increased by $9.1 million, or 12%, with $5.1 million attributed to hiring activity and investments in retail lending. Approximately 10% of our noninterest expense is variable and tied to mortgage origination levels. General and administrative expense, excluding credit-related expenses, decreased by $6.5 million, or 12%, from the second quarter as decreases in professional fees and other expenses were partially offset by increased advertising and marketing expense.

Noninterest expense directly related to our retail expansion was $14.6 million for the third quarter and $27.1 million year to date. Loan production volume from our retail channel was $513 million in the third quarter, an increase of $248 million, or 94%, from second quarter and $422 million, or 465%, from the first quarter.

Our credit-related expenses for the third quarter increased $4.3 million, or 21%, to $25.1 million from $20.8 million in the second quarter 2012. Key drivers of the increase include increased investments and related expenses to our GNMA pool buyout loans and an increase in foreclosure and REO expense related to the Bank of Florida portfolio, offset by lower repurchase reserve expenses.

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Consolidated Statements of Income

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
	(dollars in thousands, except per share data)			
Interest Income				
Interest and fees on loans and leases	$ 140,230	$ 116,899	$ 400,824	$ 358,419
Interest and dividends on investment securities	20,879	27,201	62,127	82,778
Other interest income	152	197	338	1,312
Total interest income	161,261	144,297	463,289	442,509
Interest Expense				
Deposits	22,491	23,959	63,884	75,559
Other borrowings	12,576	9,469	32,604	29,478
Total interest expense	35,067	33,428	96,488	105,037
Net Interest Income	126,194	110,869	366,801	337,472
Provision for loan and lease losses	4,359	12,258	21,471	39,292
Net Interest Income after Provision for Loan and Lease Losses	121,835	98,611	345,330	298,180
Noninterest Income				
Loan servicing fee income	42,341	48,390	130,380	144,023
Amortization and impairment of mortgage servicing rights	(54,521)	(44,053)	(163,281)	(88,270)
Net loan servicing income (loss)	(12,180)	4,337	(32,901)	55,753
Gain on sale of loans	85,748	20,921	203,851	39,854
Loan production revenue	10,528	6,518	27,817	18,513
Deposit fee income	4,671	7,803	16,738	19,398
Other lease income	7,103	7,095	24,588	22,163
Other	1,429	6,683	4,522	16,461
Total noninterest income	97,299	53,357	244,615	172,142
Noninterest Expense				
Salaries, commissions and other employee benefits expense	85,399	57,757	228,266	171,451
Equipment expense	17,574	13,608	50,411	36,077
Occupancy expense	6,619	5,237	17,985	14,808
General and administrative expense	74,377	62,983	221,911	184,199
Total noninterest expense	183,969	139,585	518,573	406,535
Income before Income Taxes	35,165	12,383	71,372	63,787
Provision for Income Taxes	12,987	4,625	26,176	24,818
Net Income	$ 22,178	$ 7,758	$ 45,196	$ 38,969
Net Income Allocated to Participating Preferred Stock	$	$ 1,598	$ 8,564	$ 8,420
Net Income Allocated to Common Shareholders	$ 22,178	$ 6,160	$ 36,632	$ 30,549
Net Earnings per Common Share, Basic	$ 0.19	$ 0.08	$ 0.37	$ 0.41

Net Earnings per Common Share, Diluted	$ 0.19	$ 0.08	$ 0.37	$ 0.40
Dividends Declared per Common Share	$ 0.02	$	$ 0.02	$
Weighted Average Common Shares Outstanding				
(units in thousands)				
Basic	118,038	74,996	98,387	74,842
Diluted	119,591	77,709	100,268	77,667

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Consolidated Balance Sheets

	September 30, 2012	December 31, 2011	September 30, 2011
Assets		(dollars in thousands)	
Cash and due from banks	$ 53,357	$ 31,441	$ 58,231
Interest-bearing deposits in banks	1,566,612	263,540	401,047
Total cash and cash equivalents	1,619,969	294,981	459,278
Investment securities:			
Available for sale, at fair value	1,722,556	1,903,922	2,387,672
Held to maturity	170,804	189,518	183,518
Other investments	126,151	98,392	79,906
Total investment securities	2,019,511	2,191,832	2,651,096
Loans held for sale	1,403,205	2,725,286	1,792,687
Loans and leases held for investment:			
Covered by loss share or indemnification agreements	671,420	841,146	911,756
Not covered by loss share or indemnification agreements	9,385,306	5,678,135	5,369,735
Loans and leases held for investment, net of unearned income	10,056,726	6,519,281	6,281,491
Allowance for loan and lease losses	(76,469)	(77,765)	(83,827)
Total loans and leases held for investment, net	9,980,257	6,441,516	6,197,664
Equipment under operating leases, net	55,532	56,399	42,954
Mortgage servicing rights (MSR), net	381,773	489,496	519,828
Deferred income taxes, net	183,943	151,634	127,282
Premises and equipment, net	64,789	43,738	43,186
Other assets	800,461	646,796	716,789
Total Assets	$ 16,509,440	$ 13,041,678	$ 12,550,764
Liabilities			
Deposits			
Noninterest-bearing	$ 1,475,204	$ 1,234,615	$ 1,284,567
Interest-bearing	10,340,722	9,031,148	8,922,378
Total deposits	11,815,926	10,265,763	10,206,945
Other borrowings	2,823,927	1,257,879	782,287
Trust preferred securities	103,750	103,750	103,750
Accounts payable and accrued liabilities	507,815	446,621	484,074
Total Liabilities	15,251,418	12,074,013	11,577,056
Shareholders Equity			
Series A 6% Cumulative Convertible Preferred Stock		2	2
Series B 4% Cumulative Convertible Preferred Stock		1	1
Common Stock	1,206	751	750
Additional paid-in capital	812,823	561,247	560,547
Retained earnings	550,724	513,413	499,711
Accumulated other comprehensive loss	(106,731)	(107,749)	(87,303)

Total Shareholders Equity	1,258,022	967,665	973,708
Total Liabilities and Shareholders Equity	$ 16,509,440	$ 13,041,678	$ 12,550,764

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EverBank Financial Corp and Subsidiaries

Average Balances and Interest Rates

	Three Months Ended September 30, 2012			Three Months Ended September 30, 2011		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
	(dollars in thousands)					
Assets:						
Interest-earning assets:						
Cash and cash equivalents	$ 236,378	$ 152	0.26%	$ 311,803	$ 198	0.25%
Investment securities	1,984,778	20,379	4.10%	2,825,922	27,050	3.83%
Other investments	121,315	501	1.64%	85,144	151	0.70%
Loans held for sale	2,750,575	32,508	4.73%	1,127,316	12,693	4.50%
Loans and leases held for investment:						
Residential mortgages	5,690,121	60,381	4.24%	4,860,607	55,120	4.54%
Commercial and commercial real estate	2,045,963	23,869	4.57%	1,131,431	16,667	5.76%
Lease financing receivables	692,643	21,218	12.25%	482,816	29,803	24.69%
Home equity lines	186,179	2,190	4.68%	208,132	2,552	4.86%
Consumer and credit card	8,375	63	2.99%	8,468	63	2.95%
Total loans and leases held for investment	8,623,281	107,721	4.97%	6,691,454	104,205	6.21%
Total interest-earning assets	13,716,327	$ 161,261	4.69%	11,041,639	$ 144,297	5.21%
Noninterest-earning assets	1,459,268			1,352,254		
Total assets	$ 15,175,595			$ 12,393,893		
Liabilities and Shareholders Equity:						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$ 2,312,731	$ 4,456	0.77%	$ 2,042,096	$ 4,479	0.87%
Market-based money market accounts	430,420	822	0.76%	485,429	1,136	0.93%
Savings and money market accounts, excluding market-based	4,157,713	8,115	0.78%	3,750,652	8,256	0.87%
Market-based time	815,528	2,029	0.99%	1,028,829	2,303	0.89%
Time, excluding market-based	2,229,888	7,069	1.26%	1,722,143	7,785	1.79%
Total deposits	9,946,280	22,491	0.90%	9,029,149	23,959	1.05%
Borrowings:						
Trust preferred securities	103,750	1,498	5.74%	103,750	1,652	6.32%
FHLB advances	1,803,605	10,852	2.39%	730,879	7,729	4.20%
Repurchase agreements	53,244	220	1.64%	20,524	88	1.70%
Other	3	6	N.M.	2		0.00%
Total interest-bearing liabilities	11,906,882	35,067	1.17%	9,884,304	33,428	1.34%
Noninterest-bearing demand deposits	1,591,087			1,126,875		
Other noninterest-bearing liabilities	459,815			362,097		
Total liabilities	13,957,784			11,373,276		
Total shareholders equity	1,217,811			1,020,617		
Total liabilities and shareholders equity	$ 15,175,595			$ 12,393,893		
Net interest income/spread		$ 126,194	3.52%		$ 110,869	3.87%
Net interest margin			3.66%			3.98%

Memo: Total deposits including non-interest bearing	$ 11,537,367	$ 22,491	0.78%	$ 10,156,024	$ 23,959	0.94%

(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.
(4) N.M. indicates not meaningful.

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Reconciliation of Non-GAAP Measures

Adjusted Net Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(dollars in thousands)			
Net income	$ 22,178	$ 7,758	$ 45,196	$ 38,969
Gain on repurchase of trust preferred securities, net of tax				(2,910)
Transaction expense, net of tax	1,268	2,108	4,452	8,204
Non-recurring regulatory related expense, net of tax	1,326	2,643	8,169	4,296
Decrease in fair value of Tygris indemnification asset resulting from a decrease in estimated future credit losses, net of tax				5,382
Increase in Bank of Florida non-accretable discount, net of tax	111	298	2,709	799
Impact of change in ALLL methodology, net of tax				1,178
Early adoption of TDR guidance and policy change, net of tax				6,225
MSR impairment, net of tax	11,302	12,824	39,375	12,824
Tax expense related to revaluation of Tygris net unrealized built-in losses				691
Adjusted net income	$ 36,185	$ 25,631	$ 99,901	$ 75,658

Tangible Equity, Adjusted Tangible Equity and Tangible Assets

	September 30, 2012	December 31, 2011	September 30, 2011
		(dollars in thousands)	
Shareholders equity	$ 1,258,022	$ 967,665	$ 973,708
Less:			
Goodwill	10,238	10,238	10,238
Intangible assets	6,348	7,404	7,756
Tangible equity	$ 1,241,436	$ 950,023	$ 955,714
Less:			
Accumulated other comprehensive loss	(106,731)	(107,749)	(87,303)
Adjusted tangible equity	$ 1,348,167	$ 1,057,772	$ 1,043,017
Total assets	$ 16,509,440	$ 13,041,678	$ 12,550,764
Less:			
Goodwill	10,238	10,238	10,238
Intangible assets	6,348	7,404	7,756
Tangible assets	$ 16,492,854	$ 13,024,036	$ 12,532,770

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Reconciliation of Non-GAAP Measures (continued)

Regulatory Capital (bank level)

	September 30, 2012	December 31, 2011	September 30, 2011
		(dollars in thousands)	
Shareholders equity	$ 1,339,669	$ 1,070,887	$ 1,078,080
Less: Goodwill and other intangibles	(16,586)	(17,642)	(17,994)
Disallowed servicing asset	(33,366)	(38,925)	(36,570)
Disallowed deferred tax asset	(69,412)	(71,803)	(72,147)
Add: Accumulated losses on securities and cash flow hedges	103,238	105,682	85,525
Tier 1 capital	1,323,543	1,048,199	1,036,894
Less: Low-level recourse and residual interests		(21,587)	(20,431)
Add: Allowance for loan and lease losses	76,469	77,765	83,826
Total regulatory capital	$ 1,400,012	$ 1,104,377	$ 1,100,289
Adjusted total assets	$ 16,488,067	$ 13,081,401	$ 12,550,738
Risk-weighted assets	8,701,164	7,043,371	7,007,339

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Non-Performing Assets [1]

	September 30, 2012	December 31, 2011	September 30, 2011
		(dollars in thousands)	
Non-accrual loans and leases:			
Residential mortgages	$ 75,355	$ 81,594	$ 74,194
Commercial and commercial real estate	85,306	104,829	92,966
Lease financing receivables	2,018	2,385	1,745
Home equity lines	4,492	4,251	3,803
Consumer and credit card	479	419	471
Total non-accrual loans and leases	167,650	193,478	173,179
Accruing loans 90 days or more past due	1,973	6,673	4,808
Total non-performing loans (NPL)	169,623	200,151	177,987
Other real estate owned (OREO)	43,612	42,664	39,431
Total non-performing assets (NPA)	213,235	242,815	217,418
Troubled debt restructurings (TDR) less than 90 days past due	82,030	92,628	89,129
Total NPA and TDR [1]	$ 295,265	$ 335,443	$ 306,547
Total NPA and TDR	$ 295,265	$ 335,443	$ 306,547
Government-insured 90 days or more past due still accruing	1,684,550	1,570,787	883,478
Bank of Florida loans accounted for under ASC 310-30:			
90 days or more past due	117,506	149,743	159,767
OREO	18,557	19,456	19,616
Total regulatory NPA and TDR	$ 2,115,878	$ 2,075,429	$ 1,369,408
Adjusted credit quality ratios excluding government-insured loans and loans accounted for under ASC 310-30:[1]			
NPL to total loans	1.49%	2.18%	2.23%
NPA to total assets	1.29%	1.86%	1.73%
NPA and TDR to total assets	1.79%	2.57%	2.44%
Credit quality ratios including government-insured loans and loans accounted for under ASC 310-30:			
NPL to total loans	17.32%	20.95%	15.28%
NPA to total assets	12.32%	15.20%	10.20%
NPA and TDR to total assets	12.82%	15.91%	10.91%

(1) We define non-performing assets, or NPA, as non-accrual loans, accruing loans past due 90 days or more and foreclosed property. Our NPA calculation excludes government-insured pool buyout loans for which payment is insured by the government. We also exclude loans and foreclosed property acquired in the Bank of Florida acquisition accounted for under ASC 310-30 because as of September 30, 2012, we expected to fully collect the carrying value of such loans and foreclosed property.

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RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained in this prospectus, before deciding to invest in our securities.

Risks Related to Our Business

General business and economic conditions could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our businesses and operations are sensitive to general business and economic conditions in the United States. If the U.S. economy is unable to steadily emerge from the recession that began in 2007 or we experience worsening economic conditions, such as a so-called double-dip recession, our growth and profitability could be constrained. In addition, economic conditions in foreign countries can affect the stability of global financial markets, which could hinder the U.S. economic recovery. Financial markets remain concerned about the ability of certain European countries to finance and service their debt. The default by any one of these countries on their debt payments could lead to weaker economic conditions in the United States. Weak economic conditions are characterized by deflation, fluctuations in debt and equity capital markets, including a lack of liquidity and/or depressed prices in the secondary market for mortgage loans, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity. All of these factors are detrimental to our business. Our business is significantly affected by monetary and related policies of the U.S. federal government, its agencies and government-sponsored entities, or GSEs. Changes in any of these policies could have a material adverse effect on our business, financial position, results of operations and cash flows.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. Actions by the Federal Home Loan Bank of Atlanta, or FHLB, or the FRB may reduce our borrowing capacity. Additionally, we may not be able to attract deposits at competitive rates. An inability to raise funds through traditional deposits, brokered deposits, borrowings, the sale of securities or loans and other sources could have a substantial negative effect on our liquidity or result in increased funding costs. Furthermore, we invest in several asset classes, including significant investments in mortgage servicing rights, or MSR, which may be less liquid in certain markets. Liquidity may also be adversely impacted by bank supervisory and regulatory authorities mandating changes in the composition of our balance sheet to asset classes that are less liquid.

Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. Factors that could detrimentally impact our access to liquidity sources include a downturn in the markets in which our loans are concentrated or adverse regulatory action against us. In addition, our access to deposits may be affected by the liquidity and/or cash flow needs of depositors. Although we have historically been able to replace maturing deposits and FHLB advances as necessary, we might not be able to replace such funds in the future and can lose a relatively inexpensive source of funds and increase our funding costs if, among other things, customers move funds out of bank deposits and into alternative investments, such as the stock market, that are perceived as providing superior expected returns. Furthermore, an inability to increase our deposit base at all or at attractive rates would impede our ability to fund our continued growth, which could have an adverse effect on our business, results of operations and financial condition.

Our ability to raise funds through deposits or borrowings could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the recent turmoil faced by banking organizations and the continued deterioration in credit markets.

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Although we consider our sources of funds adequate for our liquidity needs, we may be compelled to seek additional sources of financing in the future. We may be required to seek additional regulatory capital through capital raising at terms that may be very dilutive to existing common stockholders. Likewise, we may need to incur additional debt in the future to achieve our business objectives, in connection with future acquisitions or for other reasons. Any borrowings, if sought, may not be available to us or, if available, may not be on favorable terms.

Our financial results are significantly affected in a number of ways by changes in interest rates, which may make our results volatile from quarter to quarter.

Most of our assets and liabilities are monetary in nature, which subjects us to significant risks from changes in interest rates and can impact our net income and the valuation of our assets and liabilities. Our operating results depend to a great extent on our net interest margin, which is the difference between the amount of interest income we earn and the amount of interest expense we incur. If the rate of interest we pay on our interest-bearing deposits, borrowings and other liabilities increases more than the rate of interest we receive on loans, securities and other interest-earning assets, our net interest income, and therefore our earnings, would be adversely affected. Our earnings also could be adversely affected if the rates on our loans and other investments fall more quickly than those on our deposits and other liabilities. Interest rates are highly sensitive to many factors beyond our control, including competition, general economic conditions and monetary and fiscal policies of various governmental and regulatory authorities, including the FRB. A strengthening U.S. economy would be expected to cause the FRB to increase short-term interest rates, which would increase our borrowing costs and may reduce our profit margins. A sustained low interest rate environment could cause many of our loans subject to adjustable rates to reprice downward to lower interest rates, which would decrease our loan yields and reduce our profit margins.

Changes in interest rates also have a significant impact on our mortgage loan origination revenues. Historically, there has been an inverse correlation between the demand for mortgage loans and interest rates. Mortgage origination volume and revenues usually decline during periods of rising or high interest rates and increase during periods of declining or low interest rates. Changes in interest rates also have a significant impact on the carrying value of a significant percentage of the assets on our balance sheet. Furthermore, our MSR are valued based on a number of factors, including assumptions about borrower repayment rates, which are heavily influenced by prevailing interest rates. When interest rates fall, borrowers are usually more likely to prepay their mortgage loans by refinancing them at a lower rate. As the likelihood of prepayment increases, the fair value of our MSR can decrease, which, in turn, may reduce earnings in the period in which the decrease occurs.

We recorded a $45.3 million impairment charge related to MSR for the six month period ended June 30, 2012. In addition, mortgage loans held for sale for which an active secondary market and readily available market prices exist and other interests we hold related to residential loan sales and securitizations are carried at fair value. The value of these assets may be negatively affected by changes in interest rates. We may not correctly or adequately hedge this risk, and even if we do hedge the risk with derivatives and other instruments, we may still incur significant losses from changes in the value of these assets or from changes in the value of the hedging instruments.

Even though originating mortgage loans, which benefit from declining rates, and servicing mortgage loans, which benefit from rising rates, can act as a natural hedge to soften the overall impact of changes in rates on our consolidated financial results, the hedge is not perfect, either in amount or timing. For example, the negative effect on revenue from a decrease in the fair value of residential MSR is generally immediate, but any offsetting revenue benefit from more originations and the MSR relating to the new loans would generally accrue over time.

We enter into forward starting swaps as a hedging strategy related to our expected future issuances of debt. This hedging strategy allows us to fix the interest rate margin between our interest earning assets and our interest bearing liabilities. A continued prolonged period of lower interest rates could affect the duration of our interest earning assets and adversely impact our operations in future periods.

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We may be required to make further increases in our provisions for loan and lease losses and to charge-off additional loans and leases in the future, which could adversely affect our results of operations.

The real estate market in the United States since late 2007 has been characterized by high delinquency rates and price deterioration. Despite historically low interest rates beginning in 2008, higher credit standards, weak employment, slow economic growth and an overall de-leveraging in the residential and commercial sectors have perpetuated these trends. We maintain an allowance for loan and lease losses, which is a reserve established through a provision for loan and lease loss expense that represents management s best estimate of probable losses inherent in our loan portfolio. The level of the allowance reflects management s judgment with respect to:

- continuing evaluation of specific credit risks;
- loan loss experience;
- current loan and lease portfolio quality;
- present economic, political and regulatory conditions;
- industry concentrations; and
- other unidentified losses inherent in the current loan portfolio.

The determination of the appropriate level of the allowance for loan and lease losses involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors both within and outside of our control, may require an increase in the allowance for loan and lease losses. If current trends in the real estate markets continue, we expect that we will continue to experience increased delinquencies and credit losses, particularly with respect to construction, land development and land loans.

In addition, bank regulatory agencies periodically review our allowance for loan and lease losses and may require an increase in the provision for loan losses or the recognition of further loan charge-offs, based on judgments different than those of management. If charge-offs in future periods exceed the allowance for loan and lease losses, we will need additional provisions to increase the allowance for loan and lease losses, which would result in a decrease in net income and capital, and could have a material adverse effect on our financial condition and results of operations.

Mortgage loan modification and refinancing programs and future legislative action may adversely affect the value of, and our returns on, residential mortgage-backed securities and on MSR.

The U.S. Government, through the FRB, the FHA and the FDIC, has initiated a number of loss mitigation programs designed to afford relief to homeowners facing foreclosure and to assist borrowers whose home value is less than the principal on their mortgage, including the Home Affordable Modification Program, or HAMP, which provides homeowners with assistance in avoiding residential mortgage loan foreclosures, the Hope for Homeowners Program, or H4H Program, which allows certain distressed borrowers to refinance their mortgages into Federal Housing Administration, or FHA, insured loans in order to avoid residential mortgage loan foreclosures, and the Home Affordable Refinancing Program, or HARP, which makes it easier for borrowers to refinance at lower interest rates. These loan modification programs, future legislative or regulatory actions, including possible amendments to the bankruptcy laws, which result in the modification of outstanding residential mortgage loans, as well as changes in the requirements necessary to qualify for refinancing mortgage loans with Fannie Mae, Freddie Mac or Ginnie Mae, may adversely affect the value of, and the returns on, our portfolio of mortgage-backed securities, or MBS, and on the value of our MSR. Our MSR is valued based on a number of factors, including assumptions about borrower repayment rates and costs of servicing. If the interest

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rate on a mortgage is adjusted, or if a borrower is permitted to refinance at a lower rate, or the costs of servicing or costs of foreclosures increase, the value of our MSR with respect to that mortgage can decrease, which, in turn, may reduce earnings in the period in which the decrease occurs. In addition, increases in our servicing costs from changes to our foreclosure and other servicing practices, including resulting from the consent orders, adversely affects the fair value of our MSR.

Our gain on sale of loans could decrease in future periods if refinancing activity declines.

In recent periods we have seen elevated residential mortgage refinancing activity primarily due to government programs such as HAMP and HARP. In addition as a result of qualitative easing and other governmental policies, mortgage rates, as indicated by the Base Mortgage Rate, have declined in recent quarters. We believe this decline will extend refinance activity into future periods, which could result in a continuation of elevated mortgage refinancing activity. In addition, we have experienced heightened demand for mortgage loans by investors in the secondary market as a result of the favorable risk adjusted yield on mortgage assets relative to other investments. This expanded secondary market activity has resulted in attractive resale opportunities which has resulted in an increase in our gain on sale of loans during the first six months of 2012 as detailed in the following table:

	Year Ended						Six Months Ended	
	December 31, 2009		December 31, 2010		December 31, 2011		June 30, 2012	
(in thousands)	UPB	Gain on Sale	UPB	Gain on Sale	UPB	Gain on Sale	UPB	Gain on Sale
HARP[1]	$ 953,940	$ 7,467	$ 1,557,512	$ 27,096	$ 998,611	$ 15,329	$ 1,220,128	$ 35,702
Non-HARP[1][2]	6,062,269	60,286	4,491,474	38,863	3,941,286	59,170	2,766,533	82,847
Other Activity[3]		(1,328)		(9)		(1,205)		(446)
Totals	$ 7,016,569	$ 66,425	$ 6,048,986	$ 65,950	$ 4,939,897	$ 73,294	$ 3,986,661	$ 118,103

(1) We hedge interest rate risk related to our mortgage warehouse and pipeline through the use of forward sales commitments. The gain on sale numbers include hedging gains and losses. We do not track the hedging gains and losses at an individual loan level and have allocated these based on UPB originated for the applicable periods.

(2) Non-HARP is entirely comprised of conforming and government loans that we have sold or plan to sell to the GSEs and other government agencies.

(3) Other activity is due to commercial real estate loans (CREL) that were carried at fair value.

We do not believe that this low interest rate environment coupled with the continued elevated activity in the secondary market will continue indefinitely. Presently the Federal Reserve has stated that it intends to maintain its current policies in the near term. However, in a rising interest rate environment, we would expect that refinancing volumes would decline, which could cause our originations of mortgage loans held for sale to decrease.

Our commercial real estate loan portfolio exposes us to risks that may be greater than the risks related to our other mortgage loans and a high percentage of these loans are secured by properties located in Florida.

Many analysts and economists are predicting that commercial mortgage loans could continue to see further deterioration. At June 30, 2012, our commercial real estate loans, net of discounts, were $1.0 billion, or approximately 10% of our total loan portfolio, net of allowances. Commercial real estate loans generally carry larger loan balances and involve a greater degree of financial and credit risk than residential mortgage loans or home equity loans. The repayment of these loans is typically dependent upon the successful operation of the related real estate or commercial projects. If the cash flow from the project is reduced, a borrower s ability to repay the loan may be impaired. Furthermore, the repayment of commercial mortgage loans is generally less

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predictable and more difficult to evaluate and monitor and collateral may be more difficult to dispose of in a market decline. In such cases, we may be compelled to modify the terms of the loan or engage in other potentially expensive work-out techniques. Any significant failure to pay on time by our customers would adversely affect our results of operations and cash flows.

As a result of our 2010 acquisition of the banking operations of Bank of Florida in an FDIC-assisted transaction, we have increased our exposure to risks related to economic conditions in Florida. Unlike our residential mortgage loan portfolio, which is more geographically diverse, approximately 81% of our commercial loans as of December 31, 2011, were secured by properties located in Florida. Florida has experienced a deeper recession and more dramatic slowdown in economic activity than other states and the decline in real estate values in Florida has been significantly higher than the national average. Our concentration of commercial loans in this state subjects us to risk that a further downturn in the local economy could result in increases in delinquencies and foreclosures or losses on these loans. In addition, the occurrence of natural disasters in Florida, such as hurricanes, or man-made disasters, such as the BP oil spill in the Gulf of Mexico, could result in a decline in the value or destruction of our mortgaged properties and an increase in the risk of delinquencies or foreclosures. These factors could have a material adverse effect on our business, financial position, results of operations and cash flows.

We may become subject to additional risks as a result of our recent acquisition of Business Property Lending from GECC.

Our recent acquisition of Business Property Lending from GECC could expose us to commercial lending in new markets where we have little commercial experience, which could result in losses that would affect our financial results. Prior to our acquisition of Business Property Lending, most of the commercial loans we have originated have been in the state of Florida. In connection with the acquisition, we acquired a nationwide portfolio of commercial loans, along with a platform to generate such loans. If we do not maintain strong underwriting standards as we have in the past, we may suffer losses if these loans fail to perform.

Conditions in the real estate market and higher than normal delinquency and default rates could adversely affect our business.

The origination and servicing of residential mortgages is a significant component of our business and our earnings have been and may continue to be adversely affected by weak real estate markets and historically high delinquency and default rates. If the frequency and severity of our loan delinquencies and default rates increase, we could experience losses on loans held for investment and on newly originated or purchased loans that we hold for sale. We may need to further increase our reserves for foreclosures if foreclosure rates increase.

Continued or worsening conditions in the real estate market and higher than normal delinquency and default rates on loans have other adverse consequences for our mortgage banking business, including:

- cash flows and capital resources are reduced, as we are required to make cash advances to meet contractual obligations to investors, process foreclosures, maintain, repair and market foreclosed properties;
- mortgage service fee revenues decline because we recognize these revenues only upon collection;
- net interest income may decline and interest expense may increase due to lower average cash and capital balances and higher capital funding requirements;
- mortgage and loan servicing costs rise;
- an inability to sell our MSR in the capital markets due to reduced liquidity;

- amortization and impairment charges on our MSR increase; and

- realized and unrealized losses on and declines in the liquidity of securities held in our investment portfolio that are collateralized by mortgage obligations.

We may be required to repurchase mortgage loans with identified defects, indemnify the investor or guarantor, or reimburse the investor for credit loss incurred on the loan in the event of a material breach of representations or warranties.

We may be required to repurchase mortgage loans or reimburse investors as a result of breaches in contractual representations and warranties, from our sales of loans we originate and servicing of loans originated by other parties. We conduct these activities under contractual provisions that include various representations and warranties which typically cover ownership of the loan, compliance with loan criteria set forth in the applicable agreement, validity of the lien securing the loan and similar matters. We may be required to repurchase mortgage loans with identified defects, indemnify the investor or guarantor, or reimburse the investor for credit loss incurred on the loan in the event of a material breach of such contractual representations or warranties.

We experienced increased levels of repurchase demands beginning in 2010, which has led to material increases in our loan repurchase reserves and we may need to increase such reserves in the future, which would adversely affect net income. As of December 31, 2009, 2010 and 2011 our loan repurchase reserve for loans that we sold or securitized was $3.6 million, $26.8 million and $32.0 million, respectively, representing a 644% increase during 2010 and a 19% increase during 2011. Our loan repurchase reserve for loans that were sold or securitized was $34.0 million as of June 30, 2012.

In addition, we also service residential mortgage loans where a GSE is the owner of the underlying mortgage loan asset. Prior to late 2009, we had not historically experienced a significant amount of repurchases related to the servicing of mortgage loans as we were indemnified by the seller of the servicing rights but due to the failures of several of our counterparties, we have since experienced losses related to the repurchase of loans from GSEs and subsequent disposal or payment demands from the GSEs. As of December 31, 2009, 2010 and 2011 our reserve for servicing repurchase losses was $6.3 million, $30.0 million and $30.4 million, respectively, representing a 376% increase during 2010 and a 1% increase during 2011. Our reserve for servicing repurchase losses was $27.6 million as of June 30, 2012.

If future repurchase demands remain at heightened levels or increase further or the severity of the repurchase requests increases, or our success at appealing repurchase or other requests differs from past experience, we may need to further increase our loan repurchase reserves, and increased repurchase obligations could adversely affect our financial position and results of operations. For additional information, see Management s Discussion and Analysis of Financial Condition and Results of Operations Loans Subject to Representations and Warranties.

Our concentration of mass-affluent customers and so-called jumbo mortgages in our residential mortgage portfolio makes us particularly vulnerable to a downturn in high-end real estate values and economic factors disproportionately affecting affluent consumers of financial services.

The Federal Housing Administration, Fannie Mae and Freddie Mac will only purchase or guarantee so-called conforming loans, which may not exceed certain principal amount thresholds. As of December 31, 2011, approximately 61% of our residential mortgage loans held for investment was comprised of so-called jumbo loans based on the current threshold of $417,000 in most states, and 91% of the carrying value of our securities portfolio was comprised of residential nonagency investment securities, substantially all of which are backed by jumbo loans. Jumbo loans have principal balances exceeding the thresholds of the agencies described above, and tend to be less liquid than conforming loans, which may make it more difficult for us to rapidly rebalance our portfolio and risk profile than is the case for financial institutions with higher concentrations of conforming loan assets. Due to macroeconomic conditions, jumbo mortgage loans have, in recent periods,

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experienced increased rates of delinquency, foreclosure, bankruptcy and loss, and they are likely to continue to experience delinquency, foreclosure, bankruptcy and loss rates that are higher, and that may be substantially higher, than conforming mortgage loans. In such event, liquidity in the capital markets for such assets could be diminished and we could be faced with increased losses and an inability to dispose of such assets.

Hedging strategies that we use to manage our mortgage pipeline may be ineffective to mitigate the risk of changes in interest rates.

We typically use derivatives and other instruments to hedge a portion of our mortgage banking interest rate risk. Hedging is a complex process, requiring sophisticated models and constant monitoring, and is not a perfect science. We may use hedging instruments tied to U.S. Treasury rates, London Interbank Offered Rate, or LIBOR, or Eurodollars that may not perfectly correlate with the value or income being hedged. Our mortgage pipeline consists of our commitments to purchase mortgage loans, or interest rate locks, and funded mortgage loans that will be sold in the secondary market. The risk associated with the mortgage pipeline is that interest rates will fluctuate between the time we commit to purchase a loan at a pre-determined price, or the customer locks in the interest rate on a loan, and the time we sell or commit to sell the mortgage loan. Generally speaking, if interest rates increase, the value of an unhedged mortgage pipeline decreases, and gain on sale margins are adversely impacted. Typically, we hedge the risk of overall changes in fair value of loans held for sale by either entering into forward loan sale agreements, selling forward Fannie Mae or Freddie Mac MBS or using other derivative instruments to hedge loan commitments and to create fair value hedges against the funded loan portfolios. We generally do not hedge all of the interest rate risk on our mortgage portfolio and have not historically hedged the risk of changes in the fair value of our MSR resulting from changes in interest rates. To the extent we fail to appropriately reduce our exposure to interest rate changes, our financial results may be adversely affected.

We could recognize realized and unrealized losses on securities held in our securities portfolio, particularly if economic and market conditions deteriorate.

As of June 30, 2012, the fair value of our securities portfolio was approximately $2.0 billion, of which approximately 90% was comprised of residential nonagency investment securities. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency downgrades of the securities, defaults by the issuer or individual mortgagors with respect to the underlying securities, changes in market interest rates and continued instability in the credit markets. Any of these factors could cause an other-than-temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other-than-temporary usually requires difficult, subjective judgments about the future financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting issuers and the performance of the underlying collateral, we may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations.

We may experience higher delinquencies on our equipment leases and reductions in the resale value of leased equipment.

The realization of equipment values (i.e., residual values) during the life and at the end of the term of a lease is an important element of our commercial finance business. At the inception of each lease, we record a residual value for the leased equipment based on our estimate of the future value of the equipment at the expected disposition date. A decrease in the market value of leased equipment at a rate greater than the rate we projected, whether due to rapid technological or economic obsolescence, unusual or excessive wear-and-tear on the equipment, recession or other adverse economic conditions, or other factors, would adversely affect the current or the residual values of such equipment. Further, certain equipment residual values are dependent on the manufacturer s or vendor s warranties, reputation and other factors, including market liquidity. In addition, we may not realize the full market value of equipment if we are required to sell it to meet liquidity needs or for other

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reasons outside of the ordinary course of business. Consequently, we may not realize our estimated residual values for equipment. If we are unable to realize the expected value of a substantial portion of the equipment under lease, our business could be adversely affected.

In addition, in connection with the acquisition of Tygris, we acquired a portfolio of equipment leases with a fair value of $538.1 million, or 67% of the original book value of the leases at the date of acquisition. We acquired Tygris through a stock-for-stock merger with one of our subsidiaries in which 29,913,030 shares of our common stock were issued to the former Tygris stockholders. Of such shares, 9,470,010, along with $50 million in cash, were placed in an escrow account at closing to offset potential losses realized in connection with the original book value of the Tygris lease and loan portfolio over a five-year period following the closing, and to satisfy any indemnification claims that we may have under the acquisition agreement. Although we purchased these leases at a discount, they were not subjected to our credit standards. The non-impaired leases we acquired may become impaired and the impaired leases may suffer further deterioration in value, resulting in additional charge-offs to this portfolio.

As of June 30, 2012, total net charge-offs incurred with respect to the original book value of the portfolio since the closing of the acquisition have totaled $71.7 million. Because of the significant discounts recognized with respect to the population, including the expected credit discounts, EverBank has not incurred additional losses on this portfolio in excess of those expected at acquisition. As of June 30, 2012, the remaining carrying value of the acquired portfolio was $122.6 million. We currently do not expect to receive any funds from escrow related to the acquired loans and leases based on our current expectations of cash flows. Fluctuations in national, regional and local economic conditions may increase the level of charge-offs that we make to our lease portfolio, and, consequently, reduce our net income. We are not protected for all losses and any charge-off or related losses that we experience will negatively impact our results of operations.

We may become subject to a number of risks if we elect to pursue acquisitions and may not be able to acquire and integrate acquisition targets successfully if we choose to do so.

As we have done in the past, we may pursue acquisitions as part of our growth strategy. We may consider acquisitions of loans or securities portfolios, lending or leasing firms, commercial and small business lenders, residential lenders, direct banks, banks or bank branches (whether in FDIC-assisted or unassisted transactions), wealth and investment management firms, securities brokerage firms, specialty finance or other financial services-related companies. We expect that competition for suitable acquisition targets may be significant. Additionally, we must generally receive federal regulatory approval before we can acquire an institution or business. Such regulatory approval may be denied or, if granted, could be subject to conditions that materially affect the terms of the acquisition or our ability to capture some of the opportunities presented by the acquisition. We may not be able to successfully identify and acquire suitable acquisition targets on terms and conditions we consider to be acceptable.

Even if suitable candidates are identified and we succeed in consummating these transactions, acquisitions involve risks that may adversely affect our market value and profitability. These risks include, among other things: credit risk associated with acquired loans and investments; retaining, attracting and integrating personnel; loss of customers; reputational risks; difficulties in integrating or operating acquired businesses or assets; and potential disruption of our ongoing business operations and diversion of management s attention. Through our acquisitions we may also assume unknown or undisclosed liabilities, fail to properly assess known contingent liabilities or assume businesses with internal control deficiencies. While in most of our transactions we seek to mitigate these risks through, among other things, adequate due diligence and indemnification provisions, we cannot be certain that the due diligence we have conducted is adequate or that the indemnification provisions and other risk mitigants we put in place will be sufficient.

In addition, FDIC-assisted acquisitions involve risks similar to acquiring existing banks even though the FDIC might provide assistance to mitigate certain risks, such as sharing in the exposure to loan losses and providing indemnification against certain liabilities of a failed institution. However, because these acquisitions are typically conducted by the FDIC in a manner that does not allow the time normally associated with preparing for the integration of an acquired institution, we may face additional risks in FDIC-assisted transactions. These risks include, among other things, the loss of customers, strain on management resources related to collection and management of problem loans and problems related to integration of personnel and operating systems. We may not be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Our inability to overcome these risks could have an adverse effect on our results of operations, particularly during periods in which the acquisitions are being integrated into our operations.

We may become subject to additional risks as a result of our recent acquisition of MetLife Bank s warehouse finance business.

Although we believe the recent acquisition of MetLife Bank s warehouse finance business represented an attractive opportunity to expand our business, any new business operation we acquire could expose us to additional fraud and counterparty risk which we may fail to adequately address. For example, our underwriting, operational controls and risk mitigants may fail to prevent or detect fraud or collusion with multiple parties which could result in losses that would affect our financial results. Since warehouse loans are typically larger than residential mortgage loans, the systemic deterioration of one or a few of these loans could cause an increase in non-performing loans. Our proposed structural agreements to minimize counterparty risk could be ineffective. Additionally, warehouse counterparties may become subject to repurchase demands by investors which could adversely affect their financial position.

We may have to take ownership of mortgage loans not directly underwritten by us if the mortgage broker is unable to sell them to investors and repay its underlying note with us. It is possible that no active or liquid market will exist for the types of loans we would be forced to sell, which could result in losses.

Certain of our stockholders have director nomination rights through which they may influence the actions taken by us, and their interests may not align with our interests or the interests of our other stockholders.

Pursuant to an agreement between us and Arena Capital Investment Fund, L.P., or Arena, and Lovett Miller Venture Fund II, Limited Partnership and Lovett Miller Venture Fund III, Limited Partnership, or together, Lovett Miller, Arena has the right to designate a representative to be included in management s slate of nominees recommended to our stockholders for election as a member of our Board of Directors and each of Arena and Lovett Miller have the right to appoint an observer who is permitted to attend meetings of our Board of Directors. In addition, pursuant to an agreement between us and Sageview Partners L.P., or Sageview, Sageview has the right to designate a representative to be included in management s slate of nominees recommended to stockholders of the Company for election as a member of our Board of Directors and has the right to appoint an observer who is permitted to attend meetings of our Board of Directors.

These director nomination rights and observer rights will generally survive for each of Arena, Lovett Miller and Sageview, respectively, so long as such stockholder continues to own a specified percentage of the Company s common stock. As of September 30, 2012, Arena holds 5,792,685 shares of our common stock, or 4.80%, Lovett Miller owns 1,940,096 shares of our common stock, or 1.61%, and Sageview owns 12,912,230 shares of our common stock, or 10.70%. As a result of their significant holdings of our common stock, and, in the case of Arena and Sageview, their rights to designate members of our Board of Directors, these stockholders are expected to be able to continue to exert significant influence over our policies and management, potentially in a manner which may not be in our stockholders best interests. For additional information, please see Certain Relationships and Related Party Transactions below.

Concern of customers over deposit insurance may cause a decrease in deposits.

With on-going concerns about bank failures, customers have become concerned about the extent to which their deposits are insured by the FDIC, particularly mass-affluent customers that may maintain deposits in excess of insured limits. Customers may withdraw deposits in an effort to ensure that the amount they have on

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deposit with our bank is fully insured and may place them in other institutions or make investments that are perceived as being more secure, such as securities issued by the U.S. Treasury. We may be forced by such activity to pay higher interest rates to retain deposits, which may constrain our liquidity as we seek to meet funding needs caused by reduced deposit levels, which could have a material adverse effect on our business.

Our ability to rely on brokered deposits as a part of our funding strategy may be limited.

Deposits raised by EverBank continue to be a key part of our funding strategy. Our ability to maintain our current level of deposits or grow our deposit base could be affected by regulatory restrictions, including the possible imposition of prior approval requirements or restrictions on deposit growth through brokered channels, or restrictions on our rates offered. In addition, as a supervisory matter, reliance on brokered deposits as a significant source of funding is discouraged. As a result, in order to grow our deposit base, we will need to expand our non-brokered channels for deposit generation, including through new marketing and advertising efforts, which may require significant time, capital and effort to implement. Further, we are likely to face significant competition for deposits from other banking organizations that are also seeking stable deposits to support their funding needs. If EverBank is unable to develop new channels of deposit origination, it could have a material adverse effect on our business, results of operations, and financial position.

We are exposed to risks associated with our Internet-based systems and online commerce security, including hacking and identity theft.

We operate primarily as an online bank with a small number of financial center locations and, as such, we conduct a substantial portion of our business over the Internet. We rely heavily upon data processing, including loan servicing and deposit processing, software, communications and information systems from a number of third parties to conduct our business.

Third party, or internal, systems and networks may fail to operate properly or become disabled due to deliberate attacks or unintentional events. Our operations are vulnerable to disruptions from human error, natural disasters, power loss, computer viruses, spam attacks, denial of service attacks, unauthorized access and other unforeseen events. Undiscovered data corruption could render our customer information inaccurate. These events may obstruct our ability to provide services and process transactions. While we are in compliance with all applicable privacy and data security laws, an incident could put our customer confidential information at risk.

Although we have not experienced a cyber incident which has been successful in compromising our data or systems, we can never be certain that all of our systems are entirely free from vulnerability to breaches of security or other technological difficulties or failures. We monitor and modify, as necessary, our protective measures in response to the perpetual evolution of cyber threats.

A breach in the security of any of our information systems, or other cyber incident, could have an adverse impact on, among other things, our revenue, ability to attract and maintain customers and business reputation. In addition, as a result of any breach, we could incur higher costs to conduct our business, to increase protection, or related to remediation. Furthermore our customers could incorrectly blame us and terminate their account with us for a cyber incident which occurred on their own system or with that of an unrelated third party. In addition, a security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and possible financial liability.

Our business may be impaired if a third party infringes on our intellectual property rights.

Our business depends heavily upon intellectual property that we have developed or will develop in the future. Monitoring infringement of intellectual property rights is difficult, and the steps we have taken may not prevent unauthorized use of our intellectual property. In the past, we have had to engage in enforcement actions to protect our domain names from theft, including administrative proceedings. We may in the future be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our

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trademarks and other intellectual property rights. Intellectual property theft on the Internet is relatively widespread, and individuals anywhere in the world can purchase infringing domains or use our service marks on their pay-per-click sites to draw customers for competitors while exploiting our service marks. To the extent that we are unable to rapidly locate and stop an infringement, our intellectual property assets may become devalued and our brand may be tarnished. Third parties may also challenge, invalidate or circumvent our intellectual property rights and protections, registrations and licenses. Intellectual property litigation is expensive, and the outcome of an action could negatively impact our business, brand and profitability.

We may become involved in intellectual property or other disputes that could harm our business.

Third parties may assert claims against us, asserting that our marks, services, associated content in any medium, or software applications infringe on their intellectual property rights. The laws and regulations governing intellectual property rights are continually evolving and subject to differing interpretations. Trademark owners often engage in litigation in state or federal courts or oppositions in the United States Patent and Trademark Office as a strategy to broaden the scope of their trademark rights. If any infringement claim is successful against us, we may be required to pay substantial damages or we may need to seek to obtain a license of the other party s intellectual property rights. We also could lose the expected future benefit of our marketing and advertising spending. Moreover, we may be prohibited from providing our services or using content that incorporates the challenged intellectual property.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated as a result of trading, clearing, custody, counterparty or other relationships. At various times, we may have significant exposure to a relatively small group of counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional customers. Many of these transactions expose us to credit risk in the event of default of a counterparty or customer. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to us. Losses suffered through such increased credit risk exposure could have a material adverse effect on our financial condition, results of operations and cash flows.

We face increased risks with respect to our WorldCurrency® and other market-based deposit products.

As of June 30, 2012, we had outstanding market-based deposits of $1.3 billion, representing approximately 12% of our total deposits, the significant majority of which are WorldCurrency® deposits. Many of our WorldCurrency® depositors have chosen that family of products in order to diversify their portfolios with respect to foreign currencies. Appreciation of the U.S. dollar relative to foreign currencies, political and economic disruptions in foreign markets or significant changes in commodity prices or securities indices could significantly reduce the demand for our WorldCurrency® and other market-based products as well as a devaluation of these deposit balances, which could have a material adverse effect on our liquidity and results of operations. In addition, although we routinely use derivatives to offset changes to our deposit obligations due to fluctuations in currency exchange rates, commodity prices or securities indices to which these products are linked, these derivatives may not be effective. To the extent that these derivatives do not offset changes to our deposit obligations, our financial results may be adversely affected.

We operate in a highly competitive industry and market area.

We face substantial competition in all areas of our operations from a variety of different competitors, many of which are larger and may have more financial resources. Such competitors primarily include Internet banks and national, regional and community banks within the various markets we serve. We also face competition from many other types of financial institutions, including, without limitation, savings and loan institutions, credit unions, mortgage companies, other finance companies, brokerage firms, insurance companies,

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factoring companies and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can (unless laws are changed) merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Many of our competitors have fewer regulatory constraints and may have lower cost structures.

In addition, many of our competitors have significantly more physical branch locations than we do, which may be an important factor to potential customers. Because we offer our services over the Internet, we compete nationally for customers against financial institutions ranging from small community banks to the largest international financial institutions. Many of our competitors continue to have access to greater financial resources than we have, which allows them to invest in technological improvements. Failure to successfully keep pace with technological change affecting the financial services industry could place us at a competitive disadvantage.

Our historical growth rate and performance may not be indicative of our future growth or financial results.

Our historical growth must be viewed in the context of the recent opportunities available to us as a result of the confluence of our access to capital at a time when market dislocations of historical proportions resulted in unprecedented asset acquisition opportunities. When evaluating our historical growth and prospects for future growth, it is also important to consider that while our business philosophy has remained relatively constant over time, our mix of business, distribution channels and areas of focus have changed frequently and dramatically over the last several years. Historically, we have entered and exited lines of business to adapt to changing market conditions and perceived opportunities, and may continue to do so in future periods.

In recent fiscal periods, we have completed several significant transactions, including the acquisitions of MetLife Bank s warehouse finance business and Business Property Lending from GECC in 2012, Tygris and Bank of Florida in 2010, the acquisition of a number of residential mortgage loan and securities portfolios in 2008 and 2009 and the divestiture of our reverse mortgage operations in 2008. These transactions, along with equity capital infusions, have significantly expanded our asset and capital base, product mix and distribution channels. We also benefited from significant purchase price discounts from certain of these transactions, which are highly accretive to our earnings and which may not be available in the future. Over the longer-term, we expect margins on loans to revert to longer-term historical levels.

We have historically generated a significant amount of fee income through the origination and servicing of residential mortgage loans. Fundamental changes in bank regulations and the mortgage industry, unusually weak economic conditions and the historically low interest rate environment that has characterized the last several fiscal quarters make it difficult to predict our future results or draw meaningful comparisons between our historical results and our results in future fiscal periods. We materially increased our investments in residential MSR from 2008 through the first quarter of 2010. During that time, we also significantly increased our investments in nonagency residential collateralized mortgage obligation securities, or CMOs. Due to concentration limits we adopted pursuant to new regulatory constraints and possible future regulatory guidance, our concentration in such asset classes has been reduced. We may not be able to achieve similar performance from alternative asset classes in the future.

We may not be able to sustain our historical rate of growth or grow our business at all. Because of the tremendous amount of uncertainty in the general economy and with respect to the effectiveness of recent governmental intervention in the credit markets and mortgage lending industry, as well as increased delinquencies, continued home price deterioration and lower home sales volume, it will be difficult for us to replicate our historical earnings growth as we continue to expand. We have benefited from the recent low interest rate environment, which has provided us with high net interest margins which we use to grow our business. Higher rates would compress our margins and may impact our ability to grow. Consequently, our historical results of operations will not necessarily be indicative of our future operations.

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We are dependent on key personnel and the loss of one or more of those key personnel could harm our business.

Our future success significantly depends on the continued services and performance of our key management personnel. We believe our management team s depth and breadth of experience in the banking industry is integral to executing our business plan. We also will need to continue to attract, motivate and retain other key personnel. The loss of the services of members of our senior management team or other key employees or the inability to attract additional qualified personnel as needed could have a material adverse effect on our business, financial position, results of operations and cash flows.

We are subject to losses due to fraudulent and negligent acts on the part of loan applicants, mortgage brokers, other vendors and our employees.

When we originate mortgage loans, we rely heavily upon information supplied by loan applicants and third parties, including the information contained in the loan application, property appraisal, title information and employment and income documentation provided by third parties. If any of this information is misrepresented and such misrepresentation is not detected prior to loan funding, we generally bear the risk of loss associated with the misrepresentation.

We may be exposed to unrecoverable losses on the loans acquired in the Bank of Florida acquisition, despite the loss sharing agreements we have with the FDIC.

Although we acquired the loan assets of Bank of Florida at a substantial discount and we have entered into loss sharing agreements which provide that the FDIC will bear 80% of losses on such assets in excess of $385.6 million, we are not protected from all such losses. The FDIC has the right to refuse or delay payment for such loan losses if the loss sharing agreements are not managed in accordance with their terms. Additionally, the loss sharing agreements have limited terms; therefore, any losses that we experience after the terms of the loss sharing agreements have ended will not be recoverable from the FDIC, which would negatively impact our net income.

The acquisition of assets and liabilities of financial institutions in FDIC-sponsored or assisted transactions involves risks similar to those faced in unassisted acquisitions, even though the FDIC might provide assistance to mitigate certain risks (e.g., entering into loss sharing arrangements). However, because such acquisitions are structured in a manner that does not allow the time normally associated with evaluating and preparing for the integration of an acquired institution, we face the additional risk that the anticipated benefits of such an acquisition may not be realized fully or at all, or within the time period expected.

Any of these factors, among others, could adversely affect our ability to achieve the anticipated benefits of the Bank of Florida acquisition.

Certain provisions of the loss sharing agreements entered into with the FDIC in connection with the Bank of Florida acquisition may have anti-takeover effects and could limit our ability to engage in certain strategic transactions our Board of Directors believes would be in the best interests of stockholders.

The FDIC s agreement to bear 80% of qualifying losses in excess of $385.6 million on single family residential loans for ten years and all other loans for five years is a significant advantage for us and a feature of the Bank of Florida acquisition without which we would not have entered into the transaction. Our agreement with the FDIC requires that we receive FDIC consent, which may be withheld by the FDIC in its sole discretion, prior to us or our stockholders engaging in certain transactions. If any such transaction is completed without prior FDIC consent, the FDIC would have the right to discontinue the loss sharing arrangement.

Among other things, prior FDIC consent is required for (1) a merger or consolidation of us or EverBank with or into another company if our stockholders will own less than 66.66% of the combined company, (2) the sale of all or substantially all of the assets of EverBank and (3) a sale of shares by a stockholder, or a group of related stockholders, that will effect a change in control of us, as determined by the FDIC with reference to the standards set forth in the Change in Bank Control Act (generally, the acquisition of between 10% and 25% of our voting securities where the presumption of control is not rebutted, or the acquisition by any person, acting directly or indirectly or through or in concert with one or more persons, of more than 25% of our voting securities). Although our Amended and Restated Certificate of Incorporation contains a provision that, with reference to the Change in Bank Control Act, restricts any person from acquiring control of us, or more than 9.9% of our voting securities, without the prior approval of our Board of Directors, such an acquisition by stockholders could occur beyond our control. If we or any stockholder desired to enter into any such transaction, the FDIC may not grant its consent in a timely manner, without conditions, or at all. If one of these transactions were to occur without prior FDIC consent and the FDIC withdrew its loss share protection, there could be a material adverse effect on our financial condition, results of operations and cash flows.

Regulatory and Legal Risks

We operate in a highly regulated environment and the laws and regulations that govern our operations, corporate governance, executive compensation and accounting principles, or changes in them, or our failure to comply with them, may adversely affect us.

We are subject to extensive regulation, supervision and legislation that govern almost all aspects of our operations. Intended to protect customers, depositors, the Deposit Insurance Fund, or DIF, and the overall financial system, these laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on the business activities in which we can engage, limit the dividend or distributions that EverBank can pay to us, restrict the ability of institutions to guarantee our debt, impose certain specific accounting requirements on us that may be more restrictive and may result in greater or earlier charges to earnings or reductions in our capital than generally accepted accounting principles, among other things. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. We are currently facing increased regulation and supervision of our industry as a result of the financial crisis in the banking and financial markets, and, to the extent that we participate in any programs established or to be established by the U.S. Treasury or by the federal bank regulatory agencies, there will be additional and changing requirements and conditions imposed on us. Such additional regulation and supervision may increase our costs and limit our ability to pursue business opportunities. Further, our failure to comply with these laws and regulations, even if the failure is inadvertent or reflects a difference in interpretation, could subject us to restrictions on our business activities, fines and other penalties, any of which could adversely affect our results of operations, capital base and the price of our securities.

We and EverBank have entered into a consent order with the OTS, and failure to comply with the requirements of the consent order could have a negative impact on us and/or EverBank.

On April 13, 2011, we and EverBank each entered into a consent order with the OTS with respect to EverBank s mortgage foreclosure practices and our oversight of those practices. The consent orders require, among other things, that we establish a new compliance program for our mortgage servicing and foreclosure operations and that we ensure that we have 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. We are 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. We are working to fulfill the requirements of the consent orders. In response to the consent orders, we have established an oversight committee to monitor the implementation of the actions required by the consent orders. Furthermore, we have enhanced and updated several policies, procedures, processes and controls to help ensure the mitigation of the findings of the consent orders, and submitted them to the FRB and the OCC (the applicable successors to the OTS) for review. In addition, we have enhanced our third-party vendor management system and our compliance program, hired additional personnel and retained an independent firm to conduct foreclosure reviews.

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Federal banking agencies periodically conduct examinations of our business, including for compliance with laws and regulations, and our failure to comply with any supervisory actions to which we are or become subject as a result of such examinations may adversely affect us.

The OTS, the OCC and other government agencies, including state attorneys general and the U.S. Department of Justice, investigated various mortgage related practices of certain servicers, some of which practices were also the subject of the horizontal review. In March 2012, the U.S. Department of Justice, the Department of Housing and Urban Development and 50 state attorneys general entered into separate consent judgments with five major mortgage servicers with respect to these matters. In total, the five mortgage servicers agreed to $25 billion in borrower restitution assistance and refinancing. Monetary sanctions imposed by the federal banking agencies as a consequence of the horizontal review are being held in abeyance, subject to provision of borrower assistance and remediation under the consent judgments. We understand certain other institutions subject to the consent decrees with the banking regulators announced in April 2011 have been contacted by the U.S. Department of Justice and state attorneys general regarding a settlement. If an investigation of EverBank were to occur, it could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), other enforcement actions or additional litigation, and could result in significant legal costs in responding to governmental investigations and additional litigation. In addition, the federal banking agencies may impose civil monetary penalties on the remaining banks that were subject to the horizontal review as part of such an investigation or independently but have not indicated what the amount of any such penalties would be. Any other requirements or remedies or penalties that may be imposed on us as a result of the horizontal review or any other investigation or action related to mortgage origination or servicing may have a material adverse effect on our results of operations, capital base and the price of our securities.

We expect that mortgage-related assessments and waivers, costs, including compensatory fees assessed by the GSEs, and other costs associated with foreclosures will remain elevated as additional loans are delayed in the foreclosure process. This will likely continue to increase noninterest expenses, including increasing default servicing costs and legal expenses. In addition, changes to our processes and policies, including those required under the consent orders with federal bank regulators, are likely to result in further increases in our default servicing costs over the longer term. Delays in foreclosure sales may result in additional costs associated with the maintenance of properties or possible home price declines, result in a greater number of nonperforming loans and increased servicing advances and may adversely affect the collectability of such advances and the value of our MSR asset and real estate owned properties. In addition, the valuation of certain of our agency residential MBS could be negatively affected under certain scenarios due to changes in the timing of cash flows.

In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, as of July 21, 2011, the functions and personnel of the OTS were transferred among the OCC, FDIC and FRB. As a result, the OTS no longer supervises or regulates savings associations or savings and loan holding companies. The supervision of federal thrifts, such as EverBank, was transferred to the OCC, and the supervision of thrift holding companies, such as us, was transferred to the FRB. A number of steps have been made and will be taken by the FRB to align the regulation and supervision of thrift holding companies more closely with that of bank holding companies. As a result of this change in supervision and related requirements, we are subject to new and uncertain examination and reporting requirements that could be more stringent than the OTS examinations we have had historically. For a more detailed description of the Dodd-Frank Act, see Regulation and Supervision.

Governmental and other actions relating to recording mortgages in the name of MERS may have adverse consequences on us.

Mortgage notes, assignments or other documents are often required to be maintained and are often necessary to enforce mortgages loans. There has been significant public commentary regarding the industry practice of recording mortgages in the name of Mortgage Electronic Registration Systems, Inc., or MERS, as nominee on behalf of the note holder, and whether securitization trusts own the loans purported to be conveyed to them and have valid liens securing those loans. We currently use the MERS system for a substantial portion of

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the residential mortgage loans that we originate, including loans that have been sold to investors. A component of the consent orders described above requires significant changes in the manner in which we service loans identifying MERS as the mortgagee. Additionally, certain local and state governments have commenced legal actions against MERS and certain MERS members, questioning the validity of the MERS model. Other challenges have also been made to the process for transferring mortgage loans to securitization trusts, asserting that having a mortgagee of record that is different than the holder of the mortgage note could break the chain of title and cloud the ownership of the loan. If certain required documents are missing or defective, or if the use of MERS is found not to be valid, we could be obligated to cure certain defects or in some circumstances be subject to additional costs and expenses in servicing mortgages. Our use of MERS as nominee for mortgages may also create reputational and other risks for us.

The enactment of the Dodd-Frank Act may have a material effect on our operations.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which imposes significant regulatory and compliance changes. The key effects of the Dodd-Frank Act on our business are:

- changes in the thrift supervisory structure;
- changes to regulatory capital requirements;
- creation of new governmental agencies with authority over our operations including the Consumer Financial Protection Bureau, or CFPB;
- limitation on federal preemption; and
- changes to mortgage loan origination and risk retention practices.

As noted above, the Dodd-Frank Act has changed the regulatory and supervisory framework governing federal thrifts and thrift holding companies, and as a result of this change in supervision and related requirements, we are subject to new and uncertain examination and reporting requirements that could be more stringent than our historic OTS examinations and reporting requirements. It is also expected that the FRB will impose regulatory capital requirements on thrift holding companies, such as us, which have not been historically subject to such requirements.

The Dodd-Frank Act also includes numerous provisions that impact mortgage origination and servicing. Under the Dodd-Frank Act, the loss of federal preemption for operating subsidiaries and agents of national banks and federal thrifts, as well as changes to the compensation and compliance obligations of independent mortgage brokers, could change the manner in which our mortgage loans are originated. As a result of the Dodd-Frank Act, there will likely be fewer independent, nonbank mortgage brokers and lenders. A reduction in the number of independent mortgage brokers may adversely affect our mortgage volume and, thus, our revenues and earnings.

In addition, in August 2012 the CFPB proposed new rules that would require servicers to comply with new standards and practices with regard to: error correction; information disclosure; force-placement of insurance; information management policies and procedures; requiring information about mortgage loss mitigation options be provided to delinquent borrowers; providing delinquent borrowers access to servicer personnel with continuity of contact about the borrower s mortgage loan account; and evaluating borrowers applications for available loss mitigation options. These rules also address initial rate adjustment notices for adjustable-rate mortgages (ARMs), periodic statements for residential mortgage loans, and prompt crediting of mortgage payments and response to requests for payoff amounts.

The Dodd-Frank Act also imposes new standards for mortgage loan originations on all lenders, including banks and thrifts. Most significantly, the new standards prohibit us from making a residential mortgage loan without verifying a borrower s ability to repay, limit the total points and fees that we and/or a broker may

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charge on conforming and jumbo loans to 3% of the total loan amount, and prohibit certain prepayment penalty practices. In addition, the Dodd-Frank Act generally requires lenders or securitizers to retain an economic interest in the credit risk relating to loans the lender sells and other asset-backed securities that the securitizer issues if the loans have not complied with the ability to repay standards. The risk retention requirement generally will be 5%, but could be increased by regulation. These standards will result in a myriad of new systems, pricing and compensating controls in order to ensure compliance and to decrease repurchase requests and foreclosure defenses. Collectively, these mortgage-related rules and proposals, if adopted, and any other standards or rules adopted by the CFPB or other regulators in the future, may have unknown impacts on our operations.

In addition, the Dodd-Frank Act contains provisions designed to limit the ability of insured depository institutions, their holding companies and their affiliates to conduct certain swaps and derivatives activities and to take certain principal positions in financial instruments. While it is generally understood that these limitations are not intended to restrict hedging activities, the impact of the statutory limitations on our ability to conduct our hedging strategies will not be clear until the implementing regulations have been promulgated.

The Dodd-Frank Act currently impacts, or may impact in the future, other aspects of our operations and activities. For a more detailed description of the Dodd-Frank Act, see Regulation and Supervision.

The short-term and long-term impact of the new Basel III capital standards as implemented by the pending new capital rules is uncertain.

On June 7, 2012, the U.S. banking agencies approved three joint notices of proposed rulemaking that, taken together, will both implement Basel III s capital framework for U.S. banking institutions and substantially revise the agencies Basel I-based general risk-based capital guidelines to make them more risk sensitive. These proposed rules would limit our ability to include certain assets, including MSR, in our calculation of our regulatory capital ratios. MSR currently comprise a significant portion of our regulatory capital. At June 30, 2012, our net MSR totaled $416.0 million. For a more detailed description of Basel III and these proposed rules, see Regulation and Supervision. In the event these capital guidelines would limit our ability to include certain assets in our regulatory capital, we may be required to raise additional capital at less attractive terms. Our operating results and return on equity could be affected by such changes to our capital requirements.

Unfavorable results from ongoing stress tests conducted by us may adversely affect our ability to retain customers or compete for new business opportunities.

According to final rules from the FRB and OCC, beginning with data as of September 30, 2013, we and EverBank will be required to publish a summary of the results of annual company-run stress tests by June of the following year. This process will begin in 2013 and will repeat in each subsequent year. Published summary results will be required to include certain measures that evaluate our ability to absorb losses in severely adverse economic and financial conditions.

Although the stress tests are not meant to assess our current condition, and even if we remain strong, stable and well capitalized, we cannot predict our customers potential misinterpretation of, and adverse reaction to, the published summary of these stress tests. Any potential misinterpretations and adverse reactions could limit our ability to attract and retain customers or to effectively compete for new business opportunities. The inability to attract and retain customers or effectively compete for new business may have a material and adverse effect on our business, financial condition or results of operations.

Additionally, our regulators may require us to raise additional capital or take other actions, or may impose restrictions on our business, based on the results of the stress tests. We may not be able to raise additional capital if required to do so, or may not be able to do so on terms which are advantageous to us or our current shareholders. Any such capital raises, if required, may also be dilutive to our existing shareholders.

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We are highly dependent upon programs administered by government agencies or government-sponsored enterprises, such as Fannie Mae, Freddie Mac and Ginnie Mae, to generate liquidity in connection with our conforming mortgage loans. Any changes in existing U.S. government or government-sponsored mortgage programs could materially and adversely affect our business, financial position, results of operations and cash flows.

Our ability to generate revenues through securities issuances guaranteed by Ginnie Mae, or GNMA, and through mortgage loan sales to GSEs such as Fannie Mae and Freddie Mac (as well as to other institutional investors), depends to a significant degree on programs administered by those entities. The GSEs play a powerful role in the residential mortgage industry, and we have significant business relationships with them. Many of the loans that we originate are conforming loans that qualify under existing standards for sale to the GSEs or for guarantee by GNMA. We also derive other material financial benefits from these relationships, including the assumption of credit risk by these GSEs on all loans sold to them that are pooled into securities, in exchange for our payment of guaranty fees, and the ability to avoid certain loan inventory finance costs through streamlined loan funding and sale procedures. Any discontinuation of, or significant reduction in, the operation of these GSEs or any significant adverse change in the level of activity in the secondary mortgage market or the underwriting criteria of these GSEs could have a material adverse effect on our business, financial position, results of operations and cash flows.

Because nearly all other non-governmental participants providing liquidity in the secondary mortgage market left that market during the mortgage financial crisis, the GSEs have been the only significant purchasers of residential mortgage loans. It remains unclear when private investors may begin to re-enter the market in a meaningful way. As described above, GSEs (which are in conservatorship, with heavy capital support from the U.S. government, and subject to serious speculation about their future structure, if any) may not be able to provide the substantial liquidity upon which our residential mortgage loan business relies.

Federal, state and local consumer lending laws may restrict our ability to originate or increase our risk of liability with respect to certain mortgage loans and could increase our cost of doing business.

Federal, state and local laws have been adopted that are intended to eliminate certain lending practices considered predatory. These laws prohibit practices such as steering borrowers away from more affordable products, selling unnecessary insurance to borrowers, repeatedly refinancing loans, and making loans without a reasonable expectation that the borrowers will be able to repay the loans irrespective of the value of the underlying property. It is our policy not to make predatory loans, but these laws create the potential for liability with respect to our lending, servicing and loan investment activities. They increase our cost of doing business, and ultimately may prevent us from making certain loans and cause us to reduce the average percentage rate or the points and fees on loans that we do make.

Legislative action regarding foreclosures or bankruptcy laws may negatively impact our business.

Recent laws delay the initiation or completion of foreclosure proceedings on specified types of residential mortgage loans (some for a limited period of time), or otherwise limit the ability of residential loan servicers to take actions that may be essential to preserve the value of the mortgage loans underlying the MSR. Any such limitations are likely to cause delayed or reduced collections from mortgagors and generally increased servicing costs. Any restriction on our ability to foreclose on a loan, any requirement that we forego a portion of the amount otherwise due on a loan or any requirement that we modify any original loan terms will in some instances require us to advance principal, interest, tax and insurance payments, which is likely to negatively impact our business, financial condition, liquidity and results of operations.

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We are exposed to environmental liabilities with respect to properties that we take title to upon foreclosure that could increase our costs of doing business and harm our results of operations.

In the course of our activities, we may foreclose and take title to residential and commercial properties and become subject to environmental liabilities with respect to those properties. The laws and regulations related to environmental contamination often impose liability without regard to responsibility for the contamination. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. Moreover, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based upon damages and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity and results of operations would be significantly harmed.

Risks Related to This Offering and Ownership of Our Series A Preferred Stock

You are making an investment decision with regard to the depositary shares as well as the Series A Preferred Stock.

As described in this prospectus, we are issuing fractional interests in shares of Series A Preferred Stock in the form of depositary shares. Accordingly, the depositary will rely on the payments it receives on the Series A Preferred Stock to fund all payments on the depositary shares. You should carefully review the information in this prospectus regarding both of these securities.

Our ability to pay dividends on the Series A Preferred Stock, and therefore your ability to receive distributions on the depositary shares, may be limited by federal regulatory considerations and the results of operations of our primary operating subsidiary, EverBank.

We are a thrift holding company that conducts substantially all of our operations through EverBank. As a result, our ability to make dividend payments on the Series A Preferred Stock will depend primarily upon the receipt of dividends and other distributions from EverBank.

There are various regulatory restrictions on the ability of EverBank to pay dividends or make other payments to us. Federal banking laws regulate the amount of dividends that may be paid by our banking subsidiary without prior approval. EverBank s ability to pay dividends to us is subject to, among other things, its earnings, financial condition and need for funds, as well as federal and state governmental policies and regulations applicable to us and EverBank, including the statutory requirement that we serve as a source of financial strength for EverBank, which limit the amount that may be paid as dividends without prior regulatory approval. In addition, the Dodd-Frank Act requires federal banking agencies to establish more stringent risk-based capital guidelines and leverage limits applicable to banks and thrift holding companies. In June 2012, the FRB, the FDIC and the OCC issued three notices of proposed rulemaking, or the NPRs, addressing, among other matters, Section 171 of the Dodd-Frank Act and Basel III. The NPRs set forth the proposed criteria for qualifying additional Tier 1 capital instruments, including the requirement that any dividends on such instruments only be paid out of the banking organization s net income and retained earnings. These requirements, and any other new regulations or capital distribution constraints, could adversely affect our ability to pay dividends on the Series A Preferred Stock and therefore your ability to receive distributions on the depositary shares.

Additionally, our right to participate in any distribution of assets of EverBank upon EverBank s liquidation or otherwise, and thus your ability as a holder of the depositary shares to benefit indirectly from such distribution, will be subject to the prior claims of creditors of EverBank, except to the extent that any of our claims as a creditor of EverBank may be recognized. As a result, the depositary shares will effectively be subordinated to all existing and future liabilities and obligations of EverBank. At June 30, 2012, EverBank s direct borrowings and deposit liabilities that would effectively rank senior to the Series A Preferred Stock totaled approximately $13.4 billion. In addition, in connection with our recent acquisition of Business Property Lending from GECC, EverBank increased its borrowings from the FHLB, which ranks senior to the Senior A Preferred Stock.

The Series A Preferred Stock is equity and is subordinate to our existing and future indebtedness.

The shares of Series A Preferred Stock are our equity interests and do not constitute indebtedness. As such, the shares of Series A Preferred Stock, and the related depositary shares, will rank junior to all indebtedness and other non-equity claims on us with respect to assets available to satisfy claims on us, including in our liquidation. Our existing and future indebtedness may restrict payment of dividends on the Series A Preferred Stock. As of June 30, 2012, our indebtedness and obligations, on a consolidated basis, totaled approximately $13.9 billion. In addition, in connection with our recent acquisition of Business Property Lending, we increased our borrowings from the FHLB. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of preferred stock such as the Series A Preferred Stock, (1) dividends are payable only if, when and as declared by our board of directors or a duly authorized committee of the board, (2) dividends will not accumulate if they are not declared and (3) as a Delaware corporation, we are subject to restrictions on payments of dividends and redemption out of lawfully available assets. Further, the Series A Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to below under Risk Factors Holders of Series A Preferred Stock and the related depositary shares will have limited voting rights. Also, as a thrift holding company, our ability to declare and pay dividends is dependent on certain federal regulatory considerations.

We are not required to declare dividends on the Series A Preferred Stock, and dividends on the Series A Preferred Stock are non-cumulative. If we do not declare dividends on the Series A Preferred Stock, holders of depositary shares will not be entitled to receive related distributions on their depositary shares.

Dividends on shares of the Series A Preferred Stock will not be mandatory. Holders of the Series A Preferred Stock, including the depositary, will only be entitled to receive dividends for any given dividend period if, when and as declared by our board of directors or a duly authorized committee of our board of directors out of legally available assets. Consequently, if our board of directors or a duly authorized committee of the board of directors does not authorize and declare a dividend for any dividend period, the depositary would not be entitled to receive any such dividend and no related distribution will be made on the depositary shares, and such unpaid dividend will not accrue or be payable for such dividend period. Dividends on the Series A Preferred Stock are non-cumulative. We will have no obligation to pay dividends accrued for a dividend period after the dividend payment date for such period, and holders of depositary shares will not be entitled to receive any distribution with respect to such dividends, if our board of directors or a duly authorized committee of the board of directors has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to the Series A Preferred Stock or any other series of our preferred stock. If we do not declare and pay dividends on the Series A Preferred Stock, you will not receive corresponding distributions on your depositary shares and the market price of your depositary shares may decline.

We may be able to redeem the Series A Preferred Stock prior to January 5, 2018.

By its terms, the Series A Preferred Stock may be redeemed by us prior to January 5, 2018, at any time within 90 days following the occurrence of certain changes relating to the regulatory capital treatment of the Series A Preferred Stock. In particular, upon our determination in good faith that an event has occurred that would constitute a regulatory capital treatment event, we may, at our option, subject to the approval of the appropriate federal banking agency, redeem, all (but not less than all) of the shares of Series A Preferred Stock. See below under Description of Series A Preferred Stock-Redemption.

It is possible that the Series A Preferred Stock may not satisfy the proposed criteria for qualifying additional Tier 1 capital instruments consistent with Basel III as set forth in any final rules adopted by the Federal Reserve. As a result, in addition to other circumstances that may constitute a regulatory capital treatment

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event, if the Federal Reserve revises and replaces its current capital rules with the final risk-based and leverage capital requirements, there could be a regulatory capital treatment event whereby we would have the right, subject to prior approval of the Federal Reserve, to redeem the Series A Preferred Stock in accordance with its terms prior to January 5, 2018 at a redemption price equal to $25,000 per share (equivalent to $25 per depositary share) plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Investors should not expect us to redeem the Series A Preferred Stock on the date it becomes redeemable or on any particular date after it becomes redeemable.

The Series A Preferred Stock is a perpetual equity security. The Series A Preferred Stock has no maturity or mandatory redemption date and is not redeemable at the option of investors. By its terms, the Series A Preferred Stock may be redeemed by us at our option either in whole or in part from time to time on January 5, 2018, or any dividend payment date thereafter, or in whole, but not in part, upon the occurrence of certain changes relating to the regulatory capital treatment of the Series A Preferred Stock, as described below under Description of Series A Preferred Stock Redemption. Any decision we may make at any time to propose a redemption of the Series A Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders equity and general market conditions at that time.

Our right to redeem the Series A Preferred Stock is subject to an important limitation. Under the FRB s current risk-based capital guidelines applicable to thrift holding companies, any redemption of the Series A Preferred Stock is subject to prior approval of the FRB. The FRB may not approve any redemption of the Series A Preferred Stock that we propose. Moreover, the FRB may not authorize a redemption of Series A Preferred Stock without replacing the Series A Preferred Stock with Tier 1 capital that is not a restricted core capital element, if we were to propose such a redemption. We understand that the factors that the FRB will consider in evaluating a proposed redemption, or a request that we be permitted to redeem the Series A Preferred Stock without replacing it with Tier 1 capital that is not a restricted core capital element, include its evaluation of the overall level and quality of our capital components, considered in light of our risk exposures, earnings and growth strategy, and other supervisory considerations, although the FRB may change these factors at any time.

If the Series A Preferred Stock is redeemed, the redemption would be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the Series A Preferred Stock in a similar security.

If we are deferring payments on any outstanding junior subordinated debt securities or are in default under the indentures governing those securities, we may be prohibited from making distributions on or redeeming the Series A Preferred Stock.

The terms of any outstanding junior subordinated debt securities may prohibit us from declaring or paying any dividends or distributions on the Series A Preferred Stock, or redeeming, purchasing, acquiring or making a liquidation payment with respect to any of our capital stock, including the Series A Preferred Stock, if we are aware of any event that would be an event of default under the indenture governing those junior subordinated debt securities or at any time when we have deferred interest thereunder.

If we are not paying full dividends on any outstanding dividend parity stock, we will not be able to pay full dividends on the Series A Preferred Stock.

When dividends are not paid in full upon the shares of the Series A Preferred Stock and other dividend parity stock, all dividends paid or declared for payment on that dividend payment date with respect to the Series A Preferred Stock and the dividend parity stock will be shared first ratably by the holders of any dividend parity stock who have the right to receive dividends with respect to past dividend periods for which such dividends were not declared and paid, in proportion to the respective amounts of the undeclared and unpaid dividends relating to past dividend periods, and thereafter ratably by the holders of the Series A Preferred Stock and any

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dividend parity stock, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the current dividend period. Therefore, if we are not paying full dividends on any outstanding dividend parity stock, we will not be able to pay full dividends on the Series A Preferred Stock.

General market conditions and unpredictable factors could adversely affect market prices for the depositary shares.

Market prices for the depositary shares may decrease. Several factors, many of which are beyond our control, will influence the market prices of the depositary shares. Factors that might influence the market prices of the depositary shares include:

- whether we declare or fail to declare dividends on the Series A Preferred Stock from time to time;
- our creditworthiness;
- interest rates;
- developments in the credit markets and developments with respect to financial institutions generally;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

Accordingly, the depositary shares that an investor purchases, whether in this offering or in the secondary market, may trade at a discount to their purchase price.

The depositary shares and Series A Preferred Stock will not be rated.

We do not intend to have the depositary shares or Series A Preferred Stock rated by any rating agency. Unrated securities usually trade at a discount to similar, rated securities. As a result, there is a risk that the depositary shares and Series A Preferred Stock may trade at a price that is lower than they might otherwise trade if rated by a rating agency. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the depositary shares and Series A Preferred Stock. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the depositary shares and Series A Preferred Stock in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the depositary shares and Series A Preferred Stock.

The depositary shares may not have an active trading market.

The Series A Preferred Stock and the related depositary shares are new issues with no established trading market. Although we intend to apply to list the depositary shares on the NYSE, we may not be able to list the depositary shares. Even if the depositary shares are listed, there may be little or no secondary market for the depositary shares. Even if a secondary market for the depositary shares develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a result, the difference between bid and asked prices in any secondary market could be substantial. Further, because the shares of Series A Preferred Stock do not have a stated maturity date, investors seeking liquidity in the depositary shares will be limited to selling their depositary shares in the secondary market. We do not expect that there will be any separate public trading market for the shares of the Series A Preferred Stock except as represented by the depositary shares.

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Holders of Series A Preferred Stock and the related depositary shares will have limited voting rights.

Holders of the Series A Preferred Stock, and therefore holders of the depositary shares, have no voting rights with respect to matters that generally require the approval of voting shareholders. However, holders of the Series A Preferred Stock will have the right to vote as a series on certain fundamental matters that may affect the preference or special rights of the Series A Preferred Stock, as described under Description of Series A Preferred Stock Voting Rights below. In addition, if dividends on any shares of the Series A Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series A Preferred Stock as to payment of dividends with similar voting rights have not been declared or paid for the equivalent of six or more dividend payments, whether or not for consecutive dividend periods, holders of the outstanding shares of Series A Preferred Stock, together with holders of any other series of our preferred stock ranking equal with the Series A Preferred Stock with similar voting rights, will be entitled to vote for the election of two additional directors to our board of directors, subject to the terms and to the limited extent described under Description of Series A Preferred Stock Voting Rights below. Holders of depositary shares must act through the depositary to exercise any voting rights in respect of the Series A Preferred Stock.

We are an emerging growth company within the meaning of the JOBS Act, and if we decide to take advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, an investment in us could be less attractive to investors.

We are an emerging growth company within the meaning of the JOBS Act. Accordingly, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, reduced disclosure about our executive compensation and omission of compensation discussion and analysis, and an exemption from the requirement of holding a non-binding advisory vote on executive compensation. In addition, we will not be subject to certain requirements of Section 404 of the Sarbanes-Oxley Act, including the additional level of review of our internal control over financial reporting as may occur when outside auditors attest as to our internal control over financial reporting. If we choose not to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, it may increase the risk that material weaknesses or other deficiencies in our internal control over financial reporting may go undetected. As a result, holders of depositary shares may not have access to certain information they may deem important. Further, we are eligible to delay adoption of new or revised accounting standards applicable to public companies and we intend to take advantage of the benefits of this extended transition period. To the extent we choose to do so, our financial statements may not be comparable to companies that comply with such new or revised accounting standards. We will remain an emerging growth company for up to five years, though we may cease to be an emerging growth company earlier under certain circumstances. If we take advantage of any of these exemptions, some investors may find the Series A Preferred Stock less attractive as a result.

Our management team may allocate the proceeds of this offering in ways in which you may not agree.

We have broad discretion in applying the net proceeds we will receive in this offering. As part of your investment decision, you will not be able to assess or direct how we apply these net proceeds. If we do not apply these funds effectively, we may lose significant business opportunities.

Anti-takeover provisions could adversely affect our stockholders.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change in control would be beneficial to our existing stockholders. In addition, our

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Amended and Restated Certificate of Incorporation and Amended and Restated By-laws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws:

- authorize the issuance of blank check preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- limit the ability of a person to own, control or have the power to vote more than 9.9% of our voting securities, in order to prevent any potential termination of protection under the loss sharing agreements we have with the FDIC in connection with the Bank of Florida acquisition;
- establish a classified board of directors, with directors of each class serving a three-year term;
- require that directors only be removed from office for cause and only upon a majority stockholder vote;
- provide that vacancies on our Board of Directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- require supermajority stockholder voting to effect certain amendments to our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws.

For additional information regarding these and other provisions of our organizational documents that may make it more difficult to acquire our company on an unsolicited basis, see Description of Our Capital Stock - Certain Provisions of Delaware Law and Certain Charter and By-law Provisions.

In addition, there are substantial regulatory limitations on changes of control of savings and loan holding companies and federal savings associations. Any company that acquires control of a savings association becomes a savings and loan holding company subject to registration, examination and regulation by the FRB. Control, as defined under federal banking regulations, includes ownership or control of shares, or holding irrevocable proxies (or a combination thereof), representing 25% or more of any class of voting stock, control in any manner of the election of a majority of the institution s directors, or a determination by the FRB that the acquirer has the power to direct, or directly or indirectly to exercise a controlling influence over, the management or policies of the institution. Further, an acquisition of 10% or more of our common stock creates a rebuttable presumption of control under federal banking regulations. These provisions could make it more difficult for a third party to acquire EverBank or us even if such an acquisition might be in the best interest of our stockholders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements that reflect our current views with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by terminology such as outlook, believes, expects, potential, continues, may, will, could, should, seeks, approxin intends, plans, estimates, 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 made in this prospectus. 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 Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. 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 mortgages held for sale;
- risk of higher lease and loan charge-offs;
- legislative or regulatory actions affecting or concerning mortgage loan modification and refinancing;
- our ability to comply with any supervisory actions to which we are or become subject as a result of examination by our regulators;
- concentration of our commercial real estate loan portfolio, in particular, those secured by properties located in Florida;
- 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 customers and jumbo mortgages;

hedging strategies we use to manage our mortgage pipeline;

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- the effectiveness of our derivatives to manage interest rate risk;
- risks related to securities held in our securities portfolio;
- 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;
- customer concerns over deposit insurance;
- 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 and regulations that govern our operations;
- failure to establish and maintain effective internal controls and procedures;
- impact of recent and future legal and regulatory changes, including the Dodd-Frank Act;
- 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 GAAP;

environmental liabilities with respect to properties that we take title to upon foreclosure; and

inability of EverBank, our banking subsidiary, to pay dividends.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The table below sets forth our consolidated ratios of earnings to fixed charges and preferred stock dividends for the periods presented.

	Six Months Ended June 30,		Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(dollars in thousands)						
Excluding Interest on Deposits:							
Fixed Charges (1):							
Interest expense (excluding interest on deposits)	$ 20,028	$ 20,009	$ 38,899	$ 45,758	$ 55,515	$ 66,520	$ 48,197
Interest factor in rent expense	2,634	2,180	4,378	3,991	2,153	2,156	2,042
Total fixed charges	$ 22,662	$ 22,189	$ 43,277	$ 49,749	$ 57,668	$ 68,676	$ 50,239
Earnings:							
Income from continuing operations before taxes	$ 36,207	$ 51,404	$ 81,514	$ 249,873	$ 88,390	$ 37,379	$ 47,224
Fixed charges (1)	22,662	22,189	43,277	49,749	57,668	68,676	50,239
Total Earnings	$ 58,869	$ 73,593	$ 124,791	$ 299,622	$ 146,058	$ 106,055	$ 97,463
Ratio of earnings to fixed charges, excluding interest on deposits	2.60	3.32	2.88	6.02	2.53	1.54	1.94
Including Interest on Deposits:							
Fixed Charges (1):							
Interest expense	$ 61,421	$ 71,609	$ 135,910	$ 147,167	$ 163,211	$ 202,620	$ 184,963
Interest factor in rent expense	2,634	2,180	4,378	3,991	2,153	2,156	2,042
Total fixed charges	$ 64,055	$ 73,789	$ 140,288	$ 151,158	$ 165,364	$ 204,776	$ 187,005
Earnings:							
Income from continuing operations before taxes	$ 36,207	$ 51,404	$ 81,514	$ 249,873	$ 88,390	$ 37,379	$ 47,224
Fixed charges (1)	64,055	73,789	140,288	151,158	165,364	204,776	187,005
Total Earnings	$ 100,262	$ 125,193	$ 221,802	$ 401,031	$ 253,754	$ 242,155	$ 234,229
Ratio of earnings to fixed charges, including interest on deposits	1.57	1.70	1.58	2.65	1.53	1.18	1.25

(1) Preferred share dividends paid on private shares are excluded.

The term fixed charges means the sum of the following: (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) an estimate of the interest within rental expense, and (d) preference security dividend requirements of consolidated subsidiaries.

The term earnings is the amount resulting from adding and subtracting the following items. Add the following: (a) pre-tax income from continuing operations before adjustment for income or loss from equity investees; (b) fixed charges; (c) amortization of capitalized interest; (d) distributed income of equity investees; and (e) your share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges. From the total of the added items, subtract the following: (a) interest capitalized; (b) preference security dividend requirements of consolidated subsidiaries; and (c) the noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $144.4 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds of this offering for general corporate purposes, which may include organic growth or the acquisition of businesses or assets that we believe are complementary to our present business and provide attractive risk-adjusted returns. We have no current plans, arrangements, agreements or understandings to engage in any such acquisition.

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CAPITALIZATION

You should read this information together with the consolidated historical and pro forma financial statements and the related notes thereto included in this prospectus and the Management s Discussion and Analysis of Financial Condition and Results of Operations and the Selected Financial Information sections of this prospectus.

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2012, actual and as adjusted for this offering:

	As of June 30, 2012	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	$ 518,232	$ 662,678
Debt:		
Other borrowings	2,503,636	2,503,636
Trust preferred securities	103,750	103,750
Total debt	2,607,386	2,607,386
Shareholders Equity:		
Preferred stock, 10,000,000 shares authorized actual and as adjusted:		
Series A Preferred Stock, $0.01 par value; no shares issued and outstanding, actual; 6,000 shares issued and outstanding, as adjusted		150,000
Common stock, $0.01 par value; 500,000,000 shares authorized, 116,479,658 shares issued and outstanding, actual and as adjusted	1,165	1,165
Additional paid-in capital	762,422	756,868
Retained earnings	530,876	530,876
Accumulated other comprehensive loss	(113,094)	(113,094)
Total shareholders equity	1,181,369	1,325,815
Total capitalization	$ 3,788,755	3,933,201

Both columns exclude 4,032,662 shares of our common stock which were issued subsequent to June 30, 2012. The shares were issued on August 27, 2012, at a price per share of $12.065, to certain of our shareholders all of whom were former shareholders of Tygris. The aggregate purchase price of $48.7 million was held in an escrow account related to the Tygris acquisition, and the shares will remain in escrow pursuant to the terms of the original escrow agreement. The conversion price was based on the trailing ten day volume weighted average price per share of our common stock through August 27, 2012, as quoted on the NYSE. For additional information regarding the acquisition of Tygris, please see Business Asset Origination and Fee Income Businesses Commercial Finance.

Both columns also exclude the effect of our acquisition of Business Property Lending. Our acquisition of Business Property Lending closed on October 1, 2012. The purchase price of $2.4 billion was funded through a combination of $0.4 billion of cash, $0.5 billion of deposits, $1.5 billion of other borrowings, and no debt was assumed in the transaction. For additional information regarding the acquisition of Business Property Lending, please see Business Recent Acquisitions Acquisition of Business Property Lending.

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SELECTED FINANCIAL INFORMATION

The selected statement of income data for the years ended December 31, 2011, 2010 and 2009 and the selected balance sheet data as of December 31, 2011 and 2010 have been derived from our audited financial statements included elsewhere in this prospectus. The selected income statement data for the years ended December 31, 2008 and 2007 and the selected balance sheet data as of December 31, 2009, 2008 and 2007 have been derived from our audited financial statements that are not included in this prospectus. The selected historical consolidated financial information as of and for the six months ended June 30, 2012 and 2011 (unaudited) is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and includes all adjustments consisting of normal recurring accruals that we consider necessary for the fair presentation of the financial position and the results of operations for the period. Historical results are not necessarily indicative of future results. The selected financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical and pro forma financial statements and related notes thereto included elsewhere in this prospectus. We have prepared the unaudited consolidated financial information on the same basis as our audited consolidated financial information.

We consummated several significant transactions in prior fiscal periods, including the acquisition of Tygris in February 2010, the acquisition of the banking operations of Bank of Florida in May 2010, and the acquisition of MetLife s warehouse business in April 2012. Accordingly, our operating results for the historical periods presented below are not comparable and may not be predictive of future results.

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	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	Year Ended December 31, 2011	2010	2009	2008	2007
	(In millions, except share and per share data)						
Income Statement Data:							
Interest income	$ 302.0	$ 298.2	$ 588.2	$ 612.5	$ 440.6	$ 322.4	$ 263.4
Interest expense	61.4	71.6	135.9	147.2	163.2	202.6	185.0
Net interest income	240.6	226.6	452.3	465.3	277.4	119.8	78.4
Provision for loan and lease losses (1)	17.1	27.0	49.7	79.3	121.9	37.3	5.6
Net interest income after provision for loan and lease losses	223.5	199.6	402.6	386.0	155.5	82.5	72.8
Noninterest income (2)	147.3	118.8	233.1	357.8	232.1	175.8	177.1
Noninterest expense (3)	334.6	267.0	554.2	493.9	299.2	221.0	202.7
Income before income taxes	36.2	51.4	81.5	249.9	88.4	37.4	47.2
Provision for income taxes	13.2	20.2	28.8	61.0	34.9	14.2	17.8
Net income from continuing operations	23.0	31.2	52.7	188.9	53.5	23.1	29.4
Discontinued operations, net of income taxes (4)					(0.2)	20.5	(1.9)
Net income	23.0	31.2	52.7	188.9	53.4	43.6	27.5
Loss (income) attributable to non-controlling interest in subsidiaries						2.4	2.8
Net income attributable to the Company	$ 23.0	$ 31.2	$ 52.7	$ 188.9	$ 53.4	$ 46.0	$ 30.2
Per Share Data:							
Weighted-average common shares outstanding: (units in thousands)							
Basic	88,454	74,764	74,892	72,479	42,126	41,029	40,692
Diluted	90,414	77,620	77,506	74,589	43,299	42,196	41,946
Earnings from continuing operations per common share:							
Basic	$ 0.17	$ 0.33	$ 0.55	$ 2.00	$ 0.80	$ 0.43	$ 0.68
Diluted	0.17	0.32	0.54	1.94	0.78	0.41	0.66
Net tangible book value per as converted common share at period end:							
Excluding accumulated other comprehensive income (loss) (5)	$ 10.97	$ 11.03	$ 11.27	$ 10.70	$ 8.23	$ 6.95	$ 5.43
Including accumulated other comprehensive income (loss) (6)	10.00	10.77	10.12	10.65	8.54	6.96	5.39

	As of June 30, 2012	As of June 30, 2011	As of December 31, 2011	2010	2009	2008	2007
	(in millions)						
Balance Sheet Data:							
Cash and cash equivalents	$ 518.2	$ 683.6	$ 295.0	$ 1,169.2	$ 23.3	$ 62.9	$ 33.9
Investment securities	2,174.4	2,930.4	2,191.8	2,203.6	1,678.9	715.7	283.6
Loans held for sale	3,178.6	792.4	2,725.3	1,237.7	1,283.0	915.2	943.5
Loans and leases held for investment, net	7,708.0	6,767.0	6,441.5	6,005.6	4,072.7	4,577.0	3,722.3
Total assets	15,040.8	12,520.2	13,041.7	12,007.9	8,060.2	7,048.3	5,521.9
Deposits	10,803.7	9,936.5	10,265.8	9,683.1	6,315.3	5,003.0	3,892.4
Total liabilities	13,859.4	11,492.5	12,074.0	10,994.7	7,506.3	6,628.6	5,273.4

Total shareholders equity	1,181.4	1,027.7	967.7	1,013.2	553.9	419.6	248.5

(1) For the six months ended June 30, 2012, provision for loan and lease losses includes a $4.2 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the six months ended June 30, 2011, provision for loan and lease losses includes a $0.8 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans, a $1.9 million impact of change in ALLL methodology and a $10.0 million impact of early adoption of troubled debt restructuring, or TDR, guidance and policy change. For the year ended December 31, 2011, provision for loan and lease losses includes a $4.9 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans, a $1.9 million impact of change in ALLL methodology and a $10.0 million impact of early adoption of TDR guidance and policy change. For the year ended December 31, 2010, provision for loan and lease losses includes a $6.2 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans.

(2) For the six months ended June 30, 2012, noninterest income includes a $45.3 million impairment charge related to mortgage servicing rights, or MSR. For the six months ended June 30, 2011, noninterest income includes a $4.7 million gain on repurchase of trust preferred securities including $0.3 million resulting from the unwind of the associated cash flow hedge. For the year ended December 31, 2011, noninterest income includes a $4.7 million gain on repurchase of trust preferred securities including $0.3 million resulting from the unwind of the associated cash flow hedge and a $39.5 million impairment charge related to MSR. For the year ended December 31, 2010, noninterest income includes a $68.1 million non-recurring bargain purchase gain associated with the Tygris acquisition, a $19.9 million gain on sale of investment securities due to portfolio concentration repositioning and a $5.7 million gain on repurchase of trust preferred securities.

(3) For the six months ended June 30, 2012, noninterest expense includes $16.2 million in transaction and non-recurring regulatory related expense. For the six months ended June 30, 2011, noninterest expense includes $12.5 million in transaction and non-recurring regulatory related expense and an $8.7 million decrease in fair value of the Tygris indemnification asset resulting from a decrease in estimated future credit losses. For the year ended December 31, 2011, noninterest expense includes $27.1 million in transaction and non-recurring regulatory related expense and an $8.7 million decrease in fair value of the Tygris indemnification asset. For the year ended December 31, 2010, noninterest expense includes $9.7 million in transaction related expense, a $10.3 million loss on early extinguishment of acquired debt and a $22.0 million decrease in fair value of the Tygris indemnification asset. The carrying value of the Tygris indemnification asset has been $0 since March 31, 2011.

(4) Discontinued operations for the year ended December 31, 2008 includes a $42.7 million after tax gain on the sale of our reverse mortgage business to an unaffiliated third party net of an $18.8 million after tax loss from operations of the reverse mortgage business before the sale.

(5) Calculated as adjusted tangible shareholders equity divided by shares of common stock. Adjusted tangible shareholders equity equals shareholders equity less goodwill, other intangible assets and accumulated other comprehensive income (loss). Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share excluding accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

(6) Calculated as tangible shareholders equity divided by shares of common stock. Tangible shareholders equity equals shareholders equity less goodwill and other intangible assets. Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share including accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

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SUMMARY QUARTERLY FINANCIAL DATA

The summary quarterly financial information set forth below for each of the last six quarters has been derived from our unaudited interim consolidated financial statements and other financial information. The summary historical quarterly financial information includes all adjustments consisting of normal recurring accruals that we consider necessary for a fair presentation of the financial position and the results of operations for these periods.

We consummated the acquisition of MetLife s warehouse business in April 2012. Accordingly, our operating results for certain of the historical periods presented below are not comparable and may not be predictive of future results.

The information below is only a summary and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated historical and pro forma financial statements and the related notes thereto included in this prospectus.

As indicated in the notes to the tables below, certain items included in the tables are non-GAAP financial measures. For a more detailed discussion of these items, including a discussion of why we believe these items are meaningful and a reconciliation of each of these items to the most directly comparable generally accepted accounting principles, or GAAP, financial measure, see Management s Discussion and Analysis of Financial Condition and Results of Operations Primary Factors Used to Evaluate Our Business.

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	Three Months Ended					
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
	(In millions, except share and per share data)					
Income Statement Data:						
Interest income	$ 156.6	$ 145.4	$ 145.7	$ 144.3	$ 148.1	$ 150.1
Interest expense	31.6	29.8	30.9	33.4	35.2	36.4
Net interest income	125.0	115.6	114.8	110.9	112.9	113.7
Provision for loan and lease losses (1)	5.8	11.4	10.4	12.3	9.0	18.0
Net interest income after provision for loan and lease losses	119.2	104.3	104.4	98.6	103.9	95.7
Noninterest income (2)	74.1	73.2	61.0	53.4	52.9	65.9
Noninterest expense (3)	175.8	158.8	147.7	139.6	121.7	145.2
Income before income taxes	17.6	18.6	17.7	12.4	35.1	16.3
Provision for income taxes	6.4	6.8	4.0	4.6	13.3	6.9
Net income	$ 11.2	$ 11.8	$ 13.8	$ 7.8	$ 21.8	$ 9.4
Net income allocated to common shareholders	$ 9.5	$ 6.0	$ 11.0	$ 6.2	$ 17.4	$ 7.0
Share Data:						
Weighted-average common shares outstanding: (units in thousands)						
Basic	100,779	76,129	75,040	74,996	74,792	74,735
Diluted	102,574	78,324	76,908	77,709	77,568	77,621
Earnings from continuing operations per common share:						
Basic	$ 0.09	$ 0.08	$ 0.15	$ 0.08	$ 0.23	$ 0.09
Diluted	0.09	0.08	0.14	0.08	0.23	0.09
Net tangible book value per as converted common share at period end:						
Excluding accumulated other comprehensive income (loss) (4)	$ 10.97	$ 11.35	$ 11.27	$ 11.12	$ 11.03	$ 10.80
Including accumulated other comprehensive income (loss) (5)	10.00	10.40	10.12	10.19	10.77	10.71

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
	(In millions)					
Balance Sheet Data:						
Cash and cash equivalents	$ 518.2	$ 384.7	$ 295.0	$ 459.3	$ 683.6	$ 650.0
Investment securities	2,174.4	2,228.3	2,191.8	2,651.1	2,930.4	2,852.8
Loans held for sale	3,178.6	2,531.0	2,725.3	1,792.7	792.4	615.3
Loans and leases held for investment, net	7,708.0	7,244.9	6,441.5	6,197.7	6,767.0	6,445.6
Total assets	15,040.8	13,774.8	13,041.7	12,550.8	12,520.2	11,889.4
Deposits	10,803.7	10,553.0	10,265.8	10,206.9	9,936.5	9,685.5
Total liabilities	13,859.4	12,780.1	12,074.0	11,577.1	11,492.5	10,868.8
Total shareholders equity	1,181.4	994.7	967.7	973.7	1,027.7	1,020.6

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	Three Months Ended					
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Capital Ratios (period end):						
Tangible equity to tangible assets (6)	7.8%	7.1%	7.3%	7.6%	8.1%	8.4%
Tier 1 leverage ratio (bank level) (7)	8.3%	7.7%	8.0%	8.3%	8.3%	8.7%
Tier 1 risk-based capital ratio (bank level) (7)	14.8%	14.5%	14.6%	14.5%	15.2%	15.6%
Total risk-based capital ratio (bank level) (7)	15.8%	15.2%	15.7%	15.7%	16.4%	16.9%
Performance Metrics:						
Adjusted net income attributable to the Company from continuing operations (in millions) (8)	$ 36.5	$ 27.3	$ 31.9	$ 25.6	$ 25.5	$ 24.5
Return on average assets	0.31%	0.36%	0.43%	0.25%	0.73%	0.32%
Return on average equity	4.11%	4.81%	5.62%	3.08%	8.50%	3.68%
Adjusted return on average assets (9)	1.01%	0.83%	0.99%	0.83%	0.85%	0.82%
Adjusted return on average equity (9)	13.41%	11.05%	13.04%	10.19%	9.94%	9.58%

(1) For the three months ended June 30, 2012, provision for loan and lease losses includes a $0.7 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the three months ended March 31, 2012, provision for loan and lease losses includes a $3.4 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the three months ended December 31, 2011, provision for loan and lease losses includes a $3.6 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the three months ended September 30, 2011, provision for loan and lease losses includes a $0.5 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans. For the three months ended June 30, 2011, provision for loan and lease losses includes a $2.5 million impact of early adoption of TDR guidance and policy change. For the three months ended March 31, 2011, provision for loan and lease losses includes a $0.8 million increase in non-accretable discount related to Bank of Florida acquired credit-impaired loans, $1.9 million impact of change in ALLL methodology and a $7.5 million impact of early adoption of TDR guidance and policy change.

(2) For the three months ended June 30, 2012, noninterest income includes a $30.1 million impairment charge related to MSR. For the three months ended March 31, 2012, noninterest income includes a $15.1 million impairment charge related to MSR. For the three months ended December 31, 2011, noninterest income includes an $18.8 million impairment charge related to MSR. For the three months ended September 30, 2011, noninterest income includes a $20.7 million impairment charge related to MSR. For the three months ended March 31, 2011, noninterest income includes a $4.7 million gain on repurchase of trust preferred securities including $0.3 million resulting from the unwind of the associated cash flow hedge.

(3) For the three months ended June 30, 2012, noninterest expense includes $9.9 million in transaction and non-recurring regulatory related expense. For the three months ended March 31, 2012, noninterest expense includes $6.3 million in transaction and non-recurring regulatory related expense. For the three months ended December 31, 2011, noninterest expense includes $7.0 million in transaction and non-recurring regulatory related expense. For the three months ended September 30, 2011, noninterest expense includes $7.7 million in transaction and non-recurring regulatory related expense. For the three months ended June 30, 2011, noninterest expense includes $3.4 million in transaction and non-recurring regulatory related expense. For the three months ended March 31, 2011, noninterest expense includes $9.1 million in transaction and non-recurring regulatory related expense and an $8.7 million decrease in fair value of the Tygris indemnification asset resulting from a decrease in estimated future credit losses.

(4) Calculated as adjusted tangible shareholders equity divided by shares of common stock. Adjusted tangible shareholders equity equals shareholders equity less goodwill, other intangible assets and accumulated other comprehensive income (loss). Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share excluding accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

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(5) Calculated as tangible shareholders equity divided by shares of common stock. Tangible shareholders equity equals shareholders equity less goodwill and other intangible assets. Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share including accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share.

(6) Calculated as tangible shareholders equity divided by tangible assets, after deducting goodwill and intangible assets from the numerator and the denominator. Tangible equity to tangible assets is a non-GAAP financial measure, and the most directly comparable GAAP financial measure for tangible equity is shareholders equity and the most directly comparable GAAP financial measure for tangible assets is total assets.

(7) The Tier 1 leverage ratio, the Tier 1 risk-based capital ratio and the total risk-based capital ratio are regulatory financial measures that are used to assess the capital position of financial services companies and, as such, these ratios are presented at the bank level.

The Tier 1 leverage ratio is calculated as Tier 1 capital divided by adjusted total assets. The Tier 1 risk-based capital ratio is calculated as Tier 1 capital divided by total risk-weighted assets. The total risk-based capital ratio is calculated as total risk-based capital (total regulatory capital) divided by total risk-weighted assets.

Adjusted total assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. In calculating adjusted total assets, total assets are adjusted for goodwill, deferred tax assets disallowed from Tier 1 capital and other regulatory adjustments.

Total risk-weighted assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total risk-weighted assets.

Tier 1 capital is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Tier 1 capital includes common equity and certain qualifying preferred stock less goodwill, disallowed deferred tax assets and other regulatory deductions.

Total risk-based capital (total regulatory capital) is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Total risk-based capital (total regulatory capital) includes Tier 1 capital, ALLL, subject to limitations, and other additions.

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A reconciliation of (1) Tier 1 capital to bank level shareholders equity which is the most comparable GAAP financial measure, and (2) total risk-based capital (total regulatory capital) to bank level shareholders equity which is the most comparable GAAP financial measure, is as follows:

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
			(in thousands)			
(Bank Level)						
Shareholders equity	$ 1,263,687	$ 1,099,404	$ 1,070,887	$ 1,078,080	$ 1,130,104	$ 1,121,290
Less: Goodwill and other intangibles	(16,938)	(17,290)	(17,642)	(17,994)	(18,319)	(18,589)
Disallowed servicing asset	(36,650)	(40,783)	(38,925)	(36,570)	(31,927)	(17,947)
Disallowed deferred tax asset	(70,357)	(71,302)	(71,803)	(72,147)	(74,522)	(73,674)
Add: Accumulated losses (gains) on securities and cash flow hedges	110,101	86,981	105,682	85,525	25,051	9,717
Tier 1 capital	1,249,843	1,057,010	1,048,199	1,036,894	1,030,387	1,020,797
Less: Low-level recourse and residual interests		(20,424)	(21,587)	(20,431)	(19,079)	(13,035)
Add: Allowance for loan and lease losses	77,393	78,254	77,765	83,826	80,419	80,635
Total regulatory capital	$ 1,327,236	$ 1,114,840	$ 1,104,377	$ 1,100,289	$ 1,091,727	$ 1,088,397
Adjusted total assets	$ 15,022,729	$ 13,731,482	$ 13,081,401	$ 12,550,738	$ 12,438,222	$ 11,796,047
Risk-weighted assets	8,424,290	7,311,556	7,043,371	7,007,339	6,648,103	6,449,986

(8) Adjusted net income attributable to the Company from continuing operations includes adjustments to our net income attributable to the Company from continuing operations for certain material items that we believe are not reflective of our ongoing business or operating performance including the Tygris and Bank of Florida acquisitions. A reconciliation of adjusted net income attributable to the Company from continuing operations to net income attributable to the Company from continuing operations, which is the most directly comparable GAAP measure, is as follows:

	Three Months Ended					
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
			(In thousands)			
Net income attributable to the Company from continuing operations	$ 11,172	$ 11,846	$ 13,760	$ 7,758	$ 21,795	$ 9,416
Gain on repurchase of trust preferred securities, net of tax						(2,910)
Transaction and non-recurring regulatory related expense, net of tax	6,143	3,884	4,331	4,751	2,136	5,613
Decrease in fair value of Tygris indemnification asset resulting from a decrease in estimated future credit losses, net of tax						5,382
Increase in Bank of Florida non-accretable discount, net of tax	463	2,135	2,208	298		501
Impact of change in ALLL methodology, net of tax						1,178
Early adoption of TDR guidance and policy change, net of tax					1,561	4,664

MSR impairment, net of tax	18,684	9,389	11,638	12,824		
Tax expense related to revaluation of Tygris net unrealized built-in losses, net of tax						691
Adjusted net income attributable to the Company from continuing operations	$ 36,462	$ 27,254	$ 31,937	$ 25,631	$ 25,492	$ 24,535

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(9) Adjusted return on average assets equals adjusted net income attributable to the Company from continuing operations divided by average total assets and adjusted return on average equity equals adjusted net income attributable to the Company from continuing operations divided by average shareholders equity. Adjusted net income attributable to the Company from continuing operations is a non-GAAP measure of our financial performance and its most directly comparable GAAP measure is net income attributable to the Company from continuing operations. For a reconciliation of net income attributable to the Company from continuing operations to adjusted net income attributable to the Company from continuing operations, see Note 8 above.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Information and the consolidated historical and pro forma financial statements and the related notes thereto included in this prospectus. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management s expectations. Factors that could cause such differences are discussed in Cautionary Note Regarding Forward-Looking Statements and Risk Factors. We assume no obligation to update any of these forward-looking statements, except as required by law.

Executive Overview

We are a thrift holding company with one direct subsidiary, EverBank, or EB. EB is a federally chartered thrift institution with its home office located in Jacksonville, Florida. We are a diversified financial services company that provides innovative banking, lending and investment products and services to customers nationwide through scalable, low-cost distribution channels. Our business model attracts financially sophisticated, self-directed, mass-affluent customers and a diverse base of small and medium-sized business customers. We market and distribute our products and services primarily through our integrated online financial portal, which is augmented by our nationwide network of independent financial advisors, high-volume financial centers in targeted Florida markets and other financial intermediaries. 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 customer 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 customers and provides us with a stable and flexible source of low, all-in cost funding. We have a demonstrated ability to grow our customer 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 customers. 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.

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 System, or 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 2012. While market conditions improved during this period, continued economic uncertainty has resulted in high unemployment, low consumer confidence and depressed home prices. As part of a sustained effort to spur economic growth, the FRB has indicated that low market interest rates will likely continue into 2014.

Factors Affecting Comparability

Each factor listed below materially affected the comparability of our cash flows, results of operations and financial condition during the six months ended June 30, 2012 and in 2011, 2010 and 2009, and may affect the comparability of our historical financial information to financial information we report in future fiscal periods.

Our historical growth must be viewed in the context of the recent opportunities available to us over the past four years as a result of the confluence of our access to capital at a time when market dislocations of historical proportions resulted in unprecedented asset acquisition opportunities. Additionally, changes to the regulatory environment and our growth have recently increased the investments we made in our business infrastructure. Current and future market trends cannot be expected to produce the same opportunities that existed during the recent financial crisis. Important trends that will impact our growth and our results of operations are described below.

Portfolio Acquisitions

The significant capital we raised during the period from 2008 to 2010 enabled us to execute our strategy of organic growth and selective portfolio acquisitions. From September 30, 2008 to December 31, 2011, we increased our loans and leases held for investment and available for sale securities portfolio by approximately $3.9 billion by acquiring Tygris and Bank of Florida, retaining for investment assets we originate and acquiring portfolios of loans, leases and MBS with attractive risk-adjusted returns. We purchased many of our portfolio acquisitions at discounts to par value, which enhance our effective yield through accretion into income in subsequent periods. Because risk-adjusted returns on acquisitions during this period exceeded returns available to us from our asset generation channels, a greater portion of our asset growth during 2008 to 2010 was comprised of portfolio acquisitions rather than from asset retention. During 2011 and 2012, we continued to take advantage of the market conditions and purchased several performing, high quality loan portfolios. We also executed a strategy to retain more originated loans for portfolio, increase the amount of organic GNMA buyouts from our servicing portfolio and acquire portfolios of delinquent government insured loans. For banks like EverBank with cost effective sources of short term capital, this strategy represents an attractive return with low additional investment risk.

We also deployed excess capital to grow our portfolio of MSR through various bulk acquisitions of mortgage servicing portfolios through 2010. Furthermore, during 2011 we reduced our originated MSR and did not continue bulk acquisitions of mortgage servicing portfolio. During 2011 we recognized impairment of $39.5 million. During the six months ended 2012, we recognized impairment of $45.3 million. Impairment is due to historically low interest rates and related high prepayment rates. We expect to continue retaining originated MSR in the future.

Strategic Acquisitions

Strategic acquisitions have recently been a significant component of our growth and may be a source of future growth. We also completed two acquisitions during 2010 and one acquisition in the first six months of 2012 that grew our asset base, increased our capital and enhanced our asset and deposit generation platforms.

Tygris Commercial Finance Group, Inc.

On February 5, 2010, we completed our acquisition of Tygris, a commercial leasing and finance company. In addition to providing significant growth capital, the transaction added a major new business line and provided another source to generate assets with attractive risk-adjusted returns for our balance sheet.

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We acquired total assets with a fair value of $777.5 million, including lease financing receivables with a fair value of approximately $538.1 million. At closing, acquired lease financing receivables were recorded at their acquisition date fair value. Our assessment of fair value was based on expected cash flows and included an estimation of expected credit losses, prepayment expectations and operating costs associated with those assets. The assessment resulted in a fair value reduction equal to $266.8 million, of which $196.1 million represents a purchase discount accretable into income on a level yield basis. At December 31, 2011, we note that all four lease pools have transferred to cost recovery, thereby excess income is being realized. We realized $81.4 million and $88.9 million of discount accretion income related to this discount, reported as a component of lease financing receivables interest income for the years ended December 31, 2011 and 2010, respectively. In 2010, we reported a bargain purchase gain of $68.1 million, reflecting the excess of the fair value of the net assets acquired over the consideration paid. For further discussion of the Tygris acquisition and purchase accounting, see Loan and Lease Quality and Critical Accounting Policies and Estimates below.

Bank of Florida

On May 28, 2010, we acquired substantially all of the assets and assumed substantially all of the deposits and certain other liabilities of Bank of Florida-Southwest, headquartered in Naples, Florida, Bank of Florida-Southeast, headquartered in Fort Lauderdale, Florida, and Bank of Florida-Tampa Bay, headquartered in Tampa, Florida, three affiliated full service Florida chartered commercial banks that we collectively refer to as Bank of Florida, from the FDIC, as receiver. Under the terms of our agreements with the FDIC, we assumed deposits with a fair value of approximately $1.2 billion and acquired assets with a fair value of approximately $1.4 billion, including loans with a fair value of approximately $888.8 million. The acquisition enabled us to strengthen our core deposit franchise and enhance our wealth management capabilities by establishing a financial center presence in the Naples, Ft. Myers, Miami, Ft. Lauderdale, Tampa Bay and Clearwater markets and contributed to the increase of our total deposits to approximately $10.3 billion as of December 31, 2011.

All loans acquired in connection with the Bank of Florida acquisition are subject to a loss-sharing agreement with the FDIC, including a first loss amount to be borne solely by EverBank. Under the agreement, the FDIC will cover 80% of losses on the disposition of loans and other real estate owned, or OREO, over $385.6 million. The term for loss sharing on single-family residential real estate loans is ten years, while the term for loss sharing on all other loans is five years. At closing, our assessment of fair value resulted in a $261.4 million reduction to the previous carrying value of acquired loans and real estate owned. The fair value of the loans was determined using methods similar to those outlined above in our description of the Tygris acquisition. In addition, we recorded a clawback liability of $37.6 million based upon an estimated future true-up payment to the FDIC according to the terms of the loss sharing arrangement. For further discussion of the Bank of Florida acquisition and purchase accounting, see Loan and Lease Quality, Clawback Liability and Critical Accounting Policies and Estimates below.

Warehouse Finance

On April 2, 2012, we completed our acquisition of 100% of the net assets of the Warehouse Lending Division of MetLife Bank, N.A. pursuant to the asset purchase agreement dated February 8, 2012 between us and MetLife Bank, N.A. The acquisition was funded entirely by cash with the transaction accounted for using the acquisition method. Based on the acquisition method of accounting, the consideration paid was allocated to the acquired assets and liabilities.

Capital Actions

On January 25, 2012, our board of directors approved a special cash dividend of $4.5 million to the holders of the Series A 6% Cumulative Convertible Preferred Stock, or Series A Preferred Stock, which was paid on March 1, 2012. As a result of the special cash dividend, all shares of Series A Preferred Stock were converted into 2,801,160 shares of common stock.

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On May 8, 2012, we completed the sale of $221.0 million in new common equity through the issuance and sale of 22,103,000 shares of common stock in an underwritten public offering, or the IPO, at an initial price of $10.00 per share, including 2,883,000 shares that were sold pursuant to the exercise in full by the underwriters of their option to purchase additional shares from us. We received net proceeds of $198.5 million from the IPO, after deducting underwriting discounts and commissions and offering expenses.

Prior to the completion of the IPO, our board of directors approved a special cash dividend of $1.1 million to the holders of the Series B 4% Cumulative Convertible Preferred Stock, or Series B Preferred Stock, which was paid on June 19, 2012. As a result of the merger of EverBank Florida into EverBank Delaware, the 136,544 shares of outstanding Series B Preferred Stock automatically converted into 15,964,644 shares of Common Stock.

On August 27, 2012, we converted $48.7 million of cash held in escrow into 4,032,662 shares of our common stock at a price per share of $12.065. The conversion price was based on the trailing ten day volume weighted average price per share of our common stock through August 27, 2012, as quoted on the New York Stock Exchange. The private placement was with certain of our shareholders all of whom were former shareholders of Tygris. The cash had been held in escrow to satisfy certain indemnification and other obligations related to our acquisition of Tygris. The newly issued shares in the transaction remain in escrow in accordance with the terms of the original escrow agreement.

Primary Factors Used to Evaluate Our Business

Results of Operations

The primary factors we use to evaluate and manage our results of operations include net interest income, noninterest income, noninterest expense and net income.

Net Interest Income. Represents interest income less interest expense. We generate interest income from interest, dividends and fees received on interest-earning assets, including loans and investment securities we own. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, borrowings and other forms of indebtedness. Net interest income is a significant contributor to our revenues and net income. To evaluate net interest income, we measure and monitor (1) yields on our loans and other interest-earning assets, (2) the costs of our deposits and other funding sources, (3) our net interest spread, (4) our net interest margin and (5) our provisions for loan and lease losses. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as the annualized net interest income divided by average interest-earning assets. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and shareholders equity, also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing sources.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and shareholders equity, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. We measure net interest income before and after provision for loan and lease losses required to maintain our allowance for loan and lease losses at acceptable levels.

Noninterest Income. Noninterest income includes:

- net gains on sales of loans into the capital markets and loan production revenue;

- net loan servicing income, which includes loan servicing fees and other ancillary income less amortization and impairment of owned MSR generated from loans we service and sub-service;

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- deposit fee income;

- other lease income, and

- other noninterest income.

Changes in market interest rates and housing market conditions have a significant impact on our noninterest income. Lower interest rates have historically increased customer demand for loans to purchase homes and refinance existing loans. Higher customer demand for loans generally results in higher gains on sale of loans and loan production revenue and higher expenses from amortization of owned MSR, which serve to lower net loan servicing income. Higher interest rates have converse effects. Our deposit fee income is largely impacted by the volume, growth and type of deposits we hold, which are driven by prevailing market conditions for our deposit products, our marketing efforts and other factors.

Noninterest Expense. Includes employees salaries, commissions and other employee benefits expense, occupancy expense, equipment expense and general and administrative expense.

Employees salaries, commissions and other employee benefits expense include compensation, employee benefit and tax expenses for our personnel. Occupancy expense includes office and financial center lease and other occupancy-related expenses. Equipment expense includes furniture, fixtures and equipment expenses. General and administrative expenses include professional fees, other credit related expenses, foreclosure and REO expense, FDIC premium and assessments fees, advertising and marketing expense, loan origination and other general and administrative expenses. Noninterest expenses generally increase as we grow our business segments.

Financial Condition

The primary factors we use to evaluate and manage our financial condition include liquidity, asset quality and capital.

Liquidity. We manage liquidity based upon factors that include the amount of core deposits as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the ability to securitize and sell certain pools of assets, the amount of cash and liquid securities we hold, and the re-pricing characteristics and maturities of our assets when compared to the re-pricing characteristics and maturities of our liabilities and other factors.

Asset Quality. We manage the diversification and quality of our assets based upon factors that include the level, distribution, severity and trend of problem, classified, delinquent, non-accrual, non-performing and restructured assets; the adequacy of our allowance for loan and lease losses, or ALLL, discounts and reserves for unfunded loan commitments; the diversification and quality of loan and investment portfolios, the extent of counterparty risks and credit risk concentrations.

Capital. We manage capital based upon factors that include the level and quality of capital and overall financial condition of the Company, the trend and volume of problem assets, the adequacy of discounts and reserves, the level and quality of earnings, the risk exposures in our balance sheet, the levels of Tier 1, risk-based and tangible equity capital, the ratios of Tier 1, risk-based and tangible equity capital to risk-weighted assets and total assets and other factors.

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Key Metrics

The primary metrics we use to evaluate and manage our financial results are described below. Although we believe these metrics are meaningful in evaluating our results and financial condition, they may not be directly comparable to similar metrics used by other financial services companies and may not provide an appropriate basis to compare our results or financial condition to the results or financial condition of our competitors. The following table sets forth the metrics we use to evaluate the success of our business and our resulting financial position and operating performance.

The table below includes certain financial information that is calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles, or GAAP. We believe these measures provide useful information to investors in evaluating our financial performance. In addition, our management uses these measures to gauge the performance of our operations and for business planning purposes. These non-GAAP financial measures, however, may not be comparable to similarly titled measures reported by other companies because other companies may not calculate these non-GAAP measures in the same manner. As a result, the usefulness of these measures to investors may be limited, and they should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. In the notes following the table we provide a reconciliation of these measures, or, in the case of ratios, the measures used in the calculation of such ratios, to the closest measures calculated directly from our GAAP financial statements.

	As of and for the Three Months Ended June 30,		As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2012	2011	2012	2011	2011	2010	2009
Performance Metrics:							
Yield on interest-earning assets	4.80%	5.52%	4.88%	5.58%	5.35%	6.51%	6.25%
Cost of interest-bearing liabilities	1.11%	1.45%	1.14%	1.49%	1.38%	1.74%	2.53%
Net interest spread	3.69%	4.07%	3.74%	4.09%	3.97%	4.77%	3.72%
Net interest margin	3.86%	4.22%	3.91%	4.28%	4.11%	4.95%	3.93%
Return on average assets	0.31%	0.73%	0.33%	0.52%	0.43%	1.77%	0.69%
Return on average equity	4.11%	8.50%	4.41%	6.08%	5.22%	20.86%	11.46%
Adjusted return on average assets (1)	1.01%	0.85%	0.93%	0.84%	0.87%	1.19%	0.69%
Adjusted return on average equity (1)	13.41%	9.94%	12.22%	9.75%	10.66%	14.03%	11.49%
Credit Quality Ratios:							
Adjusted non-performing assets as a percentage of total assets (2)	1.46%	1.64%	1.46%	1.64%	1.86%	2.11%	2.73%
ALLL as a percentage of loans and leases held for investment (excluding ASC 310-30)	0.85%	1.42%	0.85%	1.42%	1.15%	1.71%	2.46%
Capital Ratios:							
Tier 1 leverage ratio (bank level) (3)	8.3%	8.3%	8.3%	8.3%	8.0%	8.7%	8.0%
Tier 1 risk-based capital ratio (bank level) (3)	14.8%	15.2%	14.8%	15.2%	14.6%	15.8%	13.8%
Total risk-based capital ratio (bank level) (3)	15.8%	16.4%	15.8%	16.4%	15.7%	17.0%	15.0%
Tangible equity to tangible assets (4)	7.8%	8.1%	7.8%	8.1%	7.3%	8.3%	6.9%
Deposit Metrics:							
Total core deposits as a percentage of total deposits (5)	95.6%	97.8%	95.6%	97.8%	95.1%	97.8%	97.4%
Deposit growth (trailing 12 months)	8.7%	10.5%	8.7%	10.5%	6.0%	53.3%	26.2%
Banking and Wealth Management Metrics:							
Efficiency ratio (6)	53.8%	38.2%	49.7%	43.7%	42.8%	38.4%	27.8%
Mortgage Banking Metrics: (in millions)							
Unpaid principal balance of loans originated	$ 2,260.0	$ 1,192.6	$ 4,166.3	$ 2,412.5	$ 5,974.2	$ 6,534.8	$ 7,613.2
Unpaid principal balance of loans serviced for the Company and others	53,274.4	56,872.1	53,274.4	56,872.1	54,838.1	58,232.2	48,537.4
Share Data:							
Net tangible book value per as converted common share:							
Excluding accumulated other comprehensive income (loss) (7)	$ 10.97	$ 11.03	$ 10.97	$ 11.03	$ 11.27	$ 10.70	$ 8.23

Including accumulated other comprehensive income (loss) (8)	10.00	10.77	10.00	10.77	10.12	10.65	8.54

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(1) Adjusted return on average assets equals adjusted net income attributable to the Company from continuing operations divided by average total assets and adjusted return on average equity equals adjusted net income attributable to the Company from continuing operations divided by average shareholders equity. Adjusted net income attributable to the Company from continuing operations is a non-GAAP measure of our financial performance. Adjusted net income attributable to the Company from continuing operations includes adjustments to our net income attributable to the Company from continuing operations for certain material items that we believe are not reflective of our ongoing business or operating performance including the Tygris and Bank of Florida acquisitions. There were no material items that gave rise to adjustments prior to the year ended December 31, 2010. Accordingly, for periods presented before the year ended December 31, 2010, we have not reflected adjustments to net income attributable to the Company from continuing operations calculated in accordance with GAAP.

A reconciliation of adjusted net income attributable to the Company from continuing operations to net income attributable to the Company from continuing operations, which is the most directly comparable GAAP measure, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,		
	2012	2011	2012	2011	2011	2010	2009
				(In thousands)			
Net income attributable to the Company from continuing operations	$ 11,172	$ 21,795	$ 23,018	$ 31,211	$ 52,729	$ 188,900	$ 53,537
Bargain purchase gain on Tygris transaction, net of tax						(68,056)	
Gain on sale of investment securities due to portfolio concentration repositioning, net of tax						(12,337)	
Gain on repurchase of trust preferred securities, net of tax				(2,910)	(2,910)	(3,556)	
Transaction and non-recurring regulatory related expense, net of tax	6,143	2,136	10,027	7,749	16,831	5,984	
Loss on early extinguishment of acquired debt, net of tax						6,411	
Decrease in fair value of Tygris indemnification asset resulting from a decrease in estimated future credit losses, net of tax				5,382	5,382	13,654	
Increase in Bank of Florida non-accretable discount, net of tax	463		2,598	501	3,007	3,837	
Impact of change in ALLL methodology, net of tax				1,178	1,178		
Early adoption of TDR guidance and policy change, net of tax		1,561		6,225	6,225		
MSR impairment, net of tax	18,684		28,073		24,462		
Tax expense (benefit) related to revaluation of Tygris net unrealized built-in losses, net of tax				691	691	(7,840)	
Adjusted net income attributable to the Company from continuing operations	$ 36,462	$ 25,492	$ 63,716	$ 50,027	$ 107,595	$ 126,997	$ 53,537

(2) We define non-performing assets, or NPA, as non-accrual loans, accruing loans past due 90 days or more and foreclosed property. Our NPA calculation excludes government-insured pool buyout loans for which payment is insured by the government. We also exclude loans, leases and foreclosed property acquired in the Tygris and Bank of Florida acquisitions because, as of June 30, 2012, we expected to fully collect the carrying value of such loans, leases and foreclosed property. For further discussion of NPA, see Loan and Lease Quality below.

(3) The Tier 1 leverage ratio, the Tier 1 risk-based capital ratio and the total risk-based capital ratio are regulatory financial measures that are used to assess the capital position of financial services companies and, as such, these ratios are presented at the bank level.

The Tier 1 leverage ratio is calculated as Tier 1 capital divided by adjusted total assets. The Tier 1 risk-based capital ratio is calculated as Tier 1 capital divided by total risk-weighted assets. The total risk-based capital ratio is calculated as total risk-based capital (total regulatory capital) divided by total risk-weighted assets.

Adjusted total assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. In calculating adjusted total assets, total assets are adjusted for goodwill, deferred tax assets disallowed from Tier 1 capital and other regulatory adjustments.

Total risk-weighted assets is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level total assets. Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total risk-weighted assets.

Tier 1 capital is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Tier 1 capital includes common equity and certain qualifying preferred stock less goodwill, disallowed deferred tax assets and other regulatory deductions.

Total risk-based capital (total regulatory capital) is a non-GAAP financial measure and its most directly comparable GAAP financial measure is bank level shareholders equity. Total risk-based capital (total regulatory capital) includes Tier 1 capital, ALLL, subject to limitations, and other additions.

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A reconciliation of (1) Tier 1 capital to bank level shareholders equity which is the most comparable GAAP financial measure, and (2) total risk-based capital (total regulatory capital) to bank level shareholders equity which is the most comparable GAAP financial measure, is as follows:

	June 30,		December 31,		
	2012	2011	2011	2010	2009
			(in thousands)		
(Bank Level)					
Shareholders equity	$ 1,263,687	$ 1,130,104	$ 1,070,887	$ 1,117,037	$ 663,291
Less: Goodwill and other intangibles	(16,938)	(18,319)	(17,642)	(18,859)	(239)
Disallowed servicing asset	(36,650)	(31,927)	(38,925)		(2,058)
Disallowed deferred tax asset	(70,357)	(74,522)	(71,803)	(69,641)	
Add: Accumulated losses (gains) on securities and cash flow hedges	110,101	25,051	105,682	6,440	(19,836)
Tier 1 capital	1,249,843	1,030,387	1,048,199	1,034,977	641,158
Less: Low-level recourse and residual interests		(19,079)	(21,587)	(13,241)	(17,693)
Add: Allowance for loan and lease losses	77,393	80,419	77,765	80,938	56,658
Total regulatory capital	$ 1,327,236	$ 1,091,727	$ 1,104,377	$ 1,102,674	$ 680,123
Adjusted total assets	$ 15,022,729	$ 12,438,222	$ 13,081,401	$ 11,930,638	$ 8,025,330
Risk-weighted assets	8,424,290	6,648,103	7,043,371	6,472,517	4,532,689

(4) In the calculation of the ratio of tangible equity to tangible assets, we deduct goodwill and intangible assets from the numerator and the denominator. We believe these adjustments are consistent with the manner in which other companies in our industry calculate the ratio of tangible equity to tangible assets.

A reconciliation of (1) tangible equity to shareholders equity, which is the most directly comparable GAAP measure, and (2) tangible assets to total assets, which is the most directly comparable GAAP measure, is as follows:

	June 30,		December 31,		
	2012	2011	2011	2010	2009
			(In thousands)		
Shareholders equity	$ 1,181,369	$ 1,027,685	$ 967,665	$ 1,013,198	$ 553,911
Less:					
Goodwill	10,238	10,238	10,238	10,238	239
Intangible assets	6,700	8,081	7,404	8,621	
Tangible equity	1,164,431	1,009,366	950,023	994,339	553,672
Less:					
Accumulated other comprehensive income (loss)	(113,094)	(24,728)	(107,749)	(5,056)	20,063
Adjusted tangible equity	$ 1,277,525	$ 1,034,094	$ 1,057,772	$ 999,395	$ 533,609
Total assets	$ 15,040,824	$ 12,520,174	$ 13,041,678	$ 12,007,886	$ 8,060,179
Less:					
Goodwill	10,238	10,238	10,238	10,238	239
Intangible assets	6,700	8,081	7,404	8,621	
Tangible assets	$ 15,023,886	$ 12,501,855	$ 13,024,036	$ 11,989,027	$ 8,059,940

(5) We measure core deposits as a percentage of total deposits to monitor the amount of our deposits that we believe demonstrate characteristics of being long-term, stable sources of funding.

We define core deposits as deposits in which we interface directly with our customers. These deposits include demand deposits, negotiable order of withdrawal accounts, other transaction accounts, escrow deposits, money market deposit accounts, savings deposits, and time deposits where we maintain a primary customer relationship. Our definition of core deposits differs from regulatory and industry definitions, which generally exclude time deposits with balances greater than $250,000 and/or deposits generated from sources under which marketing fees are paid as a percentage of the deposit. Because the balances held by our customers and methods by which we pay our marketing sources have not impacted the stability of our funding sources, in our determination of what constitutes a core deposit, we have focused on what we believe drives funding stability, i.e., whether we maintain the primary customer relationships.

We occasionally participate in Promontory Interfinancial Network, LLC s CDARS® One-Way Buy℠ products and bulk orders of master certificates through deposit brokers, including investment banking and brokerage firms, to manage our liquidity needs. Because these deposits do not allow us to maintain the primary customer relationship, we do not characterize such deposits as core deposits.

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The calculation of core deposits and regulatory core deposits is as follows:

	June 30,		December 31,		
	2012	2011	2011	2010	2009
			(In thousands)		
Total deposits	$ 10,803,743	$ 9,936,454	$ 10,265,763	$ 9,683,054	$ 6,315,287
Less:					
Brokered deposits under master certificates	180,277	212,893	225,122	208,629	167,345
CDARS® One-Way Buy℠ time deposits	298,915	2,067	273,266	2,228	
Core deposits	$ 10,324,551	$ 9,721,494	$ 9,767,375	$ 9,472,197	$ 6,147,942
Core deposits	$ 10,324,551	$ 9,721,494	$ 9,767,375	$ 9,472,197	$ 6,147,942
Add: Additional liabilities considered deposits for regulatory purposes	13,946	6,417	5,912	6,247	7,239
Less:					
Additional deposits considered non-core for regulatory purposes:					
CDARS® reciprocal time deposits	307,655	542,853	305,982	575,871	330,927
Time deposits greater than $250,000 (a)	274,532	350,981	204,812	256,437	388,453
Other fully insured deposits considered brokered deposits for regulatory purposes due to marketing fees paid as a percentage of the deposit	855,265	1,511,846	1,564,999	1,471,907	1,271,541
Regulatory core deposits	$ 8,901,045	$ 7,322,231	$ 7,697,494	$ 7,174,229	$ 4,164,260

(a) Reflects time deposits greater than $100,000 for December 31, 2009. The increase to $250,000 for later periods reflects the permanent increase in the FDIC insurance coverage limit.

(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 shareholders equity divided by shares of common stock. Adjusted tangible shareholders equity equals shareholders equity less goodwill, other intangible assets and accumulated other comprehensive income (loss). Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share excluding accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share. See Note 4 for a reconciliation of adjusted tangible shareholders equity to shareholders equity.

(8) Calculated as tangible shareholders equity divided by shares of common stock. Tangible shareholders equity equals shareholders equity less goodwill and other intangible assets. Net tangible book value per as converted common share is calculated using a denominator that includes actual period end common shares outstanding and additional common shares assuming conversion of all outstanding preferred stock to common stock. Net tangible book value per as converted common share including accumulated other comprehensive income (loss) is a non-GAAP financial measure, and its most directly comparable GAAP financial measure is book value per common share. See Note 4 for a reconciliation of tangible shareholders equity to shareholders equity.

Performance Highlights

Total loans and leases were $10.9 billion at June 30, 2012, up $1.1 billion, or 11%, over the first quarter and up $3.3 billion, or 44%, year over year.

Loans and leases originated were $2.7 billion for the second quarter 2012, an increase of 19% over the first quarter and 89% year over year.

Closed the acquisition of the warehouse finance business from MetLife.

Our adjusted non-performing assets as a percentage of total assets was 1.46% at June 30, 2012, representing continued improvement from 1.63% at March 31, 2012 and 1.86% at December 31, 2011.[(1)]

(1) A reconciliation of non-GAAP financial measures can be found in Primary Factors Used to Evaluate Our Business , Summary Consolidated Financial Data , and Summary Quarterly Financial Data.

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GAAP net income was $11.2 million for the second quarter of 2012, compared to $21.8 million for the second quarter of 2011. GAAP diluted earnings per share, or EPS, was $0.09 for the second quarter of 2012, compared to $0.08 in the first quarter of 2012 and $0.23 for the second quarter of 2011.

Adjusted net income was $36.5 million for the second quarter of 2012, compared to $25.5 million for the second quarter of 2011. Adjusted diluted EPS was $0.33 for the second quarter of 2012, as compared to $0.28 in the first quarter of 2012 and $0.26 for the second quarter of 2011.[(1)]

Deposits were $10.8 billion at June 30, 2012, up $0.3 billion, or 2%, from the first quarter 2012 and $0.9 billion, or 9%, as compared to the second quarter of 2011.

Announced the execution of a definitive agreement to acquire Business Property Lending from GECC America for a purchase price of approximately $2.51 billion.

Our Board of Directors declared a quarterly cash dividend of $0.02 per common share, which was paid on August 21, 2012, to stockholders of record as of August 6, 2012.

Continued Balance Sheet Growth

Total assets increased by $1.3 billion, or 9%, to $15.0 billion at June 30, 2012, from $13.8 billion at March 31, 2012, and by $2.5 billion, or 20%, from $12.5 billion at June 30, 2011. Our interest-earning assets for the second quarter 2012 were largely comprised of:

Residential loans held for investment which increased by 1% to $5.1 billion from the second quarter of 2011;

Commercial and commercial real estate loans which increased by 63% to $1.8 billion, from the second quarter of 2011, excluding the warehouse loans acquired at closing of the warehouse finance acquisition, commercial and commercial real estate loans increased by 32% from the second quarter of 2011;

Commercial leases which increased by 43% to $0.7 billion, from the second quarter of 2011;

Loans held for sale, which now includes the majority of our GNMA pool buyouts, increased by 301% to $3.2 billion, from the second quarter of 2011; and

Investment securities which decreased by 26% to $2.2 billion, from the second quarter of 2011.

Loan Origination and Portfolio Activities

Organic originations of residential loans, commercial loans and leases totaled $2.7 billion for the second quarter of 2012.

During the second quarter of 2012, we closed on the warehouse finance acquisition. Total loans outstanding at closing on April 2, 2012, were $351 million, which we grew to $527 million by the end of second quarter through a combination of increased utilization and new customer originations.

Deposit and Other Funding Sources

Total deposits grew by $0.3 billion, or 2%, to $10.8 billion at June 30, 2012, from $10.6 billion at March 31, 2012, and by $0.9 billion, or 9%, from $9.9 billion at June 30, 2011. At June 30, 2012, our deposits were comprised of the following:

Non-interest bearing accounts were $1.4 billion, or 13%, of total deposits;

Interest-bearing checking accounts were $2.2 billion, or 20%, of total deposits;

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Savings and money market accounts were $4.0 billion, or 37%, of total deposits;

Global markets money market and time accounts were $1.3 billion, or 12%, of total deposits; and

Time deposit accounts, excluding global markets, were $2.1 billion, or 19%, of total deposits.

Total other borrowings were $2.5 billion at June 30, 2012, compared to $1.7 billion at March 31, 2012, as a result of an increase in term Federal Home Loan Bank advances to fund the warehouse finance acquisition and to take advantage of historically low long-term borrowing rates.

Average Balance Sheet, Interest and Yield/Rate Analysis

The following tables present average balance sheets, interest income, interest expense and the corresponding average yields earned and rates paid for the three months ended June 30, 2012 and 2011, the six months ended June 30, 2012 and 2011, and years ended December 31, 2011, 2010 and 2009. The average balances are principally daily averages and, for loans, include both performing and non-performing balances. Interest income on loans includes the effects of discount accretion and net deferred loan origination costs accounted for as yield adjustments.

	Three Months Ended					
	June 30, 2012			June 30, 2011		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
	(in thousands)					
Assets:						
Interest-earning assets:						
Cash and cash equivalents	$ 128,325	$ 82	0.26%	$ 377,885	$ 273	0.29%
Investment securities	2,108,672	20,137	3.82%	2,812,637	29,093	4.14%
Other investments	122,919	562	1.84%	99,257	240	0.97%
Loans held for sale	2,974,918	37,446	5.03%	946,928	10,258	4.33%
Loans and leases held for investment:						
Residential mortgages	5,225,570	53,390	4.09%	4,658,553	56,734	4.87%
Commercial and commercial real estate	1,642,813	20,324	4.89%	1,139,831	17,391	6.04%
Lease financing receivables	621,667	21,298	13.70%	461,647	31,900	27.64%
Home equity lines	191,673	3,297	6.92%	214,275	2,183	4.09%
Consumer and credit card	8,045	61	3.05%	8,464	61	2.89%
Total loans and leases held for investment	7,689,768	98,370	5.11%	6,482,770	108,269	6.67%
Total interest-earning assets	13,024,602	$ 156,597	4.80%	10,719,477	$ 148,133	5.52%
Noninterest-earning assets	1,437,511			1,291,218		
Total assets	$ 14,462,113			$ 12,010,695		
Liabilities and Shareholders Equity:						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$ 2,123,862	$ 3,816	0.72%	$ 2,045,153	$ 4,902	0.96%
Market-based money market accounts	435,496	823	0.76%	451,856	1,128	1.00%
Savings and money market accounts, excluding market-based	3,861,879	7,266	0.76%	3,646,237	9,057	1.00%
Market-based time	851,735	1,905	0.90%	965,349	2,184	0.91%
Time, excluding market-based	1,940,577	6,609	1.37%	1,801,358	8,139	1.81%
Total deposits	9,213,549	20,419	0.89%	8,909,953	25,410	1.14%
Borrowings:						
Trust preferred securities	103,750	1,607	6.23%	103,750	1,684	6.51%
FHLB advances	2,068,750	9,500	1.85%	715,414	8,043	4.51%
Repurchase agreements	20,283	87	1.73%	20,601	86	1.67%

Other			0.00%			0.00%
Total interest-bearing liabilities	11,406,332	$ 31,613	1.11%	9,749,718	$ 35,223	1.45%
Noninterest-bearing demand deposits	1,462,506			915,186		
Other noninterest-bearing liabilities	505,365			315,899		
Total liabilities	13,374,203			10,980,803		
Total shareholders equity	1,087,910			1,029,892		
Total liabilities and shareholders equity	$ 14,462,113			$ 12,010,695		
Net interest income/spread		$ 124,984	3.69%		$ 112,910	4.07%
Net interest margin			3.86%			4.22%

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	Six Months Ended					
	June 30, 2012			June 30, 2011		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
	(in thousands)					
Assets:						
Interest-earning assets:						
Cash and cash equivalents	$ 146,720	$ 186	0.25%	$ 861,780	$ 1,115	0.26%
Investment securities	2,096,297	40,408	3.86%	2,481,573	55,093	4.44%
Other investments	110,725	840	1.53%	118,210	484	0.83%
Loans held for sale	2,840,935	71,395	5.03%	939,394	20,503	4.37%
Loans and leases held for investment:						
Residential mortgages	4,954,469	101,478	4.10%	4,435,993	108,900	4.91%
Commercial and commercial real estate	1,411,401	36,770	5.15%	1,162,542	36,205	6.19%
Lease financing receivables	602,573	45,164	14.99%	455,737	71,003	31.16%
Home equity lines	194,746	5,667	5.85%	217,268	4,793	4.45%
Consumer and credit card	7,952	120	3.03%	9,493	116	2.46%
Total loans and leases held for investment	7,171,141	189,199	5.27%	6,281,033	221,017	7.03%
Total interest-earning assets	12,365,818	$ 302,028	4.88%	10,681,990	$ 298,212	5.58%
Noninterest-earning assets	1,395,033			1,290,853		
Total assets	$ 13,760,851			$ 11,972,843		
Liabilities and Shareholders Equity:						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$ 2,115,810	$ 7,555	0.72%	$ 2,043,037	$ 10,094	1.00%
Market-based money market accounts	443,092	1,675	0.76%	426,417	2,161	1.02%
Savings and money market accounts, excluding market-based	3,817,059	14,314	0.75%	3,608,133	18,289	1.02%
Market-based time	876,462	4,269	0.98%	912,867	4,125	0.91%
Time, excluding market-based	1,923,743	13,580	1.42%	1,822,609	16,931	1.87%
Total deposits	9,176,166	41,393	0.91%	8,813,063	51,600	1.18%
Borrowings:						
Trust preferred securities	103,750	3,025	5.86%	104,468	3,338	6.44%
FHLB advances	1,565,464	16,829	2.16%	742,017	16,501	4.48%
Repurchase agreements	21,289	174	1.64%	20,638	170	1.66%
Other	18		0.00%	8		0.00%
Total interest-bearing liabilities	10,866,687	$ 61,421	1.14%	9,680,194	$ 71,609	1.49%
Noninterest-bearing demand deposits	1,383,610			954,076		
Other noninterest-bearing liabilities	467,487			302,322		
Total liabilities	12,717,784			10,936,592		
Total shareholders equity	1,043,067			1,036,251		
Total liabilities and shareholders equity	$ 13,760,851			$ 11,972,843		
Net interest income/spread		$ 240,607	3.74%		$ 226,603	4.09%
Net interest margin			3.91%			4.28%

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	Year Ended December 31,								
	2011			2010			2009		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
	(In thousands)								
Assets:									
Interest-earning assets:									
Cash and cash equivalents	$ 553,281	$ 1,432	0.26%	$ 494,078	$ 1,210	0.24%	$ 209,669	$ 525	0.25%
Investment securities	2,582,080	106,054	4.11%	2,318,193	158,953	6.86%	956,230	130,003	13.60%
Other investments	100,772	796	0.79%	112,350	464	0.41%	87,421	303	0.35%
Loans held for sale	1,348,214	62,895	4.67%	1,091,092	50,535	4.63%	1,139,930	62,024	5.44%
Loans and leases held for investment:									
Residential mortgages	4,554,717	211,996	4.65%	3,642,437	191,828	5.27%	3,645,449	205,341	5.63%
Commercial and commercial real estate	1,155,707	68,845	5.96%	1,075,546	59,172	5.50%	768,387	33,328	4.34%
Lease financing receivables	481,216	126,208	26.23%	432,833	141,353	32.66%			
Home equity lines	211,435	9,748	4.61%	226,961	8,612	3.79%	239,692	8,718	3.64%
Consumer and credit card	9,332	246	2.64%	10,028	380	3.79%	5,677	352	6.20%
Total loans and leases held for investment	6,412,407	417,043	6.50%	5,387,805	401,345	7.45%	4,659,205	247,739	5.32%
Total interest-earning assets	10,996,754	$ 588,220	5.35%	9,403,518	$ 612,507	6.51%	7,052,455	$ 440,594	6.25%
Noninterest-earning assets	1,321,352			1,290,273			713,141		
Total assets	$ 12,318,106			$ 10,693,791			$ 7,765,596		
Liabilities and Shareholders Equity:									
Interest-bearing liabilities:									
Deposits:									
Interest-bearing demand	$ 2,052,353	$ 18,320	0.89%	$ 1,694,233	$ 20,502	1.21%	$ 1,308,492	$ 22,402	1.71%
Market-based money market accounts	451,740	4,197	0.93%	366,774	4,504	1.23%	321,934	5,779	1.80%
Savings and money market accounts, excluding market-based	3,682,067	33,600	0.91%	2,839,705	35,389	1.25%	1,865,472	34,271	1.84%
Market-based time	947,133	8,859	0.94%	758,693	8,242	1.09%	611,968	11,063	1.81%
Time, excluding market-based	1,770,342	32,035	1.81%	1,781,052	32,772	1.84%	1,093,313	34,181	3.13%
Total deposits	8,903,635	97,011	1.09%	7,440,457	101,409	1.36%	5,201,179	107,696	2.07%
Borrowings:									
Trust preferred securities	104,106	6,641	6.38%	117,019	7,769	6.64%	123,000	8,677	7.05%
FHLB advances	794,268	31,912	4.02%	850,184	35,959	4.23%	1,117,612	46,793	4.19%
Repurchase agreements	20,561	346	1.68%	12,560	212	1.69%	1,496	16	1.04%
Other	5		%	33,188	1,818	5.48%	11,510	29	0.25%
Total interest-bearing liabilities	9,822,575	$ 135,910	1.38%	8,453,408	$ 147,167	1.74%	6,454,797	$ 163,211	2.53%
Noninterest-bearing demand deposits	1,123,830			1,039,096			678,572		
Other noninterest-bearing liabilities	349,981			261,096			159,259		
Total liabilities	11,296,386			9,753,600			7,292,628		
Total shareholders equity	1,021,720			940,191			472,968		
Total liabilities and shareholders equity	$ 12,318,106			$ 10,693,791			$ 7,765,596		
Net interest income/spread		$ 452,310	3.97%		$ 465,340	4.77%		$ 277,383	3.72%
Net interest margin			4.11%			4.95%			3.93%

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Interest Rates and Operating Interest Differential

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. 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 year s volume. Changes applicable to both volume and rate have been allocated to rate.

	Three Months Ended June 30, 2012 Compared to 2011 Increase (Decrease) Due to			Six Months Ended June 30, 2012 Compared to 2011 Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
			(in thousands)			
Interest-earning assets:						
Cash and cash equivalents	$ (180)	$ (11)	$ (191)	$ (924)	$ (5)	$ (929)
Investment securities	(7,246)	(1,710)	(8,956)	(8,506)	(6,179)	(14,685)
Other investments	57	265	322	(31)	387	356
Loans held for sale	21,833	5,355	27,188	41,322	9,570	50,892
Loans and leases held for investment:						
Residential mortgages	6,866	(10,210)	(3,344)	12,659	(20,081)	(7,422)
Commercial and commercial real estate	7,554	(4,621)	2,933	7,660	(7,095)	565
Lease financing receivables	10,997	(21,599)	(10,602)	22,752	(48,591)	(25,839)
Home equity lines	(230)	1,344	1,114	(498)	1,372	874
Consumer and credit card	(3)	3		(19)	23	4
Total loans and leases held for investment	25,184	(35,083)	(9,899)	42,554	(74,372)	(31,818)
Total change in interest income	39,648	(31,184)	8,464	74,415	(70,599)	3,816
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$ 188	$ (1,274)	$ (1,086)	$ 362	$ (2,901)	$ (2,539)
Market-based money market accounts	(41)	(264)	(305)	85	(571)	(486)
Savings and money market accounts, excluding market-based	536	(2,327)	(1,791)	1,060	(5,035)	(3,975)
Market-based time	(257)	(22)	(279)	(165)	309	144
Time, excluding market-based	627	(2,157)	(1,530)	940	(4,291)	(3,351)
Total deposits	1,053	(6,044)	(4,991)	2,282	(12,489)	(10,207)
Other borrowings:						
Trust preferred securities		(77)	(77)	(23)	(290)	(313)
FHLB advances	15,175	(13,718)	1,457	18,344	(18,016)	328
Repurchase agreements	(1)	2	1	5	(1)	4
Total change in interest expense	16,227	(19,837)	(3,610)	20,608	(30,796)	(10,188)
Total change in net interest income	$ 23,421	$ (11,347)	$ 12,074	$ 53,807	$ (39,803)	$ 14,004

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	Year Ended December 31,					
	2011 Compared to 2010 Increase (Decrease) Due to			2010 Compared to 2009 Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
	(In thousands)					
Interest-earning assets:						
Cash and cash equivalents	$ 142	$ 80	$ 222	$ 711	$ (26)	$ 685
Investment securities	18,103	(71,002)	(52,899)	185,227	(156,277)	28,950
Other investments	(47)	379	332	87	74	161
Loans held for sale	11,905	455	12,360	(2,657)	(8,832)	(11,489)
Loans and leases held for investment:						
Residential mortgages	48,077	(27,909)	20,168	(170)	(13,343)	(13,513)
Commercial and commercial real estate	4,409	5,264	9,673	13,331	12,513	25,844
Lease financing receivables	15,802	(30,947)	(15,145)	141,353		141,353
Home equity lines	(588)	1,724	1,136	(463)	357	(106)
Consumer and credit card	(26)	(108)	(134)	270	(242)	28
Total loans and leases held for investment	67,674	(51,976)	15,698	154,321	(715)	153,606
Total change in interest income	97,777	(122,064)	(24,287)	337,689	(165,776)	171,913
Interest-bearing liabilities:						
Deposits:						
Interest-bearing demand	$ 4,333	$ (6,515)	$ (2,182)	$ 6,596	$ (8,496)	$ (1,900)
Market-based money market accounts	1,045	(1,352)	(307)	807	(2,082)	(1,275)
Savings and money market accounts, excluding market-based	10,530	(12,319)	(1,789)	17,926	(16,808)	1,118
Market-based time	2,054	(1,437)	617	2,656	(5,477)	(2,821)
Time, excluding market-based	(197)	(540)	(737)	21,526	(22,935)	(1,409)
Total deposits	17,765	(22,163)	(4,398)	49,511	(55,798)	(6,287)
Other borrowings:						
Trust preferred securities	(857)	(271)	(1,128)	(422)	(486)	(908)
FHLB advances	(2,365)	(1,682)	(4,047)	(11,205)	371	(10,834)
Repurchase agreements	135	(1)	134	115	81	196
Other	(1,818)		(1,818)	54	1,735	1,789
Total change in interest expense	12,860	(24,117)	(11,257)	38,053	(54,097)	(16,044)
Total change in net interest income	$ 84,917	$ (97,947)	$ (13,030)	$ 299,636	$ (111,679)	$ 187,957

Results of Operations Comparison of Results of Operations for the Three and Six Months Ended June 30, 2012 and 2011

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 earning assets.

Net interest income increased by $12.1 million, or 11%, in the second quarter of 2012, compared to the same period in 2011, due to an increase in interest income of $8.5 million and a decrease in interest expense of $3.6 million.

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Net interest income increased by $14.0 million, or 6%, in the first six months of 2012, compared to the same period in 2011, due to an increase in interest income of $3.8 million and a decrease in interest expense of $10.2 million.

Our net interest margin decreased by 36 basis points in the second quarter of 2012 and 37 basis points in the first six months of 2012 compared to the same periods in 2011.

Yields on our earning assets decreased by 72 basis points in the second quarter of 2012 and 70 basis points in the first six months of 2012, compared to the same periods in 2011, due to lower yields on investment securities and loans and leases held for investment due to continued low rates. Yields on our investment securities portfolio decreased by 32 basis points in the second quarter of 2012 and 58 basis points in the first six months of 2012, compared to the same periods in 2011. The decrease in our investment securities yield is driven by a decrease in excess accretion. We define excess accretion as above market yields as a result of the market dislocation in 2008 and 2009. Recent additions to the securities portfolio have been purchased at market yields as a result of improved liquidity conditions and reduced interest rates. Also contributing to the decline in yields on our earning assets were lower yields in nearly every category of loans and leases held for investment due to continued declines in interest rates. Our lease financing receivables portfolio led the decrease in loan and lease yields as a result of a decrease in excess accretion. We recognized $10.6 million of excess accretion in the second quarter of 2012, a decrease of $10.0 million, compared to the same period in 2011. We recognized $ 23.8 million of excess accretion in the first six months of 2012, a decrease of $24.0 million, compared to the same period in 2011. Excess accretion is currently limited to our acquired Tygris leases which included a significant liquidity discount at acquisition.

Partially offsetting the lower yields on our earning assets were lower funding costs primarily due to lower rates paid on our interest-bearing deposits, reflective of the re-pricing of our deposits at lower interest rates, and an increased focus on improving our deposit mix. Rates paid on our deposits decreased by 25 basis points in the second quarter of 2012 and 27 basis points in the first six months of 2012, compared to the same periods in 2011. Additionally, we experienced lower funding costs associated with our other borrowings. Yields decreased on total interest-bearing liabilities by 34 basis points in the second quarter of 2012 and 35 basis points in the first six months of 2012, compared to the same periods in 2011.

Average balances of our interest-earning assets increased by $2.3 billion, or 22%, in the second quarter of 2012 compared to the same period in 2011, primarily due to a $2.0 billion increase in our loans held for sale and a $1.2 billion increase in loans and leases held for investment. This was partially offset by a $0.2 billion decrease in interest-earning cash and cash equivalents and a $0.7 billion decrease in our investment securities portfolio.

Average balances of our interest-earning assets increased by $1.7 billion, or 16%, in the first six months of 2012 compared to the same period in 2011, primarily due to a $1.9 billion increase in our loans held for sale and a $0.9 billion increase in loans and leases held for investment. This was partially offset by a $0.7 billion decrease in interest-earning cash and cash equivalents and a $0.4 billion decrease in our investment securities portfolio.

This increase in average balances of loans held for sale for the period is due to our investment in mortgage pool buyout whole loan acquisitions. Average balances in our held for investment residential mortgage portfolio increased by $567.0 million in the second quarter of 2012 and by $518.5 million in the first six months of 2012, compared to the same periods in 2011, due primarily to continued organic growth and strategic acquisitions of low loan-to-value, high credit quality adjustable rate mortgage, or ARM, products. Average balances in our held for investment commercial portfolio increased by $503.0 million in the second quarter of 2012 and by $248.9 million in the first six months of 2012, compared to the same periods in 2011. The commercial portfolio has grown through the warehouse finance acquisition which experienced $175.7 million in subsequent growth since the closing of the acquisition in April 2012. Average balances in our held for investment

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lease financing receivables portfolio increased by $160.0 million in the second quarter of 2012 and by $146.8 million in the first six months of 2012, compared to the same periods in 2011, primarily due to growth in our office products, technology and healthcare platforms as part of an overall plan to achieve scale through market penetration and expansion.

Average balances in our interest-bearing liabilities increased by $1.7 billion, or 17%, in the second quarter of 2012 and by $1.2 billion, or 12%, in the first six months of 2012 compared to the same periods in 2011, 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 $303.6 million, or 3%, in the second quarter of 2012 and by $363.1 million, or 4%, in the first six months of 2012, compared to the same periods in 2011, primarily due to growth in savings and money market accounts, and non-interest bearing deposits. The growth in lower-cost deposits was the result of successful sales and marketing efforts and clients increased preference for more liquid products. Beginning in the first quarter of 2012, we have increased our marketing and promotional products through various channels. Average balances in our FHLB advances increased by $1.4 billion, or 189%, in the second quarter of 2012 and by $823.4 million, or 111%, in the first six months of 2012 compared to the same periods in 2011, due to an increase in wholesale funding by us 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 ACI loans. We recorded a provision for loan and lease losses of $5.8 million in the second quarter of 2012, which is a decrease of 36%, from $9.0 million in the same period in 2011. We recorded a provision for loan and lease losses of $17.1 million in the first six months of 2012, which is a decrease of 37%, from $27.0 million in the same period in 2011. Residential first mortgages led the decrease with better loan performance due to a more stable housing market as well as improvement in loan performance due to the addition of newly originated high credit quality loans and leases. For further discussion, see the Loan and Lease Quality section for information on net charge-offs, non-performing assets, and other factors considered by management in assessing the credit quality of the loan portfolio and establishing the allowance.

Noninterest Income

Noninterest income increased by $21.2 million, or 40%, in the second quarter of 2012 and by $28.5 million, or 24%, in the first six months of 2012, compared to the same periods in 2011. The following table illustrates the primary components of noninterest income for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Loan servicing fee income	$ 42,483	$ 46,757	$ 88,039	$ 95,633
Amortization of MSR	(34,142)	(21,429)	(63,481)	(44,217)
Impairment of MSR	(30,135)		(45,279)	
Net loan servicing income (loss)	(21,794)	25,328	(20,721)	51,416
Gain on sale of loans	69,926	5,456	118,103	18,933
Loan production revenue	9,852	5,588	17,289	11,995
Deposit fee income	5,828	6,435	12,067	11,595
Other lease income	8,822	8,336	17,485	15,068
Other	1,489	1,790	3,093	9,778
Total Noninterest Income	$ 74,123	$ 52,933	$ 147,316	$ 118,785

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The increase in noninterest income was driven primarily by gain on sale of loans. Gain on sale of loans increased by $64.5 million in the second quarter of 2012 and by $99.2 million in the first six months of 2012, compared to the same periods in 2011, primarily driven by increased lending volume, increased gain on sale margins, favorable changes in the fair value of our hedging positions and gains on third party loan sales. Gain on sale of loans generated through our production channels increased by $39.6 million in the second quarter of 2012 and by $58.7 million in the first six months of 2012, compared to the same periods in 2011. Gain on sale spreads increased 212 basis points in the second quarter of 2012 and 155 basis points in the first six months of 2012, compared to the same period in 2011, as refinancing activity increased due to the HARP 2.0 and the low mortgage interest rate environment. Lending volume also benefited from the continued expansion of our retail lending channel. Mortgage lending volume increased by $1.1 billion, or 89%, to $2.3 billion in the second quarter of 2012, compared to the same period in 2011. Mortgage lending volume increased by $1.8 billion or 73%, to $4.2 billion in the first six months of 2012, compared to the same period in 2011. HARP-driven lending volume was approximately 40% of our overall mortgage lending in the second quarter of 2012 and 29% in the first six months of 2012. The effect these government programs have had on our operations is not expected to be permanent. HARP driven lending volume was $1.2 billion for the six months ended June 30, 2012 as compared to $1.0 billion for the 12 months ended December 31, 2011. Gain on sale margins were 2.9% for the six months ended June 30, 2012, as compared for 1.5% for the year ended December 31, 2011. The gain on sale margins and fees that we collect from HARP-driven sales are not materially different from the gain on sale margins and fees that we collect from non-HARP-driven sales. Please see the table below showing our gain on sale of loans by both HARP and non-HARP for the six months ended June 30, 2012:

	June 30, 2012	
(in thousands)	**UPB**	**Gain on Sale**
HARP[(1)]	$ 1,220,128	$ 35,702
Non-HARP[(1)(2)]	2,766,533	82,847
Other Activity[(3)]		(446)
Totals	$ 3,986,661	$ 118,103

(1) We hedge interest rate risk related to our mortgage warehouse and pipeline through the use of forward sales commitments. The gain on sale numbers include hedging gains and losses. We do not track these at an individual loan level and have allocated these based on UPB originated for the applicable periods.

(2) Non-HARP is entirely comprised of conforming and government loans that we have sold or plan to sell to the GSEs and other government agencies.

(3) Other activity is due to commercial real estate loans (CREL) that were carried at fair value.

Realized gains from third party loan sales and changes in fair value of loans held for sale and related hedging positions were up $25.0 million in the second quarter of 2012 and by $41.6 million in the first six months of 2012, compared to the same periods in 2011. The increase resulted from an increase in the size of positions hedged related to interest rate lock commitments and loans measured at fair value as well as a favorable increase in the change in the fair value measurements based on market demand. Additional increases resulted from favorable gains on sales to third parties driven primarily by the sale of Ginnie Mae, or GNMA loans that were acquired or purchased out of our servicing portfolio and overall favorable rate and market conditions.

This increase was offset by a decrease in net loan servicing income. Net loan servicing income decreased by $47.1 million in the second quarter of 2012 and by $72.1 million in the first six months of 2012, primarily due to MSR impairment of $30.1 million recorded in the second quarter of 2012 and $45.3 million recorded during the first six months of 2012. An increase in expected portfolio prepayment speeds due to a low rate environment and government sponsored programs, as compared to the same periods in 2011, drove the MSR impairment. Loan servicing income also decreased as a result of increases in MSR amortization of $12.7 million in the second quarter of 2012 and $19.3 million in the first six months of 2012, due to increased run-off as a

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result of the same factors listed above. In addition, servicing fees declined $4.3 million in the second quarter of 2012 and $7.6 million in the first six months of 2012, as the UPB of our servicing portfolio decreased by $3.6 billion to $53.3 billion as of June 30, 2012, compared to the same period in 2011.

Other lease income increased by $2.4 million, or 16%, in the first six months of 2012, compared to the same period in 2011, primarily due to growth in our operating lease portfolio. The operating lease portfolio increased by $26.5 million to $61.8 million as of June 30, 2012, compared to the same the period in 2011.

Other noninterest income decreased by $6.7 million, or 68%, in the first six months of 2012, compared to the same period in 2011, due primarily to a $4.4 million gain on the repurchase of trust preferred securities recognized in the first quarter 2011. Additionally, we did not sell any securities in the first six months of 2012, which resulted in a $1.3 million decrease in gains from sales of securities from the same period in 2011.

Noninterest Expense

Noninterest expense increased by $54.1 million, or 44%, in the second quarter of 2012 and by $67.7 million, or 25%, in the first six months of 2012, compared to the same periods in 2011. The following table illustrates the primary components of noninterest expense for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Salaries, commissions and other employee benefits expense	$ 76,277	$ 56,321	$ 142,867	$ 113,694
Equipment expense	16,889	11,709	32,837	22,469
Occupancy expense	6,017	5,031	11,366	9,571
General and administrative expense:				
Professional fees	19,319	13,187	34,929	28,885
Foreclosure and OREO expense	14,969	8,764	25,928	20,664
Other credit-related expenses	5,806	9,556	17,616	25,076
FDIC premium assessment and other agency fees	9,352	4,961	18,613	10,233
Advertising and marketing expense	8,646	3,707	14,553	8,132
Other	18,508	8,475	35,895	28,226
Total general and administrative expense	76,600	48,650	147,534	121,216
Total Noninterest Expense	$ 175,783	$ 121,711	$ 334,604	$ 266,950

The increase in noninterest expense was driven by an increase in salaries, commissions and employee benefits, occupancy and equipment expense, and general and administrative expense. Salaries, commissions and employee benefits increased by $20.0 million, or 35%, in the second quarter of 2012 and by $29.2 million, or 26%, in the first six months of 2012, compared to the same period in 2011, due primarily to growth in our Mortgage Banking reporting segment. Mortgage Banking salaries, commissions and employee benefits increased by $13.8 million in the second quarter of 2012 and by $20.1 million in the first six months of 2012, which included an increase in variable commissions of $2.6 million and $3.6 million, respectively. Salary and headcount increases were driven by increased production and the expansion of our retail and consumer direct production channels. Additional growth was due to headcount increases in our Corporate Services and Banking and Wealth Management reporting segments due to the warehouse finance acquisition and general operations growth. Headcount growth was 38%, 13%, and 15% in our Mortgage Banking, Corporate Services, and Banking and Wealth Management reporting segments, respectively, as of June 30, 2012 compared to the same period in 2011.

Occupancy and equipment expense increased by $6.2 million, or 37%, in the second quarter of 2012 and by $12.2 million, or 38%, in the first six months of 2012, compared to the same periods in 2011. The increase is primarily due to increased depreciation expense related to our operating lease assets as a result of growth in the portfolio. In addition, we experienced an increase in software amortization due to the completion of our new WorldCurrency® system and in operating lease expenses due to the expansion of our retail production channel.

General and administrative expense increased by $28.0 million, or 57%, in the second quarter of 2012 and by $26.3 million, or 22%, in the first six months of 2012 compared to the same periods in 2011. Growth in general and administrative expenses is due to increases in professional fees, foreclosure and OREO expenses, FDIC assessment and other agency fees, advertising and marketing expense, and other general and administrative expenses. The increases are offset by decreases in other-credit related expenses.

Professional fees increased by $6.1 million, or 47%, in the second quarter of 2012 and by $6.0 million, or 21%, in the first six months of 2012, compared to the same periods in 2011. During the second quarter of 2012, we recorded $2.5 million in costs associated with the Business Property Lending, Inc acquisition and $1.9 million in consultant costs associated with regulatory compliance. These costs were offset by a $1.2 million decrease in consultant fees associated with the Bank of Florida acquisition incurred in prior periods. During the first six months of 2012, we recorded $6.2 million in consultant costs associated with regulatory compliance, which was not incurred in prior periods, this was offset by a $4.3 million decrease in costs associated with IPO readiness. Other increases in professional fees were recorded for company-wide specific initiatives.

Foreclosure and OREO expense increased by $6.2 million, or 71%, in the second quarter of 2012 and by $5.3 million, or 25%, in the first six months of 2012, compared to the same periods in 2011, due primarily to an increase in the foreclosure expenses and offset by a decrease in the OREO provision. Foreclosure expenses associated with our mortgage pool buyouts increased by $8.9 million, or 231%, in the second quarter of 2012 and by $9.5 million, or 105%, in the first six months of 2012 compared to the same periods in 2011, due to the increase in mortgage pool buyout activity over the past year. OREO provision decreased by $2.0 million, or 51%, in the second quarter of 2012 and by $5.6 million, or 54%, in the first six months of 2012, compared to the same periods in 2011, due primarily to the commercial OREO portfolio. We have experienced moderate stabilization of property values over the past twelve months resulting in a decline of OREO provision expense in the current year.

Other credit-related expenses decreased primarily due to a decrease in production reserve expense related to our originated loans. Production reserve expense decreased by $5.7 million, or 87%, in the second quarter of 2012 and by $9.0 million, or 52%, in the first six months of 2012 compared to the same periods in 2011. We describe our reserves for loans subject to representations and warranties in Note 14 in our condensed consolidated financial statements as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011 and in our Loans Subject to Representations and Warranties section.

FDIC insurance assessment and other agency fees increased by $4.4 million, or 89%, in the second quarter of 2012 and by $8.4 million, or 82%, in the first six months of 2012, compared to the same periods in 2011. An increase in our asset base drove the increase in assessment fees.

Advertising and marketing expense increased by $4.9 million, or 133%, in the second quarter of 2012 and by $6.4 million, or 79%, in the first six months of 2012, compared to the same periods in 2011, due primarily to an effort to grow our deposit base through a new marketing campaign.

Other general and administrative increased by $10.0 million or 118%, in the second quarter of 2012 and by $7.7 million or 27%, in the first six months of 2012, compared to the same periods in 2011. The increase was the result of FDIC clawback liability, consent order remediation liability, and FNMA compensatory fees, offset by a decrease in non-recurring expenses.

The FDIC clawback liability increased by $3.1 million in the second quarter of 2012 and the first six months of 2012, compared to the same periods in 2011, as a result of a change in fair value due to a decline in interest rates during the second quarter 2012. During the same periods, we recorded a $2.0 million expense associated with the consent order remediation plan. The liability is an estimate based on the independent consultant s findings report. We describe the consent order in Note 14 in our condensed consolidated financial statements as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011.

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Portfolio expense increased by $2.4 million, or 181%, in the second quarter of 2012 and by $4.1 million, or 140%, in the first six months of 2012, compared to the same periods in 2011, due to an increase in lending volume.

FNMA compensatory fees increased by $3.3 million in the first six months of 2012. In 2010, FNMA issued an announcement Foreclosure Time Frames and Compensatory Fees for Breach of Service Obligations to remind servicers of their duties and responsibilities. The announcement indicated that FNMA would monitor seriously delinquent loans in the foreclosure process and assess compensatory fees on such loans. In determining fee assessment, FNMA takes into consideration the outstanding principal balance of the mortgage loan, the applicable pass through rate, the length of delay, and any additional costs that are directly attributable to the delay. FNMA billed us for the first time during the six months ended June 30, 2012. We accrued for these estimated fees in response to the assessment by FNMA.

These increases are offset by an $8.7 million decrease related to the non-recurring write down of the Tygris indemnification asset during the first quarter 2011.

Provision for Income Taxes and Effective Tax Rates

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Provision for income taxes	$ 6,395	$ 13,333	$ 13,189	$ 20,193
Effective tax rates	36.4%	38.0%	36.4%	39.3%

For the three and six months ended June 30, 2012, our effective income tax rate differs from the statutory federal income tax rate primarily due to state income taxes. For the three and six months ending June 30, 2011, our effective income tax rate differs from the statutory federal income tax rate primarily due to state income taxes and a $691 increase to income tax expense for the revaluation of the net unrealized built-in losses associated with the Tygris acquisition.

Results of Operations Comparison of Results of Operations for the Years Ended December 31, 2011 and 2010

	Year Ended December 31,		%
	2011	2010	Change
	(In thousands)		
Interest income	$ 588,220	$ 612,507	(4)%
Interest expense	135,910	147,167	(8)%
Net interest income	452,310	465,340	(3)%
Provision for loan and lease losses	49,704	79,341	(37)%
Net interest income after provision for loan and lease losses	402,606	385,999	4%
Noninterest income	233,103	357,807	(35)%
Noninterest expense	554,195	493,933	12%
Income before income taxes	81,514	249,873	(67)%
Provision for income taxes	28,785	60,973	(53)%
Net income	$ 52,729	$ 188,900	(72)%

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Interest Income

Our total interest income decreased by $24.3 million, or 4%, to $588.2 million in 2011 from $612.5 million in 2010, primarily due to a decrease in interest earned from our investment securities portfolio offset by increases in interest income from our loan portfolio.

Interest income earned on our loan and lease portfolio increased by $28.1 million, or 6%, to $479.9 million in 2011 from $451.9 million in 2010. This increase consisted of a $15.7 million increase in interest income earned on our average balance of loans and leases held for investment, and a $12.4 million increase in interest income earned on our average balance of loans held for sale. The increase in interest income earned on our loans and leases held for investment was primarily driven by $20.2 million and $9.7 million of interest income earned on our residential mortgages and commercial and commercial real estate loans, respectively. The increase in interest income on our residential mortgages is due to increases in originations partially offset by decreases in interest rates as a result of decreases in interest rates associated with the new volume. The increase in interest income on our commercial and commercial real estate loans is due to the timing of the Bank of Florida transaction in May 2010. The increase in interest income is offset by a $15.1 million decrease in interest income generated from lease financing receivables. The decrease in yield is a result of continued run off of deeply discounted receivables acquired as part of the Tygris acquisition.

Interest income earned on our investment securities portfolio decreased by $52.6 million, or 33%, to $106.9 million in 2011 from $159.4 million in 2010. This decrease was primarily driven by a 275 basis point decrease in yield on the average balance of our investment securities portfolio to 4.11% in 2011 from 6.86% in 2010 offset by a $263.9 million, or 11%, increase in the average balance of our investment securities portfolio to $2,582.1 million in 2011 from $2,318.2 million in 2010. The decrease in yield resulted from lower discount accretion and the addition of lower yielding agency securities during 2011.

Interest Expense

Interest expense decreased by $11.3 million, or 8%, to $135.9 million in 2011 from $147.2 million in 2010, primarily due to decreases in other borrowings interest expense and in our deposit interest expense.

Other borrowings interest expense decreased by $6.9 million, or 15%, to $38.9 million in 2011 from $45.8 million in 2010. This decrease is primarily attributable to a decrease of $94.0 million, or 9%, in our average other borrowings balance to $918.9 million in 2011 from $1,013.0 million in 2010. In January 2011, we purchased $10.0 million of our own trust preferred securities due in September 2037.

Deposit interest expense decreased by $4.4 million, or 4%, to $97.0 million in 2011 from $101.4 million in 2010. The decrease largely resulted from a 27 basis point decrease in deposit yield to 1.09% for 2011 from 1.36% for 2010 as a result of lower deposit costs due to lower market interest rates. Interest rates were reduced during 2011 to align our deposit levels with lower market interest rates. The decrease was partially offset by an increase of $1,463.1 million, or 20%, in our average deposit balance to $8,903.6 million in 2011 from $7,440.5 million in 2010.

Provision for Loan and Lease Losses

Provision for loan and lease losses decreased by $29.6 million, or 37%, to $49.7 million in 2011 from $79.3 million in 2010. This decrease was primarily a reflection of lower incurred losses on our legacy commercial and commercial real estate loans held for investment.

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Noninterest Income

Noninterest income decreased by $124.7 million, or 35%, to $233.1 million for in 2011 from $357.8 million in 2010. The decrease is primarily a result of the bargain purchase gain of $68.1 million related to the Tygris acquisition in February 2010 and a decrease in net servicing income. Significant components of noninterest income are discussed below.

Loan production revenue decreased $8.4 million, or 24%, to $26.5 million during 2011 from $34.9 million during 2010, primarily as a result of a decline in volume and lower fees associated with originating residential mortgage loans.

Net loan servicing decreased by $63.7 million, or 54%, to $54.0 million in 2011 from $117.7 million in 2010. This decrease was attributable to a $42.4 million, or 45%, increase in the amortization expense and impairment of MSR to $135.5 million in 2011 from $93.1 million in 2010. This increase is the result of a $39.5 million impairment charge driven by increasing prepayments and higher net servicing costs. Loan servicing fee income decreased to $189.4 million in 2011 from $210.8 million in 2010. The decrease in net loan servicing fee income is due to a $3.4 billion, or 6%, decrease in the unpaid principal balance, or UPB, of our servicing portfolio to $54.8 billion as of December 31, 2011 from $58.2 billion as of December 31, 2010. Prepayments exceeded new servicing retained from loans originated internally.

Noninterest income earned on deposit fees increased by $6.2 million, or 31%, to $26.0 million in 2011 from $19.8 million in 2010. This was largely attributable to a $6.0 million increase in fee income associated with an increase in volume of our WorldCurrency® deposit products.

Other noninterest income decreased by $58.8 million, or 32%, to $126.7 million in 2011 from $185.5 million in 2010. This decrease was largely attributable to a $68.1 million non-recurring bargain purchase gain related to the Tygris acquisition in February 2010. This decrease was partially offset by an increase in operating lease income of $9.6 million, or 45%, to $30.9 million in 2011 from $21.3 million in 2010. In addition, we generated $15.9 million of gains from the sale of investment securities in our portfolio in 2011 compared to $22.0 million of net gains in 2010.

Noninterest Expense

Noninterest expenses increased by $60.3 million, or 12%, to $554.2 million in 2011 from $493.9 million in 2010. Significant components of this increase are discussed below.

Salaries, commissions and other employee benefits expense increased by $31.0 million, or 15%, to $232.8 million in 2011 from $201.8 million in 2010, due to increases in salaries, benefits and incentives resulting from higher staffing levels from our Tygris and Bank of Florida acquisitions, our mortgage banking business, and corporate administration growth to support general operations. Headcount increased by 5% from 2010 to 2011 and by 31% from 2009 to 2010, which helps account for the variance in expense on a full year basis.

Equipment and occupancy expense increased by $16.6 million, or 31%, to $69.9 million in 2011 from $53.3 million in 2010, due primarily to increases of $3.1 million in computer expense and $12.8 million in depreciation expense. Company growth due to the Tygris and Bank of Florida acquisitions were the primary drivers of the expense increase.

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General and administrative expense increased by $12.6 million, or 5%, to $251.5 million in 2011 from $238.9 million in 2010, due to increases in legal and transaction expenses and FDIC insurance premiums, partially offset by a decrease in other credit-related expenses. Legal expenses increased $10.3 million and other professional expense increased $25.2 million, as a result of expenses related to our initial public offering, preparations for becoming a public company, the Bank of Florida and Tygris acquisitions, and legal and regulatory compliance, including compliance with the consent orders entered into in April 2011 and the third party review of historical residential mortgage foreclosure actions. Foreclosure and OREO related expenses increased $13.7 million. The FDIC premium assessment and agency fees increased $14.1 million. The increase in general and administrative expenses was partially offset by a decrease in production reserves of $16.6 million and counter party reserves of $12.7 million as a result of decreasing loan repurchase requests. Additionally, we experienced a decrease in the non-recurring loss on debt extinguishments of $10.3 million incurred in the comparative period. The indemnification asset write down related to the Tygris acquisition was $8.7 million in 2011. This was a decrease of $13.3 million from a write down of $22.0 million in 2010. The write down of the indemnification asset resulted from a decrease in estimated future credit losses. The carrying value of the indemnification asset was $0 as of December 31, 2011.

Income Taxes

Provision for income taxes decreased by $32.2 million, or 53%, to $28.8 million in 2011 from $61.0 million in 2010, primarily due to a decrease in pre-tax income. Our effective tax rates were 35.3% and 24.4% in 2011 and 2010, respectively. Our effective tax rate in 2010 was reduced due to the nontaxable bargain purchase gain of $68.1 million and a $7.8 million tax benefit resulting from the revaluation of net unrealized built-in losses. Excluding the impact of the non-recurring items from the Tygris acquisition, the effective tax rate was 37% in 2010.

Results of Operations Comparison of Results of Operations for the Years Ended December 31, 2010 and 2009

	Year Ended December 31, 2010	2009	% Change
		(In thousands)	
Interest income	$ 612,507	$ 440,594	39%
Interest expense	147,167	163,211	(10)%
Net interest income	465,340	277,383	68%
Provision for loan and lease losses	79,341	121,912	(35)%
Net interest income after provision for loan and lease losses	385,999	155,471	148%
Noninterest income	357,807	232,098	54%
Noninterest expense	493,933	299,179	65%
Income before income taxes	249,873	88,390	183%
Provision for income taxes	60,973	34,853	75%
Net income from continuing operations	188,900	53,537	253%
Discontinued operations, net of income taxes		(172)	
Net income	$ 188,900	$ 53,365	254%

Interest Income

Our total interest income increased by $171.9 million, or 39%, to $612.5 million in 2010 from $440.6 million in 2009, primarily due to increases in interest income from our loans held for investment and investment securities portfolio.

Interest income earned on our loan and lease portfolio increased by $142.1 million, or 46%, to $451.9 million in 2010 from $309.8 million in 2009. This increase consisted of a $153.6 million increase in interest income earned on our average balance of loans and leases held for investment, partially offset by a $11.5 million decrease in interest income earned on our average balance of loans held for sale. The $153.6 million increase in interest income earned on our loans and leases held for investment was primarily driven by $141.4 million and $25.8 million of interest income earned on our lease financing receivables and commercial and commercial real estate loans, respectively, partially offset by a $13.5 million, or 7%, decrease in interest income earned on residential mortgage loans. The $141.4 million of interest income earned on our lease financing receivables resulted from our acquisition of Tygris, including accretion of discounts of $86.4 million, and was not a component of interest income in 2009. The decrease in interest income earned on our loans held for sale was primarily driven by a $48.8 million, or 4%, decrease in the average balance of our loans held for sale to $1.1 billion in 2010. The decrease in average balance was the result of a decrease in mortgage origination volumes and lower yields due to lower market interest rates to which such yields are indexed.

Interest income earned on our available for sale, or AFS, held to maturity, or HTM, and trading securities increased by $29.0 million, or 22%, to $159.0 million in 2010 from $130.0 million in 2009. This increase was primarily driven by a $1.4 billion, or 142%, increase in the average balance of our investment securities portfolio to $2.3 billion in 2010 from $956.2 million in 2009, partially offset by a 674 basis point decrease in yield on the average balance of our investment securities portfolio to 6.86% in 2010 from 13.6% in 2009. The decrease in yield resulted from higher discount accretion in 2009 due to higher prepayment volumes.

Interest Expense

Interest expense decreased by $16.0 million, or 10%, to $147.2 million in 2010 from $163.2 million in 2009, primarily due to decreases in our deposit interest expense and other borrowings interest expense.

Deposit interest expense decreased by $6.3 million, or 6%, to $101.4 million in 2010 from $107.7 million in 2009. The decrease largely resulted from lower deposit costs due to lower market interest rates, partially offset by an increase of $2.2 billion, or 43%, in our average deposit balance to $7.4 billion in 2010 from $5.2 billion in 2009.

Other borrowings interest expense decreased by $9.8 million, or 18%, to $45.8 million in 2010 from $55.5 million in 2009. This decrease is primarily attributable to a decrease of $240.7 million, or 19%, in our average other borrowings balance to $1.0 billion in 2010 from $1.3 billion in 2009.

Provision for Loan and Lease Losses

Provision for loan and lease losses decreased by $42.6 million, or 35%, to $79.3 million in 2010 from $121.9 million in 2009. This decrease was primarily a reflection of lower expected losses on our legacy commercial and commercial real estate loans held for investment.

Noninterest Income

Noninterest income increased by $125.7 million, or 54%, to $357.8 million in 2010 from $232.1 million in 2009. Significant components of this increase are discussed below.

Noninterest income earned on the gain on sale of loans decreased by $0.5 million, or 1%, to $66.0 million in 2010 from $66.4 million in 2009, primarily as a result of lower mortgage origination volumes generating lower gains on the sale of such loans into the capital markets. Loan production revenue decreased $4.5 million, or 11%, to $34.9 million in 2010 from $39.3 million in 2009, primarily as a result of lower fees associated with originating fewer residential mortgage loans.

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Noninterest income earned on net loan servicing increased by $25.5 million, or 28%, to $117.7 million in 2010 from $92.2 million in 2009. This increase was largely attributable to the $5.1 billion, or 10%, increase in the unpaid principal balance, or UPB, of our servicing portfolio to $56.4 billion in 2010 from $51.3 billion in 2009, resulting from increased retention of originated MSR and bulk acquisitions of loan servicing portfolios. This increase was also driven by a $53.2 million, or 34%, increase in loan servicing fee income to $210.8 million in 2010 from $157.7 million in 2009, partially offset by a $27.7 million, or 42%, increase in the amortization of MSR to $93.1 million in 2010 from $65.5 million in 2009. The increase in net loan servicing fee income was primarily attributable to the increase in UPB while the amortization of MSR increase was primarily attributed to higher prepayment activity due to the market interest rate environment.

Noninterest income earned on deposit fees decreased by $2.3 million, or 10%, to $19.8 million in 2010 from $22.0 million in 2009. This was largely attributable to a $3.2 million decrease in fee income associated with our WorldCurrency® deposit products due to lower transaction volumes.

Other noninterest income increased by $107.4 million, or 886%, to $119.5 million in 2010 from $12.1 million in 2009. This increase was largely attributable to a $68.1 million non-recurring bargain purchase gain related to the Tygris acquisition and $21.3 million of operating lease income. In addition, we generated $22.0 million of gains in 2010 from the sale of investment securities in our portfolio compared to $7.4 million of gains in 2009.

Noninterest Expense

Noninterest expenses increased by $194.8 million, or 65%, to $493.9 million in 2010 from $299.2 million in 2009. Significant components of this increase are discussed below.

Salaries, commissions and other employee benefits expense increased by $51.2 million, or 34%, to $201.8 million in 2010 from $150.6 million in 2009, due to increases in salaries, benefits and incentives resulting from higher staffing levels from our Tygris and Bank of Florida acquisitions and in our mortgage banking business. Total headcount increased by 31%.

Equipment and occupancy expense increased by $15.3 million, or 40%, to $53.3 million in 2010 from $38.0 million in 2009, due primarily to increases of $4.9 million in lease expense, $4.5 million in computer expense and $1.6 million in depreciation expense. The Tygris and Bank of Florida acquisitions were the primary drivers of the expense increase.

General and administrative expense increased by $128.3 million, or 116%, to $238.9 million in 2010 from $110.6 million in 2009, due to increases in legal, transaction, advertising, OREO and foreclosure and other expenses, as well as increased mortgage repurchase reserves. Legal expense increased $2.5 million and other professional expense increased $10.7 million, primarily due to one-time expenses related to the Tygris and Bank of Florida acquisitions. Advertising expense increased $9.6 million due to expanded marketing related to our deposit growth initiative. Mortgage repurchase reserves increased $63.2 million due to higher than anticipated impairment levels and foreclosure-related expenses. The indemnification asset related to the Tygris acquisition decreased in fair value by $22.0 million resulting from a decrease in estimated future credit losses. Other expenses increased $16.0 million to $40.9 million in 2010 from $24.9 million in 2009, due primarily to $10.3 million related to the loss realized on the early extinguishment of Tygris debt and increased transaction expenses of $9.8 million.

Income Taxes

Provision for income taxes increased by $26.1 million, or 75%, to $61.0 million in 2010 from $34.9 million in 2009, due to increases in pre-tax income from continuing operations. Our effective tax rates were 24% and 39% in 2010 and 2009, respectively. Our effective tax rate in 2010 was impacted by non-recurring

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items from the Tygris acquisition, including the nontaxable bargain purchase gain of $68.1 million and a tax benefit of $7.8 million resulting from a revaluation of net unrealized built-in losses. Excluding the impact of the non-recurring items from the Tygris acquisition, the effective tax rate was 37% in 2010.

Discontinued Operations

Discontinued operations relate to business activities that we have sold, discontinued or dissolved. Net loss from discontinued operations of $0.2 million in 2009 represents trailing expenses from the sale of our commercial and multi-family real estate mortgage wholesale brokerage unit in February 2009.

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.

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, Basel 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 Mortgage Banking segment. 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, inter-segment cash balances are eliminated in segment reporting. The effects of these inter-segment allocations and transfers are eliminated in consolidated reporting.

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

	Six Months Ended June 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
			(in thousands)		
Segment Earnings:					
Banking and Wealth Management	$ 121,652	$ 111,251	$ 241,146	$ 233,521	$ 85,300
Mortgage Banking	(22,394)	(2,388)	(38,765)	32,313	77,065
Corporate Services	(63,051)	(57,459)	(120,867)	(15,961)	(73,975)
Segment earnings	$ 36,207	$ 51,404	$ 81,514	$ 249,873	$ 88,390
Segment Assets:					
Banking and Wealth Management	$ 13,327,046	$ 11,140,910	$ 11,658,702	$ 10,117,289	$ 6,522,869
Mortgage Banking	1,902,152	1,482,997	1,557,421	1,957,897	1,543,370
Corporate Services	124,406	130,615	99,886	49,325	24,148
Eliminations	(312,780)	(234,348)	(274,331)	(116,625)	(30,208)
Total assets	$ 15,040,824	$ 12,520,174	$ 13,041,678	$ 12,007,886	$ 8,060,179

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Banking and Wealth Management

Segment Results Comparison of Banking and Wealth Management for the Three and Six Months Ended June 30, 2012 and 2011

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Interest income				
Interest and fees on loans and leases	$ 126,296	$ 110,839	$ 243,197	$ 226,661
Interest and dividends on investment securities	20,699	29,333	41,248	55,575
Other interest income (1)	8,084	7,577	15,285	15,957
Total interest income	155,079	147,749	299,730	298,193
Interest expense				
Deposits	20,411	25,403	41,379	51,587
Other borrowings	9,587	8,129	17,004	16,671
Other interest expense (2)	10,280	9,110	20,001	18,903
Total interest expense	40,278	42,642	78,384	87,161
Net interest income	114,801	105,107	221,346	211,032
Provision for loan and lease losses	5,041	8,235	15,356	25,421
Net interest income after provision for loan and lease losses	109,760	96,872	205,990	185,611
Noninterest income				
Gain on sale of loans	10,918	(436)	21,470	447
Other	14,687	16,164	29,363	31,186
Total noninterest income	25,605	15,728	50,833	31,633
Noninterest expense				
Salaries, commissions and employee benefits	22,048	19,014	42,712	38,706
Equipment and occupancy	12,283	7,931	23,631	14,833
Foreclosure and OREO	12,378	4,639	20,340	13,206
Other general and administrative	28,837	14,630	48,488	39,248
Total noninterest expense	75,546	46,214	135,171	105,993
Income before income taxes	$ 59,819	$ 66,386	$ 121,652	$ 111,251

(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 decreased by $6.6 million, or 10%, in the second quarter of 2012, compared to the same period in 2011, primarily due to an increase in noninterest expense partially offset by an increase in interest income and noninterest income. Segment earnings increased by $10.4 million, or 9%, in the first six months of 2012, compared to the same period in 2011, primarily due to an increase in noninterest income and decreases in interest expense and the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Net interest income increased by $9.7 million, or 9%, in the second quarter of 2012, compared to the same period in 2011, due to an increase in interest income of $7.3 million and a decrease in interest expense of $2.4 million. Net interest income increased by $10.3 million, or 5%, in the first six months of 2012, compared to the same period in 2011, due to an increase in interest income of $1.5 million and a decrease in interest expense of $8.8 million. For a detailed explanation of changes in net interest income, please refer to our volume/rate analysis table.

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Provision for loan and lease loss decreased by $3.2 million, or 39%, in the second quarter of 2012 and by $10.1 million, or 40%, in the first six months of 2012, compared to the same periods in 2011, due to the addition of high credit quality originated loans in our residential first mortgages. In addition, we experienced an improvement in loan performance due to a more stable housing market.

Noninterest income increased by $9.9 million, or 63%, in the second quarter of 2012 and by $19.2 million, or 61%, in the first six months of 2012, compared to the same periods in 2011, primarily due to an increase in gains from third party loans sales of $11.4 million in the second quarter of 2012 and $21.0 million in the first six months of 2012, compared to the same periods in 2011. The increase resulted from favorable gains on sales to third parties driven primarily by the sale of GNMA loans that were acquired or purchased out of our servicing portfolio as a result of overall favorable rate and market conditions.

Noninterest expense increased by $29.3 million in the second quarter of 2012 and by $29.2 million in the first six months of 2012, compared to the same periods in 2011. An increase in general and administrative expenses, depreciation expense, and salaries, commissions, and employee benefits drove the increase in noninterest expense.

Salaries, commissions, and employee benefits increased by $3.0 million, or 16%, in the second quarter of 2012 and by $4.0 million, or 10%, in the first six months of 2012, due to a growth in the Banking and Wealth Management segment. The warehouse finance acquisition, EverBank Commercial Finance, or ECF, platform expansion, wealth management development, and shared services growth also drove headcount up by 15% as of June 30, 2012, compared to the same period in 2011.

Equipment and occupancy expense increased by $4.4 million, or 55%, in the second quarter or 2012 and by $8.8 million, or 59%, in the first six months of 2012, compared to the same period in 2011, primarily due to depreciation expense. An increase in our operating lease portfolio drove an increase in related depreciation expense of $3.3 million in the second quarter of 2012 and $7.0 million in the first six months of 2012, compared to the same periods in 2011.

Foreclosure and OREO expense increased by $7.7 million, or 167%, in the second quarter of 2012 and by $7.1 million, or 54%, in the first six months of 2012, compared to the same periods in 2011, primarily due to the increase in foreclosure expenses related to an increase in mortgage pool buyout activity over the past year. Foreclosure expenses associated with our mortgage pool buyouts increased by $10.7 million in the second quarter of 2012 and by $12.1 million in the first six months of 2012 compared to the same periods in 2011. OREO expense decreased by $2.0 million in the second quarter of 2012 and by $5.5 million in the first six months of 2012, due primarily to our commercial OREO portfolio. We have experienced moderate stabilization of property values over the past twelve months resulting in a decline of OREO provision expense in the first six months of 2012.

Other general and administrative expense increased by $14.2 million, or 97%, in the second quarter of 2012 and by $9.2 million, or 24%, in the first six months of 2012, compared to the same periods in 2011, primarily due to an increase FDIC insurance assessment and other agency fees, FDIC clawback liability, and advertising expense. The FDIC insurance assessment fees increased by $4.1 million in the second quarter of 2012 and by $7.8 million in the first six months of 2012, compared to the same periods in 2011, due to an increase in our asset base. We incurred additional FDIC clawback liability expense of $3.1 million in the second quarter of 2012 and the first six months of 2012, due to a change in fair value as a result of a decline in interest rates. Advertising and marketing expense increased by $4.8 million in the second quarter of 2012 and by $5.6 million in the first six months of 2012, as we continue to focus on increasing our deposit base. These increases are offset by the non-recurring write-down of the Tygris indemnification asset of $8.7 million in the first quarter 2011.

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Segment Results Comparison of Banking and Wealth Management for the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011	2010
	(in thousands)	
Net interest income	$ 419,415	$ 434,811
Provision for loan and lease losses	47,554	72,771
Net interest income after provision for loan and lease losses	371,861	362,040
Noninterest income	85,345	62,386
Noninterest expense	216,060	190,905
Segment earnings	$ 241,146	$ 233,521

Banking and Wealth Management segment earnings increased by $7.6 million, or 3%, in 2011 compared to 2010, primarily due to an increase in noninterest income which was offset by an increase in noninterest expense. Net interest income decreased by $15.4 million, or 4%, for the comparable period. This decrease was primarily due to a decrease of $52.6 million or 33% in interest earned on our investment securities and partially offset by an increase of $35.5 million, or 9%, in interest and fees earned on our loans and leases. The decrease in interest earned on investment securities was primarily driven by a decrease in yield on the average balance of our investment securities portfolio. The decrease in yield resulted from lower discount accretion due to a decrease in prepayment volumes and the addition of lower yielding agency securities during the 2011 period. The increase in interest and fees on loans and leases was driven by an increase in average loans and leases held for investment of $1.0 billion, or 19% and an increase in average loans and leases held for sale of $355.4 million, or 154%. The increase in average loans and leases held for investment was primarily driven by our residential mortgages, commercial and commercial real estate loans, and lease financing receivables. Average loans held for sale increased as a result of acquisitions of GNMA loans during the second half of the year. The increase in interest income is offset by a $15.1 million decrease in interest income generated from lease financing receivables. The decrease is due largely to a decrease in yield of 643 basis points to 26.2% for the twelve months ended December 31, 2011. The decrease in yield is a result of continued run off of deeply discounted receivables acquired as part of the Tygris acquisition. Additionally, intersegment revenue decreased $8.6 million, as a result of a change in transfer pricing to align interest rates with market rates.

Provision expense decreased by $25.2 million, or 35%, in 2011 compared to the 2010, primarily due to lower credit losses on our legacy commercial and commercial real estate loans held for investment, and the improvement in the performance of commercial loans over last year. The decrease is partially offset by higher provision expense due to growth in our residential portfolio. Noninterest income increased by $23.0 million, or 37%, in 2011 compared to 2010. The increase is driven primarily by an increase in the income generated from sales of loans, improved earnings from leasing operations, and an increase in deposit fee income associated with our WorldCurrency® deposit products due to increased foreign currency deposits. This increase was offset by lower gains from the sale of investment securities in our portfolio. Noninterest expense increased by $25.2 million, or 13%, in 2011 compared to 2010. This increase primarily reflects higher operating expenses as a result of the Tygris and Bank of Florida acquisitions and higher FDIC insurance premiums. Additionally, noninterest expense in 2011 includes a charge of $8.7 million from the write-off of the remaining Tygris indemnification asset, and noninterest expense in 2010 includes a write-off of the Tygris indemnification asset of $22.0 million and a charge for the extinguishment of Tygris debt of $10.3 million.

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Segment Results Comparison of Banking and Wealth Management for the Years Ended December 31, 2010 and 2009

	Year Ended December 31, 2010	2009
	(in thousands)	
Net interest income	$ 434,811	$ 253,352
Provision for loan and lease losses	72,771	121,376
Net interest income after provision for loan and lease losses	362,040	131,976
Noninterest income	62,386	32,819
Noninterest expense	190,905	79,495
Segment earnings	$ 233,521	$ 85,300

Banking and Wealth Management segment earnings increased by $148.2 million, or 174%, in 2010 compared to 2009, primarily due to an increase in interest income from investment securities and a decrease in our provision for loan and lease losses. Net interest income increased by $181.5 million, or 72%, for the comparable periods. This increase was primarily due to a $146.5 million, or 55%, increase in interest income earned on our loans and leases held for investment. Average loans and leases held for investment increased $728.6 million, or 16%, primarily as a result of our acquisitions of Tygris and Bank of Florida. Provision expense decreased by $48.6 million, or 40%, in 2010 compared to 2009, primarily due to lower anticipated credit losses in our commercial and multi-family real estate loans held for investment. Noninterest income increased by $29.6 million, or 90%, in 2010 compared to 2009. This increase primarily reflects noninterest income earned on leases resulting from the Tygris acquisition and a higher gain on the sale of investment securities. Noninterest expense increased by $111.4 million, or 140%, in 2010 compared to 2009. This increase primarily reflected higher operating expenses as a result of the Tygris and Bank of Florida acquisitions, non-recurring transaction expenses associated with the Tygris and Bank of Florida acquisitions, and higher expenses from dispositions of OREO.

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Mortgage Banking

Segment Results Comparison of Mortgage Banking for the Three and Six Months Ended June 30, 2012 and 2011

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Net interest income	$ 11,790	$ 9,487	$ 22,286	$ 18,909
Provision for loan and lease losses	716	769	1,756	1,613
Net interest income after provision for loan and lease losses	11,074	8,718	20,530	17,296
Noninterest income				
Gain on sale of loans	59,006	5,891	96,631	18,486
Loan servicing fee income:				
Loan servicing fee income	44,697	46,961	92,386	96,041
Amortization and impairment of MSR	(64,278)	(21,430)	(108,760)	(44,217)
Net loan servicing income (loss)	(19,581)	25,531	(16,374)	51,824
Other	9,099	5,782	16,140	12,132
Total noninterest income	48,524	37,204	96,397	82,442
Noninterest expense				
Salaries, commissions and employee benefits	36,176	22,339	65,613	45,468
Equipment and occupancy	4,684	4,153	9,157	8,401
Professional fees	4,778	2,036	10,927	3,001
Foreclosure and OREO	2,591	4,125	5,588	7,458
Other credit-related expenses	4,193	7,922	16,183	21,630
Other general and administrative	15,048	7,382	31,853	16,168
Total noninterest expense	67,470	47,957	139,321	102,126
Loss before income taxes	$ (7,872)	$ (2,035)	$ (22,394)	$ (2,388)

Mortgage Banking segment earnings decreased by $5.8 million in the second quarter of 2012 and by $20.0 million in the first six months of 2012, compared to the same periods in 2011, primarily due to a decrease in net loan servicing income, an increase in noninterest expense, offset by an increase in gain on sale of loans.

Noninterest income increased by $11.3 million, or 30%, in the second quarter of 2012 and by $14.0 million, or 17%, in the first six months of 2012, compared to the same periods in 2011. The increase was driven by an increase in gain on sale of loans of $53.1 million in the second quarter of 2012 and $78.1 million in the first six months of 2012, compared to the same periods in 2011. The increase was primarily driven by our mortgage lending business. Mortgage lending volume increased by $1.1 billion, or 89%, to $2.3 billion in the second quarter of 2012, compared to the same period in 2011. Mortgage lending volume increased by $1.8 billion or 73%, to $4.2 billion in the first six months of 2012, compared the same period in 2011. HARP-driven lending volume was approximately 40% in the second quarter of 2012 and 29% in the first six months of 2012. Gain on sale spreads increased in the second quarter of 2012 and in the first six months of 2012 compared to the same period in 2011, as refinancing activity increased due to the HARP 2.0 program and the low mortgage interest rate environment.

In addition, gains from third party loan sales and changes in fair value loans and related hedging positions increased from an increase in the size of positions hedged related to interest rate lock commitments and loans measured at fair value as well as a favorable increase in the fair value measurements. Additional increases resulted from gains on sales to third parties driven by overall favorable rate and market conditions.

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Offsetting this increase was a decrease in net loan servicing income of $45.1 million in the second quarter of 2012 and $68.2 million in the first six months of 2012, compared to the same periods in 2011, primarily due to MSR impairment of $30.1 million recorded in the second quarter of 2012 and $45.3 million recorded in the first six months of 2012. Additional loan servicing income decreases resulted from an increase in MSR amortization from increased run off due to refinancing activity and a decline in servicing fees from a decline in the servicing portfolio UPB.

Noninterest expense increased by $19.5 million, or 41%, in the second quarter of 2012 and by $37.2 million, or 36%, in the first six months of 2012, compared to the same periods in 2011, primarily due to increases in salaries, commissions, and employee benefits, professional fees, and other general and administrative costs, offset by decreases in our production reserve expense. Company growth drove the increase in salaries, commissions, and employee benefits. Headcount increased by 38% as of June 30, 2012, compared to the same period of 2011, primarily due to the expansion of our retail and consumer direct production channels and our servicing default services. Professional fees increased by $2.7 million in the second quarter of 2012 and by $7.9 million in the first six months of 2012, related to consultant costs associated with regulatory compliance. Other credit-related expenses decreased by $3.7 million in the second quarter of 2012 and by $5.4 million in the first six months of 2012. We describe our reserves related loans subject to representations and warranties in Note 14 in our condensed consolidated financial statements as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011 and in our Loans Subject to Representations and Warranties section.

Other general and administrative expenses increased by $7.7 million or 104%, in the second quarter of 2012 and by $15.7 million, or 97%, in the first six months of 2012, compared to the same periods in 2011, primarily due to increased costs associated with the servicing portfolio, resulting from default activities and regulatory requirements. For additional disclosure, refer to Results of Operations.

Segment Results Comparison of Mortgage Banking for the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011	2010
	(in thousands)	
Net interest income	$ 39,536	$ 38,298
Provision for loan and lease losses	2,150	6,570
Net interest income after provision for loan and lease losses	37,386	31,728
Noninterest income	143,035	221,442
Noninterest expense	219,186	220,857
Segment earnings	$ (38,765)	$ 32,313

Mortgage Banking segment earnings decreased $71.1 million, or 220%, in 2011 compared to 2010, primarily due to a decrease in noninterest income earned from the loan servicing, loan production and gain on sale of loans. Net loan servicing income decreased by $64.1 million, or 54%, compared to 2010. This decrease was driven in part by a $3.3 billion, or 6% decrease in UPB, of our servicing portfolio as compared to the balance in the servicing portfolio at December 31, 2010. Additionally, net loan servicing income includes a $39.5 million charge for MSR impairment. Loan production revenue decreased by $7.9 million, or 24%, in 2011 compared to 2010 primarily as a result of a decrease in volume and lower fees associated with originating residential mortgage loans. Noninterest income earned from the gain on sale of loans decreased by $3.0 million, or 4% in 2011 compared to 2010. Decreases are offset by an increase in net interest income of $1.2 million, or 3% due primarily to increases in intersegment revenue with the Banking and Wealth Management segment. Intersegment revenue increased $8.6 million, as a result of a change in transfer pricing to align interest rates with market rates.

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Segment Results Comparison of Mortgage Banking for the Years Ended December 31, 2010 and 2009

	Year Ended December 31, 2010	2009
	(in thousands)	
Net interest income	$ 38,298	$ 32,708
Provision for loan and lease losses	6,570	536
Net interest income after provision for loan and lease losses	31,728	32,172
Noninterest income	221,442	199,152
Noninterest expense	220,857	154,259
Segment earnings	$ 32,313	$ 77,065

Mortgage Banking segment earnings decreased by $44.8 million, or 58%, in 2010 compared to 2009, primarily due to an increase in noninterest expense, partially offset by an increase in net loan servicing income. Loan production revenue decreased by $4.4 million, or 12%, in 2010 compared to 2009, largely driven by lower mortgage origination volumes in the comparable periods. Net loan servicing income increased by $25.3 million, or 27%, during the comparable periods. This increase was largely driven by a $9.7 billion, or 20%, increase in our servicing portfolio compared to the prior year. Noninterest expense increased by $66.6 million, or 43%, in 2010 compared to 2009. This increase was largely driven by a $54.7 million, or 92%, increase in general and administrative expenses that was primarily the result of higher mortgage repurchase reserves. In addition, salaries, commissions and other employee benefits increased by $10.9 million, or 14%, in 2010 compared to 2009. The increase in salaries, commissions and other employee benefits was largely driven by a 12% increase in headcount to support our mortgage banking operations.

Corporate Services

Segment Results Comparison of Corporate Services for the Three and Six Months Ended June 30, 2012 and 2011

	Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
	(in thousands)			
Net interest income	$ (1,607)	$ (1,684)	$ (3,025)	$ (3,338)
Noninterest income	(6)	1	86	4,710
Noninterest expense				
Salaries, commissions and employee benefits	18,053	14,968	34,542	29,519
Equipment and occupancy	5,939	4,656	11,415	8,806
Other general and administrative	8,775	7,916	14,155	20,506
Total noninterest expense	32,767	27,540	60,112	58,831
Loss before income taxes	$ (34,380)	$ (29,223)	$ (63,051)	$ (57,459)

Corporate services segment loss increased by $5.2 million, or 18%, in the second quarter of 2012 and by $5.6 million, or 10%, in the first six months of 2012, compared to the same periods in 2011. Noninterest loss increased by $4.6 million, or 98%, in the first six months of 2012, compared to the same period in 2011, as the result of a gain on repurchase of trust preferred securities recognized during the first quarter of 2011.

Noninterest expense increased by $5.2 million, or 19%, in the second quarter of 2012 and by $1.3 million, or 2%, in the first six months of 2012 compared to the same periods in 2011, due to increases in salaries, commissions, and employee benefits, occupancy and equipment, and other general and administrative costs. Headcount increased by 13% in the second quarter 2012, compared to the same period in 2011. The growth is

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due to continued business development and the need for additional support services due to increased governance and regulatory requirements. Professional fees increased by $2.5 million in the second quarter of 2012, due to expenditures related to strategic business acquisitions, which is offset by decreases in costs associated with IPO readiness activities.

Segment Results Comparison of Corporate Services for the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011	2010
	(in thousands)	
Net interest expense	$ (6,641)	$ (7,769)
Noninterest income	4,723	73,979
Noninterest expense	118,949	82,171
Segment earnings (loss)	$ (120,867)	$ (15,961)

Corporate Services recorded noninterest income of $4.7 million in 2011. This was composed of a $4.7 million gain on extinguishment of trust preferred securities. In addition, Corporate Services noninterest expense increased $36.8 million, or 45%, in 2011 compared to 2010, primarily due to an increase in general and administrative expenses. We experienced a $20.2 million, or 107%, increase in general and administrative expenses. In addition, we had increases of $11.7 million, or 24%, in salaries and other employee benefits, and $4.8 million, or 35%, in occupancy and equipment expense. The increase in general and administrative expenses is driven primarily by an increase in legal and professional fees as a result of our initial public offering, legal and regulatory compliance, and additional consulting arrangements. Additionally, salaries, commissions, and other employee benefits increased as a result of headcount increases. Total headcount increased 24% in 2011 compared to 2010.

Segment Results Comparison of Corporate Services for the Years Ended December 31, 2010 and 2009

	Year Ended December 31, 2010	2009
	(in thousands)	
Net interest expense	$ (7,769)	$ (8,677)
Noninterest income	73,979	127
Noninterest expense	82,171	65,425
Segment earnings (loss)	$ (15,961)	$ (73,975)

Corporate Services recorded noninterest income of $74.0 million in 2010. This was primarily composed of a $68.1 million non-recurring bargain purchase gain associated with the Tygris acquisition and a $5.7 million gain on extinguishment of trust preferred securities. In addition, Corporate Services noninterest expense increased by $16.7 million, or 26%, in 2010 compared to 2009, primarily due to an increase in salaries, commissions and other employee benefits. We experienced a $6.3 million, or 15%, increase in salaries, commissions and other employee benefits, in addition to a $2.4 million, or 21%, increase in occupancy and equipment expense and a $8.0 million, or 73%, increase in general and administrative expenses. The increase in salaries, commissions and other employee benefits was largely driven by an 18% increase in headcount to support our general operations.

Financial Condition

Assets

Total assets increased by $2.0 billion, or 15%, to $15.0 billion at June 30, 2012 from $13.0 billion at December 31, 2011. This increase was primarily attributable to increases in our loans held for sale and loans and

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leases held for investment portfolio as well as in our interest-bearing deposits in banks. Total assets increased by $1.0 billion, or 9%, to $13.0 billion at December 31, 2011 from $12.0 billion at December 31, 2010. This increase was primarily attributable to increases in our loans held for sale and loans and leases held for investment portfolio partially offset by a decrease in our interest-bearing deposits in banks. Total assets increased by $3.9 billion, or 49%, to $12.0 billion at December 31, 2010 from $8.1 billion at December 31, 2009. This increase was primarily attributable to increases in our loan and leases held for investment and investment securities portfolio resulting from the continued deployment of capital generated from our capital raising activities and the acquisitions of Tygris and Bank of Florida. Descriptions of our major balance sheet asset categories are set forth below.

Investment Securities

The following table sets forth the fair value of investment securities classified as available for sale and the amortized cost of investment securities held to maturity as of June 30, 2012 and December 31, 2011, 2010 and 2009:

	June 30, 2012	December 31, 2011	2010	2009
	(in thousands)			
Available for sale (at fair value):				
Residential collateralized mortgage obligation (CMO) securities agency	$ 77	$ 104	$ 148	$ 4,809
Residential CMO securities nonagency	1,842,331	1,895,818	2,032,663	1,532,643
Residential mortgage-backed securities (MBS) agency	281	338	540	883
Other	7,837	7,662	8,254	8,092
Total investment securities available for sale	1,850,526	1,903,922	2,041,605	1,546,427
Held to maturity (at amortized cost):				
Residential CMO securities agency	146,163	159,882	6,800	7,378
Residential MBS agency	34,176	19,132	20,959	20,215
Other	10,276	10,504	5,169	5,747
Total investment securities held to maturity	190,615	189,518	32,928	33,340
Total investment securities	$ 2,041,141	$ 2,093,440	$ 2,074,533	$ 1,579,767

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The amortized cost and fair value of debt securities at December 31, 2011 by contractual maturities are shown below. Actual maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations with or without call or prepayment penalties. MBS, including CMO, securities, are disclosed separately in the table below, as these investment securities are likely to prepay prior to their scheduled contractual maturity dates.

	Amortized Cost	Fair Value	Yield
	(In thousands)		
Available for sale:			
Asset-backed securities			
After ten years	$ 10,573	$ 7,477	1.23%
Residential CMO securities agency	96	104	6.14%
Residential CMO securities nonagency	1,919,046	1,895,818	3.95%
Residential MBS securities agency	317	338	4.39%
Equity securities	77	185	
	1,930,109	1,903,922	
Held to maturity:			
Corporate securities			
After ten years	10,504	7,921	3.79%
Residential CMO securities agency	159,882	165,833	3.14%
Residential MBS securities agency	19,132	20,596	4.65%
	189,518	194,350	
	$ 2,119,627	$ 2,098,272	

We have historically utilized the investment securities portfolio for earnings generation (in the form of interest and dividend income), liquidity, credit and interest rate risk management and asset diversification. Securities available for sale are used as part of our asset/liability management strategy and may be sold in response to, or in anticipation of, factors such as changes in market conditions and interest rates, changes in security prepayment rates, liquidity considerations and regulatory capital requirements. The principal categories of our investment portfolio are set forth below.

Residential Agency

At June 30, 2012, our residential agency portfolio consisted of both residential agency CMO securities and residential agency MBS securities. Investments in residential agency CMO securities totaled $146.2 million, or 7%, of our investment securities portfolio. Our residential agency MBS portfolio totaled $34.5 million, or 2%, of our investment securities portfolio. Our residential agency portfolio is secured by seasoned first-lien fixed and adjustable rate residential mortgage loans insured by GSEs.

Our residential agency CMO securities decreased $13.7 million, or 9%, to $146.2 million at June 30, 2012 from $160.0 million at December 31, 2011 primarily due to reductions to amortized cost resulting from principal payments received and the amortization of premiums and discounts. Our residential agency MBS securities increased $15.0 million, or 77%, to $34.5 million at June 30, 2012 from $19.5 million at December 31, 2011 primarily due to purchases of additional securities.

At December 31, 2011, our residential agency CMO securities totaled $160.0 million, or 8% of our investment securities portfolio. The increase of $153.0 million from December 31, 2010 is due to purchases of securities partially offset by subsequent sales of securities. At December 31, 2011, our residential agency MBS portfolio totaled $19.5 million, or less than 1% of our investment securities portfolio. Our agency residential MBS and CMO portfolio is secured by seasoned first-lien fixed and adjustable rate residential mortgage loans insured by GSEs.

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Residential Nonagency

At June 30, 2012, our residential nonagency portfolio consisted entirely of investments in residential nonagency CMO securities. Investments in residential nonagency CMO securities totaled $1.8 billion, or 90% of our investment securities portfolio. Our residential nonagency CMO securities decreased $53.5 million, or 3%, to $1.8 billion at June 30, 2012 from $1.9 billion at December 31, 2011 primarily due to reductions to amortized cost resulting from principal payments received offset by purchases of additional securities, as well as, reductions in the market value of the securities held. Investments in nonagency residential CMO securities decreased by $136.8 million, or 7%, to $1.9 billion at December 31, 2011 from $2.0 billion at December 31, 2010. The decrease during 2011 is primarily due to sales of nonagency residential CMO securities. The same investment securities increased by $500.0 million, or 33%, to $2.0 billion at December 31, 2010 from $1.5 billion at December 31, 2009. Such increases during 2010 were primarily due to purchases of nonagency residential CMO securities at discounts to par value. We acquired 99% of the December 31, 2011 balance of such securities after September 30, 2008.

Our residential nonagency CMO securities are secured by seasoned first-lien fixed and adjustable rate residential mortgage loans backed by loan originators other than a GSE. Mortgage collateral is structured into a series of classes known as tranches, each of which contains a different maturity profile and pay-down priority in order to suit investor demands for duration, yield, credit risk and prepayment volatility. We have primarily invested in CMO securities rated in the highest category assigned by a nationally recognized statistical ratings organization. Many of these securities are Re-REMICs, which adds credit subordination to provide protection against future losses and rating downgrades. Re-REMICs constituted $1.3 billion, or 69%, of our residential nonagency CMO investment securities at June 30, 2012.

We have internal guidelines for the credit quality and duration of our residential CMO securities portfolio and monitor these on a regular basis. At June 30, 2012, the portfolio carried a weighted average Fair Isaac Corporation, or FICO, score of 731, an amortized loan-to-value ratio, or LTV, of 66%, and was seasoned 84 months. This portfolio includes protection against credit losses through subordination in the securities structures and borrower equity.

The composition of our residential nonagency available for sale securities includes amounts invested with several single issuers that are in excess of 10% of our shareholders equity as of December 31, 2011. The following table provides a summary of the total par value, amortized cost and fair value of the securities held for each of these issuers and our total residential nonagency CMO securities at December 31, 2011:

Name of Issuer	Par Value	Amortized Cost (In thousands)	Fair Value
BCAP LLC Trust	$ 364,192	$ 361,374	$ 363,008
Credit Suisse Mortgage Capital	274,172	274,164	276,993
Royal Bank of Scotland Resecuritization Trust	182,192	182,507	182,951
Citigroup Mortgage Loan Trust	181,566	181,776	183,157
Banc of America Funding Corp.	122,391	121,842	121,540
JP Morgan Re-REMIC	112,404	112,607	113,554
Countrywide Home Loans	101,843	100,300	96,125
Total	1,338,760	1,334,570	1,337,328
Other residential nonagency issuers	602,756	584,476	558,490
Total residential nonagency CMO securities	$ 1,941,516	$ 1,919,046	$ 1,895,818

During the first six months of 2012, there were no sales of residential agency and nonagency CMO securities. During 2011, we sold residential agency and nonagency CMO securities with a par value of $653.8 million and recorded net securities gains totaling $15.9 million. The securities were sold in the interest of maintaining a high quality portfolio. We do not currently plan to substantially increase our future investments in nonagency residential CMO securities.

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Loans and Leases Held for Investment

The following table presents the balance and associated percentage of each major category in our loan and lease portfolio at June 30, 2012 and December 31, 2011, 2010, 2009, 2008 and 2007:

	June 30, 2012 Balance	%	December 31, 2011 Balance	%	2010 Balance	%	2009 Balance	%	2008 Balance	%	2007 Balance	%
						(In thousands)						
Residential mortgages	$ 5,060,942	65.0%	$ 4,556,841	69.9%	$ 4,182,785	68.6%	$ 3,225,147	77.4%	$ 3,553,498	77.1%	$ 2,709,156	72.6%
Commercial and commercial real estate	1,846,689	23.7%	1,165,384	17.9%	1,230,128	20.1%	707,841	17.0%	799,916	17.4%	744,746	19.9%
Lease financing receivables	681,205	8.8%	588,501	9.0%	451,443	7.4%						
Home equity lines	188,820	2.4%	200,112	3.1%	224,627	3.7%	227,106	5.5%	249,700	5.4%	272,617	7.3%
Consumer and credit card	7,774	0.1%	8,443	0.1%	10,285	0.2%	5,781	0.1%	6,489	0.1%	7,530	0.2%
	7,785,430	100.0%	6,519,281	100.0%	6,099,268	100.0%	4,165,875	100.0%	4,609,603	100.0%	3,734,049	100.0%
Allowance for loan and lease losses	(77,393)		(77,765)		(93,689)		(93,178)		(32,653)		(11,746)	
	$ 7,708,037		$ 6,441,516		$ 6,005,579		$ 4,072,697		$ 4,576,950		$ 3,722,303	
The balances presented above include:												
Net purchased loan and lease discounts	$ 180,779		$ 237,170		$ 393,014		$ 108,289		$ 125,527		$ 33,943	
Net deferred loan and lease origination costs	$ 20,366		$ 19,057		$ 10,861		$ 7,576		$ 9,390		$ 8,062	

The following table shows the contractual maturities, including scheduled principal repayments, of our loan and lease portfolio and the distribution between fixed and adjustable interest rate loans at December 31, 2011:

Maturities and Sensitivities of Selected Loans to Changes in Interest Rates (1)

	December 31, 2011 Due in One Year or Less	Due After One to Five Years (2)	Due After Five Years (2)	Total
	(In thousands)			
HFI Commercial and Commercial Real Estate (3)	$ 376,323	$ 325,172	$ 496,728	$ 1,198,223

(1) Based on contractual maturities.
(2) As of December 31, 2011, loans maturing after one year consisted of $441.7 million in variable rate loans and $380.2 million in fixed rate loans.
(3) Calculated contractual loan balances do not include $32.8 million in discounts to contractual UPB and $28.2 million in ALLL.

The principal categories of our loan and lease portfolio are set forth below.

Residential Mortgage Loans

At June 30, 2012, our residential mortgage loans totaled $5.1 billion, or 65%, of our total held for investment loan and lease portfolio. We primarily offer our customers residential closed-end mortgage loans typically secured by first liens on one-to-four family residential properties. Additionally, we invest in government-insured GNMA pool buyouts purchased from GNMA pool securities and other loans secured by residential real estate.

Residential mortgage loans increased by $504.1 million, or 11%, to $5.1 billion at June 30, 2012 from $4.6 billion at December 31, 2011. This increase was driven primarily by an increase in organic production of portfolio products and strategic acquisitions of high quality jumbo ARM products and conventional loans. Residential mortgage loans increased by $374.1 million, or 9%, to $4.6 billion at December 31, 2011 from $4.2 billion at December 31, 2010. This increase was driven primarily by organic jumbo loan growth and acquisitions of performing, high-quality mortgage loans along with the purchase of GNMA pool buyouts. Residential mortgage loans increased by $957.6 million, or 30%, to $4.2 billion at December 31, 2010 from $3.2 billion at December 31, 2009. This increase was driven primarily by purchases of GNMA pool buyouts and the addition of $107.0 million of residential mortgage loans acquired as part of the Bank of Florida acquisition, partially offset by principal payments on loans within the existing portfolio and, to a lesser extent, the movement of lower quality loans out of our loan portfolio through charge-off, pay-off or foreclosure.

Commercial and Commercial Real Estate Loans

At June 30, 2012, our commercial and commercial real estate loans, which include owner-occupied commercial real estate, commercial investment properties, asset-backed commercial and small business commercial loans, totaled $1.8 billion, or 24% of our total held for investment loan and lease portfolio.

Commercial and commercial real estate loans increased by $681.3 million, or 58%, to $1.8 billion at June 30, 2012 from $1.2 billion at December 31, 2011 due to new originations within our Commercial Real Estate Loans portfolio and our warehouse finance acquisition. Refer to Note 3 in our condensed consolidated financial statements as of and for the six months ended June 30, 2012 for additional information on the warehouse finance acquisition. Commercial and commercial real estate loans decreased by $64.7 million, or 5%, to $1.2 billion at December 31, 2011 from $1.2 billion at December 31, 2010, due to principal paydowns on the loans within our legacy portfolio and the movement of some of the acquired Bank of Florida loans out of our loan portfolio through charge-off, pay-off or foreclosure. This decrease is partially offset by originations. Commercial and commercial real estate loans increased by $522.3 million, or 74%, to $1.2 billion at December 31, 2010 from $707.8 million at December 31, 2009, due to the purchase of such loans in the Bank of Florida acquisition. The increase was partially offset by principal payments on loans within the existing portfolio and the movement of lower quality loans out of our loan portfolio through charge-off, pay-off or foreclosure.

Lease Financing Receivables

Lease financing receivables increased by $92.7 million, or 16%, to $681.2 million, or 9% of our total held for investment loan and lease portfolio at June 30, 2012 from $588.5 million at December 31, 2011. The increase was due to new lease originations, which were partially offset by paydowns of existing leases. Our leases generally consist of short-term and medium-term leases and loans secured by office equipment, office technology systems, healthcare and other essential-use small business equipment. All of our lease financing receivables were either purchased as a part of the Tygris acquisition or originated out of the operations of Tygris, which was rebranded as EverBank Commercial Finance, Inc., or ECF. Lease financing receivables increased by $137.1 million, or 30%, to $588.5 million at December 31, 2011 from $451.4 million at December 31, 2010, due to lease originations offset by principal payments. We did not have an investment in lease financing receivables prior to 2010.

Home Equity Lines

At June 30, 2012, our home equity lines totaled $188.8 million, or 2% of our total held for investment loan and lease portfolio. We offer home equity closed-end loans and revolving lines of credit typically secured by junior or senior liens on one-to-four family residential properties. Home equity lines decreased by $11.3 million,

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or 6%, to $188.8 million at June 30, 2012 from $200.1 million at December 31, 2011, due to paydowns on our existing lines of credit. Home equity lines decreased by $24.5 million, or 11%, to $200.1 million at December 31, 2011 from $224.6 million at December 31, 2010, due to pay-offs. Home equity lines decreased by $2.5 million, or 1%, to $224.6 million at December 31, 2010 from $227.1 million at December 31, 2009, due to principal payments on existing lines of credit.

Consumer and Credit Card Loans

At June 30, 2012, consumer and credit card loans, in the aggregate, totaled $7.8 million, or less than 1% of our total held for investment portfolio. These loans include direct personal loans, credit card loans and lines of credit, automobile and other loans to our customers which are generally secured by personal property. Lines of credit are generally floating rate loans that are unsecured or secured by personal property.

Loans Held for Sale

The following table presents the balance of each major category in our loans held for sale portfolio at June 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
	(in thousands)	
Government insured pool buyouts	$ 1,972,701	$ 1,939,114
Mortgage warehouse (carried at fair value)	1,105,985	761,818
Other	99,911	24,354
	$ 3,178,597	$ 2,725,286

At June 30, 2012, our government insured pool buyout loans totaled $2.0 billion, or 62%, of our total loans held for sale portfolio. We have acquired $1.5 billion of whole loans in the past 12 months in addition to loans purchased out of pools that we service. We are able to securitize and sell the pools at attractive price levels due to market demand for GNMA securities that offer predictable payments and a short duration. We have a history of servicing Federal Housing Administration, or FHA, loans. As a servicer, the buyout opportunity is the right to purchase above market rate, government insured loans at par (i.e., the amount that has to be passed through to the GNMA security holder when repurchased). For banks like EverBank, with cost effective sources of short term capital, this strategy represents a very attractive return with limited additional investment risk.

Each loan in a GNMA pool is insured or guaranteed by one of several federal government agencies, including the Federal Housing Authority, Department of Veterans Affairs or the Department of Agriculture s Rural Housing Service. The loans must at all times comply with the requirements for maintaining such insurance or guarantee. Prior to our acquisition of these loans, we perform, due diligence to ensure a valid guarantee is in place; therefore we take the view that no principal is at risk.

Duration is a potential risk of holding these loans and exposes us to interest rate risk and funding mismatch. In most cases, acquired loans or loans purchased out of our servicing asset are greater than 89 days past due upon purchase. Loans that go through foreclosure have an expected duration of one to two years, depending on the state s servicing timelines. Bankruptcy proceedings and loss mitigation requirements could extend the duration of these loans. Extensions for these reasons do not impact the insurance or guarantee and are modeled into the acquisition price.

Loans can re-perform on their own or through loss mitigation and/or modification. Most loans are 20 to 30 year fixed rate instruments. Re-performing loans earn a higher yield as they can earn an above market note rate rather than a government guaranteed reimbursement rate. In order to mitigate the duration risk on re-performing loans, EverBank has the ability to sell those loans into the secondary market.

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Operational capacity poses a lesser risk to the claim through missed servicing milestones. Servicing operations must comply with the government agencies servicing requirements in order to avoid interest curtailments (principal is not at risk). For acquired pool buyouts, we, in general, purchase loans early in the default cycle to obtain control of the files before processing errors jeopardize claims.

During the six months ended June 30, 2012, we transferred $333.4 million of conforming mortgages to GNMA in exchange for mortgage-backed securities. At June 30, 2012, we securitized and retained $104.0 million of these GNMA securities that were transferred and are included in the loans held for sale balance above as we retained effective control of these assets. In addition to the ability to work-out these assets and securitize into GNMA pools, we have acquired a significant portion of these assets at a discount to UPB. The UPB and a portion of the interest is government insured, which provides an attractive overall return on the underlying delinquent assets.

At June 30, 2012, our mortgage warehouse loans totaled $1.1 billion, or 35%, of our total loans held for sale portfolio. Our mortgage warehouse loans are largely comprised of agency deliverable product that we typically sell within three months subsequent to origination. We economically hedge our mortgage warehouse portfolio with forward sales commitments designed to protect against potential changes in fair value. Due to the short duration that these loans are present on our balance sheet, we have elected fair value accounting on this portfolio of loans due to the burden of complying with the requirements of hedge accounting. Mortgage warehouse loans increased by $344.2 million from December 31, 2011 due to elevated refinance activity related to historically low interest rates as well as government refinance programs such as HARP 2.0.

The following table presents an analysis from closing date to the end of period date of our mortgage warehouse loans held for sale at June 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
	(in thousands)	
30 days or less	$ 601,584	$ 431,880
31-90 days	463,837	310,326
Greater than 90 days	40,564	19,612
	$ 1,105,985	$ 761,818

Subsequent to June 30, 2012 and December 31, 2011, we sold $25.8 million and $19.1 million, respectively, of the mortgage warehouse loans classified as held for sale that were held for more than 90 days. The majority of these loans are conforming loans.

Our other loans held for sale totaled $99.9 million, or 3%, of our total loans held for sale portfolio.

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MSR

The following table presents the change in our MSR portfolio for the three and six months ended at June 30, 2012 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Balance, beginning of period	$ 462,420	$ 568,645	$ 489,496	$ 573,196
Originated servicing rights capitalized upon sale of loans	18,498	7,041	37,027	26,657
Amortization	(34,142)	(21,429)	(63,481)	(44,217)
Increase in valuation allowance	(30,135)		(45,279)	
Other	(679)	(938)	(1,801)	(2,317)
Balance, end of period	$ 415,962	$ 553,319	$ 415,962	$ 553,319
Valuation Allowance:				
Balance, beginning of period	$ 54,599		$ 39,455	
Increase in valuation allowance	30,135		45,279	
Balance, end of period	$ 84,734		$ 84,734	

We carry MSR at amortized cost net of any required valuation allowance. We amortize MSR in proportion to and over the period of estimated net servicing income and evaluate MSR quarterly for impairment.

Originated servicing rights increased by $11.5 million in the second quarter of 2012 and by $10.4 million in the first six months of 2012, compared to the same periods in 2011. The increase is primarily due to increased mortgage lending volume of $1.1 billion in the second quarter of 2012 and $1.8 billion in the first six months of 2012, compared to the same periods in 2011.

Amortization expense increased by $12.7 million, or 59%, in second quarter 2012 and by $19.3 million, or 44%, in the first six months of 2012, compared to the same periods in 2011. The increase in amortization expense is due to refinancing activity resulting in higher prepayment speeds, compared to the same periods in 2011, due to borrowers taking advantage of a low rate environment and government sponsored programs. Annualized amortization rates as of June 30, 2012 and 2011 approximated 26.83% and 15.40%.

An increase in expected portfolio prepayment speeds due to HARP 2.0 along with an increase of credit eligible borrowers due to a further decline in interest rates was the primary cause of impairment of $30.1 million in the second quarter of 2012 and $45.3 million during the first six months of 2012. At June 30, 2012, approximately 50% of the portfolio was eligible to refinance under the HARP program or in the money due to low interest rates. As such, near term annualized prepayment speeds were estimated at 23.8%. We record impairment adjustments through a valuation allowance.

At December 31, 2011, net MSR totaled $489.5 million, or 4% of total assets. Net MSR decreased $83.7 million, or 15%, from $573.2 million at December 31, 2010. The decrease is primarily attributable to MSR amortization and valuation allowance, partially offset by capitalized MSR resulting from sale of loans we originated and sold with servicing retained. We recorded a $39.5 million impairment charge related to MSR in 2011. At December 31, 2011, MSR comprised 43% of Tier 1 capital plus the general ALLL.

Cash and Cash Equivalents

Cash and cash equivalents increased by $223.3 million, or 76%, to $518.2 million as of June 30, 2012 from $295.0 million as of December 31, 2011. Cash and cash equivalents decreased by $874.2 million, or 75%, to

$295.0 million as of December 31, 2011 from $1,169.2 million as of December 31, 2010, largely due to cash outflows used to invest in organic loan growth, loans held for sale and loans held for investment acquisitions, offset by cash generated from operations and an increase in deposits and other borrowings.

Deferred Tax Asset

Our net deferred tax asset increased $11.9 million, to $163.6 million at June 30, 2012 from $151.6 million at December 31, 2011. The net deferred tax asset increased $18.3 million, to $151.6 million at December 31, 2011 from $133.3 million at December 31, 2010. The deferred tax asset increased $62.5 million related to the tax effects of other comprehensive income adjustments. This increase is offset by $44.2 million in deferred tax expense. The net deferred tax asset attributable to Tygris net operating loss carryforwards at December 31, 2011 is $77.0 million. Our future realization of these net operating loss carryforwards is limited by the application of Section 382 of the Internal Revenue Code of 1986, as amended, and is reflected in our net deferred tax asset.

Goodwill

Our total goodwill as of June 30, 2012 was $10.2 million, remaining unchanged from December 31, 2011. This amount is almost entirely composed of goodwill resulting from the excess of the fair value of liabilities assumed over the net assets acquired in the Bank of Florida acquisition.

Liabilities

Total liabilities increased by $1.8 billion, or 15%, to $13.9 billion at June 30, 2012 from $12.1 billion as of December 31, 2011, primarily due to growth in deposits and an increase in FHLB advances resulting from increased funding requirements. Total liabilities increased by $1.1 billion, or 10%, to $12.1 billion at December 31, 2011 from $11.0 billion as of December 31, 2010, also due to growth in deposits and an increase in FHLB advances resulting from increased funding requirements.

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Deposits

The following table shows the distribution of, and certain other information relating to, our deposits by type of deposit at the dates indicated:

	June 30, 2012			December 31, 2011			2010			2009		
	Actual Balance	Average Balance	Rate	Actual Balance	Average Balance	Rate	Actual Balance	Average Balance	Rate	Actual Balance	Average Balance	Rate
	(in thousands)											
Noninterest-bearing demand	$ 1,356,769	$ 1,383,610		$ 1,234,615	$ 1,123,830		$ 1,136,619	$ 1,039,096		$ 438,952	$ 678,572	
Interest-bearing demand	2,158,937	2,115,810	0.72%	2,124,306	2,052,353	0.89%	2,003,314	1,694,233	1.21%	1,493,709	1,308,492	1.71%
Market-based money market accounts	434,015	443,092	0.76%	455,204	451,740	0.93%	379,207	366,774	1.23%	364,827	321,934	1.80%
Savings and money market accounts, excluding market-based	3,959,874	3,817,059	0.75%	3,759,045	3,682,067	0.91%	3,457,351	2,839,705	1.25%	2,296,793	1,865,472	1.84%
Market-based time	832,474	876,462	0.98%	901,053	947,133	0.94%	854,388	758,693	1.09%	750,141	611,968	1.81%
Time, excluding market-based	2,061,674	1,923,743	1.42%	1,791,540	1,770,342	1.81%	1,852,175	1,781,052	1.84%	970,865	1,093,313	3.13%
	$ 10,803,743			$ 10,265,763			$ 9,683,054			$ 6,315,287		

The following table shows scheduled maturities of certificates of deposit with denominations greater than or equal to $100,000:

	December 31, 2011 (In thousands)
3 months or less	$ 604,013
3 through 6 months	184,813
6 through 12 months	175,601
12 through 24 months	156,494
24 through 36 months	44,003
Over 36 months	314,385
Total certificates of deposit	$ 1,479,309

Our major source of funds and liquidity is our deposit base, which provides funding for our investment securities, loan and lease portfolios. We carefully manage our interest paid on deposits to control the level of interest expense we incur. The mix and type of interest-bearing and noninterest-bearing deposits in our deposit base changes due to our funding needs, marketing activities and market conditions. We have experienced deposit growth as a result of the increased marketing initiatives we executed as part of our growth plan.

Total deposits increased by $0.5 billion to $10.8 billion at June 30, 2012 from $10.3 billion at December 31, 2011. During the first six months of 2012, noninterest-bearing deposits increased by $0.1 billion to $1.4 billion, primarily due to an increase in escrow deposits. Interest-bearing deposits increased by $0.4 billion to

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$9.4 billion at June 30, 2012 from $9.0 billion at December 31, 2011. This increase in interest-bearing deposits is primarily due to growth in time deposits, savings and money market accounts.

At December 31, 2011, deposits, in the aggregate totaled $10.3 billion. Noninterest-bearing deposits increased by $0.1 billion to $1.2 billion at December 31, 2011 from $1.1 billion at December 31, 2010, primarily due to an increase in escrow deposits. Interest-bearing deposits increased by $0.5 billion to $9.0 billion at December 31, 2011 from $8.5 billion at December 31, 2010. The increase is due to growth in savings and money market accounts and interest-bearing demand accounts.

Deposits increased by $3.4 billion, or 53%, to $9.7 billion at December 31, 2010 from $6.3 billion at December 31, 2009, primarily as a result of a $2.4 billion increase in organic core deposits and $0.9 billion of deposits acquired from Bank of Florida. Noninterest-bearing deposits increased by $697.7 million to $1.1 billion at December 31, 2010 from $439.0 million at December 31, 2009, primarily due to $78.3 million acquired in the Bank of Florida acquisition, as well as increases in the escrows generated by our servicing portfolio of $607.4 million. Interest-bearing deposits increased by $2.7 billion to $8.5 billion at December 31, 2010 from $5.9 billion at December 31, 2009. Approximately $0.8 billion of this increase is a result of the deposits acquired from Bank of Florida. The remaining increase is a result of organic activity generated by increased marketing activities. In addition, the change in composition is primarily attributable to a higher concentration of time deposits from Bank of Florida.

FHLB Borrowings

In addition to deposits, we use borrowings from the FHLB as a source of funds to meet the daily liquidity needs of our customers and fund growth in earning assets. FHLB borrowings have become an important source of funding as we have grown. Our FHLB borrowings increased by $1.2 billion, or 101%, to $2.5 billion at June 30, 2012 from $1.2 billion at December 31, 2011. The increase is primarily due to the increase in loans of $1.7 billion which was funded in part by FHLB advances. Additionally, we use wholesale funding in order to take advantage of historically low fixed borrowing rates. Our FHLB borrowings increased by $372.1 million, or 43%, to $1.2 billion at December 31, 2011 from $864.2 million at December 31, 2010. The increase was primarily due to an increase in overnight borrowings. See Liquidity and Capital Resources below for remaining borrowing capacity.

The following table provides a summary of our FHLB advances at the dates indicated:

	Weighted-Average Maturity (in years)	June 30, 2012	December 31, 2011	December 31, 2010	December 31, 2009
			(in thousands)		
Fixed-rate advances with a weighted-average interest rate of 1.71%, 2.45%, 3.63%, and 3.92%, respectively (1)	2.9	$ 1,615,286	$ 846,786	$ 720,168	$ 857,500
Convertible advances with a weighted-average fixed rate of 4.44%, 4.42%, 4.42%, and 5.92%, respectively (2)	0.6	27,000	44,000	44,000	2,000
Overnight advances with a weighted-average floating interest rate of 0.40%, 0.36%, 0.47% and 0.36%, respectively (3)		840,500	345,500	100,000	37,000
		$ 2,482,786	$ 1,236,286	$ 864,168	$ 896,500

(1) Interest is payable either monthly or quarterly; full principal due upon maturity.
(2) Convertible advances are callable quarterly by FHLB; interest is payable on call dates.
(3) Overnight advance rates are adjusted daily by FHLB.

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In addition, the table below summarizes the average outstanding balance of our FHLB advances, the weighted-average interest rate and the maximum amount of borrowings in each category outstanding at any month end during the six months ended June 30, 2012 and years ended December 31, 2011, 2010 and 2009, respectively.

	Six Months Ended June 30, 2012	Year Ended December 31, 2011	2010	2009
		(In thousands)		
Fixed-rate advances:				
Average daily balance	$ 1,263,496	$ 688,091	$ 803,378	$ 993,632
Weighted-average interest rate	1.84%	3.43%	3.70%	4.10%
Maximum month-end amount	$ 1,670,586	$ 846,786	$ 1,156,500	$ 1,265,500
Convertible advances:				
Average daily balance	$ 37,132	$ 44,000	$ 26,690	$ 2,000
Weighted-average interest rate	4.44%	4.42%	4.44%	5.92%
Maximum month-end amount	$ 44,000	$ 44,000	$ 44,000	$ 2,000
Overnight advances:				
Average daily balance	$ 263,901	$ 60,344	$ 16,175	$ 121,980
Weighted-average interest rate	0.39%	0.36%	0.43%	0.45%
Maximum month-end amount	$ 840,500	$ 410,000	$ 200,000	$ 568,000

During July 2012, we entered into commitments for five new fixed rate advances and modified five existing advances from the FHLB in order to support the acquisition of Business Property Lending and other strategic priorities. The new commitments represent a total borrowing of $636.0 million funding September 28, 2012 and the five existing advances were modified to extend the maturities of the advances and represent a remaining principal balance of $250.0 million.

Trust Preferred Securities

Our outstanding trust preferred securities totaled $103.8 million at June 30, 2012 and December 31, 2011 and $113.8 million and $123.0 million for the years ended December 31, 2010 and 2009, respectively. The decrease in trust preferred securities of $10.0 million at December 31, 2011 from December 31, 2010 was due to the early redemption of one of the trust preferred securities in January 2011. The decrease in trust preferred securities of $9.3 million at December 31, 2010 from December 31, 2009 was due to partial early redemptions of two trust preferred securities in May 2010.

Clawback Liability

Total clawback liability increased by $3.4 million, or 8%, to $46.7 million at June 30, 2012 from $43.3 million as of December 31, 2011. At the date of our acquisition of Bank of Florida, we recorded a clawback liability of $37.6 million, which represents the net present value of expected true-up payments due 45 days after the tenth anniversary of the closing of the Bank of Florida acquisition pursuant to the purchase and assumption agreements between us and the FDIC. On July 13, 2020, the true-up measurement date, we are 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, or $96.4 million, less (2) the sum of (a) 25% of the asset discount, or $72.0 million, 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 intrinsic loss estimate is an established figure by the FDIC. The asset discount was a part of the Company s bid. The liability was discounted using an estimated cost of debt capital of 6%, based on an index of the cost of debt capital of banks with credit quality comparable to ours. 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. Contingent consideration is re-measured each reporting period at fair value with changes reflected in other noninterest income until the contingency is resolved.

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Interest Rate Swaps

At June 30, 2012 and December 31, 2011, we had $146.5 million and $133.9 million, respectively, in unrealized losses related to our cash flow hedges outstanding due to an expected prolonged period of historically low interest rates. We have recorded the effect of this unrecognized loss in accumulated other comprehensive income, net of tax.

Loan and Lease Quality

Credit Reserves

We use a comprehensive methodology to monitor credit quality and prudently manage credit concentration within our portfolio of loans and leases. Our underwriting policies and practices govern the risk profile and credit and geographic concentration for our loan and lease portfolios. We also have a comprehensive methodology to monitor these credit quality standards, including a risk classification system that identifies potential problem loans based on risk characteristics by loan type as well as the early identification of deterioration at the individual loan level.

One of our key operating objectives has been, and continues to be, to maintain an appropriate level of reserves against probable losses in our loan and lease portfolio. Due to general stabilization in the real estate and housing markets, we have experienced decreased levels of loan and lease loss provisioning within our portfolio. For the six months ended June 30, 2012, our provision for loan losses was $17.1 million, a 37% decrease from $27.0 million for the six months ended June 30, 2011. For the year ended December 31, 2011, our provision for loan and lease losses was $49.7 million, a 37% decrease from 2010 where the provision for loan and lease losses was $79.3 million. For the year ended December 31, 2010, our provision for loan and lease losses decreased 35% from $121.9 million for the year ended December 31, 2009. As a result of the limited remaining legacy commercial real estate portfolio and our allowance and discount position on other loans and leases, we believe provisions associated with existing problem loans and leases should continue to be monitored as these and other more distressed legacy vintages work through our loan portfolio.

In addition to the ALLL, we have other credit-related reserves or discounts, including credit indemnification and similar support agreements with the FDIC and other parties, reserves for unfunded loan and lease commitments and purchase discounts related to certain acquired loans and leases. See Discounts on Acquired Loans and Lease Financing Receivables for information related to purchase discounts.

Assets with Credit Support

Assets with credit support represent acquired loans, leases and real estate that are covered by credit indemnification agreements and/or government insurance. Our assets with credit support include loans and leases acquired as part of the Tygris acquisition, assets acquired through the acquisition of the banking operations of Bank of Florida and GNMA pool securities.

We acquired $548.8 million of covered loans and leases through our acquisition of Tygris, including equipment under operating leases of $10.7 million. The credit risk associated with those assets is substantially mitigated by a portfolio credit loss protection escrow which indemnifies us against future credit losses incurred on the acquired loan and lease portfolio above 2% of the average purchased portfolio and $44.5 million in the first year, up to a maximum of $141.6 million. An escrow account was established with 9,470,010 shares of common stock, along with $50.0 million in cash, to offset potential losses realized in connection with Tygris lease and loan portfolio over a five-year period following the closing. As a result of a post-closing adjustment, the number of the escrowed shares was reduced to 8,758,220. The value of the escrowed shares represented 17.5% of the carrying value of the Tygris portfolio as of the closing. Pursuant to the terms of the Tygris acquisition agreement and related escrow agreement, we are required to review the average carrying value of the remaining Tygris portfolio annually over the five-year term of the escrow, and upon specified events, release a portion of the escrowed shares to the former Tygris shareholders to the extent that the aggregate value of the remaining escrowed shares (on a determined per share value) equals 17.5% of the average carrying value of the remaining Tygris portfolio on the date of each release. Based on our first annual review of the average carrying value of the remaining Tygris portfolio, we released 2,808,175 escrowed shares of our common stock to the former Tygris shareholders on April 25, 2011. On May 22, 2012, we completed our second annual review of the average carrying value of the remaining Tygris portfolio and released an additional 2,915,044.64 escrowed shares of our common stock to the former Tygris stockholders. Consummation of our initial public offering on May 8, 2012 triggered an additional partial release of the escrowed shares to the former Tygris shareholders. We are in the process of calculating the number of shares to be released from escrow. As of June 30, 2012, 3,035,001 shares of our common stock remain in escrow.

We recorded an indemnification asset of $30.8 million at the time of the Tygris acquisition based on our estimate of the fair value of the indemnification support obligation. We evaluate this asset quarterly and if favorable loss trends experienced since the acquisition continue, this asset may be written down or eliminated, which would result in a non-recurring loss in the period of such write-down. Concurrently, an increase in expected cash flows in the loan and lease portfolio acquired from Tygris would likely result in increased interest income in prospective periods due to a higher effective yield on the acquired loan and lease portfolio. During the years ended December 31, 2011 and 2010, we recognized an $8.7 million and $22.0 million decrease, respectively, in fair value of the indemnification asset effectively writing down the asset in anticipation of lower estimated future credit losses as a result of favorable loss trends. The carrying value of the Tygris indemnification asset has been $0 since March 31, 2011.

In conjunction with the Bank of Florida acquisition, we entered into loss sharing agreements regarding future losses incurred on an aggregate of approximately $1.4 billion of assets as of the acquisition date. Under the terms of the loss share agreements, we will be reimbursed by the FDIC for 80% of all net losses exceeding $385.6 million, subject to reporting requirements. We will reimburse the FDIC for 80% of specified recoveries on the covered assets. The term for loss and recovery sharing on residential real estate mortgage loans is ten years, while the term for loss share on non-residential real estate mortgage loans is five years with respect to losses and eight years with respect to loss recoveries.

As a GNMA servicer, we have the right, but not the obligation, to purchase delinquent loans which are backed by government insurance and guarantees out of GNMA pool securities for which we act as servicer and from other third-party servicers, or GNMA pool buyout loans. This option is permitted when individual loans reach an established delinquency stage, which normally is 90 days or more delinquent. Each loan in a GNMA pool is insured or guaranteed by one of several federal government agencies, including the Federal Housing Authority, Department of Veterans Affairs or the Department of Agriculture s Rural Housing Service. The loans must at all times comply with the requirements for obtaining and maintaining such insurance or guaranty. Since these residential loans are guaranteed by these government agencies, we incur no incremental credit risk when we purchase these loans. Many of these loans do not cure and go through a foreclosure process, which enables us to earn a spread equal to the difference between the cost of funding required to acquire the loan and the interest rate on the loan that we collect from the government insurer or guarantor, as applicable, following foreclosure.

GNMA pool buyout loans are accounted for using an expected cash flow model. At the date of acquisition, we designate the loans as held for investment or held for sale. Loans held for sale are carried at the lower of cost or market. Loans held for investment are carried at amortized cost and measured periodically for impairment. GNMA pool buyout loans totaled $2.7 billion and $2.8 billion at June 30, 2012 and December 31, 2011, respectively.

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Discounts on Acquired Loans and Lease Financing Receivables

We evaluate acquired loans and lease financing receivables for evidence of credit deterioration in order to determine proper accounting classification. Loans are accounted for under ASC Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, or ASC 310-30, when there is evidence of credit deterioration since origination and it is probable, at acquisition, that we will be unable to collect all contractually required payments.

ASC 310-30 allows us to aggregate acquired credit-impaired, or ACI, loans into one or more pools according to common risk characteristics. The contractual cash flows due for such pools are reduced by the portion expected to be uncollectible, referred to as the non-accretable difference. The non-accretable difference is determined according to expectations of principal credit losses, foregone interest, prepayment activity, servicing costs and other cash outlays. A pool is accounted for as a single asset with the expectation of cash flows and anticipated timing of receipt of such cash flows determined on an aggregate basis. To determine fair value, expected cash flows are discounted by an interest rate approximating the acquisition date market rate of return for the pool of loans. The excess of expected cash flows over fair value is referred to as the accretable yield and is recognized as interest income on a level yield basis over the estimated remaining life of the pool of loans.

Acquired loans that do not meet the criteria established under ASC 310-30, or non-ACI loans, are accounted for under ASC Topic 310-20, Receivables Nonrefundable Fees and Other Costs, or ASC 310-20. For non-ACI loans acquired at a discount to UPB, this accounting method results in a purchase discount that accretes on a level yield basis and is recognized as a component of interest income. This accretion represents income in addition to contractual interest received and increases the effective yield of the loans. While under ASC 310-20 the entire purchase discount is accretable, a portion of the accretable purchase discount can be attributable to expected credit losses and other cash flow items impacting fair value.

We evaluated the loans acquired from Bank of Florida and concluded that all loans, with the exception of revolving loans and consumer loans, were ACI loans and would be accounted for under ASC 310-30. As of the acquisition date, ACI loans had remaining contractual principal and interest payments of $1.3 billion, expected cash flows of $996.3 million, and a fair value of $807.0 million. The difference between the contractually required payments of $1.3 billion and the expected cash flows of $996.3 million represents a non-accretable difference in the amount of $314.4 million. The difference between the expected cash flows of $996.3 million and fair value of $807.0 million represents an accretable yield of $189.3 million. The $807.0 million fair value established for ACI loans represented a $220.8 million discount to acquired UPB of $1.0 billion at acquisition.

Acquired revolving loans were accounted for under ASC 310-20 and recognized at fair value. The fair value of these loans was $73.1 million, which represented a $26.4 million discount to acquired UPB of $99.5 million. Additionally, we acquired consumer loans with a UPB of $10.3 million at a fair value of $8.3 million, which resulted in a $2.0 million discount. Payments on these loans are accounted for under the cost recovery method.

In conjunction with the Tygris acquisition, we adopted an accounting policy of recognizing accretable yield for ACI lease financing receivables based on expected cash flows, following the accounting method described above under ASC 310-30. We determined a portfolio of ACI lease financing receivables based on internal criteria established for evidence of credit deterioration since origination such that it was deemed probable that we would be unable to collect all contractually required payments. At acquisition, the ACI portfolio had contractual amounts due of $128.6 million, $6.0 million of which were related to residual amounts, expected cash flows of $44.9 million and a fair value of $38.8 million. The difference between the contractually required payments of $128.6 million and the expected cash flows of $44.9 million represents a non-accretable difference of $83.7 million. The difference between the expected cash flows of $44.9 million and fair value of $38.8 million represents an accretable yield of $6.1 million. The $38.8 million fair value of the ACI portfolio represented a $70.7 million discount to its prior carrying value of $109.5 million at acquisition.

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For non-ACI lease financing receivables acquired from Tygris, our assessment of fair value as of the date of acquisition incorporated assumptions for credit losses, servicing costs and other cash outlays even though the portfolio had not displayed evidence of credit deterioration. Contractual amounts due for the non-ACI portfolio were $809.4 million, of which $51.1 million was related to residual amounts, while expected cash flows were $603.2 million. Expected cash flows were discounted by a rate approximating the market rate of return for the lease portfolio. This approach resulted in a $499.3 million fair value for the non-ACI portfolio, which represented a $196.1 million discount to its prior carrying value of $695.5 million at acquisition. For the non-ACI portfolio, we adopted a policy for accreting this discount on a level yield basis, following the accounting method described above under ASC 310-20. For non-ACI loans and lease financing receivables accounted for under ASC 310-20, we periodically monitor the accretable purchase discount and recognize an allowance for loan loss if the discount is not sufficient to absorb incurred losses.

For ACI loans and lease financing receivables accounted for under (or by analogy to) ASC 310-30, we periodically reassess cash flow expectations at a pool or loan/lease level. In the case of improving cash flow expectations for a particular pool, we reclassify an amount of non-accretable difference as accretable yield, thus increasing the prospective yield of the pool. In the case of deteriorating cash flow expectations, we record a provision for loan or lease loss, following the allowance for loan loss framework. For more information on ACI loans and lease financing receivables accounted for under (or by analogy to) ASC 310-30, see Note 6 and Note 8 to the consolidated financial statements of EverBank Financial Corp and subsidiaries as of and for the period ended June 30, 2012 and the year ended December 31, 2011. The following table presents a bridge from UPB or contractual net investment to carrying value for ACI loans and lease financing receivables accounted for under (or by analogy to) ASC 310-30 at June 30, 2012 and December 31, 2011.

	Bank of Florida	Other (In thousands)	Total
Under ASC 310-30 (or by analogy)			
June 30, 2012			
UPB or contractual net investment	$ 613,623	$ 508,605	$ 1,122,228
Plus: contractual interest due or unearned income	239,050	387,714	626,764
Contractual cash flows due	852,673	896,319	1,748,992
Less: nonaccretable difference	167,424	348,188	515,612
Less: ALLL	15,828	4,490	20,318
Expected cash flows	669,421	543,641	1,213,062
Less: accretable yield	112,413	54,808	167,221
Carrying value	$ 557,008	$ 488,833	$ 1,045,841
Carrying value as a percentage of UPB or contractual net investment	91%	96%	93%
December 31, 2011			
UPB or contractual net investment	$ 685,967	$ 543,240	$ 1,229,207
Plus: contractual interest due or unearned income	267,879	470,601	738,480
Contractual cash flows due	953,846	1,013,841	1,967,687
Less: nonaccretable difference	179,342	421,446	600,788
Less: ALLL	11,638	4,351	15,989
Expected cash flows	762,866	588,044	1,350,910
Less: accretable yield	141,750	65,973	207,723
Carrying value	$ 621,116	$ 522,071	$ 1,143,187
Carrying value as a percentage of UPB or contractual net investment	91%	95%	93%

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In the Bank of Florida ACI portfolio, an impairment charge of $4.2 million was recognized for the six months ended June 30, 2012 due to a reduction in cash flow expectations in certain pools of loans. Within this portfolio, we reclassified $10.7 million to nonaccretable difference from accretable yield as a result of this reduction in cash flows.

In our other ACI portfolio, additional impairment of $0.1 million was recognized for the six months ended June 30, 2012. Within this portfolio, we reclassified $1.4 million to accretable yield as there was an increase in expected cash flows in certain pools of loans.

For non-ACI loans and lease financing receivables accounted for under ASC 310-20, we periodically monitor the accretable purchase discount and recognize an allowance for loan loss if the discount is not sufficient to absorb incurred losses. The following table presents a bridge from UPB or contractual net investment to carrying value for non-ACI loans and lease financing receivables accounted for under ASC 310-20 at June 30, 2012 and December 31, 2011.

	Bank of Florida	Tygris	Other	Total
		(In thousands)		
Under ASC 310-20				
June 30, 2012				
UPB or contractual net investment	$ 45,629	$ 153,690	$ 2,502,238	$ 2,701,557
Less: net purchase discount	15,295	31,058	64,376	110,729
Recorded investment	$ 30,334	$ 122,632	$ 2,437,862	$ 2,590,828
Recorded investment as a percentage of UPB or contractual net investment	66%	80%	97%	96%
December 31, 2011				
UPB or contractual net investment	$ 58,519	$ 225,794	$ 2,067,453	$ 2,351,766
Less: net purchase discount	16,959	49,708	80,720	147,387
Recorded investment	$ 41,560	$ 176,086	$ 1,986,733	$ 2,204,379
Recorded investment as a percentage of UPB or contractual net investment	71%	78%	96%	94%

Our non-ACI portfolio for Bank of Florida consists of revolving lines of credit that do not fall within the scope of ASC 310-30 due to their revolving nature. During the six months ended June 30, 2012, there was not a significant change in the amount of purchase discount in this portfolio as there was normal accretion of the discount (non-credit) and nominal charge-offs for the period. Charge-offs associated with this portfolio are initially taken through the purchase discount and any additional allowance that may be necessary would be taken through provision for loan and lease losses.

Our non-ACI portfolio for Tygris consists of leases that did not have evidence of credit deterioration since origination when we purchased these leases. The purchase discount related to the ECF portfolio is considered to be the additional discount when comparing our carrying value to the contractual net investment of the lease as recorded by Tygris prior to acquisition and represents additional yield in addition to the normal yield associated with these leases. During the three and six months ended June 30, 2012, we recognized $8.2 million and $18.2 million, respectively, in discount accretion through interest income and had charge-offs of $0.2 million and $0.4 million, respectively. Similar to the Bank of Florida portfolio, charge-offs associated with this portfolio are initially taken through the purchase discount and any additional allowance that may be necessary would be taken through provision for loan and leases losses.

Our remaining non-ACI portfolio includes loans we have strategically acquired over the years. During the three and six months ended June 30, 2012, we recognized $0.1 million and $10.1 million, respectively, in related premiums, $3.0 million and $6.2 million in discount accretion through interest income, and had no

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charge-offs, respectively. Similar to the other portfolios, we monitor each pool of loans and leases purchased for the need of an allowance in addition to our acquired purchase discount and record an allowance for losses through provision for loan and lease losses.

Analysis of the Allowance for Loan and Lease Losses

The following table allocates the allowance for loan and lease losses by category:

	June 30, 2012 Amount	%	December 31, 2011 Amount	%	2010 Amount	%	2009 Amount	%	2008 Amount	%	2007 Amount	%
	(In thousands)											
Residential mortgages	$ 37,719	48.7%	$ 43,454	55.9%	$ 46,584	49.7%	$ 56,653	60.8%	$ 14,920	45.7%	$ 5,976	50.9%
Commercial and commercial real estate	32,050	41.4%	28,209	36.3%	33,490	35.8%	26,576	28.5%	11,193	34.3%	4,937	42.0%
Lease financing receivables	4,160	5.4%	3,766	4.8%	2,454	2.6%						
Home equity lines	3,288	4.3%	2,186	2.8%	10,907	11.6%	9,651	10.4%	6,244	19.1%	516	4.4%
Consumer and credit card	176	0.2%	150	0.2%	254	0.3%	298	0.3%	296	0.9%	317	2.7%
	$ 77,393	100%	$ 77,765	100%	$ 93,689	100%	$ 93,178	100%	$ 32,653	100%	$ 11,746	100%

The ALLL and the balance of non-accretable discounts represent our estimate of probable and reasonably estimable credit losses inherent in loans and leases held for investment as of the balance sheet date.

Our methodology for assessing the adequacy of the ALLL includes segmenting loans in the portfolio by product type. The portfolio includes risk characteristics related to each segment, such as loan type and guarantees, as well as borrower type and geographic location. For these measurements, we use assumptions and methodologies that are relevant to estimating the level of impairment and probable losses in the loan portfolio. To the extent the data supporting such assumptions has limitations, management s judgment and experience play a key role in recording allowance estimates. Management must use judgment in establishing metrics and assumptions related to a modeling process. The models and assumptions used to determine the allowance are reviewed and validated to ensure theoretical foundation, integrity, computational accuracy and sound reporting practice.

Residential mortgages, lease financing receivables, home equity lines and consumer and credit cards each have distinguishing borrower needs and differing risks associated with each product type. Commercial and commercial real estate loans are further analyzed for the borrower s ability and intent to repay and the value of the underlying collateral. The amount of impairment is based on an analysis of the most probable source of repayment, including the present value of the loan s expected future cash flows, the estimated market value or the fair value of the underlying collateral. Interest income on impaired loans is accrued as earned, unless the loan is placed on non-accrual status.

Individual loans and leases considered to be uncollectible are charged off against the allowance. The amount and timing of charge-offs on loans and leases includes consideration of the loan or lease type, length of delinquency, insufficient collateral value, lien priority and the overall financial condition of the borrower. Collateral value is determined using updated appraisals and/or other market comparable information, such as Broker Price Opinions. Updated financial information on commercial and commercial real estate loans is also obtained from the borrower at least annually, or more frequently if the loan becomes delinquent. Charge-offs are generally taken on loans once the impairment is determined to be other-than-temporary. Recoveries on loans previously charged off are added to the allowance. Net charge-offs to average loans held for investment for the periods ended June 30, 2012 and 2011 were 0.49% and 1.00%, respectively, and for the years ended December 31, 2011, 2010 and 2009 were 1.02%, 1.46%, and 1.35%, respectively.

The ALLL totaled $77.4 million at June 30, 2012, a decrease of $0.4 million from December 31, 2011. The ALLL totaled $77.8 million at December 31, 2011, a decrease of $15.9 million from December 31, 2010

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primarily due to lower provision expense as a function of decreased gross charge offs for commercial and commercial real estate portfolios partially offset by an increase in gross charge offs in residential portfolios. The ALLL totaled $93.7 million at December 31, 2010, an increase of $0.5 million from December 31, 2009, primarily due to an increase in charge-offs for residential mortgages.

Factors considered in the calculation of the allowance for loan and lease losses not accounted for under ASC 310-30 include several quantitative and qualitative factors such as historical loss experience, trends in delinquency, changes in portfolio composition and underwriting standards, concentrations, experience and ability of management, and general economic trends along with other external factors. We analyze the loan portfolio at least quarterly to assess the overall level of the ALLL and non-accretable discounts. We also rely on internal and external loan review procedures to further assess individual loans and loan pools, and economic data for overall industry and geographic trends.

The tables below set forth the calculation of the ALLL based on the method for determining the allowance.

	June 30, 2012			December 31, 2011		
	Excluding ACI Loans	ACI Loans	Total	Excluding ACI Loans	ACI Loans	Total
Residential mortgages	$ 32,116	$ 5,603	$ 37,719	$ 37,990	$ 5,464	$ 43,454
Commercial and commercial real estate	17,335	14,715	32,050	17,684	10,525	28,209
Lease financing receivables	4,160		4,160	3,766		3,766
Home equity lines	3,288		3,288	2,186		2,186
Consumer and credit card	176		176	150		150
Total ALLL	$ 57,075	$ 20,318	$ 77,393	$ 61,776	$ 15,989	$ 77,765
ALLL as a percentage of loans and leases held for investment	0.85%	1.91%	0.99%	1.15%	1.38%	1.19%

	June 30, 2012			December 31, 2011		
	Excluding ACI Loans	ACI Loans	Total	Excluding ACI Loans	ACI Loans	Total
Residential mortgages	4,487,934	573,008	5,060,942	3,943,046	613,795	4,556,841
Commercial and commercial real estate	1,353,538	493,151	1,846,689	620,003	545,381	1,165,384
Lease financing receivables	681,205		681,205	588,501		588,501
Home equity lines	188,820		188,820	200,112		200,112
Consumer and credit card	7,774		7,774	8,443		8,443
Total loans and leases held for investment	6,719,271	1,066,159	7,785,430	5,360,105	1,159,176	6,519,281

The recorded investment in residential mortgages, excluding ACI loans, increased $544.8 million, or 13.8% to $4.5 billion at June 30, 2012 from $3.9 billion at December 31, 2011. The ALLL for residential mortgages, excluding ACI loans, decreased $5.8 million, or 15.5% to $32.1 million at June 30, 2012 from $37.9 million at December 31, 2011 as a result of improving delinquency trends. New originations of $330.5 million in UPB along with the acquisition of $742.5 million of UPB of high credit quality whole loans during the six months ended June 30, 2012 contributed to the improving trends. Charge-off activity for residential mortgages decreased 26% to $10.8 million for the six months ended June 30, 2012 from $14.6 million for the six months ended June 30, 2011. Loan performance and historical loss rates are analyzed using the prior 12 months delinquency rates and actual charge-offs.

The recorded investment for commercial and commercial real estate, excluding ACI loans, increased $733.5 million or 118.3% to $1.4 billion at June 30, 2012 from $620.0 million at December 31, 2011. The

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increase is due the acquisition of the warehouse lending portfolio along with organic growth in our commercial and commercial real estate of $367 million during the six months ended June 30, 2012. The warehouse lending portfolio is characterized by large revolving lines with current outstanding balances of $526.7 million as of June 30, 2012.

The ALLL for commercial and commercial real estate, excluding ACI loans, decreased 1.9% to $17.3 million at June 30, 2012 from $17.7 million at December 31, 2011. The reserve on loans collectively evaluated for impairment increased 11.9% to $13.1 million at June 30, 2012 from $11.7 million at December 31, 2011. The reserves on loans individually evaluated for impairment decreased by 30.0% to $4.2 million at June 30, 2012 from $6.0 million at December 31, 2011. The outstanding balance of loans individually evaluated for impairment decreased by 24.5% from December 31, 2011 to June 30, 2012. The ALLL as a percentage of loans and leases held for investment for commercial and commercial real estate decreased to 1.28% as of June 30, 2012 compared with 2.85% at December 31, 2011. The decreased coverage ratio is due to improvement in our credit quality of loans along with growth in the portfolio due to new originations and the warehouse lending acquisitions. Newly originated loans adhere to higher underwriting standards than in previous periods.

The most significant historical loss factors include credit quality and charge-off activity. The loss factors used in our allowance calculation have remained consistent over the periods presented. Charge-off activity is analyzed using a 15 quarter time period to determine loss rates consistent with loan segments used in recording the allowance estimate. During periods of more consistent and stable performance, this period is considered the most relevant starting point for analyzing the reserve. During periods of significant volatility and severe loss experience, a shortened period may be used which is more reflective of expected future losses. At June 30, 2012, three segments that are included in the commercial and commercial real estate loan portfolio used shortened historical severity look back periods of 13, 6 and 5 quarters as compared with 11, 8 and 4 quarters used at December 31, 2011. The difference is due to additional loan history that is more indicative of future expected losses. Charge-off activity for commercial and commercial real estate decreased 63.3% to $4.0 million for the six months ended June 30, 2012 from $10.9 million for the six months ended June 30, 2011. Loan delinquency is one of the leading indicators of credit quality. As of June 30, 2012, 2.7% of the recorded investment in commercial and commercial real estate was past due as compared to 10.6% as of December 31, 2011.

Provision for Loan and Lease Losses

Provisions for loan and lease losses are charged to operations to record changes to the total ALLL to a level deemed appropriate by management. The provision for loan and lease losses totaled $17.1 million for the six month period ended June 30, 2012, compared to $27.0 million for the six month period ended June 30, 2011. For the years ended December 31, 2011, 2010 and 2009, the provision totaled $49.7 million, $79.3 million and $121.9 million, respectively. The $29.6 million decrease in 2011 compared to 2010 is primarily a result of continued stabilizing economic activity in commercial real estate portfolio which was offset partially by challenging economic performance of the residential portfolio. The $42.6 million decrease in 2010 compared to 2009 is primarily a result of decreased losses on non-performing loans, or NPL, and lower than expected delinquencies due to stabilizing economic conditions during 2010, particularly on our legacy commercial real estate portfolio.

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The following table provides an analysis of the ALLL, provision for loan and lease losses and net charge-offs for the six month period ended June 30, 2012 and 2011 and each year in the five-year period ended December 31, 2011:

	Six Months Ended June 30,		Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
				(In thousands)			
ALLL, beginning of period	$ 77,765	$ 93,689	$ 93,689	$ 93,178	$ 32,653	$ 11,746	$ 6,952
Charge-offs:							
Residential mortgages	10,833	14,644	36,664	19,730	8,351	3,482	
Commercial and commercial real estate	4,004	10,913	19,446	46,168	47,930	11,121	659
Lease financing receivables	2,098	3,128	5,371	6,050			
Home equity lines	1,592	3,316	5,806	7,540	5,219	2,009	
Consumer and credit card	51	140	193	610	156	156	221
Total charge-offs	18,578	32,141	67,480	80,098	61,656	16,768	880
Recoveries:							
Residential mortgages	305	11	46	267	244	10	
Commercial and commercial real estate	579	587	2,028	598	6	11	49
Lease financing receivables	65	13	116	2			
Home equity lines	116	11	24	187	17	9	
Consumer and credit card	29	5	35	214	2	2	14
Total recoveries	1,094	627	2,249	1,268	269	32	63
Net charge-offs	17,484	31,514	65,231	78,830	61,387	16,736	817
Provision for loan and lease losses	17,112	27,034	49,704	79,341	121,912	37,278	5,632
Other			(397)			365	(21)
ALLL, end of period	$ 77,393	$ 89,209	$ 77,765	$ 93,689	$ 93,178	$ 32,653	$ 11,746
Net charge-offs to average loans held for investment	0.49%	1.00%	1.02%	1.46%	1.35%	0.41%	0.03%

Net charge-offs for the six month period ended June 30, 2012 totaled $17.5 million, down $14.0 million over the six month period ended June 30, 2011. Net charge-offs for 2011 totaled $65.2 million, down $13.6 million from 2010. This decrease in net charge-offs is primarily a result of stabilizing property values of the commercial real estate portfolio. Net charge-offs for 2010 totaled $78.8 million, up $17.4 million over 2009. Net charge-offs increased from $0.8 million in 2007 to $16.7 million and $61.4 million in 2008 and 2009, respectively, primarily in the commercial and commercial real estate loan portfolios. Residential mortgage net charge-offs for 2011 totaled $36.6 million. Residential mortgage net charge-offs for the six months ended June 30, 2012 totaled $10.5 million. Residential mortgages experienced increasing levels of net charge-offs from 2007 to 2011, growing from $0 to $36.6 million, respectively.

Problem Loans and Leases

Loans and leases are placed on non-accrual status when, in the judgment of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual, which is generally when the loan becomes 90 days past due, with the exception of government-insured loans and ACI loans and leases. When a loan is placed on non-accrual status, previously accrued but unpaid interest is reversed from interest income, and interest income is recorded as collected.

We exclude government-insured pool buyout loans from our definition of non-performing loans and leases. At June 30, 2012 and December 31, 2011 we also excluded loans acquired in the Bank of Florida acquisition from non-performing status, because we expected to fully collect the carrying value which reflects significant purchase discounts. If our expectation of reasonably estimable future cash flows deteriorates, these loans may be classified as non-accrual loans and interest income will not be recognized until the timing and amount of future cash flows can be reasonably estimated. At December 31, 2010 we also excluded loans and leases acquired in the Tygris acquisition from non-performing status, because we expected to fully collect the carrying value which reflects significant discounts.

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Real estate we acquired as a result of foreclosure or by deed-in-lieu of foreclosure is classified as OREO until sold, and is carried at the balance of the loan at the time of foreclosure or at estimated fair value less estimated costs to sell, whichever is less.

In cases where a borrower experiences financial difficulties and we make certain concessionary modifications to contractual terms, the loan is classified as a troubled debt restructuring, or TDR. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time the contract is modified are not considered to be impaired loans in calendar years subsequent to the restructuring.

The following table sets forth the composition of our NPA, including non-accrual, accruing loans and leases past due 90 or more days, TDR and OREO, as of the dates indicated. The balances of NPA reflect the net investment in such assets including deductions for purchase discounts.

	June 30,	December 31,				
	2012	2011	2010	2009	2008	2007
			(In thousands)			
Non-accrual loans and leases:						
Residential mortgages	$ 66,956	$ 81,594	$ 53,719	$ 52,820	$ 32,942	$ 24,637
Commercial and commercial real estate	95,882	104,829	153,024	136,924	85,130	985
Lease financing receivables	1,295	2,385	3,755			
Home equity lines	4,256	4,251	2,420	5,149	5,167	6,084
Consumer and credit card	573	419	920	58	1	64
Total non-accrual loans and leases	168,962	193,478	213,838	194,951	123,240	31,770
Accruing loans 90 days or more past due	1,800	6,673	1,754	1,362	104	
Total non-performing loans (NPL)	170,762	200,151	215,592	196,313	123,344	31,770
Other real estate owned (OREO)	49,248	42,664	37,450	24,087	18,010	4,821
Total non-performing assets (NPA)	220,010	242,815	253,042	220,400	141,354	36,591
Troubled debt restructurings (TDR) less than 90 days past due	93,184	92,628	70,173	95,482	48,768	275
Total NPA and TDR	$ 313,194	$ 335,443	$ 323,215	$ 315,882	$ 190,122	$ 36,866
Total NPA and TDR	$ 313,194	$ 335,443	$ 323,215	$ 315,882	$ 190,122	$ 36,866
Government-insured 90 days or more past due still accruing	1,647,567	1,570,787	553,341	589,842	428,630	236,455
Tygris and Bank of Florida loans and leases accounted for under ASC 310-30 or by analogy:						
90 days or more past due	140,797	149,743	195,425			
OREO	20,379	19,456	19,166			
Total regulatory NPA and TDR	$ 2,121,937	$ 2,075,429	$ 1,091,147	$ 905,724	$ 618,752	$ 273,321
Adjusted credit quality ratios excluding government-insured loans and Tygris and Bank of Florida loans and leases accounted for under ASC 310-30 or by analogy:						
NPL to total loans	1.57%	2.18%	2.98%	3.67%	2.25%	0.68%
NPA to total assets	1.46%	1.86%	2.11%	2.73%	2.01%	0.66%
NPA and TDR to total assets	2.08%	2.57%	2.69%	3.92%	2.70%	0.67%
Credit quality ratios including government-insured loans and loans and leases accounted for under ASC 310-30 or by analogy:						
NPL to total loans	18.00%	20.95%	13.31%	14.68%	10.05%	5.75%
NPA to total assets	13.49%	15.20%	8.50%	10.05%	8.09%	4.94%

NPA and TDR to total assets	14.11%	15.91%	9.09%	11.24%	8.78%	4.95%

At June 30, 2012, total non-performing loans, or NPL, were $170.8 million, or 1.6% of total loans, down $29.4 million from $200.2 million, or 2.2% of total loans, at December 31, 2011. At December 31, 2011, NPL were $200.2 million, or 2.2% of total loans, down $15.4 million from $215.6 million, or 3.0% of total loans, at December 31, 2010. NPL have increased $47.4 million since December 31, 2008 primarily due to the national rise in mortgage defaults.

We utilize an asset risk classification system in compliance with guidelines established by the OCC Handbook as part of its efforts to improve asset quality. In connection with examinations of insured institutions, examiners have the authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: substandard, doubtful, and loss. Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values. An asset classified as loss is not considered collectable and of such little value that continuance as an asset is not warranted. Commercial loans with adverse classifications are reviewed by the commercial credit committee of our senior credit committee monthly.

In addition to the problem loans described above, as of June 30, 2012, we had special mention loans and leases totaling $79.9 million, which are not included in either the non-accrual or 90 days past due loan and lease categories but which, in our opinion, were subject to potential future rating downgrades. Special mention loans and leases decreased by $6.3 million, or 7%, to $79.9 million at June 30, 2012, from $86.2 million at December 31, 2011, and decreased $1.1 million, or 1%, to $86.2 million at December 31, 2011 from $87.3 million at December 31, 2010. Loans and leases rated as special mention totaled $79.9 million, or 0.7% of the total loan portfolio and 0.8% of the noncovered loan portfolio at June 30, 2012, including $68.8 million acquired from Bank of Florida.

Loans Subject to Representations and Warranties

We originate residential mortgage loans, primarily first-lien home loans, through our direct and wholesale channels with the intent of selling a substantial majority of them in the secondary mortgage market. We sell and securitize conventional conforming and federally insured single-family residential mortgage loans predominantly to GSEs, such as FNMA and Freddie Mac, or FHLMC. A majority of the loans sold to non-GSEs were agency deliverable product that were eventually sold by large aggregators of agency product who securitized and sold the loans to the agencies. We also sell residential mortgage loans that do not meet criteria for whole loan sales to GSEs (nonconforming mortgage loans), to private non-GSE purchasers through whole loan sales.

Although we structure all of our loan sales as non-recourse sales, the underlying sale agreements require us to make certain market standard representations and warranties at the time of sale, which may vary from agreement to agreement. Such representations and warranties typically include those made regarding the existence and sufficiency of file documentation, credit information, compliance with underwriting guidelines and the absence of fraud by borrowers or other third parties such as appraisers in connection with obtaining the loan. We have exposure to potential loss because, among other things, the representations and warranties we provide purchasers typically survive for the life of the loan.

Beginning in 2009, higher loan delinquencies, resulting from deterioration in overall economic conditions and trends, particularly those impacting the residential housing sector, caused investors to carefully examine and re-underwrite credit files for those loans in default. Investors have most often cited income and employment misrepresentations as the grounds for us to repurchase loans.

Upon receipt of a repurchase demand from an investor, we review the allegations and re-underwrite the loan. We also verify any third-party information included as support for the repurchase demand. In certain cases, we may request the investor to provide additional information to assist us in our determination whether to repurchase the loan.

Upon completion of our own internal investigation as to the validity of a repurchase claim, our findings are discussed by senior management and subject-matter experts as part of our loan repurchase subcommittee. If the subcommittee determines that we are obligated to repurchase a loan, such recommendation is presented to executive management for review and approval.

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, we generally have an obligation to either: (a) repurchase the loan for the UPB, accrued interest and related advances, which we refer to collectively as the Repurchase Price, (b) indemnify the purchaser or (c) make the purchaser whole for the economic benefits of the loan. Our obligations vary based upon the nature of the repurchase demand and the current status of the mortgage loan. For example, if an investor has already liquidated the mortgage loan, the investor no longer has a mortgage asset that we could repurchase.

Of the three courses of action described above, a loan repurchase is the only remedy where we will place the loan asset that is the subject of the repurchase demand on our balance sheet. In the case of indemnification, the investor still owns the loan asset and we indemnify the investor for losses incurred resulting from our breach of a representation and warranty. In the case of a make-whole payment, the investor or subsequent purchaser of a loan asset has liquidated the loan and there is no loan asset for us to repurchase. We are simply obligated to make the investor whole for losses incurred between the initial purchase price and the liquidation price, and related costs.

At the time we repurchase a loan, we determine whether to hold the loan for sale or for investment. If the loan is sellable on the secondary market, we may elect to do so. If the loan is not sellable on the secondary market or there are other reasons why we would elect to retain the loan, we will service the asset to minimize our losses. This may include, depending on the status of the loan at the time of repurchase, modifying the loan, or foreclosure on the loan and subsequent liquidation of the mortgage property.

When we sell residential mortgage loans on the secondary mortgage market, our repurchase obligations are typically not limited to any specific period of time. Rather, the contractual representations and warranties we make on these loans survive indefinitely for the life of the loan.

We also have a limited repurchase exposure for early payment defaults, or EPDs, which are typically triggered if a borrower does not make the first several payments due after the mortgage loan has been sold to an investor. Our 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, we are subject to EPD provisions on the community reinvestment loans we originate and sell under a State of Florida housing program, which represents a minimal amount of our total originations. Except with respect to such EPDs, the risk of credit loss for loans sold is transferred to investors upon sale in the secondary market.

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As of June 30, 2012, we have 314 active repurchase requests. We have summarized the activity for the three and six months ended June 30, 2012 and 2011 below regarding repurchase requests received, requests successfully defended, and loans that we repurchased or for which we indemnified investors or made investors whole with the corresponding origination years:

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(In thousands)			
Agency	46	26	81	70
Agency Aggregators / Non-GSE [(1)]	84	54	164	136
Repurchase requests received	130	80	245	206
Agency	43	19	57	33
Agency Aggregators / Non-GSE [(1)]	76	56	82	81
Requests successfully defended	119	75	139	114
Agency	7	11	25	17
Agency Aggregators / Non-GSE [(1)]	17	22	33	39
Loans repurchased, indemnified or made whole	24	33	58	56
Agency	$ 576	$ 1,195	$ 2,183	$ 1,962
Agency Aggregators / Non-GSE [(1)]	1,851	3,407	3,478	5,298
Net realized losses on loan repurchases	$ 2,427	$ 4,602	$ 5,661	$ 7,260
Years of origination of loans repurchased	2001-2011	2004-2010	2000-2011	2003-2010

(1) Includes a majority of agency deliverable products that were sold to large aggregators of agency product who securitized and sold the loans to the agencies.

As of June 30, 2012, we have 314 active repurchase requests.

On March 9, 2012 we settled with one of our correspondent investors for a pool of stated income loans originated and sold to the investor between 2004 and 2008 which had a UPB totaling $274 million. As part of the $1.9 million settlement, the investor released us of any and all claims arising from settled loans, including any outstanding repurchase requests, and all future claims arising from settled loans. At the time of the settlement, we had 47 open repurchase requests outstanding related to those loans. We have repurchased 17 loans from this correspondent investor from 2007-2012, without any admission of wrongdoing by us, with losses realized of $1.3 million over this period. We have excluded the activity related to these loans from the table above as well as the repurchase reserve rollforward in the table below.

Between January 1, 2008 and December 31, 2011, we received requests from investors to repurchase 1,109 mortgage loans. As a basis for comparison, we originated and sold 101,086 loans during this same time period. We have successfully defended 471 of the repurchase requests (representing 59.5% of all resolved requests) and repurchased, indemnified investors or made investors whole on 321 loans. At December 31, 2011, we had 317 open repurchase requests (277 Agency Aggregators/non-GSE and 40 Agency).

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We have summarized the activity for each of the periods below regarding repurchase requests received, requests successfully defended, and loans that we repurchased or for which we indemnified investors or made investors whole with the corresponding origination years:

	Year Ended December 31,		
	2011	2010 (In thousands)	2009
Agency	176	77	29
Agency Aggregators / Non-GSE (1)	316	301	120
Repurchase requests received	492	378	149
Agency	96	48	13
Agency Aggregators / Non-GSE (1)	99	123	45
Requests successfully defended	195	171	58
Agency	40	29	16
Agency Aggregators / Non-GSE (1)	32	103	59
Loans repurchased, indemnified or made whole	72	132	75
Agency	$ 3,202	$ 1,136	$ 625
Agency Aggregators / Non-GSE (1)	9,240	10,449	3,110
Net realized losses on loan repurchases	$ 12,442	$ 11,585	$ 3,735
Years of origination of loans repurchased	2001-2011	2001-2010	2002-2009

(1) Includes a majority of agency deliverable products that were sold to large aggregators of agency product who securitized and sold the loans to the agencies.

The most common reasons for loan repurchases and make-whole payments are claimed misrepresentations related to falsified employment documents and/or verifications, occupancy, credit and/or stated income. These requests amounted to 565 from January 1, 2008 through December 31, 2011. Additionally, in the same time period we received requests to repurchase or make whole 237 loans because they did not meet the specified investor guidelines. Historically, the majority of our requests for repurchase end approximately three years after the loan has been sold to an investor. However, for certain vintages, repurchase activity has persisted beyond our historical experience. Repurchase demands relating to early payment defaults, or EPDs, generally surface sooner, typically within six (6) months of selling the loan to an investor. Historically, the Company has sold loans servicing released, therefore the lack of servicing statistics and status of the loans sold is not known. As such, there is additional uncertainty surrounding the reserves for repurchase obligations for loans sold or securitized.

In May of 2011, we executed an agreement with one of our correspondent investors to settle claims related to certain loan repurchase requests. These loan requests were received from 2009 through 2011 and relate to 30 loans originated in 2006 and 2007, with a UPB totaling $7.7 million. In exchange for a payment of $2.1 million and without any admission of wrongdoing by us, the investor released us from any and all claims arising from these mortgage loans. This agreement referred solely to the outstanding repurchase requests in question and did not relate to any requests which may arise in the future.

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Reserves for Repurchase Obligations for Loans Sold or Securitized

The following is a rollforward of our reserves for repurchase losses for the three and six months ended June 30, 2012 and 2011:

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(dollars in thousands)			
Balance, beginning of period	$ 35,000	$ 31,998	$ 32,000	$ 26,798
Provision for new sales/securitizations	306	529	690	719
Provision for changes in estimate of existing reserves	1,121	4,914	6,971	12,952
Net realized losses on repurchases	(2,427)	(4,232)	(5,661)	(7,260)
Balance, end of period	$ 34,000	$ 33,209	$ 34,000	$ 33,209
Quarters of coverage ratio [(1)]	13		13	

(1) Quarters of coverage ratio is calculated as the current reserve for repurchases divided by the average realized losses over the previous four quarters.

The liability for repurchase losses was $34.0 million as of June 30, 2012, compared to $33.2 million as of June 30, 2011. The increase in the liability since June 30, 2011 is primarily due to an increase in the number of repurchased loans and continuing elevated incoming repurchase requests. We recognized expense of $7.7 million compared to $13.7 million for the six months ended June 30, 2012 and 2011, respectively. The amount of incoming repurchase requests has remained elevated for each quarter after June 30, 2011.

Our quarters of coverage ratio showed approximately 13 quarters of coverage given our current reserve levels at June 30, 2012. Until 2009, we sold a majority of our loans servicing released and as a result, we have less visibility into the current delinquency status of these populations of loans and thus the elevated coverage ratio. Unlike reserves for loans we service where we have insight into the current delinquency status of the population, the calculated repurchase reserve is based on historical repurchase trends.

The following is a roll forward of our reserves for repurchase losses for the years ended December 31, 2011, 2010, and 2009:

	Year Ended December 31,		
	2011	2010	2009
	(in thousands)		
Balance, beginning of year	$ 26,798	$ 3,610	$ 1,170
Provision for new sales/securitizations	877	724	54
Provision for changes in estimate of existing reserves	16,767	33,981	6,121
Net realized losses on repurchases	(12,442)	(11,517)	(3,735)
Balance, end of year	$ 32,000	$ 26,798	$ 3,610

We track the historical frequency of loan repurchases, indemnifications or make-whole payments by vintage year of loan sale and the losses associated with the disposal of the repurchased loans. Based on this experience, we estimate the future liability associated with the loan sales by making assumptions concerning future repurchase frequency and severity of losses expected. Both the severity and frequency assumptions are subject to some variability due to changes in the housing market and general economic conditions.

We performed a sensitivity analysis on our loan repurchase reserve by varying the frequency and severity assumptions independently for each loan sale vintage year. By increasing the frequency and severity by 20%, the reserve balance as of June 30, 2012 would have increased by 72% from the baseline. Conversely, by decreasing the frequency and the severity 20%, the reserve balance as of June 30, 2012 would have decreased by

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55%. Based upon qualitative and quantitative factors, including the number of pending repurchase requests, rescission rates and trends in loss severities, we may make adjustments to the base reserve balance to incorporate recent, known trends

The sensitivity analysis for the loan repurchase reserve as of June 30, 2012 is as follows:

	Up 20%	Up 10%	Frequency and Severity Base (in thousands)	Down 10%	Down 20%
Reserve for originated loan repurchases	$ 58,402	$ 45,468	$ 34,000	$ 23,999	$ 15,465

Loan Servicing

When we service residential mortgage loans where FNMA or FHLMC is the owner of the underlying mortgage loan asset, we are subject to potential repurchase risk for: (1) breaches of loan level representations and warranties even though we may not have originated the mortgage loan; and (2) failure to service such loans in accordance with the applicable GSE servicing guide. If a loan purchased or securitized by FNMA or FHLMC is in breach of an origination representation and warranty, such GSE may look to the loan servicer for repurchase. If we are obligated to repurchase a loan from either FNMA or FHLMC, we seek indemnification from the counterparty that sold us the MSR, if the counterparty is a third party, which presents potential counterparty risk if such party is unable or unwilling to satisfy its indemnification obligations.

The following is a rollforward of our reserves for servicing repurchase losses related to these counterparties for the three and six months ended June 30, 2012 and 2011:

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(dollars in thousands)			
Balance, beginning of period	$ 30,427	$ 28,450	$ 30,364	$ 30,000
Provision for changes in estimate of existing reserves	2,868	1,980	5,899	2,184
Net realized losses on repurchases	(5,655)	(5,286)	(8,623)	(7,040)
Balance, end of period	$ 27,640	$ 25,144	$ 27,640	$ 25,144
Quarters of coverage ratio (1)	6		6	

(1) Quarters of coverage ratio is calculated as the current reserve for repurchases divided by the average realized losses over the previous four quarters.

The outstanding principal balance on loans serviced at December 31, 2011 and 2010, was approximately $53.1 billion and $56.4 billion, respectively, including residential mortgage loans held for sale.

Prior to late 2009, we had not historically experienced a significant amount of repurchases related to the servicing of mortgage loans as we were indemnified by the seller of the servicing rights. Due to the failures of several of our counterparties, we have experienced losses related to the repurchase of loans from FNMA and FHLMC and subsequent disposal or payment demands from the GSEs. We have established reserves for estimated losses related to the servicing of loans for the GSEs that we have purchased from these defunct originators. There is an inherent uncertainty in the estimate of servicing repurchase losses as we are not the originator or the securitizing entity of these mortgage loans and consequently lack the origination data related to these loans. The reserves are derived from loss frequencies that reflect default trends in residential real estate loans and severities reflecting declining housing prices. In estimating the accrued liability for loan repurchases and make-whole payment obligations, we estimate probable losses related to our defunct counterparties based on the actual frequency and severity of the repurchases over the past year.

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The following is a rollforward of our reserves for servicing repurchase losses related to these defunct counterparties for the years ended December 31, 2011 and 2010:

	Year Ended December 31, 2011	2010
	(in thousands)	
Balance, beginning of year	$ 30,000	$ 6,319
Provisions for changes in estimates	18,586	39,899
Reductions for actual repurchases	(18,222)	(16,218)
Balance, end of year	$ 30,364	$ 30,000

We performed a sensitivity analysis on our loan servicing repurchase reserve by varying the frequency and severity assumptions. By increasing the frequency and severity 20%, the reserve balance as of June 30, 2012 would have increased by 32% from the baseline. Conversely, by decreasing the frequency and the severity by 20%, the reserve balance as of June 30, 2012 would have decreased by 24%. Based upon qualitative and quantitative factors, including the number of pending repurchase requests, rescission rates and trends in loss severities, management may make adjustments to the base reserve balance to incorporate recent, observable trends.

The following is a sensitivity analysis as of June 30, 2012 of our reserve related to our estimated servicing repurchase losses based on ASC Topic 460, Guarantees:

	Frequency and Severity				
	Up 20%	Up 10%	Base	Down 10%	Down 20%
			(in thousands)		
Reserve for servicing repurchase losses	$ 36,423	$ 31,979	$ 27,640	$ 24,250	$ 20,965

Loans in Foreclosure

Losses can arise from certain government agency agreements which limit the agency s repayment guarantees on foreclosed loans, resulting in certain minimal foreclosure costs being borne by servicers. In particular, government insured loans serviced under GNMA guidelines require servicers to fund any foreclosure claims not otherwise covered by insurance claim funds of the U.S. Department of Housing and Urban Development and/or the U.S. Department of Veterans Affairs.

Other than foreclosure-related costs associated with servicing government insured loans, we have not entered into any servicing agreements that require us as servicer to cover foreclosure-related costs.

Liquidity and Capital Resources

Liquidity Management

Liquidity refers to the measure of our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements.

Funds invested in short-term marketable instruments, the continuous maturing of other interest-earning assets, cash flows from self-liquidating investments such as mortgage-backed securities, the possible sale of available for sale securities and the ability to securitize certain types of loans provide sources of liquidity from an asset perspective. The liability base provides sources of liquidity through issuance of deposits and borrowed funds. In addition, raises of equity capital provide us with a source of liquidity. To manage fluctuations in short-term funding needs, we utilize borrowings under lines of credit with other financial institutions, such as the Federal Home Loan Bank of Atlanta, securities sold under agreements to repurchase, federal fund lines of credit with correspondent banks, and, for contingent purposes, the Federal Reserve Bank Discount Window. We also have access to term advances with the FHLB, as well as brokered certificates of deposits, for longer term liquidity needs. We believe our sources of liquidity are sufficient to meet our cash flow needs for the foreseeable future.

We continued to maintain a strong liquidity position during the second quarter of 2012. Cash and cash equivalents were $518.2 million, available for sale investment securities were $1.9 billion, and total deposits were $10.8 billion as of June 30, 2012.

As of June 30, 2012, we had a $2.9 billion line of credit with the FHLB, of which $2.5 billion was outstanding and $381.1 million was available for future borrowing. Based on asset size, the maximum potential line available with the FHLB was $4.1 billion at June 30, 2012, assuming eligible collateral to pledge. As of June 30, 2012, eligible collateral was available to pledge with the FHLB. As of June 30, 2012, we pledged collateral with the FRB that provided $178.9 million of borrowing capacity at the discount window but did not have any borrowings outstanding. The maximum potential borrowing at the FRB is limited only by eligible collateral.

At June 30, 2012, our availability under Promontory Interfinancial Network, LLC s CDARS® One-Way Buy℠ deposits and federal funds commitments was $1.5 billion and $40.0 million, with $298.9 million and $0 in outstanding borrowings, respectively.

We continue to evaluate the potential impact on liquidity management of regulatory proposals, including Basel III and those required under the Dodd-Frank Act, as government regulators move closer to implementing the final rules.

Capital Management

Management, including our board of directors, regularly reviews our capital position to help ensure it is appropriately positioned under various operating and market environments.

2012 Capital Actions

On January 25, 2012, the board of directors approved a special cash dividend of $4.5 million to the holders of the Series A 6% Cumulative Convertible Preferred Stock, or Series A Preferred Stock, which was paid on March 1, 2012. As a result of the special cash dividend, all shares of Series A Preferred Stock were converted into 2,801,160 shares of common stock.

On May 8, 2012, we completed the sale of $221.0 million in new common equity through the issuance and sale of 22,103,000 shares of common stock in an underwritten public offering, or the IPO, at an initial price of $10.00 per share, including 2,883,000 shares that were sold pursuant to the exercise in full by the underwriters of their option to purchase additional shares from us. We received net proceeds of $198.5 million from the IPO, after deducting underwriting discounts and commissions and offering expenses.

Prior to the completion of the IPO, our board of directors approved a special cash dividend of $1.1 million to the holders of the Series B 4% Cumulative Convertible Preferred Stock, or Series B Preferred Stock which was paid on June 19, 2012. As a result of the merger of EverBank Florida into EverBank Delaware, the 136,544 shares of outstanding Series B Preferred Stock automatically converted into 15,964,644 shares of Common Stock.

In July 2012, our board of directors announced a quarterly cash dividend of $0.02 per common share, payable on August 21, 2012, to stockholders of record as of August 6, 2012.

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On August 27, 2012, we converted $48.7 million of cash, which was held in escrow related to our acquisition of Tygris, into 4,032,662 shares of our common stock at a price per share of $12.07. The shares of common stock issued to the purchasers have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold following the release of such shares from the escrow, absent registration or an applicable exemption from registration. The newly issued shares in this transaction will remain in escrow in accordance with the terms of the original escrow agreement. The escrow account was established in connection with the Tygris acquisition to offset potential losses realized in connection with the acquired lease and loan portfolio. The additional capital from the private placement will be used to support future growth in our business and for general corporate purposes.

Business Property Lending Acquisition

In June 2012, we entered into a Stock and Asset Purchase Agreement and a Tax Matters Agreement with General Electric Capital Corporation, or GECC, pursuant to which we agreed to purchase all of the issued and outstanding stock of BP, a wholly owned subsidiary of GECC. On October 1, 2012, we completed the purchase for approximately $2.4 billion in cash and announced the closing of the transaction. No debt was assumed in the acquisition. The acquisition included approximately $2.3 billion of performing business lending loans selected by us, the origination and servicing platforms and servicing rights relating to $2.9 billion of loans securitized by GECC. We believe this fully integrated, high quality franchise will accelerate our strategic growth plans and will further enhance and diversify our robust, nationwide asset generation capabilities.

Regulatory Capital Requirements

As a result of regulatory changes, including the Dodd-Frank Act and Basel III, we expect to be subject to new and potentially heightened examination and reporting requirements. In 2011, we incurred noninterest expense for the implementation of new Dodd-Frank Act requirements, consolidation of thrift supervision from the OTS into the OCC, initiation of new systems and processes resulting from our growth above $10.0 billion in assets into the OCC s mid-tier bank review group, expenses related to compliance with the historical audit requirements of the horizontal servicer foreclosure review, increases in FDIC deposit assessments and changes to our corporate governance structure.

In addition, in April 2011, we and EverBank each entered into a consent order with the OTS, with respect to EverBank s mortgage foreclosure practices and our oversight of those practices. The consent orders require, among other things, that we establish a new compliance program for our mortgage servicing and foreclosure operations and that we ensure that we have 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. We are 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. We are working to fulfill the requirements of the consent orders. In response to the consent orders, we have established an oversight committee to monitor the implementation of the actions required by the consent orders. Furthermore, we have enhanced and updated several policies, procedures, processes and controls to help ensure the mitigation of the findings of the consent orders. In addition, we have enhanced our third-party vendor management system and our compliance program, hired additional personnel and retained an independent firm to conduct foreclosure reviews. We expect to continue to incur higher noninterest expense to comply with the consent orders and the new regulations.

Additionally, regulatory changes have resulted in more restrictive capital requirements and more stringent asset concentration and growth limitations including, but not limited to, limits in concentrations in MSR, nonagency mortgage securities and brokered deposits. Due to heightened costs and regulatory restrictions, we could face a challenging environment for customer loan demand due to the increased costs that could be

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ultimately borne by borrowers. This uncertain regulatory environment could have a detrimental impact on our ability to manage our business consistent with historical practices and cause difficulty in executing our growth plan. See Risk Factors Regulatory and Legal Risks and Regulation and Supervision.

Capital Ratios

As a savings and loan holding company, we are not currently subject to specific statutory capital requirements. However, we are required to serve as a source of strength for EverBank and must have the ability to provide financial assistance if EverBank experiences financial distress.

At June 30, 2012, we exceeded all regulatory capital requirements and are considered to be well-capitalized with a Tier 1 leverage ratio of 8.3% and a total risk-based capital ratio of 15.8%.

The table below shows regulatory capital and risk-weighted assets for EB at June 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
	(in thousands)	
Shareholders equity	$ 1,263,687	$ 1,070,887
Less: Goodwill and other intangibles	(16,938)	(17,642)
Disallowed servicing asset	(36,650)	(38,925)
Disallowed deferred tax asset	(70,357)	(71,803)
Add: Accumulated losses on securities and cash flow hedges	110,101	105,682
Tier 1 Capital	1,249,843	1,048,199
Less: Low-level recourse and residual interests		(21,587)
Add: Allowance for loan and lease losses	77,393	77,765
Total regulatory capital	$ 1,327,236	$ 1,104,377
Adjusted total assets	$ 15,022,729	$ 13,081,401
Risk-weighted assets	8,424,290	7,043,371

The regulatory capital ratios for EB, along with the capital amounts and ratios for the minimum OCC requirement and the framework for prompt corrective action are as follows:

	Actual		For OCC Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Capital	Ratio	Minimum Amount	Ratio	Minimum Amount	Ratio
			(in thousands)			
June 30, 2012						
Tier 1 capital to adjusted tangible assets	$ 1,249,843	8.3%	$ 600,909	4.0%	$ 751,136	5.0%
Total capital to risk-weighted assets	1,327,236	15.8	673,943	8.0	842,429	10.0
Tier 1 capital to risk-weighted assets	1,249,843	14.8	N/A	N/A	505,457	6.0
December 31, 2011						
Tier 1 capital to adjusted tangible assets	$ 1,048,199	8.0%	$ 523,256	4.0%	$ 654,070	5.0%
Total capital to risk-weighted assets	1,104,377	15.7	563,470	8.0	704,337	10.0
Tier 1 capital to risk-weighted assets	1,026,612	14.6	N/A	N/A	422,602	6.0

Regulatory Capital Update

In June 2012, our primary federal regulator, the OCC, published notices of proposed rulemaking, the 2012 Capital Proposals, that would substantially revise the risk-based capital requirements applicable to

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depository institution holding companies and depository institutions, including the Company and EverBank, compared to the current U.S. risk-based capital rules, which are based on the international capital accords of the Basel Committee on Banking Supervision, or the Basel Committee, generally referred to as Basel III. The 2012 Capital Proposals include (i) proposed regulations, or the Basel III Proposal, to implement the Basel Committee s framework for strengthening international capital and liquidity regulation issued in December 2010, and (ii) proposed regulations, or the Standardized Approach Proposal, that would replace the existing Basel I-derived general risk based capital rules with a more risk-sensitive based approach. The 2012 Capital Proposals would also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings for debt and securitization positions from the federal banking agencies rules. As proposed, the Basel III Proposal and the Standardized Approach Proposal would come into effect on January 1, 2013 and January 1, 2015, respectively.

The federal banking agencies have not proposed rules implementing the final liquidity framework of Basel III and have not determined to what extent they will apply to U.S. banks that are not large, internationally active banks.

Basel III Proposal

The Basel III Proposal is generally consistent with the final Basel III capital framework, as described under Business-Regulation and Supervision and deals with the components of capital and other issues affecting the numerator in banking institutions regulatory capital ratios. Although the Basel III Proposal does not specify an effective date or implementation date, it contemplates that implementation will coincide with the international Basel III implementation schedule, which commences on January 1, 2013.

In addition to the requirements of the Basel III final capital framework, the Basel III Proposal, among other things requires the phase-out of certain hybrid securities, such as trust preferred securities, as Tier 1 capital of depository institution holding companies in equal installments between 2013 and 2016, consistent with Section 171 of the Dodd-Frank Act.

With respect to EverBank, the Basel III Proposal would also revise the prompt corrective action regulations pursuant to Section 38 of the Federal Deposit Insurance Act, including by (i) introducing a common equity tier 1 capital, or 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 well-capitalized.

Standardized Approach Proposal

The Standardized Approach Proposal expands upon the initial Basel II standardized approach endeavors from 2008 but with important differences, including mandatory application as opposed to optional application, and in view of the prohibition in Section 939A of Dodd-Frank on the use of credit ratings, replacement of the Basel II standardized approach s heavy reliance on credit ratings with non-ratings-based alternatives. The Standardized Approach Proposal generally deals with risk weights and other issues affecting the denominator in banking institutions regulatory capital ratios.

This proposal would 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, including many residential mortgages and certain commercial real estate.

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Management believes, as of June 30, 2012, that the Company 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 and the Standardized Approach Proposals will be adopted in their current form, what changes may be made before adoption, or when ultimate adoption will occur.

Restrictions on Paying Dividends

Federal banking regulations impose limitations upon certain capital distributions by savings banks, such as certain cash dividends, payments to repurchase or otherwise acquire its shares, payments to shareholders of another institution in a cash-out merger and other distributions charged against capital. The OCC regulates all capital distributions by EB directly or indirectly to us, including dividend payments. EB may not pay dividends to us if, after paying those dividends, it would fail to meet the required minimum levels under risk-based capital guidelines and the minimum leverage and tangible capital ratio requirements, or in the event the OCC notifies EB that it is subject to heightened supervision. Under the Federal Deposit Insurance Act, or the FDIA, an insured depository institution such as EB is prohibited from making capital distributions, including the payment of dividends, if, after making such distribution, the institution would become undercapitalized. Payment of dividends by EB also may be restricted at any time at the discretion of the appropriate regulator if it deems the payment to constitute an unsafe and unsound banking practice.

As a result of the passage of the Dodd-Frank Act, EverBank is now regulated by the OCC. We cannot predict the changes, if any, the OCC may make to restrictions on dividend payments. See Regulation and Supervision.

Contractual Obligations

The following tables contain supplemental information regarding our total contractual obligations as of December 31, 2011:

	As of December 31, 2011 Payments Due by Period				
	< 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years	Total
			(In thousands)		
Deposits without a stated maturity [1]	$ 7,573,170	$	$	$	$ 7,573,170
Time deposits	1,852,747	304,842	488,885	59,177	2,705,651
Other borrowings	692,428	372,858	161,000	30,000	1,256,286
Trust preferred securities				103,750	103,750
Interest on interest-bearing debt [2]	33,072	68,746	59,463	107,298	268,579
Operating lease obligations [3]	8,989	12,879	10,313	7,301	39,482
Interest rate swap agreements [4]	2,697	52,738	46,312	36,575	138,322
Strategic marketing and promotional arrangements	3,308	7,119	400		10,827
Total	$ 10,166,411	$ 819,182	$ 766,373	$ 344,101	$ 12,096,067

(1) Deposits without a stated maturity do not have fixed contractual obligations relating to future interest payments. Hence, these interest amounts have been excluded from the contractual obligations table because we are unable to reasonably predict the ultimate amount or timing of future payments.

(2) The variable interest rate component on other borrowings and trust preferred securities has been forecasted based on a yield curve at December 31, 2011 for the purpose of estimating future payments relating to these obligations. The fixed rate interest component is calculated based on the fixed rate in the debt agreement.

(3) Operating lease obligations include all minimum lease payments. In December 2011, the Company entered into an 11 year lease agreement for approximately 269,168 square feet of office space located in downtown

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Jacksonville, Florida. The Company expects to take occupancy of the premises in June 2012. As of December 31, 2011, the lease was not yet in force as there were contingencies which the landlord was required to fulfill, and as a result minimum lease payments under the lease were not included in the table above.

(4) Interest rate swap amounts are derived from the forecast of three-month LIBOR at December 31, 2011 on all open swap positions at that date. Open swap positions relate to liability hedge swaps, commercial real estate loan hedge swaps and trust preferred hedge swaps.

We enter into derivatives to hedge certain business activities. See Note 12 to the consolidated financial statements of EverBank Financial Corp and subsidiaries as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011 and Note 24 to the consolidated financial statements of EverBank Financial Corp and subsidiaries as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 for additional information.

We believe that we will be able to meet our contractual obligations as they come due through the maintenance of adequate cash levels. We expect to maintain adequate cash levels through profitability, loan and securities repayment and maturity activity, and continued deposit gathering activities. We have in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Off-Balance Sheet Arrangements

We have limited off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

In the normal course of business, we enter into various transactions, which, in accordance with GAAP, are not included in our consolidated balance sheets. We enter into these transactions to meet the financing needs of our customers. These transactions include commitments to extend credit and standby letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in the Company s consolidated balance sheets.

We enter into contractual loan commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of our commitments to extend credit are contingent upon customers maintaining specific credit standards until the time of loan funding. We decrease our exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures. We assess the credit risk associated with certain commitments to extend credit and establish a liability for probable credit losses.

Standby letters of credit are written conditional commitments issued by us to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, we would be required to fund the commitment. The maximum potential amount of future payments we could be required to make is represented by the contractual amount of the commitment. If the commitment is funded, we would be entitled to seek recovery from the customer. Our policies generally require that standby letter of credit arrangements contain security and debt covenants similar to those contained in loan agreements. See Note 14 to the condensed consolidated financial statements of EverBank Financial Corp and subsidiaries as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011 and Note 26 to the consolidated financial statements of EverBank Financial Corp and subsidiaries as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 for additional information regarding our contractual obligations.

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Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk is our primary market risk and largely results from our business of investing in interest-earning assets with funds obtained from interest-bearing deposits and borrowings. Interest rate risk is defined as the risk of loss of future earnings or market value due to changes in interest rates. We are subject to this risk because:

- assets and liabilities may mature or re-price at different times or by different amounts;
- short-term and long-term market interest rates may change by different amounts;
- similar term rate indices may exhibit different re-pricing characteristics; and
- the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change.

Interest rates may also have a direct or indirect effect on loan demand, credit losses, mortgage origination volume, the fair value of MSR and other items affecting earnings. Our objective is to measure the impact of interest rate changes on our capital and earnings and manage the balance sheet in order to decrease interest rate risk.

Interest rate risk is primarily managed by the Asset and Liability Committee, or ALCO, which is composed of several of our executive officers and other members of management, in accordance with policies approved by our Board of Directors. ALCO has employed policies that attempt to manage our interest-sensitive assets and liabilities, in order to control interest rate risk and avoid incurring unacceptable levels of credit or concentration risk. We manage our exposure to interest rates by structuring our balance sheet according to these policies in the ordinary course of business. In addition, the ALCO policy permits the use of various derivative instruments to manage interest rate risk or hedge specified assets and liabilities.

Consistent with industry practice, we primarily measure interest rate risk by utilizing the concept of Net Portfolio Value, or NPoV. NPoV is the intrinsic value of assets, less the intrinsic value of liabilities. NPoV analysis provides a fair value of the balance sheet in alternative interest rate scenarios. The NPoV does not take into account management intervention and assumes the new rate environment is constant and the change is instantaneous. Further, as this framework evaluates risks to the current balance sheet only, changes to the volumes and pricing of new business opportunities that can be expected in the different interest rate outcomes are not incorporated in this analytical framework. For instance, analysis of our history suggests that declining interest rate levels are associated with higher loan production volumes at higher levels of profitability. While this natural business hedge historically offset most, if not all, of the heightened amortization of our MSR portfolio and other identified risks associated with declining interest rate scenarios, these factors fall outside of the NPoV framework. As a result, we further evaluate and consider the impact of other business factors in a separate net income sensitivity analysis.

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If NPoV rises in a different interest rate scenario, that would indicate incremental prospective earnings in that hypothetical rate scenario. A perfectly matched balance sheet would result in no change in the NPoV, no matter what the rate scenario. The table below shows the estimated impact on NPoV of increases in interest rates of 1%, 2% and 3% and a decrease in interest rates of 1%, as of June 30, 2012 and December 31, 2011:

	June 30, 2012		December 31, 2011	
	NPoV	% of Assets	NPoV	% of Assets
	(dollars in thousands)			
Up 300 basis points	$ 2,046,645	13.8%	$ 1,838,181	14.3%
Up 200 basis points	2,086,133	13.8%	1,860,204	14.2%
Up 100 basis points	2,034,167	13.2%	1,830,916	13.7%
Actual	1,839,626	11.9%	1,694,353	12.5%
Down 100 basis points	1,602,918	10.3%	1,564,919	11.5%

The projected exposure of NPV to changes in interest rates at June 30, 2012 and December 31, 2011 was in compliance with established policy guidelines. Exposure amounts are derived from numerous assumptions of growth and changes in the mix of assets or liabilities. Due to historically low interest rates, the table above may not predict the full effect of decreasing interest rates upon our net interest income that would occur under a more traditional, higher interest rate environment because short-term interest rates are near zero percent and facts underlying certain of our modeling assumptions, such as the fact that deposit and loan rates cannot fall below zero percent, distort the model s results.

Use of Derivatives to Manage Risk

Interest Rate Risk

An integral component of our interest rate risk management strategy is our use of derivative instruments to minimize significant fluctuations in earnings caused by changes in interest rates. As part of our overall interest rate risk management strategy, we enter into contracts or derivatives to hedge interest rate lock commitments, loans held for sale, trust preferred debt, and forecasted issuances of debt. These derivatives include forward sales commitments, or FSA, optional forward sales commitments, or OFSA, and forward interest rate swaps.

We enter into these derivative contracts with major financial institutions. Credit risk arises from the inability of these counterparties to meet the terms of the contracts. We minimize this risk through collateral arrangements, exposure limits and monitoring procedures.

Commodity and Equity Market Risk

Commodity risk represents exposures to deposit instruments linked to various commodity and metals markets. Equity market risk represents exposures to our equity-linked deposit instruments. We offer market-based deposit products consisting of MarketSafe® products, which provide investment capabilities for customers seeking portfolio diversification with respect to commodities and other indices, which are typically unavailable from our banking competitors. MarketSafe® deposits rate of return is based on the movement of a particular market index. In order to manage the risk that may occur from fluctuations in the related markets, we enter into offsetting options with exactly the same terms as the commodity and equity linked MarketSafe® deposits, which provide an economic hedge.

Foreign Exchange Risk

Foreign exchange risk represents exposures to changes in the values of deposits and future cash flows denominated in currencies other than the U.S. dollar. We offer WorldCurrency® deposit products which provide investment capabilities to customers seeking portfolio diversification with respect to foreign currencies. The

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products include WorldCurrency® single-currency certificates of deposit and money market accounts denominated in the world s major currencies. In addition, we offer foreign currency linked MarketSafe® deposits which provide returns based upon foreign currency linked indices. Exposure to loss on these products will increase or decrease over their respective lives as currency exchange rates fluctuate. In addition, we offer foreign exchange contracts to small and medium size businesses with international payment needs. Foreign exchange contract products, which include spot and simple forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate. These types of products expose us to a degree of risk. To manage the risk that may occur from fluctuations in world currency markets, we enter into offsetting short-term forward foreign exchange contracts with terms that match the amount and the maturity date of each single-currency certificate of deposit, money market deposit instrument, or foreign exchange contract. In addition, we enter into offsetting options with exactly the same terms as the foreign currency linked MarketSafe® deposits, which provide an economic hedge. For more information, including the notional amount and fair value, of these derivatives, see Note 12 in our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances, the results of which form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily available from other sources. We evaluate our estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

Accounting policies, as described in detail in the notes to consolidated financial statements discussed below, are an integral part of our financial statements. A thorough understanding of these accounting policies is essential when reviewing our reported results of operations and our financial position. We believe that the critical accounting policies and estimates discussed below require us to make difficult, subjective or complex judgments about matters that are inherently uncertain. Changes in these estimates or the use of different estimates could have a material impact on our financial position, results of operations or liquidity.

Investment Securities

Investment securities generally must be classified as held to maturity, available for sale or trading. Held to maturity securities are principally debt securities that we have both the positive intent and ability to hold to maturity. Trading securities are held primarily for sale in the near term to generate income. Securities that do not meet the definition of trading or held to maturity are classified as available for sale.

The classification of investment securities is significant since it directly impacts the accounting for unrealized gains and losses on these securities. Unrealized gains and losses on trading securities flow directly through earnings during the periods in which they arise. Trading and available for sale securities are measured at fair value each reporting period. Unrealized gains and losses on available for sale securities are recorded as a separate component of shareholders equity (accumulated other comprehensive income or loss) and do not affect earnings until realized or deemed to be other-than-temporarily impaired, or OTTI. Investment securities that are classified as held to maturity are recorded at amortized cost, unless deemed to be OTTI.

The fair values of investment securities are generally determined by various pricing models. We evaluate the methodologies used to develop the resulting fair values. We perform a quarterly analysis on the pricing of investment securities to ensure that the prices represent a reasonable estimate of the fair value. Our procedures include initial and ongoing review of pricing methodologies and trends. We ensure prices represent a reasonable estimate of fair value through the use of broker quotes, current sales transactions from our portfolio and pricing techniques, which are based on the net present value of future expected cash flows discounted at a rate of return market participants would require. Significant inputs used in internal pricing techniques are estimated by type of underlying collateral, estimated prepayment speeds where applicable and appropriate discount rates. As a result of this analysis, if we determine there is a more appropriate fair value, the price is adjusted accordingly.

When the level and volume of trading activity for certain securities has significantly declined or when we believe that pricing is based in part on forced liquidation or distressed sales, we estimate fair value based on a combination of pricing information and an internal model using a discounted cash flow approach. We make certain significant assumptions in addition to those discussed above related to the liquidity risk premium, specific non-performance and default experience in the collateral underlying the security. The values resulting from each approach are weighted to derive the final fair value for each security trading in an inactive market.

The fair value of investment securities is a critical accounting estimate. Changes in the fair value estimates or the use of different estimates could have a material impact on our financial position, results of operations or liquidity.

Loans Held for Sale

We have elected the fair value option for certain residential and commercial mortgage loans in order to offset 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.

We have not elected the fair value option for other residential mortgage loans primarily because these loans are expected to be short in duration with minimal interest rate risk. These loans are carried at the lower of cost or fair value. 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 earnings.

We generally estimate the fair value of loans held for sale based on quoted market prices for securities backed by similar types of loans less appropriate loan level price adjustments and guarantee fee adjustments. If quoted market prices are not available, fair value is estimated based on valuation models. We periodically compare the value derived from our valuation models to executed trades to assure that the valuations are reflective of actual sales prices.

For loans carried at lower of cost or market value, fair value estimates are derived from models using characteristics of loans. The key assumptions we used in the valuation models are prepayment speeds, loss estimates and the discount rate. Prepayment and credit loss assumptions based on the historical performance of the loans are adjusted for the current economic environment as appropriate. The discount rate used in these valuations is derived from the whole loan purchase market, adjusted for our estimate of the required yield for these loans. We believe that such assumptions are consistent with assumptions that other major market participants use in determining such assets fair values.

The fair value of loans held for sale is a critical accounting estimate. Changes in fair value or the use of different estimates could have a material impact on our financial position, results of operations or liquidity.

Allowance for Loan and Lease Losses (ALLL)

The ALLL represents management s estimate of probable and reasonably estimable credit losses inherent in loans and leases held for investment in our loan portfolio as of the balance sheet date. The estimate of

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the allowance is based on a variety of factors, including an evaluation of the loan and lease portfolio, past loss experience, adverse situations that have occurred but are not yet known that may affect the borrower s ability to repay, the estimated value of underlying collateral and current economic conditions. Quarterly, we assess the risk inherent within our loan and lease portfolio based on risk characteristics relevant to each segment such as loan type and guarantees as well as borrower type and geographic location. Based on this analysis, we record a provision for loan and lease losses in order to maintain the appropriate allowance for the portfolio.

Determining the amount of the ALLL is considered a critical accounting estimate, as it requires significant judgment, internally developed modeling and assumptions. Loans and leases are segmented into the following portfolio segments: (1) residential mortgages, (2) commercial and commercial real estate, (3) lease financing receivables, (4) home equity lines and (5) consumer and credit card. We may also further disaggregate these portfolios into classes based on the associated risks within those segments. Residential mortgages, lease financing receivables, home equity lines, and consumer and credit card each have distinguishing borrower needs and differing risks associated with each product type. Commercial and commercial real estate loans are further analyzed for the borrower s ability to repay and the description of underlying collateral. Significant judgment is used to determine the estimation method that fits the credit risk characteristics of each portfolio segment. We apply an average loss rate model on commercial and commercial real estate portfolios and certain lease financing receivables, and a roll-rate methodology on our residential mortgages, certain lease financing receivables, home equity lines and consumer and credit card portfolios. We use internally developed models in this process. Management must use judgment in establishing input metrics for the modeling processes. The models and assumptions used to determine the allowance are validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices and end-user controls are appropriate and properly documented. Loans and leases in every portfolio considered to be uncollectible are charged off against the allowance. The amount and timing of charge-offs on loans and leases includes consideration of the loan and lease type, length of delinquency, insufficiency of collateral value, lien priority and the overall financial condition of the borrower. Recoveries on loans and leases previously charged off are added to the allowance.

Reserves are determined for impaired commercial and commercial real estate loans, certain lease financing receivables, and residential mortgages classified as TDR at the loan level. Reserves are established for these loans based upon an estimate of probable losses for the loans deemed to be impaired. This estimate considers all available evidence using one of the methods provided by applicable authoritative guidance. Loans for which impaired reserves are provided are excluded from the general reserve calculations described above to prevent duplicate reserves.

Loan and lease portfolios tied to acquisitions made during the year are incorporated into the Company s allowance process. If the acquisition has an impact on the level of exposure to a particular loan or lease type, industry or geographic market, this increase in exposure is factored into the allowance determination process.

The ALLL is maintained at an amount we believe to be sufficient to provide for estimated losses inherent in our loan and lease portfolio at each balance sheet date and fluctuations in the provision for loan and lease losses. Changes in these estimates and assumptions are possible and could have a material impact on our allowance, and therefore our financial position, liquidity or results of operations.

Acquired Loans and Leases Held for Investment

We account for acquired loans and leases under ASC Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, or ASC 310-30, or ASC Topic 310-20, Receivables Nonrefundable Fees and Other Costs, or ASC 310-20. ASC 310-20 requires that the difference between the initial investment and the related loan s principal amount at the date of purchase be recognized as an adjustment of yield over the expected life of the loan. We anticipate prepayments in applying the interest method. When a difference arises between the prepayments anticipated and actual prepayments received, we recalculate the effective yield to reflect actual payments to date and anticipated future payments.

At acquisition, we review each loan or pool of loans to determine whether there is evidence of deterioration in credit quality since origination and if it is probable that we will be unable to collect all amounts due according to the loan s contractual terms. We consider expected prepayments and estimate the amount and timing of undiscounted expected principal, interest and other cash flows for each loan or pool of loans meeting the criteria above, and determine the excess of the loan s or pool s scheduled contractual principal and contractual interest payments over all cash flows expected at acquisition as an amount that should not be accreted (non-accretable difference). The remaining amount, representing the excess or deficit of the loan s or pool s cash flows expected to be collected over the amount paid, is accreted or amortized into interest income over the remaining life of the loan or pool (accretable yield). We record a discount to UPB on these loans at acquisition to reflect them at their net expected cash flow.

Acquired lease financing receivables are recorded as the sum of expected lease payments and estimated residual values less unearned income, which includes purchased lease discounts. Unearned income and purchased lease discounts are recognized based on the expected cash flows using the effective interest method.

Periodically, we evaluate the expected cash flows for each pool. Prior expected cash flows are compared to current expected cash flows and cash collections to determine if any additional impairment should be recognized in the allowance. An additional allowance for loan losses is recognized if it is probable the Company will not collect all of the cash flows expected to be collected as of the acquisition date. If the re-evaluation indicates a loan or pool of loans expected cash flows has significantly increased when compared to previous estimates, the prospective yield will be increased to recognize the additional income over the life of the asset.

Mortgage Servicing Rights

We recognize as assets the rights to service mortgage loans for others, whether acquired through bulk purchases of MSR or through origination and sale of mortgage loans and agency MBS with servicing rights retained. We amortize MSR in proportion to and over the estimated life of the projected net servicing revenue and periodically evaluate them for impairment using fair value estimates. We do not mark to market our MSR. MSR do not trade in an active market with readily observable market prices, and the exact terms and conditions of sales may not be readily available.

Specific characteristics of the underlying loans greatly impact the estimated value of the related MSR. As a result, we stratify our mortgage servicing portfolio on the basis of certain risk characteristics, including loan type and contractual note rate, and value our MSR using discounted cash flow modeling techniques. These techniques require management to make estimates regarding future net servicing cash flows, taking into consideration historical and forecasted mortgage loan prepayment rates and discount rates.

Derivative Financial Instruments

We use derivative financial instruments to hedge our exposure to interest rate risk, foreign currency risk and changes in the fair value of loans held for sale. We use freestanding derivatives to manage the overall changes in price on loans held for sale or trading investments, including interest rate swaps, forward sales commitments and option contracts. We also have freestanding derivatives related to the fair value of the shares expected to be released to us from escrow which was recorded as a result of the Tygris acquisition and a recourse commitment asset which was recorded as a result of a 2011 purchase of a pool of loans. We offer various index-linked time deposit products to our customers with returns that are based on a variety of reference indices including equity, commodities, foreign currency and precious metals, and typically offset our exposure from such products by entering into hedging contracts. All derivatives are recognized on the balance sheet at fair value.

The fair value of interest rate swaps is determined by a derivative valuation model. The inputs for the valuation model primarily include start and end swap dates, swap coupons and notional amounts. Fair values of interest rate lock commitments are derived by using valuation models incorporating current market information

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or by obtaining market or dealer quotes for instruments with similar characteristics, subject to anticipated loan funding probability or fallout factor. 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.

We may adjust certain fair value estimates determined using valuation models to ensure that those estimates continue to appropriately represent fair value. These adjustments, which are applied consistently over time, are generally required to reflect factors such as counterparty credit risk. In addition, valuation models related to certain derivatives contain adjustments for market liquidity. In assessing the credit risk relating to derivative assets and liabilities, we take into account the impact of risk including, but not limited to, collateral arrangements. We also consider the effect of our own non-performance credit risk on fair values. Imprecision in estimating these factors could impact our financial condition, liquidity or results of operations.

JOBS Act

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an emerging growth company we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We intend to take advantage of the benefits of this extended transition period. To the extent we do so, our financial statements may not be comparable to companies that comply with such new or revised accounting standards.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an emerging growth company , we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor s attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor s report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we are no longer an emerging growth company, whichever is earlier.

Recently Issued Accounting Pronouncements

We have evaluated new accounting pronouncements that have recently been issued and have determined that there are no new accounting pronouncements that should be described in this section that will impact our operations, financial condition or liquidity in future periods. Refer to Note 2 of our condensed consolidated financial statements as of June 30, 2012 and December 31, 2011 and for the three and six months ended June 30, 2012 and 2011 and Note 3 of our consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 included elsewhere in this document for a discussion of recently issued accounting pronouncements that have been adopted by us during the six months ended June 30, 2012 and for the year ended December 31, 2011 or that will only require enhanced disclosures in our financial statements in future periods.

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BUSINESS

Overview

We are a diversified financial services company that provides innovative banking, lending and investing products and services to approximately 575,000 customers nationwide through scalable, low-cost distribution channels. Our business model attracts financially sophisticated, self-directed, mass-affluent customers and a diverse base of small and medium-sized business customers. We market and distribute our products and services primarily through our integrated online financial portal, which is augmented by our nationwide network of independent financial advisors, 14 high-volume financial centers in targeted Florida markets and other financial intermediaries. 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 high quality assets with attractive financial returns and collectively leverage our core deposit franchise and customer base. We originate, invest in, sell and service residential mortgage loans, equipment leases, commercial loans and various other consumer loans, as market conditions warrant. Our organic origination activities are scalable, significant relative to our balance sheet size and provide us with growth potential. Additionally, 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 customers and provides us with a stable and flexible source of low, all-in cost funding. We have a demonstrated ability to grow our customer 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 customers. Our products, distribution and marketing strategies allow us to generate deposit growth while maintaining an attractive mix of high-value transaction and savings accounts.

Our significant organic growth has been supplemented by selective acquisitions of portfolios and businesses, including our recent acquisitions of General Electric Capital Corporation s, or GECC, Business Property Lending, Inc., or Business Property Lending, and MetLife Bank s warehouse finance business. Additionally, in 2010 we acquired the banking operations of the Bank of Florida in an FDIC-assisted transaction and Tygris, a commercial finance company. We evaluate and pursue financially attractive opportunities to enhance our franchise on an ongoing basis. We have also recently made significant investments in our business infrastructure, management team and operating platforms that we believe will enable us to grow our business efficiently and further capitalize on organic growth and strategic acquisition opportunities.

We have recorded positive earnings in every full year since 1995. From 2000 to 2011, we recorded an average ROAE of 14.9% and a net income CAGR of 22%. As of June 30, 2012, we had total assets of $15.0 billion and total shareholders equity of $1.2 billion.

History

EverBank Financial Corp was incorporated in 2004, but our history as a financial services company extends through various predecessors back to the early 1960s. In 1994, a private investor group, including our Chairman and Chief Executive Officer and Vice Chairman, acquired Alliance Mortgage Company, laying the foundation for what ultimately would become EverBank and EverBank Financial Corp. Key events in our history since 1994 are as follows:

- From 1994 to 1998, we grew our residential mortgage servicing and origination businesses.

- In October 1998, we established a de novo bank called First Alliance Bank.

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In January 1999, we joint-ventured with The Bank of New York to establish BNY Mortgage Company LLC to originate residential mortgage loans in New York and surrounding states.

In January 2001, we acquired Marine National Bank, a Jacksonville-based community bank, increasing our assets to approximately $1.5 billion at December 31, 2001.

In November 2002, we acquired CustomerOne Financial Network, Inc., which became the basis for our online banking platform.

In February 2004, we rebranded our operations under the EverBank name.

In February 2007, we acquired The Bank of New York s interest in BNY Mortgage Company LLC, rebranded the company as EverBank Reverse Mortgage LLC and focused the business exclusively on nationwide origination of reverse mortgage loans.

In July 2007, we acquired NetBank s mortgage servicing portfolio. In October 2007, we completed the acquisition of approximately $569.4 million of NetBank s mortgage assets from the FDIC.

In May 2008, we sold EverBank Reverse Mortgage LLC to an unaffiliated third-party and in July and September of 2008, we received capital investments from private investors, including existing stockholders. Collectively, these transactions generated $120.6 million of growth capital, which we define as equity capital used to expand the business, preparing us to embark on a growth plan designed to take advantage of market opportunities.

In May 2009, we qualified to participate in the U.S. Treasury s Troubled Asset Relief Program (TARP) Capital Purchase Program, although we elected not to participate.

In October and November 2009, we increased our growth capital by $65 million through pre-acquisition investments made by Tygris. In February 2010, we further increased our capital and acquired an equipment leasing origination channel through the acquisition of Tygris, which had $359.6 million of equity after purchase accounting adjustments.

In May 2010, we completed an FDIC-assisted acquisition of Bank of Florida Corporation s banking operations, which established our financial centers in the Naples, Ft. Myers, Miami, Ft. Lauderdale, Tampa Bay and Clearwater markets and increased our assets by approximately $1.4 billion.

Also in May 2010, we established EverBank Wealth Management, Inc., as a registered investment advisor to serve as the platform for our wealth management services.

In 2011, we completed the integration of our Tygris and Bank of Florida acquisitions, deployed $5.4 billion in assets through organic channels and portfolio acquisitions and made significant investments in our business infrastructure, management team and operating platforms.

In April 2012, we acquired MetLife Bank s warehouse finance business. At acquisition, the platform had approximately $351 million in assets, which we plan to grow in the future.

In May 2012, we closed our initial public offering of 22,103,000 shares of common stock at $10.00 per share, which resulted in net proceeds of $198 million.

In August 2012, we converted $48.7 million of cash held in escrow into 4,032,662 shares of our common stock through a private placement with certain of our shareholders all of whom were former shareholders of Tygris Commercial Finance Group, Inc.

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In October 2012, we acquired Business Property Lending from General Electric Capital Corporation. The acquisition included the origination and servicing businesses for essential use business property loans, $2.3 billion of performing loans and the rights to service $2.9 billion of loans securitized by the business from 2003 to 2007.

Asset Origination and Fee Income Businesses

We have selectively built a suite of asset origination and fee income businesses that individually generate attractive financial returns and collectively leverage our core deposit franchise and customer base. We originated $2.7 billion of loans and leases in the second quarter of 2012 ($10.9 billion on an annualized basis) and organically generated $0.7 billion of volume for our own balance sheet ($2.9 billion on an annualized basis). This retained volume, which we define as originated loans and leases that we hold for investment on our balance sheet, increased 69% from the second quarter of 2011 which demonstrated our ability to quickly calibrate our organic balance sheet origination levels based upon market conditions. These businesses diversify our earnings, strengthen our balance sheet and provide us with increased flexibility to manage through changing market and operating environments. Additionally, the inter-connected nature of these businesses provides us with opportunities to deepen our customer relationships by cross-selling multiple products.

Mortgage Banking

We generate significant fee income from our mortgage banking activities, which consist of originating and servicing one-to-four family residential mortgage loans. Historically, these two businesses have provided counterbalancing earnings in various market conditions. Our mortgage banking activities also provide us with investment opportunities for our balance sheet.

We originate prime residential mortgage loans using a centrally controlled underwriting, processing and fulfillment infrastructure through financial intermediaries (including community banks, credit unions, mortgage bankers and brokers), consumer direct channels and financial centers. These low-cost, scalable distribution channels are consistent with our deposit distribution model. Our mortgage origination activities include originating, underwriting, closing, warehousing and selling to investors prime conforming and jumbo residential mortgage loans. We have recently expanded our retail and correspondent distribution channels and emphasized jumbo prime mortgages, which we retain on our balance sheet, to our mass-affluent customer base. These channels and products meet our balance sheet objectives and offer attractive margins due to recent market dislocations. We do not originate subprime loans, negative amortization loans or option adjustable-rate mortgage loans, and these products have never constituted a meaningful portion of our business. From our mortgage origination activities, we earn fee-based income on fees charged to borrowers and other noninterest income from gains on sales from mortgage loans and servicing rights. In the first six months of 2012, we originated $4.2 billion of residential loans, $0.4 billion of which we retained on our balance sheet.

We generate mortgage servicing business through the retention of servicing from our origination activities, acquisition of bulk MSR and related servicing activities. Our mortgage servicing business includes collecting loan payments, remitting principal and interest payments to investors, managing escrow funds for the payment of mortgage-related expenses, such as taxes and insurance, responding to customer inquiries, counseling delinquent mortgagors, supervising foreclosures and liquidations of foreclosure properties and otherwise administering our mortgage loan servicing portfolio. We earn mortgage servicing fees and other ancillary fee-based income in connection with these activities. We service a diverse portfolio by both product and investor, including agency and private pools of mortgages secured by properties throughout the United States. As of June 30, 2012, our mortgage servicing business, which services mortgage loans for itself and others, managed loan servicing administrative functions for loans with UPB of $53.3 billion.

We believe that our mortgage banking expertise, insight and resources position us to make strategic investment decisions, effectively manage our loan and investment portfolio and capitalize on significant changes

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currently taking place in the industry. In addition to generating significant fee income, our mortgage banking activities provide us with direct asset acquisition opportunities and serves as a valuable complement to our core deposit activities, including the ability to:

- invest in high quality originated jumbo mortgage loans, which we choose to retain or sell depending upon market conditions;
- purchase government-guaranteed loans from securities we service;
- leverage our mortgage banking expertise and resources to manage our loan portfolio and develop insights to selectively acquire assets for our investment portfolio;
- obtain incremental low-cost funding through the generation of escrow deposits;
- cross-sell banking and wealth management products to our jumbo residential mortgage loan customers; and
- provide credit products to our banking and wealth management customers.

Commercial Finance

We entered the commercial finance business as a result of our acquisition of Tygris in 2010. We originate equipment leases nationwide through relationships with approximately 280 equipment vendors with large networks of high quality borrowers and provide asset-backed loan facilities to other leasing companies. Our equipment leases and loans generally finance essential-use health care, office product, technology and other equipment. Our typical commercial financings range from approximately $25,000 to $1.0 million per transaction, with typical lease terms ranging from 36 to 60 months. We have significantly increased our origination activity to capitalize on the advantageous competitive landscape, and we are expanding our commercial finance business to include different types of equipment. Since the acquisition of Tygris, we have increased our origination activity by growing volumes in existing products as well as adding new products, customers and industries. Also, to expand our commercial finance business, we recently formed an asset-based lending group. The asset-based lending group will seek to participate in or originate credit facilities ranging from $5.0 million to $25.0 million.

Our commercial finance activities provide us with access to approximately 25,000 small business customers nationwide, which creates opportunities to cross-sell our deposit, lending and wealth management products.

Commercial Lending

We have historically originated a variety of commercial loans, including owner-occupied commercial real estate, commercial investment property and small business commercial loans principally through our financial centers. We have not originated a significant volume of new commercial loans in recent periods but plan to expand origination of these assets and pursue acquisitions as market conditions become more favorable. Our Bank of Florida acquisition significantly increased our commercial loan portfolio and expanded our prospective ability to originate these assets. We also recently acquired MetLife Bank s warehouse finance business, which we expect to enhance our commercial lending capabilities. We intend to offer warehouse loans, which are short-term revolving facilities, primarily securitized by agency and government collateral.

Our recently completed acquisition of Business Property Lending will also enhance our ability to originate and service real estate secured commercial loans made on business properties occupied by small and midsize business customers nationwide. Business Property Lending has historically focused on originating loans for essential use business properties to well-capitalized owner-occupants or credit-tenants essential in the small business segment, which we define as having annual revenues from $5 million to $20 million, and in the midsize business segment, which we define as having annual revenues from $20 million to $500 million. Many of these

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properties are single-tenant, general-purpose commercial real estate, including principally office, industrial, warehouse and medical office facilities. We currently intend to follow these historical origination practices while adhering to our disciplined credit and risk management practices.

Our commercial lending business connects us with small business customers and provides cross-selling opportunities for our deposit, commercial finance, wealth management and other lending products.

Portfolio Management

Our investment analysis capabilities are a core competency of our organization. We supplement our organically originated assets by purchasing loans and securities when those investments have more attractive risk-adjusted returns than those we can originate. We decide whether to hold originated assets for investment or sell them in the capital markets based on our assessment of the yield and risk characteristics of these assets as compared to other available opportunities to deploy our capital. Our decisions to originate, hold, acquire, securitize or sell assets are grounded in our rigorous analytical approach to investment analysis. Because risk-adjusted returns available on acquisitions exceeded returns available through retaining assets from our asset generation channels, a significant proportion of our recent asset growth has come from acquisitions. Many of our recent acquisitions were purchased at discounts to par value, which enhance our effective yield through accretion into income in subsequent periods. Our flexibility to increase risk-adjusted returns by retaining originated assets or acquiring assets differentiates us from our competitors with regional lending constraints.

Wealth Management

Our marketing strategies are targeted to mass-affluent customers and include investment newsletters and financial publications. We provide comprehensive financial advisory, planning, brokerage, trust and other wealth management services to our mass-affluent and high net worth customers through our registered broker dealer and recently-formed registered investment advisor subsidiaries. Wealth management is a multiple-year strategic initiative that we expect will be a significant focus for us in the foreseeable future, although we do not expect this initiative to materially affect our near-term revenue generation or earnings.

Interest-Earning Asset Portfolio

Through a combination of leveraging our asset origination capabilities, applying our conservative underwriting standards and executing opportunistic acquisitions, we have built a diversified, low-risk asset portfolio with significant credit protection and attractive yields. As of December 31, 2011, our interest-earning assets were $11.7 billion. Our loan and lease held for investment portfolio was $6.5 billion at December 31, 2011. Approximately 26% of our loan and lease held for investment portfolio includes indemnification or insurance against credit losses at December 31, 2011. As of December 31, 2011, the carrying values (before ALLL) of our interest-earning assets are summarized below (in millions of dollars):

Residential. Includes primarily prime loans originated and retained from our mortgage banking activities, acquired from third parties or held for sale to other investors. The portfolio is well diversified by geography and vintage.

Government-Insured (Residential). Includes GNMA pool buyouts with government insurance, sourced from our Mortgage Banking segment and third-party sources.

Securities. Includes primarily nonagency residential MBS and CMO purchased at significant discounts, with approximately 99% of balances purchased after September 30, 2008. This portfolio includes protection against credit losses from purchase discounts, subordination in the securities structures and borrower equity.

Commercial and Commercial Real Estate. Includes a variety of commercial loans including owner-occupied commercial real estate, commercial investment property and small business commercial loans.

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Bank of Florida (Covered). Includes primarily commercial, multi-family and commercial real estate loans with $71.3 million of purchase discounts as of December 31, 2011 and with FDIC loss protection for losses over $385.6 million.

Lease Financing Receivables. Includes covered lease financing receivables purchased as a part of the Tygris acquisition and leases originated out of the operations of Tygris. The acquired lease portfolio is covered by a credit loss indemnification share escrow equal to 17.5% of the average carrying value of the acquired portfolio and a $50 million cash escrow. As of December 31, 2011, the lease portfolio had $64.7 million of total discounts.

Other. Includes home equity loans and lines of credit, consumer and credit card loans and other investments.

Marketing

Historically, most of our marketing efforts have supported our consumer direct channel through a variety of targeted marketing media including the Internet, print, direct mail and financial newsletters. Our marketing efforts are designed to appeal to financially sophisticated consumers who value our banking products and services. Our online marketing activities include agreements with third-party search and referral sites, pay-per-click and banner advertising, as well as marketing to our existing customer base through the use of our website. Our marketing activities for our market-based deposit products are primarily through financial newsletters and conferences that attract sophisticated individual investors.

We tailor our marketing strategies to meet our growth objectives based on current economic and market conditions. For example, we have recently expanded our marketing plans through mass media marketing channels to increase core deposits. We believe our strategy will enable us to take advantage of lower average customer acquisition costs, build valuable brand awareness and lower our funding costs. To begin this effort, we launched a television marketing campaign in certain local test markets which we intend to expand nationally. We plan to run these advertisements primarily on financial news television networks, websites and other television and cable networks. We also entered into a stadium naming rights deal with the Jacksonville Jaguars of the National Football League designed to broaden our name recognition nationally.

Deposit Franchise

Our deposit franchise fosters strong relationships with a large number of financially sophisticated customers and provides us with a stable flexible source of low-cost funds. Our distribution channels, operating platform and marketing strategies are characterized by low operating costs and provide us with the flexibility to scale our business. Our differentiated products, integrated online financial portal and value-added account features deepen our interactions and relationships with our customers and result in high customer retention rates. Our unique products, distribution and marketing strategies allow us to generate organic deposit growth, providing us flexibility and efficiency in funding asset growth opportunities organically or through strategic acquisitions.

We generate deposit customer relationships through our consumer direct, financial center and financial intermediary distribution channels. Our consumer direct channel includes Internet, email, telephone and mobile device access to product and customer support offerings. We augment our direct distribution with a network of 14 financial centers in key Florida metropolitan areas, including Jacksonville, Naples, Ft. Myers, Miami, Ft. Lauderdale, Tampa Bay and Clearwater. As of December 31, 2011, our financial centers had average deposits of $130.5 million, which is approximately double the industry average. We believe this results in higher operating leverage than is typical for the banking industry. We also distribute deposit products through relationships with financial advisory firms representing over 2,800 independent financial professionals trained to distribute our products. In addition, we generate noninterest-bearing escrow deposits from our mortgage servicing business.

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The following chart reflects our deposits by source, as of December 31, 2011 (in millions of dollars):

Our deposit customers (excluding escrow account holders) are typically financially sophisticated, self-directed, mass-affluent individuals, as well as small and medium-sized businesses. These customers generally maintain high balances with us, and our average deposit balance per household was $78,283 as of December 31, 2011, which we believe is more than three times the industry average. Mass-affluent customers, who we define as individuals with more than $250,000 in net worth, are the most prevalent users of our products and services. The median household income of our customers is greater than $75,000, as compared to a median U.S. household income of $50,054 as of December 30, 2011. Our customers have demonstrated an interest in using multiple products across our platform. For example, our customers use an average of 2.0 deposit products in addition to other account features and services. We believe there are significant opportunities to cross-sell additional credit and wealth management products to our customers.

We have received industry recognition for our innovative suite of deposit products with proprietary transaction and investment features that drive customer acquisition and increase customer retention rates. Our market-based deposit products, consisting of our WorldCurrency®, MarketSafe® and EverBank Metals Select℠ products, provide investment capabilities for customers seeking portfolio diversification with respect to foreign currencies, commodities and other indices, which are typically unavailable from our banking competitors. These market-based deposit products generate significant fee income. Our YieldPledge® deposit products offer our customers certainty that they will earn yields on these deposit accounts in the top 5% of competitive accounts, as tracked by national bank rate tracking services. Consequently, the YieldPledge® products reduce customers incentive to seek more favorable deposit rates from our competitors. YieldPledge® Checking and YieldPledge® Savings accounts have received numerous awards including *Kiplinger Magazine* s Best Checking Account and *Money Magazine* s Best of the Breed.

Our financial portal, recognized by *Forbes.com* as Best of the Web, includes online bill-pay, account aggregation, direct deposit, single sign-on for all customer accounts and other features, which further deepen our customer relationships. Our website and mobile device applications provide information on our product offerings, financial tools and calculators, newsletters, financial reporting services and other applications for customers to interact with us and manage all of their EverBank accounts on a single integrated platform. Our new mobile applications allow customers using iPhone®, iPad®, Android and Blackberry® devices to view account balances, conduct real time balance transfers between EverBank accounts, administer billpay, review account activity detail and remotely deposit checks. Our innovative deposit products and the interoperability and functionality of our financial portal and mobile device applications have led to strong customer retention rates.

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We have designed our marketing strategies and product offerings to increase our concentration in high-value transaction and savings accounts. The following table illustrates our deposit growth across our various product categories from 2005 to 2011:

	Year Ended December 31,						
	2011	2010	2009	2008	2007	2006	2005
	(In millions)						
Noninterest-bearing deposits	$ 1,177.6	$ 1,062.5	$ 439.0	$ 569.2	$ 446.1	$ 478.0	$ 510.1
Interest-bearing demand	1,955.5	1,892.8	1,493.7	1,125.5	794.7	601.9	510.9
Market-based money market accounts	455.2	379.2	364.8	285.6	238.3	203.9	209.3
Savings and money market accounts, excluding market-based	3,480.1	3,245.1	2,296.8	1,335.1	566.9	302.8	244.8
Time, excluding market-based time deposits	1,171.2	1,123.0	803.5	796.5	389.3	378.5	228.7
Market-based time deposits	901.1	854.4	750.1	624.9	795.7	574.8	602.4
Brokered deposits	225.1	208.6	167.4	266.2	661.4	453.1	435.9
Bank of Florida deposits (1)	899.9	917.5					
Total deposits	$ 10,265.8	$ 9,683.1	$ 6,315.3	$ 5,003.0	$ 3,892.4	$ 2,993.0	$ 2,742.1

(1) Bank of Florida deposits as of December 31, 2011 include $57.0 million noninterest-bearing, $168.8 million interest-bearing demand, $278.9 million savings and money market and $395.2 million time deposits.

Our deposit operations are conducted through a centralized, scalable operating platform which supports all of our distribution channels. The integrated nature of our systems and our ability to efficiently scale our operations create competitive advantages that support our value proposition to customers. Additionally, we have features such as online account opening and online bill-pay that promote self-service and further reduce our operating expenses. We believe our deposit franchise provides lower all-in funding costs with greater scalability than branch-intensive banking models. Traditional branch models have high fixed operating costs and require significant lead times to accommodate desired growth objectives because they must replicate many operational and administrative activities at each branch. By contrast, we realize significant marginal operating cost benefits as our deposit base grows because our centralized platform and distribution strategy largely avoid such redundancy.

Competitive Strengths

Disciplined Risk Management

We actively deploy our capital to fund selective asset growth and increase our risk-adjusted returns by selectively investing in assets that meet our investment criteria. Our ability to identify assets for investment is supported by our extensive asset origination and acquisition capabilities as well as our credit underwriting expertise. We adhere to rigorous underwriting criteria and avoided the higher risk lending products and practices that plagued our industry in recent years. Our focus on the long-term success of the business through increasing risk-adjusted returns, as opposed to short-term profit goals, has enabled us to remain profitable in various market conditions across business cycles.

Financial Stability and Strong Capital Position

Our strong capital and liquidity position, coupled with conservative management principles, have allowed us to grow profitably, across business cycles, even at times when the broader banking sector has experienced significant losses and balance sheet contraction. As of June 30, 2012 our total equity capital was approximately $1.2 billion, Tier 1 leverage ratio (bank level) was 8.3% and total risk-based capital ratio (bank level) was 15.8%. In addition, we have achieved profitability in every year since 1995. Total deposits represent approximately 81% of total debt funding as of June 30, 2012. Total debt funding is defined as the total amount of our deposits, other borrowings, and trust preferred securities. We intend to use our strong capital and liquidity position to pursue high-quality lending opportunities in our core business and to pursue other profitable, risk appropriate, strategic transactions.

Scalable Source of Stable Low-Cost Funds

We believe that the operating noninterest expense needed to gather deposits is an important component of measuring funding costs. Our scalable platform and low-cost distribution channels enable us to achieve a lower all-in cost of deposit funding compared to traditional branch-intensive models. Our integrated online financial portal, online account opening and other self-service capabilities lower our customer support costs. Our low-cost distribution channels do not require the fixed cost investment or lead times associated with more expensive, slower-growth branch systems. In addition, we have demonstrated an ability to scale core deposits rapidly and in large increments by adjusting our marketing activities and account features.

Attractive Customer Base

Our products and services typically appeal to well-educated, middle-aged, high-income individuals and households as well as small and medium-sized businesses. These customers, typically located in major metropolitan areas, tend to be financially sophisticated with complex financial needs, providing us with cross-selling opportunities. We believe these customer characteristics result in higher average deposit balances and more self-directed transactions, which lead to operational efficiencies and lower account servicing costs. As of December 31, 2011, our average deposit balance per household (excluding escrow deposits) was $78,283, which we believe is more than three times the industry average.

Diversified Business Model

We have a diverse set of businesses that provide complementary earnings streams, investment opportunities and customer cross-selling benefits. The multiple channels through which we distribute our products and services enable us to attract high-value customers and provide geographic diversity and stability to our customer base. Our business model allows us to deploy capital to multiple asset classes based on the best risk-adjusted returns available and maintain a diversified and balanced portfolio. We believe our multiple revenue sources, including our favorable balance of interest and noninterest income, and the geographic diversity of our customer base mitigate business risk and provide opportunities for growth in varied economic conditions.

Robust Asset Origination and Acquisition Capabilities

We have robust, nationwide asset origination that generates a variety of assets to either hold on our balance sheet or sell in the capital markets. We originate assets through multiple origination sources. Our organic origination activities are scalable, significant relative to our balance sheet size and provide us with substantial growth potential. We originated $2.7 billion of loans and leases in the second quarter of 2012 ($10.9 billion on an annualized basis) and organically generated $0.7 billion of volume for our own balance sheet ($2.9 billion on an annualized basis). We consider organically generated volume to be loans and leases originated by us and loans purchased out of GNMA pool securities that we were servicing in the current period. The size of our mortgage origination business, which originated approximately $4.2 billion UPB of residential mortgage loans in the first six months of 2012 allows us to selectively retain only those loans which meet our specific investment criteria. In addition, our commercial finance expertise allows us to originate equipment leases with attractive investment characteristics. We can also originate commercial loans through our financial centers when market conditions warrant. In managing our investment portfolio we routinely augment our internally originated assets by acquiring assets in the capital markets that meet our investment criteria through rigorous research and analysis. We are able to calibrate our levels of asset origination, asset acquisitions and retention of originated assets to capitalize on various market conditions.

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Scalable Business Infrastructure

Our scalable business infrastructure has enabled us to grow our business and improve profitability. Over the course of 2011 and 2012, we made significant additional investments in our operating platforms, management talent and business processes. We believe our business infrastructure will enable us to continue growing our business well into the future.

Experienced Management Team with Long Tenures at the Company

Our management team has extensive and varied experience in managing national banking and financial services firms and has significant experience working together at EverBank. Our Chairman & Chief Executive Officer, Robert Clements, has been with us for 18 years and has 25 years of financial industry experience. Our President and Chief Operating Officer, Blake Wilson, has over 23 years of experience in financial services and has been with us for 11 years. Our management team has experienced a variety of economic cycles, including many during their tenure with us, which provides them with the capacity to understand and proactively address market changes, through a culture centered around rigorous analytics that management has fostered. In 2011, we also made selective additions to our management team and added key business line leaders. In addition, as of September 30, 2012, members of our executive management team beneficially owned approximately 8.08% of our common stock, including any securities convertible into or exchangeable for shares of our common stock, thus aligning our management s interests with those of our other stockholders.

Strategy

Continue Growth of Deposit Base

We plan to leverage the success of our existing deposit model and grow our deposit base to fund investment opportunities. We intend to continue providing deposit products through our multi-channel distribution network to generate low-cost, high-quality, long-term core deposits. We have successfully driven deposit growth without sacrificing deposit quality, as evidenced by our diversified deposit composition with high concentrations of core, transactional deposit products and believe we can continue to achieve high-quality growth in the future by increasing our marketing efforts or enhancing account features to respond to various economic conditions.

In order to attract deposits through increased brand awareness, we continue to develop detailed strategies for expanding our media efforts to include radio, television, additional sponsorships and other media outlets. Our strategic relationship with the Jacksonville Jaguars of the National Football League illustrates a key step in our expanded marketing strategy. As part of the relationship, the team s home stadium in Jacksonville, Florida has been named EverBank Field and EverBank has been designated as the official bank of the Jaguars. We anticipate this relationship will increase our name recognition through radio, television and other media outlets.

Additionally, we may selectively increase our financial center locations to grow deposits. Our physical branch network strategy is to target locations in key wealth markets that have a large concentration of our existing customers and higher deposits per branch. We plan to acquire financial center locations meeting our criteria through FDIC-assisted or unassisted branch or whole bank acquisitions if attractive opportunities become available.

Capitalize on Changing Industry Dynamics

We believe that the wide-scale disruptions in the credit markets and changes in the competitive landscape during the financial crisis, will continue to provide us with attractive returns on our lending and investing activities. Our success in asset acquisition and origination has included identifying high risk-adjusted return assets among the asset acquisition opportunities available to us. We have a flexible asset selection and credit underwriting process that we have successfully tailored to various business and credit environments. We see significant opportunities for us in the mortgage markets as uncertainty on the outcome of future regulation and government participation is causing many of our competitors to retrench or exit the market. We plan to capitalize on fundamental changes to the pricing of risk and build on our proven success in evaluating high risk-adjusted return assets as part of our growth strategy going forward.

Opportunistically Evaluate Acquisitions

We have historically augmented our strong organic growth with selective strategic acquisitions. We have a strong track record of successfully executing these acquisitions and realizing expected financial benefits. On an ongoing basis, we intend to evaluate and pursue attractive opportunities to continue to enhance our franchise. We may consider acquisitions of lines of business or lenders in commercial and small business lending or leasing, loans or securities portfolios, residential lenders, direct banks, banks or bank branches (whether in FDIC-assisted or unassisted transactions), wealth and investment management firms, securities brokerage firms, specialty finance or other financial services-related companies. Our strong capital and liquidity position enable us to strategically pursue acquisition opportunities as they arise. Our acquisition strategy employs rigorous financial analysis and due diligence to ensure that our return hurdles and credit policies are met. We further believe that our servicing expertise and capabilities offer us a significant advantage in acquiring companies with both residential and commercial mortgage loan portfolios and provide us with insights into credit risk.

Pursue Cross-Selling Opportunities

Our current business model benefits from cross-selling opportunities between our banking, lending and investing activities. We believe there are additional opportunities to cross-sell these components of our business, which should accelerate due to our increased marketing and branding. We believe our customer concentrations in major metropolitan markets will facilitate our abilities to cross-sell our products. We expect to increase distribution of our deposit and lending products, achieve additional efficiencies across our businesses and enhance our value proposition to our customers. Both our deposit and lending products attract similar mass-affluent, self-directed customers. We believe there are opportunities, in addition to our wealth management strategy, to meaningfully increase distribution of products to customers from all aspects of our business, including through increased brand awareness resulting from our marketing efforts.

Execute on Wealth Management Business

We intend to appeal to our mass-affluent customer base with additional investment and wealth management services. We believe the mass-affluent, self-directed population represents a large potential private banking customer base that is currently underserved. We believe this group of customers overlaps with our current customer base and is a natural extension of our WorldCurrency®, MarketSafe® and EverBank Metals Select℠ products. Our wealth management strategy also capitalizes on our existing infrastructure, marketing programs and distribution resources.

As we pursue our wealth management strategy, we believe we will be able to broaden and deepen our relationships with existing customers while enhancing retention and generating additional fee income. Simultaneously, we plan to encourage new customers drawn to our wealth management services to utilize our other lending, deposit and investing products, which would drive growth across our other business lines.

Recent Acquisitions

Acquisition of Business Property Lending

In October 2012, we acquired Business Property Lending, including the commercial loan origination and servicing platform, $2.3 billion of performing commercial loans and the rights to service $2.9 billion of loans securitized by GECC from 2003 to 2007. Business Property Lending provides commercial loans for essential use properties owned or leased by small and midsize businesses, as well as single and multi-credit tenant lease financing nationwide. The acquisition diversifies our current loan portfolio and enhances our robust asset

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generation capabilities through a complementary nationwide origination platform. We intend to grow this business and leverage cross sell opportunities to small business customers and their mass-affluent owners.

Acquisition of MetLife Bank s Warehouse Finance Business

In April 2012, we acquired MetLife Bank s warehouse finance business, including approximately $351 million in assets for a price of approximately $351 million. In connection with the acquisition, we hired 16 sales and operational staff from MetLife who were a part of the existing warehouse business. The warehouse business will continue to be operated out of locations in New York, New York, Boston, Massachusetts and Plano, Texas. We intend to grow this line of business, which will provide residential loan financing to mid-sized, high-quality mortgage banking companies across the country.

Market Opportunity

Overall Banking Market

Disruptions in the banking industry, housing markets and capital markets from 2008 to 2011 created opportunities for well capitalized banking institutions, such as us, in deposit generation, jumbo portfolio lending, loan and MBS portfolio acquisitions, strategic acquisitions and business line expansions. We believe the market environment will continue to create opportunities for us as many of our competitors have experienced significant constraints in funding, capital and credit. As our competitors have been forced to downsize balance sheets, business operations and funding lines, we believe many customers have become disenfranchised from their traditional banks. Additionally, many competitors have been forced to reevaluate their business models in the wake of the financial crisis, leading to either market retrenchments or exits that benefit new entry by healthy institutions. We believe we are positioned to capitalize on these opportunities as well as other favorable trends in the market.

Online Banking

Online banking and investing represent a growing segment of the financial services industry. According to Global Industry Analysts, Inc., in the United States, there were an estimated 81 million online banking customers in 2009, a 6% increase over 2008. According to McKinsey & Company, the number of U.S. households banking online more than doubled, from 20 million in 2001 to 52 million in 2008. In 2008, approximately 82% of all U.S. households with an Internet connection used online banking services and over 90% of such households paid at least one bill online. Furthermore, a September 2011 McKinsey & Company study indicates that online banking is following the trend of U.S. retailing, where more than 40% of total retail sales are either transacted online or influenced by the online channel. The study expects the percentage of active U.S. online banking customers to increase within 3-5 years, as the digital consumer becomes more comfortable using the internet and mobile devices. We believe that the online banking market will continue to grow and we are well-positioned to take advantage of this growth relative to our industry peers.

Residential Mortgage Market

The residential mortgage markets are large and experienced consolidation during the financial crisis as competitors exited the market, failed or downsized. Total residential lending volume originated in 2011 was $1.3 trillion as compared to $3.0 trillion in 2005 according to the Mortgage Bankers Association. The market share of the largest five mortgage lenders has increased from approximately 44% in 2006 to approximately 55% in the third quarter of 2011. In addition to consolidation, the mortgage market has also experienced a significant shift from nonagency to agency originations. In 2005, nonagency originations comprised 62% of the market, and in 2011 nonagency originations comprised 12% of originations. Product availability has shifted as well; given the reduction in financing that is available through the nonagency securitization market, subprime, alt-A and other exotic mortgages have largely disappeared from the markets and the availability of jumbo mortgages has significantly contracted. Significant uncertainty remains in the mortgage market from pending changes of regulatory reform, resolution of the future role of the government in mortgage funding and remaining stress in

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the housing market. Recently many of the largest participants in the mortgage market have retrenched or exited the market, including Bank of America, Ally and Citi reducing their correspondent channel businesses and MetLife shutting down its mortgage business. The evolving landscape will likely provide opportunities for companies with the ability to respond to the market changes.

Commercial Leasing and Vendor Financing

Difficult economic conditions and stress in the wholesale funding market have forced some commercial leasing and vendor financing companies to exit the industry, increasing consolidation and decreasing the availability of credit. We believe that the decrease in available sources of credit for this market coupled with an increase in demand in the future will likely create attractive investment and origination opportunities for companies with the expertise to properly evaluate risk and credit in this market.

Commercial Lending

Commercial lending comprises commercial investment property, essential use business property loans, warehouse finance and small business loans. Market conditions were generally unfavorable for this asset class during the financial crisis and recovery for commercial lending is expected to be slow as unemployment remains high and GDP growth remains low. These factors led many players in the market to curtail originations and resulted in an opportunity to expand our capabilities within these businesses in anticipation of more favorable market conditions. We have recently expanded our commercial lending capabilities through our recent acquisitions of Business Property Lending, and MetLife Bank s warehouse finance business. These acquisitions complement our nationwide origination footprint and overlap key markets where we have significant customer activity. We expect our commercial lending activity to diversify our loan portfolio and provide balance sheet growth at attractive yields. We believe that warehouse finance is a $30 billion market and small business lending is a $125 billion market and we intend to grow our share in these markets.

Competition

We face substantial competition in all areas of our operations from various competitors including Internet banks and national, regional and community banks within the markets in which we serve. We also compete with many other types of financial institutions, such as savings and loan institutions, credit unions, mortgage companies, other finance companies, brokerage firms, insurance companies, factoring companies and other financial intermediaries.

Our services are primarily offered over the Internet. While providing many competitive advantages, some customers may prefer a more traditional branch footprint. Additionally, because we offer our services primarily over the Internet, we compete for customers nationally. As a result, our competitors range from small community banks to the largest international financial institutions.

Competition for deposit products is generally based on pricing because of the ease with which customers can transfer deposits from one institution to another. Our multi-channel deposit strategy has lower fixed operating costs than traditional models because we do not incur the expenses associated with primarily operating through a traditional branch network. In order to generate deposits, we pass a portion of these cost savings to our customers through competitive interest rates and fees. In addition to price competition, we also seek to increase our deposit market share through product differentiation by offering deposit products that provide investment capabilities such as our WorldCurrency®, MarketSafe® and EverBank Metals Select℠ deposit products.

Competition for loans is also often driven by interest rates, loan origination and related fees and services. Because of our lower cost structure relative to our competition, we are often able to offer borrowers more favorable interest rates than may be available from other lenders. In addition, because we originate assets to hold on our balance sheet as well as sell in the secondary markets, we seek to attract borrowers by offering loan products such as jumbo residential mortgage loans that may not be available from other lenders.

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In addition to price competition and product differentiation, we also compete based on the accessibility of our product offerings through our multiple distribution channels. Finally, we seek to distinguish our products and services from other Internet banks through the quality of our online offerings and website functionality.

Intellectual Property and Proprietary Rights

We take active measures to safeguard our name, work product and other proprietary intellectual property. We register our various Internet URL addresses with service companies, clear all trademarks and service marks prior to use and registration and police our service marks and copyrighted works. Policing unauthorized use of intellectual property assets and proprietary information is difficult and litigation may be necessary to enforce our intellectual property rights.

We own numerous federal trademark applications and have applications pending in certain foreign jurisdictions. We own dozens of Internet domain names, including the names.com domains corresponding to the names of EverBank and its operating subsidiaries. Domain names in the United States and in foreign countries are regulated but the laws and regulations governing the Internet are continually evolving. Additionally, the relationship between regulations governing domain names and laws protecting intellectual property rights is not entirely clear. We have had to engage in enforcement actions to protect these names, including administrative proceedings. As a result, we may in the future be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other intellectual property rights.

Employees

As of June 30, 2012, we had over 3,000 employees. None of our employees are subject to collective bargaining agreements. We consider our relationships with our employees to be good.

Properties

We lease or sublease over 862,000 square feet in 62 locations in 16 states. We also sublease out to third parties approximately 64,000 square feet of our leased space. We own one financial center in Naples, Florida.

Our principal executive offices are located at 501 Riverside Avenue, Jacksonville, Florida 32202 and our telephone number is (904) 281-6000. We lease approximately 47,500 square feet under a lease that expires on June 30, 2017. We occupy one of our four Jacksonville financial centers at this location, occupying approximately 3,300 square feet under a separate lease that expires on June 30, 2017. We also occupy approximately 30,000 square feet of additional office space at this location, approximately 5,500 square feet of which is under a sublease that expires on September 30, 2013, approximately 13,000 square feet of which is under a sublease which expires on April 30, 2014, approximately 2,800 square feet of which is under a sublease that expires on December 31, 2012, and approximately 5,700 square feet of which is under a lease that expires on May 31, 2016.

In addition to our headquarters, we conduct a majority of our mortgage operations and all of our mortgage servicing activities in Jacksonville, Florida.

We conduct the banking functions associated with our consumer direct channel in St. Louis, Missouri, our deposit operations are in Islandia, New York, and our commercial finance activities are in Parsippany, New Jersey.

We evaluate our facilities to identify possible under-utilization and to determine the need for functional improvement and relocations. We believe that the facilities we lease are in good condition and are adequate to meet our current operational needs.

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Legal Proceedings

We are subject to various claims and legal actions in the ordinary course of our business. Some of these matters include employee-related matters and inquiries and investigations by governmental agencies regarding our employment practices. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, operating results, financial condition or cash flows.

EverBank is currently subject to the following legal proceedings:

Arkansas Class Action

In October 2012, a putative class action lawsuit, entitled *Martha Smith in her Official Capacity as Circuit Clerk and Recorder of Clark County, Arkansas v. No Trustee On Deed Of Trust, Wilson and Associates, PLLC, EverHome Mortgage Company, et al.*, was filed in the Circuit Court of Clark County, Arkansas. The complaint seeks declaratory and injunctive relief seeking to enjoin the defendants from recording documents without paying transfer taxes and affixing documentary stamps to the recorded documents. A responsive pleading is due by November 7, 2012. We believe the plaintiff s claims are without merit and intend to contest all such claims vigorously.

Bock Litigation

In April 2011, a complaint alleging patent infringement, entitled *Joao Bock Transportation System, Inc. v. USAmeribank, EverBank, et al.* was filed in the United States District Court for the Middle District of Florida. The plaintiff alleges it is the owner of a patent and that defendants, including EverBank, have infringed on such patent by activities associated with online banking and account management services. The plaintiff is seeking damages to compensate the plaintiff for the alleged infringement, costs and attorneys fees and permanent injunctive relief. EverBank filed an answer on September 16, 2011. EverBank is currently participating in discovery. Trial has been set in the matter for September 3, 2013. Pursuant to the agreement under which EverBank licenses the patent in question, EverBank is indemnified against all losses related to claims for patent infringement.

Figueroa Class Action

In July 2010, a putative class action entitled *Figueroa vs. MERSCORP, Inc., Law Offices of David J. Stern, P.A., and David J. Stern, individually,* was filed in the United States District Court, Southern District of Florida. In August 2010, an amended complaint was filed adding other defendants including EverHome Mortgage Company and other shareholders in MERS. The proposed class consists of individuals who owned Florida real property which was encumbered by a mortgage listing MERS as mortgagee, who lost title to the property when an adverse final judgment was entered in a foreclosure action in which the plaintiff was represented by defendant Law Offices of David J. Stern, P.A., and where the foreclosure actions were filed in the name of plaintiffs which allegedly were not the real parties in interest. The amended complaint alleges, among other things, that the MERS and Stern defendants engaged in a pattern of racketeering by sending fraudulent assignments and foreclosure pleadings through the mail and by bringing the foreclosure actions in the name of MERS, which was not the real party in interest, for the purpose of defrauding borrowers of their money and property. In addition, the amended complaint alleges that the MERS shareholder defendants were complicit in the actions of the MERS and Stern defendants by entering into Agreements for Signing Authority to which the MERS and Stern defendants were also parties. The plaintiffs do not estimate actual damages or the size of the class, but state that the measure of damages is the average amount of the accelerated loan amounts alleged to have been demanded from the class members by the MERS and Stern defendants, plus costs, attorneys fees, and such additional relief as the court or jury deems proper. EverHome Mortgage Company filed a joint motion to dismiss with all defendants on December 2, 2010. On January 31, 2011, the court issued an order dismissing the case with prejudice. Plaintiffs filed a Notice of Appeal and other administrative documents with the court on February 28, 2011. Defendants filed a response to the brief on June 7, 2011. On May 11, 2012 the appellate court

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affirmed the lower court s dismissal of the complaint. On July 3, 2012, Plaintiff filed a motion indicating that he intends to petition for Writ of Certiorari with the United States Supreme Court and defendants filed an opposition. We believe the plaintiff s claims are without merit and intend to contest all such claims vigorously.

Mortgage Electronic Registration Services Related Litigation

MERS, EverHome Mortgage Company, EverBank and other lenders and servicers that have held mortgages through MERS are parties to the following class action lawsuits where the plaintiffs allege improper mortgage assignment and, in some instances, the failure to pay recording fees in violation of state recording statutes: (1) *Christian County Clerk, et al. v. MERS and EverHome Mortgage Company* filed in April 2011 in the United States District Court for the Western District of Kentucky and now pending on appeal in the United States Court of Appeals for the Sixth Circuit; (2) *State of Ohio, ex. reI. David P. Joyce, Prosecuting Attorney General of Geauga County, Ohio v. MERSCORP, Inc., Mortgage Electronic Registration Services, Inc. et al.* filed in October 2011 in the Court of Common Pleas for Geauga County, Ohio, and later removed to federal court and subsequently remanded to state court; (3) *State of Iowa, by and through Darren J. Raymond, Plymouth County Attorney v. MERSCORP, Inc., Mortgage Electronic Registration Services, Inc., et aI.*, filed in March 2012 in the Iowa District Court for Plymouth County and later removed to federal court; (4) *Boyd County, ex. rel. Phillip Hedrick, County Attorney of Boyd County, Kentucky, et al. v. MERSCORP, Inc., Mortgage Electronic Registration Services, Inc., et al.* filed in April 2012 in the United States District Court for the Eastern District of Kentucky; (5) Jackson County, *Missouri v. MERSCORP, Inc., Mortgage Electronic Registrations Systems, Inc., et al.*, filed in April 2012 in the Circuit Court of Jackson County, Missouri and later removed to federal court; (6) *County of Union Illinois, et al. v. MERSCORP, Inc., Mortgage Electronic Registration Services, Inc., et al.* filed in April 2012 in the Circuit Court for the First Judicial Circuit, Union County, Illinois and later removed to federal court; (7) *St. Clair County, Illinois v. Mortgage Electronic Registration Systems, Inc., MERSCORP, Inc. et al.,* filed in May 2012 in the Circuit Court of the Twentieth Judicial Circuit, St. Clair County, Illinois; and (8) *Macon County, Illinois v. MERSCORP, Inc., Mortgage Electronic Registration Systems, Inc., et al.* filed in July 2012 in the Circuit Court of the Sixth Judicial Circuit, Macon County, Illinois and later removed to federal court. In these class action lawsuits, the plaintiffs in each case generally seek judgment from the courts compelling the defendants to record all assignments, restitution, compensatory and punitive damages, and appropriate attorneys fees and costs. We believe the plaintiff s claims are without merit and intend to contest all such claims vigorously.

Peterson Class Action

In July 2011, plaintiffs filed a putative class action complaint entitled *Purnie Ray Peterson, et al. v. CitiMortgage, Inc., et al.*, in the Fourth Judicial District, County of Hennepin, Minnesota against EverBank, EverHome Mortgage Company and other lenders and foreclosure counsel. The complaint alleges slander of title, breach of fiduciary duty, due process violation, fraud, negligent misrepresentation, conversion, civil conspiracy, unjust enrichment, and equitable estoppel. The plaintiffs assert that defendants do not have valid legal title to the original notes nor have physical possession of same so the notes cannot be enforced and seek a determination that defendants have no lien interests in the properties and are permanently enjoined from failing to record assignments of securitized mortgage loans. The plaintiffs seek quiet title to their properties and a determination that defendants have invalid and voidable mortgages. The plaintiffs also seek a determination that defendants failed to pay appropriate filing fees, that plaintiffs original notes are void, that all sums paid to defendants be returned, and that attorneys fees and costs are awarded. On August 18, 2011, the lawsuit was removed to federal court and on August 29, 2011 a Joint Motion to Dismiss was filed by all defendants. A hearing on the Motion to Dismiss was heard on March 7, 2012. On May 31, 2012, the Court granted EverBank s Motion to Dismiss. Plaintiffs filed a Notice of Appeal on June 27, 2012 and their initial brief on August 16, 2012. Defendant s responsive brief was filed on October 17, 2012. We believe the plaintiffs claims are without merit and intend to contest all such claims rigorously.

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REGULATION AND SUPERVISION

Government Regulation

We and EverBank are subject to comprehensive supervision and regulation that affect virtually all aspects of our operations. This supervision and regulation is designed primarily to protect depositors and the DIF administered by the FDIC, and the banking system as a whole, and generally is not intended for the protection of stockholders. The following summarizes certain of the more important statutory and regulatory provisions. See also the discussion under Risk Factors Regulatory and Legal Risk Factors. As of the date of this prospectus, substantial changes to the regulatory framework applicable to us and our subsidiaries have been passed by the U.S. Congress, and the majority of these legislative changes will be implemented over time by various regulatory agencies. For a discussion of such changes, see Recent Regulatory Developments below. The full effect of the changes in the applicable laws and regulations, as implemented by the regulatory agencies, cannot be fully predicted and could have a material adverse effect on our business and results of operations.

Recent Regulatory Developments

A horizontal review of the residential mortgage foreclosure operations of fourteen mortgage servicers, including EverBank, by the federal banking agencies resulted in formal enforcement actions against all of the banks subject to the horizontal review. On April 13, 2011, we and EverBank each entered into a consent order with the OTS, with respect to EverBank s mortgage foreclosure practices and our oversight of those practices. The consent orders require, among other things, that we establish a new compliance program for our mortgage servicing and foreclosure operations and that we ensure that we have 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. We are 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. We are working to fulfill the requirements of the consent orders. In response to the consent orders, we have established an oversight committee to monitor the implementation of the actions required by the consent orders. Furthermore, we have enhanced and updated several policies, procedures, processes and controls to help ensure the mitigation of the findings of the consent orders, and submitted them to the FRB and the OCC (the applicable successors to the OTS), for review. In addition, we have enhanced our third-party vendor management system and our compliance program, hired additional personnel and retained an independent firm to conduct foreclosure reviews.

In addition to the horizontal review, other government agencies, including state attorneys general and the U.S. Department of Justice, investigated various mortgage related practices of certain servicers, some of which practices were also the subject of the horizontal review. We understand certain other institutions subject to the consent decrees with the banking regulators announced in April 2011 recently have been contacted by the U.S. Department of Justice and state attorneys general regarding a settlement. In addition, the federal banking agencies may impose civil monetary penalties on the remaining banks that were subject to the horizontal review as part of such an investigation or independently but have not indicated what the amount of any such penalties would be. At this time, we do not know whether any other requirements or remedies or penalties may be imposed on us as a result of the horizontal review.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. As noted in the discussion of Risk Factors above, on July 21, 2010, President Obama signed into law the Dodd-Frank Act. The Dodd-Frank Act has had and will continue to have a broad impact on the financial services industry, imposing significant regulatory and compliance changes, including a fundamental restructuring of the supervisory regime applicable to thrifts and thrift holding companies, the imposition of increased capital, leverage and liquidity requirements, and numerous other provisions designed to improve supervision and oversight of, and strengthen

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safety and soundness within, the financial services sector. Additionally, the Dodd-Frank Act establishes a new framework of authority to conduct systemic risk oversight within the financial system to be distributed among new and existing federal regulatory agencies, including the Financial Stability Oversight Council, or Oversight Council, the FRB, the OCC and the FDIC.

The following items provide a brief description of the relevant provisions of the Dodd-Frank Act and their potential impact on our operations and activities, both currently and prospectively.

Change in Thrift Supervisory Structure. The Dodd-Frank Act, among other things, as of July 21, 2011, transferred the functions and personnel of the OTS between the OCC, FDIC and FRB. As a result, the OTS no longer supervises or regulates savings associations or savings and loan holding companies. The Dodd-Frank Act preserves the federal thrift charter; however, supervision of federal thrifts, such as EverBank, has been transferred to the OCC. Most significantly for us, the Dodd-Frank Act has transferred the supervision of thrift holding companies, such as us, to the FRB while taking a number of steps to align the regulation of thrift holding companies to that of bank holding companies. The FRB is in the process of taking steps to implement changes mandated by the Dodd-Frank Act, including requiring a thrift holding company to serve as a source of strength for its subsidiary depository institutions, requiring thrift holding companies to satisfy supervisory standards applicable to financial holding companies (e.g., well capitalized and well managed status) and to elect to be treated as a financial holding company, in order to conduct those activities permissible for a financial holding company, and generally authorizing the FRB to promulgate capital requirements for thrift holding companies (for example, under the so-called Collins Amendment). As a result of this change in supervision and related requirements, we also will generally be subject to new and potentially heightened examination and reporting requirements. The Dodd-Frank Act also provides various agencies with the authority to assess additional supervision fees.

Creation of New Governmental Agencies. The Dodd-Frank Act creates various new governmental agencies such as the Financial Stability Oversight Council and the CFPB, an independent agency housed within the FRB. The CFPB has a broad mandate to issue regulations, examine compliance and take enforcement action under the federal consumer financial laws, including with respect to EverBank. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce consumer protection rules adopted by the CFPB against certain institutions.

Limitation on Federal Preemption. The Dodd-Frank Act may reduce the ability of national banks and federal thrifts to rely upon federal preemption of state consumer financial laws. Although the OCC, as the new primary regulator of federal thrifts, has the ability to make preemption determinations where certain conditions are met, the new limitations placed on preemption determinations have the potential to create a patchwork of federal and state compliance obligations. This could, in turn, result in significant new regulatory requirements applicable to us, with attendant potentially significant changes in our operations and increases in our compliance costs. It could also result in uncertainty concerning compliance, with attendant regulatory and litigation risks. While some uncertainty remains as to how the OCC will address preemption determinations going forward, on July 20, 2011, the OCC issued a final rule implementing certain Dodd-Frank Act preemption provisions. Among other things, the rule states that federal thrifts, such as EverBank, are subject to the same laws, legal standards and OCC regulations regarding the preemption of state law as national banks. In promulgating the rule, the OCC stated that its prior preemption determinations and regulations remain valid. As a result, we expect EverBank should have the benefit of those determinations and regulations.

Mortgage Loan Origination and Risk Retention. The Dodd-Frank Act contains additional regulatory requirements that may affect our mortgage origination and servicing operations, result in increased compliance costs and may impact revenue. For example, in addition to numerous new disclosure requirements, the Dodd-Frank Act imposes new standards for mortgage loan originations on all lenders, including banks and thrifts. Most significantly, the new standards prohibit us from making a residential mortgage loan without verifying a borrower s ability to repay, limit the total points and fees that we and/or a broker may charge on conforming and jumbo loans to 3% of the total loan amount and prohibit certain prepayment penalty practices. Also, the Dodd-Frank Act, in conjunction with the FRB s final rule on loan originator compensation issued August 16, 2010 and effective April 1, 2011, prohibits certain compensation payments to loan originators and the steering of consumers to loans not in their interest because the loans will result in greater compensation for a loan originator. These standards will result in a myriad of new system, pricing and compensation controls in order to ensure compliance and to decrease repurchase requests and foreclosure defenses. In addition, the Dodd-Frank Act generally requires lenders or securitizers to retain an economic interest in the credit risk relating to loans the lender sells and other asset-backed securities that the securitizer issues if the loans have not complied with the ability to repay standards. The risk retention requirement generally will be 5%, but could be increased or decreased by regulation.

Imposition of Restrictions on Swap Activities. The Dodd-Frank Act requires regulations for the over-the-counter derivatives market, including requirements regarding clearing, execution, capital, margin, reporting and recordkeeping, and for registration of market participants who are swap dealers, security-based swap dealers, major swap participants or major security-based swap participants (covered entities). We do not expect to register in any of these capacities. Additionally, the Dodd Frank Act prohibits federal assistance (including federal deposit insurance) to covered entities that engage in swaps on equities, commodities and other products in which a bank may not invest directly. The effect of the prohibition is to cause banks to push out those swap activities into separate entities. Only limited interaction is permitted between such entities and their bank affiliates. Banks are permitted to engage in swaps directly for hedging some risks related to their business activities. The effective date of the swaps push-out rule is July 16, 2013, and longer transition periods may be permitted by the banking regulators in some cases. The rule does not affect EverBank s ability to use swaps to manage its interest rate risks.

Imposition of Restrictions on Certain Trading and Investment Activities. The Dodd-Frank Act includes the Volcker Rule, which generally prohibits banking entities (which includes us and our subsidiaries and affiliates) from engaging in certain securities activities defined to be proprietary trading, or sponsoring, investing in, or having certain other relationships with certain private equity funds or hedge funds, subject to limited exemptions. An interagency proposal for implementing the Volcker Rule has been released for public comment. The timing of a final rule implementing the Volcker Rule is uncertain. However, banking entities will have a conformance period of two years, with the possibility of certain extensions of time, within which to bring their activities into conformance with the Volcker Rule. The general two-year conformance period began on July 21, 2012.

Transactions with Affiliates. The Dodd-Frank Act enhances the requirements for certain transactions with affiliates under Sections 23A and 23B of the Federal Reserve Act, or FRA, including an expansion of the definition of covered transactions and increasing the amount of time for which collateral requirements regarding covered transactions must be satisfied.

Corporate Governance. The Dodd-Frank Act addresses many investor protection, corporate governance and executive compensation matters that will affect most U.S. publicly traded companies. The Dodd-Frank Act, among other things, (1) grants shareholders of U.S. publicly traded companies an advisory vote on executive compensation; (2) enhances independence requirements for Compensation Committee members; and (3) requires companies listed on national securities exchanges to adopt incentive-based compensation clawback policies for executive officers.

Deposit Insurance. The Dodd-Frank Act makes permanent the $250,000 deposit insurance limit for insured deposits. Amendments to the FDIA also revise the assessment base against which an insured depository institution s deposit insurance premiums paid to the DIF will be calculated. Under the amendments and FDIC implementing regulations, effective April 1, 2011, the assessment base is no longer the institution s deposit base but rather its average consolidated total assets less its average tangible equity. This may shift the burden of deposit insurance premiums toward those depository institutions that rely on funding sources other than

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U.S. deposits. Additionally, the Dodd-Frank Act makes changes to the minimum designated reserve ratio of the DIF, increasing the minimum from 1.15% to 1.35% of the estimated amount of total insured deposits, and eliminating the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds. Several of these provisions could increase our FDIC deposit insurance premiums. In addition, effective July 21, 2011, depository institutions may, but are not required to, pay interest on demand deposits.

Many of the requirements called for in the Dodd-Frank Act will be implemented over time and most will be subject to implementing regulations over the course of several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations continues to be unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with the new requirements may negatively impact our results of operations and financial condition. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to our investors.

FDIC Insurance Assessment. On November 12, 2009, the FDIC adopted a final rule that requires nearly all FDIC-insured depositor-institutions to prepay the DIF assessments for the fourth quarter of 2009 and for the next three years. On December 31, 2009, we paid approximately $38.6 million for our 2009 fourth quarter and all of our 2010, 2011 and 2012 FDIC assessments.

As discussed above, the Dodd-Frank Act required the FDIC to substantially revise its regulations for determining the amount of an institution s deposit insurance premiums. The FDIC approved a final rule, effective April 1, 2011, that implements the required change to the assessment base and changes the assessment rate calculation for large insured depository institutions, including EverBank. Effective April 1, 2011, the assessment rates are subject to adjustments based upon the insured depository institution s adjusted ratio of (1) long-term unsecured debt to the new assessment base, (2) long-term unsecured debt issued by another insured depository institution to the new assessment base, and (3) brokered deposits to the new assessment base. However, the adjustments based on brokered deposits to the new assessment base do not apply so long as the institution is well capitalized and has a composite CAMELS rating of 1 or 2. Additionally, the rules permit the FDIC to impose additional discretionary assessment rate adjustments.

Basel III. While we were historically required by the OTS to have a prudential level of capital to support our risk profile, the OTS did not historically subject thrift holding companies, such as us, to consolidated regulatory capital requirements. The Dodd-Frank Act will subject us to new capital requirements that are not less stringent than such requirements generally applicable to insured depository institutions, such as EverBank, or quantitatively lower than such requirements in effect for insured depository institutions as of July 21, 2010. The current risk-based capital guidelines that apply to EverBank are based upon the 1988 capital accord of the international Basel Committee on Banking Supervision, a committee of central banks and bank supervisors, as implemented by the U.S. federal banking agencies on an interagency basis. In 2008, the banking agencies collaboratively began to phase-in capital standards based on a second capital accord, referred to as Basel II, for large or core international banks (generally defined for U.S. purposes as having total assets of $250 billion or more or consolidated foreign exposures of $10 billion or more). Basel II emphasizes internal assessment of credit, market and operational risk, as well as supervisory assessment and market discipline in determining minimum capital requirements.

As noted in the discussion of Risk Factors above, on September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced agreement to a strengthened set of capital requirements for internationally active banking organizations in the United States and around the world, known as Basel III. The agreement is supported by the U.S. federal banking agencies and the final text of the Basel III rules was released by the Basel Committee on Banking Supervision on December 16, 2010.

On June 7, 2012, the federal banking agencies approved three joint notices of proposed rulemaking (the NPRs) that, taken together, will both implement Basel III s capital framework (but not its liquidity framework, which the agencies are expected to address at a later date) for U.S. banking institutions and substantially revise the agencies Basel I-based general risk-based capital guidelines (referred to in the NPRs as the standardized approach) to make them more risk sensitive. The following items provide a brief description of the relevant provisions of Basel III, as they would be implemented by the NPRs, and their potential impact on our capital levels if applied to us and EverBank.

New Risk Weightings under Standardized Approach

The components of the NPRs related to the standardized approach would amend the agencies Basel I risk-based capital guidelines and replace the risk-weighting categories currently used to calculate risk-weighted assets in the denominator of capital ratios with a broader array of risk weighting categories that are intended to be more risk sensitive. The new risk-weights for the standardized approach range from 0% to 600% as compared to the risk-weights of 0% to 100% in the agencies existing Basel I risk-based capital guidelines. Higher risk weights would apply to a variety of exposures, including certain securitization exposures, equity exposures, claims on securities firms and exposures to counterparties on OTC derivatives. Compared with Basel I, the risk-weighting changes likely to be most significant for us will be the revisions to the risk-weighting for residential mortgages.

New Minimum Capital Requirements. As implemented by the NPRs, Basel III would be expected to have the following effects on the minimum capital levels of banking institutions to which it applies when fully phased in on January 1, 2019:

Minimum Common Equity. The NPRs introduce a new minimum common equity tier 1 capital to total risk-weighted assets ratio of 4.5%. This requirement will be phased in by January 1, 2015. The common equity tier 1 capital ratio required will rise to 7.0% by January 1, 2019 (4.5% attributable to the minimum required common equity ratio plus 2.5% attributable to the capital conservation buffer).

Minimum Tier 1 Capital. The minimum Tier 1 capital requirement, which includes common equity and other qualifying financial instruments based on stricter criteria, will increase from 4.0% to 6.0% also by January 1, 2015. Total Tier 1 capital will rise to 8.5% by January 1, 2019 (6.0% attributable to the minimum required Tier 1 capital ratio plus 2.5% attributable to the capital conservation buffer, as discussed below).

Minimum Total Capital. The minimum Total Capital (Tier 1 and Tier 2 capital) requirement will increase to 8.0% (10.5% by January 1, 2019, including the capital conservation buffer).

Capital Conservation Buffer. An initial capital conservation buffer of 0.625% above the regulatory minimum common equity requirement will begin in January 2016 and will gradually be increased to 2.5% by January 1, 2019. The buffer will be added to common equity, after the application of deductions. The purpose of the conservation buffer is to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. It is expected that, while banks would be allowed to draw on the buffer during such periods of stress, the closer their regulatory capital ratios approach the minimum requirement, the greater the constraints that would be applied to earnings distributions.

Regulatory Deductions from Common Equity. The regulatory adjustments (i.e., deductions and prudential filters), including minority interests in financial institutions, MSR, and deferred tax assets from timing

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differences, would be deducted from common equity Tier 1 capital to the extent that individually the asset category exceeds 10% of common equity Tier 1 capital or, in the aggregate, 15% of common equity Tier 1 capital. The proposed regulatory deductions would be phased in by January 1, 2018. These proposed rules would limit our ability to include certain assets, including MSR, in our calculation of our regulatory capital ratios. MSR currently comprise a significant portion of our regulatory capital. Certain instruments that no longer qualify as Tier 1 capital, such as trust preferred securities, also would be subject to phase out over a 10-year period beginning January 1, 2013.

While uncertainty exists in the final form of the U.S. rules implementing the Basel III framework, based on preliminary assessments of the proposed framework we believe we and EverBank will continue to exceed all estimated well-capitalized regulatory requirements over the course of the proposed phase-in period, and on a fully phased-in basis.

Annual Company-Run Stress Tests. The Dodd-Frank Act required the banking agencies to issue regulations that require certain financial companies with total consolidated assets of more than $10 billion to conduct stress tests on an annual basis and to publish a summary of portions of the results of those stress tests. Final rules implementing this requirement were issued by the banking agencies in October 2012.

Specifically relevant to us and to EverBank, institutions with total consolidated assets of greater than $10 billion but less than $50 billion will be required to perform company-run stress tests according to certain standards required by the FRB and the OCC. Implementation of this requirement is delayed until 2013. Based on September 30, 2012 data, and following receipt of scenarios from the regulators on November 15, 2012, we and EverBank will be required to complete stress tests and to provide results to the FRB and OCC respectively by March 15, 2014. We and EverBank are also required to publish a summary of certain aspects of the results during June 2014. This process will be repeated in each subsequent year.

Stress testing requirements will include baseline, adverse, and severely adverse economic and financial scenarios to assess potential impacts on our consolidated earnings, losses and capital over a nine quarter planning horizon. According to regulatory standards, a summary of the results of certain aspects of this stress analysis (initially, only under the severely adverse scenario) will be released publicly and will contain company specific information and results.

The Company

We are a unitary savings and loan holding company within the meaning of the Home Owners Loan Act, or HOLA. As such, we are registered as a savings and loan holding company and are subject to those regulations applicable to a savings and loan holding company. As noted above, as of July 21, 2011, the functions and personnel of the OTS were transferred among the OCC, FDIC and FRB. We now are subject to examinations, supervision and reporting requirements by the FRB, and the FRB currently has enforcement authority over us. Among other things, this authority permits the FRB to restrict or prohibit activities that are determined to be a serious risk to the financial safety, soundness or stability of a subsidiary savings bank. Similarly, EverBank is now subject to OCC supervision for purposes of safety and soundness supervision and examination and CFPB for purposes of consumer financial regulatory compliance. See Recent Regulatory Developments Change in Thrift Supervisory Structure above.

Currently, HOLA prohibits a savings and loan holding company, directly or indirectly, or through one or more subsidiaries, from, for example:

- acquiring another savings institution or its holding company without prior written approval of the FRB;

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acquiring or retaining, with certain exceptions, more than 5% of a non-subsidiary savings institution, a non-subsidiary holding company, or a non-subsidiary company engaged in activities other than those permitted by HOLA; or

acquiring or retaining control of a depository institution that is not insured by the FDIC.

In evaluating an application by a holding company to acquire a savings institution, the FRB must consider, among other factors, the financial and managerial resources and future prospects of the company and savings institution involved, the convenience and needs of the community and competitive factors.

As a unitary savings and loan holding company, we generally are not restricted under existing laws as to the types of business activities in which we may engage, provided that EverBank continues to satisfy the Qualified Thrift Lender, or QTL, test. See Regulation of Federal Savings Banks QTL Test below for a discussion of the QTL requirements. If we were to make a non-supervisory acquisition of another savings institution or of a savings institution that meets the QTL test and is deemed to be a savings institution and that will be held as a separate subsidiary, then we would become a multiple savings and loan holding company within the meaning of HOLA and would be subject to limitations on the types of business activities in which we can engage. HOLA limits the activities of a multiple savings institution holding company and its non-insured institution subsidiaries primarily to activities permissible for bank holding companies under Section 4(c) of the Bank Holding Company Act of 1956, subject to the prior approval of the FRB, and to other activities authorized by regulation.

Transactions between EverBank, including any of EverBank s subsidiaries, and us or any of EverBank s affiliates, are subject to various conditions and limitations. See Regulation of Federal Savings Banks Transactions with Related Parties below. EverBank must seek approval from the FRB prior to any declaration of the payment of any dividends or other capital distributions to us. See Regulation of Federal Savings Banks Limitation on Capital Distributions below.

EverBank

EverBank is a federal savings association and, as such, is subject to extensive regulation, examination and supervision. Prior to July 21, 2011, EverBank s primary regulator was the OTS. As noted above, as of July 21, 2011, supervision of EverBank as a federal thrift was transferred to the OCC. See Recent Regulatory Developments Change in Thrift Supervisory Structure above. EverBank also is subject to backup examination and supervision authority by the FDIC, as its deposit insurer. In addition, EverBank is subject to regulation and supervision by the CFPB with regard to federal consumer financial laws.

EverBank s deposit accounts are insured up to applicable limits by the DIF, which is administered by the FDIC. EverBank must file reports with its federal regulators concerning its activities and financial condition. Additionally, EverBank must obtain regulatory approvals prior to entering into certain transactions, such as mergers with, or acquisitions of, other depository institutions, and must submit applications or notices prior to forming certain types of subsidiaries or engaging in certain activities through its subsidiaries. The OCC and the FDIC are responsible for conducting periodic examinations to assess EverBank s safety and soundness and compliance with various regulatory requirements. This regulation and supervision establishes a comprehensive framework of activities in which a savings bank can engage and is intended primarily for the protection of the DIF and depositors. The OCC and the FDIC have significant discretion in connection with their supervisory and enforcement activities and examination policies. Any change in such applicable activities or policies, whether by the federal banking regulators or U.S. Congress, could have a material adverse impact on us, EverBank and our operations.

The following discussion is intended to be a summary of the material banking statutes and regulations currently applicable to EverBank. The following discussion does not purport to be a comprehensive description of such statutes and regulations, nor does it include every federal and state statute and regulation applicable to EverBank. The following discussion must be considered in light of the description of Risk Factors associated with the Dodd-Frank Act.

Regulation of Federal Savings Banks

Business Activities. EverBank derives its lending and investment powers from HOLA and the regulations thereunder, which have been assumed and will now be enforced by the OCC. Under these laws and regulations, EverBank currently may invest in:

- mortgage loans secured by residential and commercial real estate;
- commercial and consumer loans;
- certain types of debt securities; and
- certain other assets.

EverBank may also establish service corporations to engage in activities not otherwise permissible for EverBank, including certain real estate equity investments and securities and insurance brokerage. These investment powers are subject to limitations, including, among others, limitations that require debt securities acquired by EverBank to meet certain rating criteria and that limit EverBank s aggregate investment in various types of loans to certain percentages of capital and/or assets.

Loans to One Borrower. Under HOLA, savings banks are generally subject to the same limits on loans to one borrower as are imposed on national banks. Generally, under these limits, the total amount of loans and extensions of credit made by a savings bank to one borrower or related group of borrowers outstanding at one time and not fully secured by collateral may not exceed 15% of the savings bank s unimpaired capital and unimpaired surplus. In addition to, and separate from, the 15% limitation, the total amount of loans and extensions of credit made by a savings bank to one borrower or related group of borrowers outstanding at one time and fully secured by readily-marketable collateral may not exceed 10% of the savings bank s unimpaired capital and unimpaired surplus. Readily-marketable collateral includes certain debt and equity securities and bullion, but generally does not include real estate. At December 31, 2011, EverBank s limit on loans to one borrower was approximately $168.9 million and $112.6 million, for the 15% limitation and 10% limitation, respectively. At December 31, 2011, EverBank s largest aggregate amount of loans to one borrower was approximately $25.0 million, and the second largest borrower had an aggregate balance of approximately $25.0 million.

The Dodd-Frank Act expands the scope of the loans-to-one-borrower restrictions to include credit exposure arising from derivative transactions, repurchase agreements, and securities lending and borrowing transactions.

QTL Test. HOLA requires a savings bank to meet the QTL test by maintaining at least 65% of its portfolio assets in certain qualified thrift investments on a monthly average basis in at least nine months out of every 12 months. A savings bank that fails the QTL test must either operate under certain restrictions on its activities or convert to a bank charter. At December 31, 2011, EverBank maintained approximately 94.6% of its portfolio assets in qualified thrift investments. EverBank had also satisfied the QTL test in each of the twelve months prior to December 31, 2011 and, therefore, was a QTL.

The Dodd-Frank Act imposes additional restrictions on the ability of any thrift that fails to become or remain a qualified thrift lender to pay dividends. Specifically, the thrift is not only subject to the general dividend restrictions as would apply to a national bank (as under prior law), but also is prohibited from paying dividends at

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all (regardless of its financial condition) unless required to meet the obligations of a company that controls the thrift and specifically approved by the OCC and the FRB. In addition, violations of the QTL test now are treated as violations of HOLA subject to remedial enforcement action.

Capital Requirements. Federal banking regulations currently require savings banks to meet three minimum capital standards:

- a tangible capital requirement for savings banks to have tangible capital in an amount equal to at least 1.5% of adjusted total assets;
- a leverage ratio requirement;
- for savings banks assigned the highest composite rating of 1, to have core capital in an amount equal to at least 3% of adjusted total assets; or
- for savings banks assigned any other composite rating, to have core capital in an amount equal to at least 4% of adjusted total assets, or a higher percentage if warranted by the particular circumstances or risk profile of the savings bank; and
- a risk-based capital requirement for savings banks to have capital in an amount equal to at least 8% of risk-weighted assets.

In determining the amount of risk-weighted assets for purposes of the risk-based capital requirement, a savings bank must compute its risk-based assets by multiplying its assets and certain off-balance sheet items by risk-weights assigned by capital regulations. The OCC monitors the risk management of individual institutions. The OCC may impose a higher individual minimum capital requirement on institutions that it believes exhibit a higher degree of risk.

There currently are no regulatory capital requirements directly applicable to us as a unitary savings and loan holding company apart from the regulatory capital requirements for savings banks that are applicable to EverBank. However, as noted above and below, the FRB is required and expected to issue final regulations implementing regulatory capital requirements applicable to thrift holding companies.

At December 31, 2011, EverBank exceeded all applicable regulatory capital requirements.

These standards will change as a result of the Dodd-Frank Act, and in particular as a result of the Collins Amendment and the NPRs implementing Basel III and the revised standardized approach to Basel I capital guidelines as described above. As noted above, the Collins Amendment requires that the appropriate federal banking agencies establish minimum leverage and risk-based capital requirements on a consolidated basis for insured depository institutions and their holding companies. As a result, we and EverBank will be subject to the same capital requirements, and must include the same components in regulatory capital. One impact of the Collins Amendment is to prohibit bank and thrift holding companies from including in their Tier 1 regulatory capital certain hybrid debt and equity securities issued on or after May 19, 2010. Among the hybrid debt and equity securities included in this prohibition are trust preferred securities, which we have used in the past as a tool for raising additional Tier 1 capital and otherwise improving our regulatory capital ratios. Although we are permitted to continue to include portions of our existing trust preferred securities as Tier 1 until such capital treatment is fully phased-out in 2022, capital, the prohibition on the use of new issuances of these securities as Tier 1 capital going forward may limit our ability to raise capital in the future.

Limitation on Capital Distributions. Federal banking regulations currently impose limitations upon certain capital distributions by savings banks, such as certain cash dividends, payments to repurchase or otherwise acquire its shares, payments to stockholders of another institution in a cash-out merger and other distributions charged against capital.

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We are a legal entity separate and distinct from EverBank, and the OCC regulates all capital distributions by EverBank directly or indirectly to us, including dividend payments. For example, EverBank currently must file an application to receive the approval of the OCC for a proposed capital distribution if the total amount of all of EverBank s capital distributions (including any proposed capital distribution) for the applicable calendar year exceeds EverBank s net income for that year-to-date period plus EverBank s retained net income for the preceding two years. In the event EverBank is not required under applicable banking regulations to file an application with the OCC, EverBank must file a prior notice of the dividend with the FRB, with a copy to the OCC, because EverBank is a subsidiary of EverBank Financial Corp, a savings and loan holding company.

EverBank may not pay us dividends if, after paying those dividends, it would fail to meet the required minimum levels under risk-based capital guidelines and the minimum leverage and tangible capital ratio requirements, or in the event the OCC notified EverBank that it was in need of more than normal supervision. Under the FDIA, an insured depository institution such as EverBank is prohibited from making capital distributions, including the payment of dividends, if, after making such distribution, the institution would become undercapitalized. Payment of dividends by EverBank also may be restricted at any time at the discretion of the appropriate regulator if it deems the payment to constitute an unsafe and unsound banking practice.

Additionally, as noted above, the Dodd-Frank Act imposes additional restrictions on the ability of any thrift that fails to become or remain a qualified thrift lender to pay dividends.

Liquidity. EverBank is required to maintain sufficient liquidity to ensure its safe and sound operation, in accordance with federal banking regulations.

Assessments. The OTS historically charged assessments to recover the costs of examining savings banks and their affiliates, processing applications and other filings, and covering direct and indirect expenses in regulating savings banks and their affiliates. These assessments were based on three components: size of the savings bank, the savings bank s supervisory condition, and the complexity of the savings bank s operations. These assessments were paid semi-annually on January 31 and July 31. EverBank s assessment expense during the years ended December 31, 2010 and 2009 was $2.0 million and $1.6 million, respectively.

Under the Dodd-Frank Act, starting July 21, 2011, the authority to collect assessments from federal savings banks is transferred to the OCC. The Dodd-Frank Act provides that, in establishing the amount of an assessment, the OCC may consider the nature and scope of the activities of the entity, the amount and type of assets it holds, the financial and managerial condition of the entity, and any other factor that is appropriate. The OCC issued a final rule implementing this authority, effective July 21, 2011. Under the final rule, the assessments charged to federal savings banks by the OCC will be based on the same assessment schedule as is used for national banks. Under the OCC s assessment regulation, assessments are due on March 31 and September 30 of each year. The semiannual assessment is based on an institution s asset size and is calculated using a table and formula set forth in the OCC s regulations. The OCC sets the specific rates each year. The OCC applies a condition-based surcharge to the semiannual assessment for institutions with a composite rating of 3, 4 or 5. The condition surcharge is determined by multiplying the general semiannual assessment by 1.5, in the case of any institution that receives a composite rating of 3, and 2.0 in the case of any institution that receives a composite rating of 4 or 5. The condition surcharge is assessed against, and limited to, the first $20 billion of the institution s book assets. As a result of these changes, the next assessment for federal savings banks occurred on September 30, 2011, rather than July 31, 2011. For the first two assessment cycles after July 21, 2011, the OCC will base assessments for federal savings banks, including EverBank, on the lesser of the amounts that would be assessed under the OCC s assessment regulation and the former OTS assessment structure. EverBank s OCC assessment for September 30, 2011 was $0.9 million. After the March 2012 assessment, federal savings banks will be assessed using the same method as national banks under the OCC s assessment regulation.

As noted above, the Dodd-Frank Act provides various agencies with the authority to assess additional supervision fees.

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Branching. Subject to certain limitations, HOLA and regulations thereunder permit federally chartered savings banks to establish branches in any state or territory of the United States.

Transactions with Related Parties. EverBank s authority to engage in transactions with its affiliates is limited by Sections 23A and 23B of the FRA and Regulation W of the FRB, as those provisions are made applicable to federal savings banks by regulation. The applicable regulations for savings banks regarding transactions with affiliates generally conform to the requirements of Regulation W, which is applicable to national banks and state-chartered member banks. In general, an affiliate of a savings bank is any company that controls, is controlled by, or is under common control with, the savings bank, other than the savings bank s subsidiaries. For instance, we are deemed an affiliate of EverBank under these regulations.

Generally, Section 23A limits the extent to which a savings bank may engage in covered transactions with any one affiliate to an amount equal to 10% of the savings bank s capital stock and surplus, and contains an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of the savings bank s capital stock and surplus.

Section 23A also establishes specific collateral requirements for loans or extensions of credit to, or guarantees, or acceptances of letters of credit issued on behalf of, an affiliate. Section 23B requires covered transactions and certain other transactions to be on terms and under circumstances, including credit standards, that are substantially the same, or at least as favorable to the savings bank, as those prevailing at the time for transactions with or involving non-affiliates. Additionally, under the applicable regulations, a savings bank is prohibited from:

- making a loan or other extension of credit to an affiliate that is engaged in any non-bank holding company activity; and

- purchasing, or investing in, securities issued by an affiliate that is not a subsidiary.

The Dodd-Frank Act generally enhances the restrictions on transactions with affiliates under Sections 23A and 23B of the FRA, including an expansion of the definition of covered transactions and an increase in the amount of time for which collateral requirements regarding covered credit transactions must be satisfied. The ability of the FRB to grant exemptions from these restrictions is also narrowed by the Dodd-Frank Act, including with respect to federal thrifts, the requirement for the OCC, FDIC and FRB to coordinate with one another.

The Dodd-Frank Act generally expands restrictions on extensions of credit to insiders to include, for example, credit exposure arising from derivatives transactions, and imposes certain restrictions on the purchase of assets from insiders.

Tying Arrangements. EverBank is prohibited, subject to certain exceptions, from making loans or offering any other services, or fixing or varying the payment for making loans or providing services, on the condition that a customer obtain some additional service from an affiliate or not obtain services from one of our competitors.

Enforcement. Under the FDIA, the OCC has primary enforcement responsibility over federal savings banks and has the authority to bring enforcement action against all institution-affiliated parties, including any controlling stockholder or any stockholder, attorney, appraiser and accountant who knowingly or recklessly participates in any violation of applicable law or regulation, breach of fiduciary duty, or certain other wrongful actions that have, or are likely to have, a significant adverse effect on an insured savings bank or cause it more than minimal loss. In addition, the FDIC has back-up authority to take enforcement action for unsafe and unsound practices. Formal enforcement action can include the issuance of a capital directive, cease and desist order, removal of officers and/or directors, institution of proceedings for receivership or conservatorship and termination of deposit insurance. Additionally, the FRB has similar enforcement authority with regard to savings and loan holding companies and their institution-affiliated parties.

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Examination. The Company and EverBank are subject to periodic safety and soundness examinations by the FRB and the OCC, respectively, and EverBank is subject to periodic examination by the CFPB for purposes of compliance with federal consumer financial laws. A savings institution must demonstrate its ability to manage its compliance responsibilities by establishing an effective and comprehensive oversight and monitoring program. The degree of compliance oversight and monitoring by the institution s management may be considered in the scope and intensity of examinations of the institution.

Standards for Safety and Soundness. Pursuant to the requirements of the FDIA, the federal bank regulatory agencies, have adopted the Interagency Guidelines Establishing Standards for Safety and Soundness, or the Guidelines. The Guidelines establish general safety and soundness standards relating to internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. In general, the Guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the Guidelines. Currently, if the OCC determines that a federal savings bank fails to meet any standard established by the Guidelines, then the OCC may require the federal savings bank to submit to the OCC an acceptable plan to achieve compliance. If the federal savings bank fails to comply, the OCC may seek an enforcement order in judicial proceedings and impose civil monetary penalties.

Prompt Corrective Regulatory Action. Under the Prompt Corrective Action regulations applicable to federal thrifts, the OCC is required to take certain, and is authorized to take other, supervisory actions against undercapitalized federal savings banks, such as requiring compliance with a capital restoration plan, restricting asset growth, acquisitions, branching and new lines of business and, in extreme cases, appointment of a receiver or conservator. The severity of the action required or authorized to be taken increases as a federal savings bank s capital deteriorates. Federal savings banks are classified into five categories of capitalization as well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Generally, a federal savings bank is categorized as well capitalized if:

- its total risk-based capital is at least 10%;
- its Tier 1 risk-based capital is at least 6%;
- its leverage ratio is at least 5% of its adjusted total assets; and
- it is not subject to any written agreement, order, capital directive or prompt corrective action directive issued by the OCC (or, prior to July 21, 2011, the OTS), or certain regulations, to meet or maintain a specific capital level for any capital measure.

The OTS categorized EverBank as well capitalized following its last examination. At December 31, 2011, EverBank exceeded all regulatory capital requirements and was considered to be well capitalized with a Tier 1 (core) capital ratio of 8.0% and a total risk-based capital ratio of 15.7%. However, there is no assurance that it will continue to be deemed well capitalized even if current capital ratios are maintained in the event that asset quality deteriorates.

As part of the NPRs issued in connection with implementation of Basel III, the federal banking agencies have proposed introducing a new common equity tier 1 to risk-weighted assets requirement, with the requirement for well-capitalized status set at 6.5% and increasing the Tier 1 risk-based capital requirements, with the requirement for well-capitalized status increased to 8%.

Insurance Activities. Currently, EverBank is generally permitted to engage in certain insurance activities through its subsidiaries. Federal banking regulations implemented pursuant to the Gramm-Leach-Bliley Act of 1999, or GLB Act, prohibit, among other things, depository institutions from conditioning the extension of credit to individuals upon either the purchase of an insurance product or annuity or an agreement by the consumer not to purchase an insurance product or annuity from an entity that is not affiliated with the depository institution. The regulations also require prior disclosure of this prohibition to potential insurance product or annuity customers.

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Incentive Compensation Arrangements. The banking agencies issued proposed rules in 2011 and previously issued guidance on sound incentive compensation policies. We and EverBank have undertaken efforts to ensure that our incentive compensation plans do not encourage inappropriate risks, consistent with three key principles that incentive compensation arrangements should appropriately balance risk and financial rewards, be compatible with effective controls and risk management, and be supported by strong corporate governance.

Federal Home Loan Bank System. EverBank is a member of the Federal Home Loan Bank, of Atlanta, or FHLB, which is one of the 12 regional Federal Home Loan Banks comprising the Federal Home Loan Bank system. Each Federal Home Loan Bank provides a central credit facility primarily for its member institutions as well as other entities involved in home mortgage lending. Any advances from a Federal Home Loan Bank must be secured by specified types of collateral, and all long-term advances may be obtained only for the purpose of providing funds for residential housing finance.

As a member of the FHLB, EverBank is required to acquire and hold shares of capital stock in the FHLB. EverBank was in compliance with this requirement with an investment in FHLB stock of $96.4 million and $95.6 million as of December 31, 2011 and 2010, respectively. EverBank s capital stock in FHLB includes $32.7 million purchased during 2011. The FHLB repurchased $31.8 million in 2011 and $11.4 million in 2010.

For the period ended December 31, 2011, the FHLB paid dividends of $0.7 million on the capital stock held by EverBank. During the year ended December 31, 2010, the FHLB paid dividends of approximately $0.3 million on the capital stock held by EverBank.

Federal Reserve System. EverBank is subject to provisions of the FRA and the FRB s regulations pursuant to which depository institutions may be required to maintain noninterest-earning reserves against their deposit accounts and certain other liabilities. Currently, federal savings banks must maintain reserves against transaction accounts (primarily negotiable order of withdrawal and regular interest and noninterest-bearing checking accounts). The FRB regulations establish the specific rates of reserves that must be maintained, which are subject to adjustment by the FRB. EverBank is currently in compliance with those reserve requirements. The required reserves must be maintained in the form of vault cash, a noninterest-bearing account at a Federal Reserve Bank, or a pass-through account as defined by the FRB. The FRB pays targeted federal funds rates on the required reserves which are lower than the yield on our traditional investments.

Deposit Insurance

EverBank is a member of the FDIC, and its deposits are insured through the DIF up to the amount permitted by law. EverBank is thus subject to FDIC deposit insurance premium assessments. The Dodd-Frank Act and FDIC regulations have significantly changed the way assessments are determined. Effective April 1, 2011, the FDIC made the following changes to the FDIC deposit insurance regulations:

The assessment base upon which insurance assessments are based was changed from domestic deposits (with some adjustments) to average consolidated total assets less the average tangible equity of the insured depository institution.

The FDIC changed the method used to calculate the assessment rate for large depository institutions, including EverBank. Previously, the FDIC assigned the institution to one of four risk categories based primarily on supervisory risk ratings and certain financial ratios. Now, assessment rates for large depository institutions, such as EverBank, will be calculated using a scorecard that combines the supervisory risk ratings of the institution with certain forward-looking financial measures.

The assessment rates now are subject to adjustments based upon the insured depository institution s ratio of (1) long-term unsecured debt to the new assessment base, (2) long-term unsecured debt

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issued by another insured depository institution to the new assessment base, and (3) brokered deposits to the new assessment base. However, the adjustments based on brokered deposits to the new assessment base will not apply so long as the institution is well capitalized and has a composite CAMELS rating of 1 or 2.

The FDIC may make additional discretionary assessment rate adjustments.

The Dodd-Frank Act also makes changes to the minimum designated reserve ratio of the DIF, increasing the minimum from 1.15% to 1.35% of the estimated amount of total insured deposits, and eliminating the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds.

In addition, as part of an effort to remedy the decline in the ratio from recent bank failures, the FDIC, on September 30, 2009, collected a one-time special assessment of five basis points of an institution s assets minus Tier 1 capital as of June 30, 2009. The assessment on EverBank was approximately $3.5 million. On November 12, 2009, the FDIC ruled that nearly all FDIC-insured depositor-institutions must prepay their estimated DIF assessments for the next three years on December 31, 2009. This ruling also provided for maintaining the assessment rates at their current levels through the end of 2010, with a uniform increase of $0.03 per $100 of covered deposits effective January 1, 2011. The ruling did not affect how EverBank determines and recognizes its expense for deposit insurance.

The FDIC also collects a deposit-based assessment from insured depository institutions on behalf of The Financing Corporation. The funds from these assessments are used to service debt issued by The Financing Corporation in its capacity as a financial vehicle for the Federal Savings & Loan Insurance Corporation. The Financing Corporation annualized assessment rate is set quarterly and in the fourth quarter of 2011 was $0.0066 per $100 of assessable deposits. These assessments will continue until the debt matures in 2017 through 2019.

Other Statutes and Regulations

The Company and EverBank are subject to a myriad of other statutes and regulations affecting their activities. Some of the more important include:

Bank Secrecy Act of 1970 Anti-Money Laundering. Financial institutions must maintain anti-money laundering programs that include established internal policies, procedures and controls, a designated compliance officer, an ongoing employee training program; and testing of the program by an independent audit function. The Company and EverBank are also prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and customer identification in their dealings with foreign financial institutions and foreign customers. Financial institutions must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions, and law enforcement authorities have been granted increased access to financial information maintained by banks. Anti-money laundering obligations have been substantially strengthened as a result of the USA PATRIOT Act, enacted in 2001 and renewed in 2006. Bank regulators routinely examine institutions for compliance with these obligations and they must consider an institution s compliance in connection with the regulatory review of applications. The regulatory authorities have imposed cease and desist orders and civil monetary penalties against institutions found to be violating these obligations.

Community Reinvestment Act. EverBank is subject to the provisions of the Community Reinvestment Act of 1977, as amended, or the CRA, and related regulations. The CRA states that all banks have a continuing and affirmative obligation, consistent with safe and sound operation, to help meet the credit needs for their entire communities, including low- and moderate-income neighborhoods. The CRA also charges the federal banking regulators, in connection with the examination of the institution or the evaluation of certain regulatory applications filed by the institution, with the responsibility to assess the institution s record of fulfilling its obligations under the

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CRA. The federal banking regulators assign an institution a rating of outstanding, satisfactory, needs to improve, or substantial non-compliance. The regulatory agency s assessment of the institution s record is made available to the public. EverBank received a satisfactory rating following its most recent CRA examination.

Privacy and Data Security. The GLB Act imposed new requirements on financial institutions with respect to consumer privacy. The GLB Act generally prohibits disclosure of consumer information to non-affiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to consumers annually. Financial institutions, however, will be required to comply with state law if it is more protective of consumer privacy than the GLB Act. The GLB Act also directed federal regulators, including the OCC, to prescribe standards for the security of consumer information. EverBank is subject to such standards, as well as standards for notifying customers in the event of a security breach. Under federal law, EverBank must disclose its privacy policy to consumers, permit customers to opt out of having nonpublic customer information disclosed to third parties in certain circumstances, and allow customers to opt out of receiving marketing solicitations based on information about the customer received from another subsidiary. States may adopt more extensive privacy protections. EverBank is similarly required to have an information security program to safeguard the confidentiality and security of customer information and to ensure proper disposal. Customers must be notified when unauthorized disclosure involves sensitive customer information that may be misused.

Consumer Regulation. Activities of EverBank are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include provisions that:

- limit the interest and other charges collected or contracted for by EverBank, including new rules respecting the terms of credit cards and of debit card overdrafts;
- govern EverBank s disclosures of credit terms to consumer borrowers;
- require EverBank to provide information to enable the public and public officials to determine whether it is fulfilling its obligation to help meet the housing needs of the community it serves;
- prohibit EverBank from discriminating on the basis of race, creed or other prohibited factors when it makes decisions to extend credit;
- govern the manner in which EverBank may collect consumer debts; and
- prohibit unfair, deceptive or abusive acts or practices in the provision of consumer financial products and services.

New rules on credit card interest rates, fees, and other terms took effect on February 22, 2010, as directed by the Credit Card Accountability, Responsibility and Disclosure (CARD) Act. Among the new requirements are (1) 45-days advance notice to a cardholder before the interest rate on a card may be increased, subject to certain exceptions; (2) a ban on interest rate increases in the first year; (3) an opt-in for over-the-limit charges; (4) caps on high fee cards; (5) greater limits on the issuance of cards to persons below the age of 21; (6) new rules on monthly statements and payment due dates and the crediting of payments; and (7) the application of new rates only to new charges and of payments to higher rate charges.

New rules regarding overdraft charges for debit card and automatic teller machine, or ATM, transactions took effect on July 1, 2010. These rules eliminated automatic overdraft protection arrangements that had been in common use, instead requiring banks to notify and obtain the consent of customers before enrolling them in an overdraft protection plan. For existing debit card and ATM card holders, the current automatic programs expired on August 15, 2010. The notice and consent process is a requirement for all new cards issued on or after July 1, 2010. The new rules do not apply to overdraft protection on checks or to automatic bill payments.

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As a result of the turmoil in the residential real estate and mortgage lending markets, there are several concepts currently under discussion at both the federal and state government levels that could, if adopted, alter the terms of existing mortgage loans, impose restrictions on future mortgage loan originations, diminish lenders rights against delinquent borrowers or otherwise change the ways in which lenders make and administer residential mortgage loans. If made final, any or all of these proposals could have a negative effect on the financial performance of EverBank s mortgage lending operations, by, among other things, reducing the volume of mortgage loans that EverBank can originate and sell into the secondary market and impairing EverBank s ability to proceed against certain delinquent borrowers with timely and effective collection efforts.

The deposit operations of EverBank are also subject to laws and regulations that:

- require EverBank to adequately disclose the interest rates and other terms of consumer deposit accounts;
- impose a duty on EverBank to maintain the confidentiality of consumer financial records and prescribe procedures for complying with administrative subpoenas of financial records;
- require escheatment of unclaimed funds to the appropriate state agencies after the passage of certain statutory time frames; and
- govern automatic deposits to and withdrawals from deposit accounts with EverBank and the rights and liabilities of customers who use automated teller machines, or ATMs, and other electronic banking services. As described above, beginning in July 2010, new rules took effect that limit EverBank s ability to charge fees for the payment of overdrafts for every day debit and ATM card transactions.

As noted above, EverBank will likely face a significant increase in its consumer compliance regulatory burden as a result of the combination of the newly-established CFPB and the potentially significant rollback of federal preemption of state laws in the area.

Commercial Real Estate Lending. Lending operations that involve concentrations of commercial real estate loans are subject to enhanced scrutiny by federal banking regulators. Regulators have issued guidance with respect to the risks posed by commercial real estate lending concentrations. Commercial real estate loans generally include land development, construction loans and loans secured by multifamily property and non-farm, non-residential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

- total reported loans for construction, land development and other land represent 100% or more of the institution s total capital; or
- total commercial real estate loans represent 300% or more of the institution s total capital, and the outstanding balance of the institution s commercial real estate loan portfolio has increased by 50% or more during the prior 36 months.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our directors, nominees for director and executive officers and other key officers, as of the date of this prospectus.

Name	Age	Position(s)
Robert M. Clements	49	Chairman of the Board and Chief Executive Officer
W. Blake Wilson	46	Director, President and Chief Operating Officer
Steven J. Fischer	43	Executive Vice President and Chief Financial Officer
Gary A. Meeks	67	Vice Chairman and Chief Risk Officer
Michael C. Koster	50	Executive Vice President
Thomas L. Wind	52	Executive Vice President
John S. Surface	40	Executive Vice President
Jamie B. Buckland	58	Executive Vice President
Thomas A. Hajda	53	Executive Vice President
James D. Hughes	54	Executive Vice President
Joseph B. Long	43	Executive Vice President
Francis O. Trotter	58	Executive Vice President
Seth M. Waller	40	Executive Vice President
Gerald S. Armstrong	69	Director
Charles E. Commander, III	72	Director
Joseph D. Hinkel	63	Director
Merrick R. Kleeman	48	Director
Mitchell M. Leidner	41	Director
W. Radford Lovett, II	52	Director
Robert J. Mylod, Jr.	46	Director
Russell B. Newton, III	58	Director
William Sanford	53	Director
Richard P. Schifter	59	Director
Alok Singh	58	Director
Scott M. Stuart	53	Director

Set forth below is certain biographical information for each of these individuals.

Robert M. Clements. Mr. Clements has served as Chairman of the Board and Chief Executive Officer of EverBank Financial Corp and its predecessor companies since 1997. Mr. Clements joined the EverBank family of companies in 1994. Our Board of Directors has concluded that Mr. Clements should serve as Chairman of the Board of Directors based on the experience, operational expertise and continuity he brings to our Board of Directors as our longtime Chairman and Chief Executive Officer. Mr. Clements was previously a Vice President at Merrill Lynch & Co., where he was a member of the firm s leveraged buyout group, Merrill Lynch Capital Partners, Inc. He is a former member of the FRB s Thrift Institutions Advisory Council, and a former director of Fidelity National Financial, Inc., Fidelity National Information Services, Inc., Fortegra Capital and Columbia National Mortgage Corporation. Mr. Clements received a B.A. in Economics from Dartmouth College and an M.B.A. from Harvard Business School.

W. Blake Wilson. Mr. Wilson has been a director and President of EverBank Financial Corp since 2005 and has been Chief Operating Officer of EverBank Financial Corp since 2011. From January 2002 to 2011, Mr. Wilson served as our Chief Financial Officer. Our Board of Directors has concluded that Mr. Wilson should serve as a director because his many years of experience in the financial services industry, financial and accounting expertise and experience in senior corporate management positions provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding

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our business. Mr. Wilson has been involved in the financial services industry since 1989. Prior to joining EverBank, Mr. Wilson was the Chief Financial Officer of HomeSide Lending, Inc. and served in various positions there since 1996. He was Vice President of Corporate Finance at Prudential Home Mortgage and also worked for KPMG Peat Marwick s National Mortgage and Structured Finance Group in Washington, D.C. Mr. Wilson has served on various industry advisory boards. Mr. Wilson received a B.A. in Accounting *cum laude* from the University of Utah.

Steven J. Fischer. Mr. Fischer has served as Executive Vice President and Chief Financial Officer of EverBank Financial Corp since 2011. Prior to joining EverBank, Mr. Fischer was a partner in the Florida/Puerto Rico practice of Deloitte & Touche LLP since 2004, having joined Deloitte in 1992. He has over 18 years of public accounting experience and has provided advisory, attest and consulting services to clients primarily in the financial services industry. Mr. Fischer received a B.S. in Accounting and Finance from Florida State University and is a certified public accountant in Florida and Georgia.

Gary A. Meeks. Mr. Meeks has served as Vice Chairman of EverBank Financial Corp since 2005 and has served as Vice Chairman and Chief Risk Officer of EverBank Financial Corp since 2010. He has been involved in the mortgage banking industry since 1973 and is a Certified Mortgage Banker. Mr. Meeks joined EverBank s predecessor company in 1989 as President and Chief Executive Officer, having previously served in that capacity for Numerica Financial Services, Inc. Prior to entering the mortgage banking industry, Mr. Meeks was an officer in the U.S. Air Force from 1969 to 1972, where he attained the rank of Captain. Mr. Meeks received a B.B.A. and an M.B.A. from the University of Georgia.

Michael C. Koster. Mr. Koster has served as Executive Vice President of EverBank Financial Corp and its predecessors since 1995 He leads EverBank s mortgage servicing and banking operations group. He joined EverBank in 1995 as Executive Vice President of Loan Administration, previously served as Senior Vice President and Director of Customer Service at BancBoston Mortgage Corporation and has been involved in the mortgage banking industry since 1983. Mr. Koster is a member and former chairman of Lender Processing Services, Inc. s Mortgage Advisory Board, is a former chairman of the Mortgage Bankers Association s Loan Administration Committee and serves on its Residential Mortgage Board of Governors. He also serves on the board for the local Habitat for Humanity affiliate and received a B.B.A. from Marietta College.

Thomas L. Wind. Mr. Wind has served as Executive Vice President Residential and Consumer Lending of EverBank Financial Corp since 2011. Prior to joining EverBank, Mr. Wind was the Chief Executive Officer of Aurora Loan Services, the Denver-based mortgage banking division of Lehman Brothers Holdings, Inc., from 2008 to 2010, and served as Head of Residential Lending for Lehman Brothers Holdings, Inc. from 2006 to 2008. Mr. Wind has also previously served as Chief Executive Officer of Home Mortgage for JPMorgan Chase & Co. from 2004 to 2006. Mr. Wind has over 23 years of professional mortgage experience. He received a B.S. in Accounting and an M.B.A. from Saint Louis University.

John S. Surface. Mr. Surface has served as Executive Vice President Corporate Development of EverBank Financial Corp since 2004. He manages our business development, partnership and M&A activities. He has been with EverBank for 14 years and served previously as Vice President of Asset Management for the EverBank family of companies. In addition, he previously worked as an Associate at TSG Equity Partners, a venture capital investment firm. Mr. Surface has served on various nonprofit housing boards, including HabiJax and LISC Jacksonville, and serves on the Williams School Board of Advisors for Washington and Lee University. Mr. Surface received a B.S. in Business Management, *magna cum laude* and Phi Beta Kappa, from Washington and Lee University and an M.B.A. from Harvard Business School.

Jamie B. Buckland. Mr. Buckland joined EverBank in 2005. Mr. Buckland has served as Executive Vice President Commercial and Retail Banking of EverBank Financial Corp since 2011, and previously served as a Senior Vice President. He currently serves as EverBank Commercial Banking Executive. Prior to joining EverBank, Mr. Buckland served as Executive Vice President and General Banking Manager for First Union National Bank of Florida, responsible for retail and commercial banking within Florida. Most recently, he was

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the Southeast Regional Manager for Royal Bank of Canada s Real Estate Builder Finance group. Mr. Buckland received a B.A. in Business and Economics from Emory and Henry College and is a graduate of the University of Virginia School of Bank Management.

Thomas A. Hajda. Mr. Hajda joined EverBank in 2002. He has served as Executive Vice President, General Counsel and Secretary of EverBank Financial Corp since 2012, and prior to that he served as Senior Vice President, General Counsel and Secretary. He leads EverBank s legal, compliance, quality control/ regulatory monitoring and testing departments. Prior to joining EverBank, Mr. Hajda was Senior Vice President and Deputy Counsel of HomeSide Lending, Inc. from 1993 to 2002, where he was principally responsible for consumer regulatory matters, corporate acquisitions and strategic initiatives, including e-commerce, internet-related, and intellectual property matters. Prior to HomeSide, Mr. Hajda was Senior Counsel at Bank of Boston, where he served as the senior legal officer for Bank of Boston s credit card, mortgage banking, consumer lending, deposit operations, marketing, cash management and related retail banking divisions. Mr. Hajda received his Bachelor of Arts, with honors, from Brown University and Doctor of Jurisprudence, with honors, from Indiana University.

James D. Hughes. Mr. Hughes has served as an Executive Vice President and Chief Information Officer of EverBank Financial Corp since 2010. He is responsible for all information technology across EverBank. Mr. Hughes previously served as Chief Information Officer for Freddie Mac from 2006 to 2010. He served as an Executive Vice President at National City Corporation, where he served in the roles of the head of Branch Banking with responsibility for 1,250 bank branches from 2003 to 2006 and as the Chief Information Officer with responsibility for all technology across National City from 1997 to 2003. Prior positions include associate partner for Andersen consulting (now Accenture), Vice President of Development at USF&G, a large property and casualty insurance company, founder and Vice President for Seer Technologies, a software and consulting company and Assistant Vice President for Credit Suisse First Boston from 1987-1990. Mr. Hughes has 25 years experience in financial services and received a B.Sc. from the University of Maryland and a master s degree from the Lancaster University in the United Kingdom.

Joseph B. Long. Mr. Long joined EverBank in August 1994. Mr. Long has served as Executive Vice President Portfolio Management Director of EverBank Financial Corp since 2012, having previously served in a variety of roles primarily in portfolio management. . He is responsible for EverBank s Capital Markets group, which includes Business Development, Portfolio Investments and Secondary Marketing. Mr. Long has over 12 years in experience managing the financial modeling and valuation teams that oversee the mortgage servicing rights, residential loans, and investment securities portfolio and received his B.B.A., from University of North Florida.

Francis O. Trotter. Mr. Trotter joined EverBank in 2002. Mr. Trotter has served as Executive Vice President of EverBank Financial Corp since 2009 and as an Executive Vice President of EverBank since 2002. He leads EverBank s consumer direct distribution channel. Mr. Trotter previously served as Senior Vice President and Managing Director of Mercantile Bank Capital Markets and Director of the International Markets Division at Mark Twain Bank. Mr. Trotter has over 30 years experience in the banking industry and received a B.A. from St. Olaf College and a M.B.A. from Washington University.

Seth M. Waller. Mr. Waller has served as an Executive Vice President and Chief Credit Officer of EverBank Financial Corp since 2012. He is responsible for oversight of credit for all commercial and consumer lending functions within EverBank. Mr. Waller previously served as Senior Vice President and Chief Credit Officer, Consumer Lending for U.S. Bank from 2008 to 2012. He also held senior risk management and credit positions with GE Capital, Bank of America, Transamerica Distribution Finance and American General Auto Finance. Mr. Waller attended the United States Naval Academy, received a B.S. from the University of West Florida, an M.B.A in finance from the University of North Carolina at Charlotte and is a graduate of the Consumer Bankers Association s Graduate School of Retail Bank Management.

Gerald S. Armstrong. Mr. Armstrong has been a director of EverBank Financial Corp since 2011. Our Board of Directors has concluded that Mr. Armstrong should serve as a director because his experience in private

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equity and serving on other companies boards of directors provides our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He has been a director of Cenveo, Inc., a diversified printing company, since 2007 and has also been a Managing Director of Arena Capital Partners, LLC, the management company for a private equity firm Arena Capital Investment Fund, L.P. that invests in both established companies and developing businesses since 1997. Prior to co-founding Arena, Mr. Armstrong was a Partner at Stonington Partners, Inc., a private equity partnership formed in 1994 out of Merrill Lynch Capital Partners, a private investment firm affiliated with Merrill Lynch & Co., where Mr. Armstrong had served as a Managing Director since 1988. Prior to Merrill, Mr. Armstrong served as President and Chief Operating Officer of PACE Industries, Inc., a holding company formed at the end of 1983. Mr. Armstrong currently serves on the board of directors of Cenveo, Inc. In past years, Mr. Armstrong has served on the board of directors of First USA, Inc. (now a part of JPMorgan Chase & Co.), Ann Taylor Stores Corporation, World Color Press, Inc., and numerous private companies. Mr. Armstrong has also served as an officer in the United States Navy. Mr. Armstrong is Arena s designated nominee for our Board of Directors, pursuant to the terms of the Amended and Restated Transfer Restriction and Voting Agreement described in Certain Relationships and Related Party Transactions Board Rights of Arena, Lovett Miller and Sageview below. Mr. Armstrong received a B.A. in English from Dartmouth College and an M.B.A. in Finance from New York University.

Charles E. Commander, III. Mr. Commander has been a director of EverBank Financial Corp and its predecessors since 1997. Our Board of Directors has concluded that Mr. Commander should serve as a director because his many years of legal experience and his service on other companies boards of directors provides our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. Mr. Commander is a retired partner at the law firm Foley & Lardner, LLP, where he practiced corporate, financial institutions and real estate law and was previously a member of that firm s management committee. Mr. Commander currently serves on the boards of Patriot Transportation Holdings, Inc., a public real estate and trucking company, and BSR Trust, LLC, which is engaged in developing and managing residential rental properties, of which he is non-executive chairman. He has served on numerous civic and charitable organizations and is currently chairman of the Jacksonville Housing and Community Development Commission. He received a B.S. in Commerce from Washington & Lee University and a J.D. from The University of Florida.

Joseph D. Hinkel. Mr. Hinkel has been a director of EverBank Financial Corp since 2011. Mr. Hinkel has served as an independent financial consultant since November 2006. Our Board of Directors has concluded that Mr. Hinkel should serve as a director because his many years of experience in public accounting provide our Board of Directors and our Audit Committee with valuable financial reporting and financial management expertise as we transition to becoming a public reporting company. From June 2002 to October 2006, he was a Managing Director of KPMG, LLP. Prior to working at KPMG, LLP, he was employed by Arthur Andersen LLP from 1971 to 2002, and served as a partner from 1983 to 2002. Mr. Hinkel served as a director of Dayton Superior Corporation from 2007 to 2009. He received a B.S. in Business Administration from University of Dayton in 1971 and practiced as a certified public accountant from 1973 until 2009.

Merrick R. Kleeman. Mr. Kleeman has been a director of EverBank Financial Corp since 2009. Our Board of Directors has concluded that Mr. Kleeman should serve as a director because his experience in real estate private equity and his financial expertise provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. Mr. Kleeman is a founding partner of Wheelock Street Capital, L.L.C., a real estate private equity firm formed in 2008 to pursue a highly-focused, value oriented investment strategy. Prior to creating Wheelock Street Capital, L.L.C., Mr. Kleeman spent over 15 years working at Starwood Capital Group, where he served as Senior Managing Director and Head of Acquisitions. Mr. Kleeman led the acquisition of Westin Hotels & Resorts, National and American Golf, Le Meridien Hotels & Resorts in collaboration with Starwood Hotels, and the formation of Troon Golf and Starwood Land Ventures. Mr. Kleeman serves on the board of directors of Troon Golf and on the board of trustees of The Boys and Girls Harbor in New York City and The Waterside School in Stamford, Connecticut. Mr. Kleeman received a B.A. from Dartmouth College and an M.B.A. from Harvard Business School, where he was a Baker Scholar.

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Mitchell M. Leidner. Mr. Leidner has been a director of EverBank Financial Corp since 2009. Our Board of Directors has concluded that Mr. Leidner should serve as a director because his experience in the financial services industry and private equity, his financial expertise and his knowledge of the Tygris business provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. Mr. Leidner is an investment professional with Aquiline Capital Partners LLC. He has worked in the financial services industry since 1993. Prior to joining Aquiline in 2005, Mr. Leidner worked at Venturion Capital LLC, a private equity firm that invested in financial services companies in North America and Europe, between 2000 and 2005. He also worked at Venturion from 1998 to 1999. From 1999 to 2000, Mr. Leidner was an investment specialist in The Blackstone Group, L.P. s Alternative Asset Management group, where he focused on investing in hedge funds across various strategies. From 1995 to 1997, he was an associate at UBS Securities LLC in the Financial Institutions Group, where he focused on mergers and acquisitions and corporate finance assignments in the financial services industry. From 1993 to 1995, Mr. Leidner was an analyst at Alex. Brown & Sons, Inc. in the Financial Institutions Group, where he completed several sell-side advisory and capital raising assignments in the bank, thrift and specialty finance sectors. Mr. Leidner is a board member of CRT Greenwich LLC and HedgeServ Holdings L.P. Mr. Leidner received a B.S.E. in Finance and a B.A.S. in Engineering from the University of Pennsylvania and received an M.B.A. from the Columbia Business School.

W. Radford Lovett, II. Mr. Lovett has been a director of EverBank Financial Corp and its predecessors since 2004. Our Board of Directors has concluded that Mr. Lovett should serve as a director because his many years of experience in private equity and his financial expertise provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He is Managing Director and co-founding partner of Lovett Miller & Co., a Florida-based venture capital and private equity firm that invests in privately held companies primarily in the southeastern United States. Mr. Lovett has also served as founder, Chairman and Chief Executive Officer of two successful growth companies, TowerCom Development, LP, a developer of wireless communication infrastructure, and TowerCom Limited, a developer of broadcast communication towers. Mr. Lovett has served as a director of over 20 private companies, and currently serves on the board of directors of five private companies. Prior to co-founding Lovett Miller & Co., Mr. Lovett served as the President of Southcoast Capital Corporation, a Jacksonville-based holding company that invests in private companies, public companies and real estate. In addition, Mr. Lovett is currently Co-Chairman of University of North Florida s Capital Campaign, is a member of its Board of Trustees and formerly served as President of the Foundation Board. He is also a former Chairman of the Youth Crisis Center and the Jacksonville Jaguars Honor Rows Program. Mr. Lovett received a B.A. from Harvard College.

Robert J. Mylod, Jr. Mr. Mylod has been a director of EverBank Financial Corp and its predecessors since 2001. Our Board of Directors has concluded that Mr. Mylod should serve as a director because his operational and financial management experience at priceline.com Incorporated, or priceline.com, as well as his experience in finance and private equity provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. From January 2009 to March 2011, Mr. Mylod served as the Vice Chairman of priceline.com. Before becoming Vice Chairman, Mr. Mylod had been priceline.com s Chief Financial Officer since November 2000. Prior to joining priceline.com, Mr. Mylod was a principal at Stonington Partners, a privately held investment firm that executed and managed private equity investments. Prior to Stonington Partners, Mr. Mylod was an associate with Merrill Lynch Capital Partners, the merchant banking division of Merrill Lynch & Co. Mr. Mylod received an A.B. in English from the University of Michigan and an M.B.A. from the University of Chicago Graduate School of Business.

Russell B. Newton, III. Mr. Newton has been a director of EverBank Financial Corp since 2009. Our Board of Directors has concluded that Mr. Newton should serve as a director because his many years of experience in investment management and his financial and accounting expertise provides our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He is Chairman and Chief Executive Officer of Timucuan Asset Management, Inc., or Timucuan, a privately owned investment management firm. Mr. Newton has been responsible for directing the investment activities of the Newton family since 1981. In 1988, Mr. Newton formed Timucuan to provide asset management services to those outside the Newton family. Mr. Newton also controls the general partner of The Timucuan Fund, L.P., which he formed in 1990, and Timucuan Opportunity Fund, L.P., which he launched in October 2001. Prior to 1981, Mr. Newton was employed as a public accountant by Peat Marwick Mitchell & Company. Mr. Newton received a B.A. from Bowdoin College and attended the Graduate School of Business Administration, New York University.

William Sanford. Mr. Sanford has been a director of EverBank Financial Corp since 2006. Our Board of Directors has concluded that Mr. Sanford should serve as a director because his experience in senior corporate management positions and his management and operational expertise provides our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He is an Operating Partner at Sterling Investment Partners, a middle-market private equity fund based in Westport, Connecticut, and advises Sterling portfolio companies with regard to management and operational matters. Mr. Sanford is currently Interim Chief Administrative Officer and Interim Chief Financial Officer at Fairway Market, a Sterling portfolio company based in New York. From 1998 until December 31, 2008, he was with Interline Brands, Inc., a Jacksonville, Florida-based distributor and direct marketer of building maintenance products where he served as President, Chief Operating Officer and Secretary and previously as Chief Financial Officer. Mr. Sanford has worked in the wholesale distribution industry since 1984 and has held senior executive positions with Airgas, Inc. and MSC Industrial Direct. Mr. Sanford is a director of FCX Performance, Inc. and Exelligence Learning Corporation. Mr. Sanford received a B.S. from Vanderbilt University.

Richard P. Schifter. Mr. Schifter has been a director of EverBank Financial Corp since 2010. Our Board of Directors believes Mr. Schifter should serve as a director due to his experience serving on other companies boards of directors, and his experience in private equity, his legal experience and his knowledge of the Tygris business provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He has been a partner at TPG Capital since 1994. Prior to joining TPG Capital, Mr. Schifter was a partner at the law firm of Arnold & Porter LLP in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. Mr. Schifter joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter currently serves on the Boards of Directors of Republic Airways, American Beacon Advisors, LPL Holdings, Direct General Corporation and ProSight Specialty Insurance Holdings and on the Board of Overseers of the University of Pennsylvania Law School. Mr. Schifter is also a member of the board of directors of the Youth, I.N.C. (Improving Non-profits for Children). Mr. Schifter received a B.A. with distinction from George Washington University and a J.D. *cum laude* from the University of Pennsylvania Law School.

Alok Singh. Mr. Singh has been a director of EverBank Financial Corp since 2010. Our Board of Directors believes Mr. Singh should serve as a director because his service on other companies boards of directors, his financial expertise and his knowledge of the Tygris business provide our Board of Directors with a variety of perspectives on corporate governance and management issues and valuable insights regarding our business. He is a Managing Director of New Mountain Capital. Mr. Singh was a founding member and Managing Director of the Bankers Trust Securities Mergers & Acquisitions Group between 1984 and 1992. As Senior Managing Director for Bankers Trust Securities from 1992 until 1997, Mr. Singh was responsible for the firm s investment banking activities in the consumer and retail sectors and led its relationships with a number of major multi-industry and consumer product clients. Mr. Singh was elected to the Partnership Group of Bankers Trust Company in 1994. Subsequently, Mr. Singh served in the Financial Sponsors Group of Deutsche Bank Alex Brown from 1997 until 2001. Most recently, Mr. Singh led the Corporate Financial Advisory Group for the Americas for Barclays Capital, where he established the group upon joining the firm in March 2001. Mr. Singh is Chairman of the Board of RedPraire Corporation, non-executive chairman of Overland Solutions, Inc., lead director of Deltek, Inc., Camber Corporation, Ikaria Holdings, Inc. and Stroz Friedberg Inc., and a director of Validus Holdings, Ltd. and Avantor Performance Materials Holdings, Inc. He received a B.A. in Economics and History from New York University and an M.B.A. in Finance from New York University.

Scott M. Stuart. Mr. Stuart has been a director of EverBank Financial Corp since 2008. Our Board of Directors has concluded that Mr. Stuart should serve as a director because his experience in private equity and finance provides our Board of Directors with a variety of perspectives on corporate governance and management

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issues and valuable insights regarding our business. He is co-founder of Sageview Capital L.P., a private equity investment firm. Prior to co-founding Sageview Capital L.P. in 2006, Mr. Stuart worked for the global private equity firm Kohlberg Kravis Roberts & Co., L.P., or KKR, from 1986 to 2005. Mr. Stuart became a partner of KKR in 1994 and served on KKR s investment committee from 2000 until 2005. From 2000 until his departure in 2005, Mr. Stuart was responsible for KKR s industry groups in the utilities and consumer products sectors. Prior to joining KKR in 1986, Mr. Stuart worked from 1981 to 1984 in the Mergers and Acquisitions Department at Lehman Brothers Kuhn Loeb, Inc. Mr. Stuart served as a director of the Sealy Corporation from April 2004 through April 2009. Mr. Stuart is Sageview s designated member of our Board of Directors, pursuant to the terms of the Transfer and Governance Agreement described in Certain Relationships and Related Party Transactions Board Rights of Arena, Lovett Miller and Sageview below. Mr. Stuart received a B.A. from Dartmouth College and an M.B.A. from Stanford University.

Board Composition and Election of Directors

Board Composition

Our Board of Directors is authorized to have no fewer than seven members nor more than 15 members and is currently comprised of 14 members. Our Board of Directors has evaluated the independence of its members based upon the rules of the New York Stock Exchange, or the NYSE. Applying this standard, our Board of Directors has affirmatively determined that each of Messrs. Armstrong, Commander, Hinkel, Kleeman, Leidner, Lovett, Mylod, Sanford, Schifter, Singh and Stuart is an independent director.

We are party to a Director Nomination Agreement with Arena Capital Investment Fund, L.P., or Arena, Lovett Miller Venture Fund II, Limited Partnership and Lovett Miller Venture Fund III, Limited Partnership, or together, Lovett Miller, dated as of April 5, 2012. Both Arena and Lovett Miller purchased securities issued by our predecessor entity in 2000 and 2002 and are currently two of our stockholders. Pursuant to the terms of the agreement, Arena has the right to designate a representative to be included in management s slate of nominees recommended to stockholders of the Company for election as a member of our Board of Directors and each of Arena and Lovett Miller have the right to appoint an observer who is permitted to attend meetings of our Board of Directors. Arena s and Lovett Miller s rights under the agreement will terminate at such time as each owns less than 20% of the aggregate number of shares they receive in the Reorganization. Gerald S. Armstrong is Arena s designated nominee for our Board of Directors.

We are also party to a Director Nomination Agreement, dated as of April 5, 2012, with Sageview Partners L.P., or Sageview, pursuant to which Sageview has the right to designate a representative to be included in management s slate of nominees recommended to stockholders of the Company for election as a member of our Board of Directors and an observer who is permitted to attend meetings of our Board of Directors. Sageview will continue to have rights under the agreement until such time as it no longer holds 10% of the aggregate number of shares it receives in the Reorganization. Scott M. Stuart is Sageview s designated nominee for our Board of Directors.

Election and Classification of Directors

In accordance with the terms of our Amended and Restated Certificate of Incorporation, our Board of Directors will be divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms, upon consummation of the offering and will be divided as follows:

- the Class I directors will be Gerald S. Armstrong, Charles E. Commander, III, Joseph D. Hinkel, Robert J. Mylod, Jr. and Russell B. Newton, III, and their term will expire at the annual meeting of stockholders to be held in 2013;

- the Class II directors will be Mitchell M. Leidner, William Sanford, Richard P. Schifter, Alok Singh and W. Blake Wilson, and their term will expire at the annual meeting of stockholders to be held in 2014; and

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the Class III directors will be Robert M. Clements, Merrick R. Kleeman, W. Radford Lovett, II and Scott M. Stuart, and their term will expire at the annual meeting of stockholders to be held in fiscal year 2015.

At each annual meeting of stockholders, or special meeting in lieu thereof, upon the expiration of the term of a class of directors, the successors to such directors will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and the election and qualification of his or her successor. The number of directors may be changed only by resolution of our Board of Directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Board Committees

Our Board of Directors has established standing committees in connection with the discharge of its responsibilities. These committees include an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Risk Committee. Our Board of Directors also will establish such other committees as it deems appropriate, in accordance with applicable law and regulations, our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws.

Audit Committee

The Audit Committee is comprised of Joseph D. Hinkel (Chairman), Mitchell M. Leidner and Charles E. Commander, III. The Audit Committee has responsibility for, among other things:

- reviewing the adequacy and effectiveness of our accounting and internal controls and procedures, including the responsibilities, budget, compensation and staffing of our internal audit function;
- reviewing with management our administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies;
- direct supervision of our internal audit group;
- reviewing and discussing with our independent auditors and management our compliance with the applicable regulatory requirements;
- investigating matters brought to its attention within the scope of its duties and engaging independent counsel and other advisors as the Audit Committee deems necessary;
- reviewing our annual and quarterly financial statements prior to their filing and prior to the release of earnings;
- reviewing and assessing the adequacy of a formal written charter on an annual basis;
- preparing the Audit Committee report required by SEC rules to be included in our annual report;
- reviewing and approving all related person transactions for potential conflicts of interest situations on an ongoing basis;

determining compensation of, and reviewing the performance of, the independent auditors, appointing or terminating the independent auditors and considering and approving, in advance, any services proposed to be performed by the independent auditors;

reviewing an annual report from the independent auditors describing (1) the independent auditors internal quality-control review, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by

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any governmental or professional authority, within the past five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues and (3) all relationships between the independent auditors and us;

establishing procedures for (1) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and (3) the review, and if necessary investigations of material incidents reported through the MySafeWorkplace employee hotline channel; and

handling such other matters that are specifically delegated to the Audit Committee by our Board of Directors from time to time.

Rule 10A-3 promulgated by the SEC under the Exchange Act and Section 303A.07 of the NYSE Listed Company Manual require our Audit Committee to be composed entirely of independent directors upon the effective date of our registration statement. Our Board of Directors has affirmatively determined that each of the members of our Audit Committee will meet the definition of independent directors under Section 303A.02 of the NYSE Listed Company Manual and for purposes of serving on an Audit Committee under applicable SEC rules.

Compensation Committee

The Compensation Committee is comprised of Scott M. Stuart (Chairman), Richard P. Schifter, Alok Singh and Robert J. Mylod, Jr. The Compensation Committee has the responsibility for, among other things:

reviewing and determining the annual compensation of our Chief Executive Officer;

recommending to our Board of Directors the compensation and benefits of our executive officers other than the Chief Executive Officer;

annually monitoring and reviewing our compensation and benefit plans to ensure that they meet our corporate objectives;

administering our stock and other incentive compensation plans and programs and preparing recommendations and periodic reports to our Board of Directors relating to these matters;

reviewing and making recommendations to our Board of Directors with respect to any severance or termination arrangement to be made with any executive officer;

preparing the Compensation Committee report required by SEC rules to be included in our annual report;

reviewing all equity-compensation plans to be submitted for stockholder approval under NYSE listing standards, and to review, and in the Compensation Committee s sole discretion, approve all equity-compensation plans that are exempt from such stockholder approval requirement;

preparing recommendations and periodic reports to our Board of Directors concerning these matters; and handling such other matters that are specifically delegated to the Compensation Committee by our Board of Directors from time to time.

Our Board of Directors has evaluated the independence of the members of our Compensation Committee and has determined that each of the members of our Compensation Committee is independent under Section 303A.02 of the NYSE Listed Company Manual. The members of the Compensation Committee

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also qualify as non-employee directors within the meaning of Rule 16b-3 under the Exchange Act and outside directors within the meaning of Section 162(m) of the Code.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is comprised of Robert J. Mylod, Jr. (Chairman), Merrick R. Kleeman and William Sanford. The Nominating and Corporate Governance Committee has responsibility for, among other things:

- recommending persons to be selected by our Board of Directors as nominees for election as directors and to fill any vacancies on our Board of Directors;
- reviewing the size of our Board of Directors and recommending any changes;
- reviewing annually the composition of our Board of Directors as a whole and making recommendations;
- monitoring the functioning of our standing committees and recommending any changes, including the creation and elimination of any committee;
- reviewing and recommending standing committee assignments;
- developing, reviewing and monitoring compliance with our corporate governance guidelines;
- making recommendations to our Board of Directors regarding corporate governance based upon developments, issues and best practices; and
- handling such other matters that are specifically delegated to the Nominating and Corporate Governance Committee by our Board of Directors from time to time.

In selecting director nominees for recommendation to our Board of Directors, the Nominating and Corporate Governance Committee will consider, among other things, the following factors:

- the appropriate size and diversity of our Board of Directors;
- the knowledge, skills and expertise of nominees, including experience in banking, business, finance, administration and sales, in light of the prevailing business conditions and the knowledge, skills and experience already possessed by other members of our Board of Directors;
- experience with accounting rules and practices, and whether such a person qualifies as an audit committee financial expert pursuant to SEC rules;

- time availability in light of other commitments, dedication and conflicts of interests; and
- other such relevant factors that the Nominating and Corporate Governance Committee considers appropriate in the context of the needs of our Board of Directors.

Our Board of Directors has evaluated the independence of the members of our Nominating and Corporate Governance Committee and has determined that each of the members of our Nominating and Corporate Governance Committee is independent under Section 303A.02 of the NYSE Listed Company Manual.

We have no formal policy regarding the diversity of our Board of Directors. Our Nominating and Corporate Governance Committee and Board of Directors may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include personal characteristics.

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Our Nominating and Corporate Governance Committee s and Board of Directors priority in selecting board members is identification of persons who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members and professional and personal experiences and expertise relevant to our growth strategy.

Risk Committee

The Risk Committee is comprised of Charles E. Commander (Chairman), W. Radford Lovett, II, Gerald S. Armstrong and Russell B. Newton, III. Its purpose is to assist our Board of Directors in overseeing and reviewing our enterprise risk management framework, including the significant policies, procedures, and practices employed to manage various types of risk factors we face, including, but not limited to:

- credit risk arising from an obligor s failure to meet the terms of any contract with us or otherwise perform as agreed;
- liquidity risk related to our ability to meet our obligations when they come due without incurring unacceptable losses;
- pricing risk arising from changes in the value of either trading portfolios or other obligations that are entered into as part of distributing risk;
- interest rate and related market risk;
- legal and compliance risk;
- operational risk arising from inadequate or failed internal processes or systems, the misconduct or errors of employees and/or third parties and adverse external events;
- reputation risk arising from negative public opinion; and
- strategic risk arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes.

Our Risk Committee coordinates and shares information with other committees of our Board of Directors in order to carry out its duties, and reports to our Board of Directors periodically on its activities, findings and recommendations for our risk management policies.

Risk Oversight

Our Board of Directors oversees a company-wide approach to risk management, carried out by management. Our Board of Directors and its Risk Committee determines the appropriate risk for us generally, assesses the specific risks faced by us and reviews the steps taken by management to manage those risks.

While our Board of Directors maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements, and the incentives created by the compensation awards it administers. Our Audit Committee oversees management of enterprise risks and financial risks, as well as potential conflicts of interests. Our Nominating and Corporate Governance Committee is responsible for overseeing the management of risks associated with the independence of our Board of Directors. Our Risk Committee oversees and evaluates our risk management framework and coordinates all actions of the other Committees of our Board of Directors in this regard. Pursuant to our Board of Directors instruction, management regularly reports on applicable risks to the relevant committee or the Board of Directors, as appropriate, with additional review or reporting on risks conducted as needed or as requested by our Board of Directors and its committees.

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Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee will be or has ever been an officer or employee of us. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Code of Business Conduct and Ethics

We adopted a code of business conduct and ethics that applies to all of our officers and employees and a code of conduct for our directors. The code of business conduct and ethics for our officers and employees and the code of conduct for directors is available on our website at www.everbank.com. Any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Code of Ethics for Principal Executive and Senior Financial Officers

We adopted a code of ethics that applies to our principal executive and senior financial officers. The code of ethics for our principal executive and our senior financial officers is available on our website at www.everbank.com. Any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Corporate Governance Guidelines

We adopted corporate governance guidelines to assist our Board of Directors in the exercise of its fiduciary duties and responsibilities to us and to promote the effective functioning of our Board of Directors and its committees. Our corporate governance guidelines is available on our website at www.everbank.com. Any amendments to the guidelines will be disclosed on our website.

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EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

Overview of Executive Compensation Program

In the paragraphs that follow, we provide an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies with respect to our executives, and the material factors that we considered in making those decisions. Following this Compensation Discussion and Analysis, you will find a series of tables containing specific data about the compensation earned or paid in 2011 to the following individuals, to whom we refer as our Named Executive Officers :

- Robert M. Clements, Chairman of the Board and Chief Executive Officer;
- W. Blake Wilson, President and Chief Operating Officer (Mr. Wilson served as our President and Chief Financial Officer until April 2011, when he became our President and Chief Operating Officer);
- Steven J. Fischer, Executive Vice President and Chief Financial Officer (Mr. Fischer became our Executive Vice President and Chief Financial Officer in April 2011);
- Thomas L. Wind, Executive Vice President (Mr. Wind became our Executive Vice President in April 2011);
- Gary A. Meeks, Vice-Chairman and Chief Risk Officer;
- Michael C. Koster, Executive Vice President; and
- John S. Surface, Executive Vice President (Mr. Surface would have been identified as one of our Named Executive Officers but for the grant of option awards to Mr. Wind in connection with his compensation package to join our company).

Base salary, annual cash bonuses and long-term incentive stock awards comprise the total annual compensation for our Named Executive Officers. The table below provides a summary of the components of total annual compensation.

Compensation Element	What the Element Rewards	Purpose and Key Features	Performance Based?
Base Salary	Scope of leadership responsibilities Expected future performance	Provide a steady source of income to the executives	No
Annual Cash Bonuses	Achievement of target return on equity, or ROE (in 2011, 11.5% ROE to achieve 100% of target annual cash bonus) Achievement of individual performance objectives (in the case of Messrs. Wind, Koster and Surface)	Encourage and reward achievement of short-term performance objectives Bonuses for Messrs. Clements, Wilson, Fischer and Meeks are based solely on corporate performance (achievement of ROE thresholds)	Yes, tied to our operating performance

		Bonuses for Messrs. Wind, Koster and Surface are based on corporate performance and individual performance	
Long-Term Equity Incentive Awards (primarily stock options and, to a much lesser extent, restricted stock units)	Appreciation in the value of our common stock	Align executives interests with those of stockholder Promote executive retention	Yes, tied to our stock price

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Objectives of Our Compensation Program

The objectives of our compensation program for our executive officers parallel the objectives of our compensation program for all employees that is, to acquire and retain executive officers of the caliber and experience necessary to ensure our success, and to provide a strong link between performance and pay. More specifically, our program is designed to:

- attract and retain qualified talent;
- maintain compensation levels that are competitive with our peers;
- provide compensation according to (1) achievement of financial goals established and attained by us for the applicable performance period and/or (2) individual performance within a range that correlates to the position s value to us as a whole;
- control and monitor compensation costs in a manner consistent with our business model and the interests of our stockholders; and
- promote stock ownership of our executive officers.

We believe that compensation should be set for the Named Executive Officers in line with our performance on both a short-term and long-term basis. It is our practice to provide a balanced mix of cash and equity-based compensation in order to align the interests of the Named Executive Officers with those of our stockholders and to encourage the Named Executive Officers to act as equity owners of the Company.

How We Set Compensation

The Compensation Committee of our Board of Directors determines the compensation for our Named Executive Officers, as do Messrs. Clements and Wilson who play a role in setting the compensation for those Named Executive Officers who report to them.

Compensation Committee

The Compensation Committee sets and determines the compensation for the top level of our management, whom we refer to as Executive Management. Each Named Executive Officer is a member of Executive Management. The Compensation Committee is composed entirely of independent, non-management directors. The Compensation Committee reviews and recommends approval of all aspects of the compensation program for Executive Management, administers our stock incentive plans and reviews and makes recommendations to our Board of Directors with respect to incentive compensation and equity plans. In setting compensation, the Compensation Committee does not seek to allocate long-term and current compensation, or cash and non-cash compensation, in specified percentages. The Compensation Committee instead reviews each element of compensation independently and determines the appropriate amount for each element, as discussed below. However, the Compensation Committee traditionally places more emphasis on variable compensation, including annual cash bonuses and long-term equity awards, than on base salary.

The Compensation Committee also approves the performance goals for all Executive Management compensation programs that incorporate performance metrics and evaluates performance at the end of each performance period. The Compensation Committee approves our aggregate annual cash bonus award opportunities, stock option awards and restricted stock unit awards for Executive Management. The Compensation Committee also sets the level and components of the compensation for Mr. Clements and, after consultation with Mr. Clements, reviews and approves the compensation for Mr. Wilson. After consultation with Messrs. Clements and Wilson, the Compensation Committee also reviews and approves the compensation for the remaining Named Executive Officers and other members of Executive Management.

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In making decisions regarding the compensation for the Named Executive Officers, the Compensation Committee focuses primarily on our overall performance and the executive officer s individual performance. The Compensation Committee also considers the general business environment.

Executive Officers

Decisions about individual compensation elements and total compensation, including those related to Mr. Clements, are ultimately made by the Compensation Committee. However, we believe that Messrs. Clements and Wilson are in the best possible position to assess the performance of the other members of Executive Management and, accordingly, they also play an important role in the compensation-setting process for executives other than themselves. Messrs. Clements and Wilson discuss Executive Management compensation (including compensation for each of the other Named Executive Officers) with the Compensation Committee and make recommendations on base salary and the other compensation elements.

Role of the Compensation Consultant

The Compensation Committee retained the services of Compensation Advisory Partners, LLC, or the Compensation Consultant, to provide independent compensation consulting advice. The Compensation Consultant advises the Compensation Committee on all matters related to the compensation of the Named Executive Officers. Specifically, the Compensation Committee requested the Compensation Consultant provide it with the following assistance in 2011:

- Comprehensive review of the competitiveness and effectiveness of our executive compensation program relative to market practices and business goals;
- Evaluate pay levels and categories of executive compensation and recommended changes to such compensation, as appropriate;
- Provide feedback to the Compensation Committee regarding market trends and practices;
- Assist in the annual risk assessment of incentive compensation plans (as described in detail in Additional Information Regarding Executive Compensation Compensation Risk Assessment); and
- Comprehensive review of our executive perquisite and benefits program.

2011 Components of Executive Compensation

In 2011, the key elements of compensation for our Named Executive Officers generally consisted of base salary and annual cash bonuses. In addition, we maintain employment agreements with each Named Executive Officer, other than Mr. Wind, that provide certain benefits as described below.

Annual Base Salaries

We believe that the Named Executive Officers compensation should be variable and based largely on our performance. We also believe that base salaries should be reflective of our Named Executive Officers roles and responsibilities. The Compensation Committee reviews salaries for the Named Executive Officers on an annual basis, as well as at the time of a promotion or other change in responsibilities. In general, the Compensation Committee increases base salary based upon its subjective evaluation of such factors as prevailing changes in market rates for equivalent executive positions in similarly-situated companies, the individual s level of responsibility, tenure with us and overall contribution to us. The Compensation Committee also takes into account Mr. Clements recommendations regarding salary increases for the other Named Executive Officers. Based on that

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review, for 2011, the Compensation Committee approved base salary increases for select Named Executive Officers as described in the table below. The base salary increases for Messrs. Clements, Wilson and Meeks were effective as of January 1, 2011 and for Messrs. Koster and Surface were effective as of February 16, 2011. Messrs. Fischer and Wind began employment with us in April 2011, and thus did not receive a salary adjustment.

Name	2010 Base Salary	$ Amount of Increase	% Amount of Increase	2011 Base Salary
Mr. Clements	$ 635,000	$ 57,150	9.0%	$ 692,150
Mr. Wilson	$ 550,000	$ 49,500	9.0%	$ 599,500
Mr. Fischer				$ 325,000
Mr. Wind				$ 320,000
Mr. Meeks	$ 350,000	$ 20,000	5.71%	$ 370,000
Mr. Koster	$ 335,000	$ 20,000	5.97%	$ 355,000
Mr. Surface	$ 310,000	$ 24,998	8.06%	$ 334,998

Annual Cash Bonuses

Annual cash bonuses reward the Named Executive Officers for achieving short-term (annual) financial objectives. The Named Executive Officers participate in an annual cash bonus program maintained by us called the Senior Management Incentive Plan, or SMIP, pursuant to which participants may earn cash awards based on either (1) the achievement of corporate performance goals established annually by the Compensation Committee or (2) a combination of corporate performance goals and the Compensation Committee s subjective assessment of individual performance. Messrs. Clements, Wilson, Fischer and Meeks earn cash bonuses based solely on corporate performance goals. Messrs. Wind, Koster and Surface earn cash bonuses based on a combination of corporate performance and individual performance (designated percentages of the basis for achievement of awards are indicated below) to account for the performance of the specific business areas they oversee. The Compensation Committee establishes a target annual cash bonus expressed as a percentage of base salary for each Named Executive Officer. These target percentages are set forth below.

Performance Criteria for Annual Cash Bonuses. The 2011 annual bonus opportunity for each of Messrs. Clements, Wilson, Fischer and Meeks under the SMIP was based on our achievement of return on common equity, or ROE, targets. The Compensation Committee has the discretion to adjust for certain specified items that are included in ROE, resulting in an adjusted ROE. After determining the results based on adjusted ROE, the Compensation Committee may exercise its discretion to consider a variety of other factors when determining annual bonus payments, including our overall performance relative to similarly-situated financial institutions and market conditions.

The Compensation Committee believes such adjusted ROE is an appropriate performance goal for annual cash bonuses because this performance metric has meaningful bearing on long-term increases in stockholder value and the fundamental risk level and financial soundness of our business. In addition, the Compensation Committee believes that emphasizing adjusted ROE in 2011 was appropriate because, in light of the economic uncertainty that was expected for 2011 and the increased costs associated with the sweeping regulatory changes affecting us in 2011, the achievement of superior performance would be more meaningful than in past years.

In order to align incentive payments with our overall goals, the Compensation Committee established the following target ranges for adjusted ROE, subject to the exercise of discretion by the Compensation Committee as noted above:

The first range was set below 7.5%, which would result in the executive earning 0% of his respective target bonus award.

The second range was set between 7.5% and 11.5%, which, if achieved, would result in the executive earning between 20% and 100% of his respective target bonus award. For each 0.1%

increment in performance, the executive would earn an additional 2.0% of his target award. For example, achievement of 8.6% would result in a bonus of 42% of the executive s target award and achievement of 8.7% would result in a bonus of 44% of such award.

The third range was set between 11.5% and 14.5%, which, if achieved, would result in the executive earning between 100% and 135% of his target bonus award. For each 0.1% increment in performance, the executive would earn an additional 1.167% of his target award. For example, achievement of 11.5% would result in a bonus of 100% of the executive s target award and achievement of 11.6% would result in a bonus of 101.167% of such award.

The 2011 annual bonus opportunity for each of Messrs. Wind, Koster and Surface was based, in part, on our achievement of adjusted ROE targets and, in part, on the executive s individual performance. To determine the payout based in part on individual performance, the Compensation Committee subjectively assessed the individual performance of Messrs. Wind, Koster and Surface after receiving input from Messrs. Clements and Wilson, as appropriate. The portion of bonus tied to individual performance metrics is capped at 100% of target. The performance consideration is non-formulaic and is not based upon pre-established objectives. Rather, the Compensation Committee considered a variety of factors, including key achievements, financial contributions and leadership of Messrs. Wind, Koster and Surface.

Performance Criteria Applicable to Named Executive Officers

Name	Target Percentage of Base Salary Based on Adjusted ROE	Target Percentage of Base Salary Based on Individual Performance	Total Target (Percentage of Base Salary)
Mr. Clements	140%	%	140%
Mr. Wilson	130%	%	130%
Mr. Fischer	70%	%	70%
Mr. Wind	50%	20%	70%
Mr. Meeks	100%	%	100%
Mr. Koster	45%	25%	70%
Mr. Surface	50%	20%	70%

Determination of 2011 Annual Cash Bonuses. In 2010, we achieved an adjusted ROE of 10.7%. Such ROE performance entitled Messrs. Clements, Wilson, Meeks and Fischer to bonuses of 84% of their target awards pursuant to the ROE goals described above. In addition, the Compensation Committee determined based on the individual performance assessment described above that Messrs. Wind, Koster and Surface earned 100% of their target payout under the individual component of the SMIP.

The Compensation Committee paid the following annual cash bonuses to the Named Executive Officers:

Name	2011 Target Annual Cash Bonuses	Actual 2011 Annual Cash Bonuses	Actual 2011 Bonuses as % Of Base Salary
Mr. Clements	969,010	813,969	117.6%
Mr. Wilson	779,350	654,654	109.2%
Mr. Fischer	227,500	191,100	58.8%
Mr. Wind	224,000	198,400	62.0%
Mr. Meeks	370,000	310,800	84.0%
Mr. Koster	248,500	222,940	62.8%
Mr. Surface	234,499	207,700	62.0%

The 2011 annual cash bonuses received by our Named Executive Officers are also shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table below.

Long-Term Equity Incentives

We place great importance on equity as a form of compensation, and stock ownership is a key objective of the compensation program. As of December 31, 2011, our employees, including our Named Executive Officers, collectively owned approximately 5,810,775 shares (6.24%) of our common stock, on an as-converted and non-diluted basis. Historically, equity awards have constituted a significant portion of the Named Executive Officers compensation, primarily in the form of stock options so as to tie compensation to stock price appreciation. There is no set program for the award of equity grants, and the Compensation Committee retains discretion to grant equity awards at any time, including in connection with the promotion of an executive, to reward an executive, for retention purposes or in other circumstances recommended by Messrs. Clements or Wilson. The Compensation Committee expects it will grant equity awards on an annual basis, although annual grants to Messrs. Fischer and Wind may be delayed in light of the substantial equity awards granted to them in 2011 in connection with the commencement of their employment, as discussed below.

Stock Ownership Guidelines. Following the consummation of our initial public offering, we have required our Named Executive Officers and all other Executive Vice Presidents of the Company to own meaningful equity stakes in the Company to further align their economic interests with those of our shareholders. Our Stock Ownership Guidelines require that (1) our Chief Executive Officer own shares of Company stock in an amount not less than five times his base salary, (2) all other Named Executive Officers own shares of Company stock in an amount not less than three times their respective base salaries, and (3) all other Executive Vice Presidents own shares of Company stock in an amount not less than two times their respective base salaries. Each person subject to the Stock Ownership Guidelines are required to hold shares until the Stock Ownership Guidelines are achieved. Currently, each of the Named Executive Officers, other than Messrs. Fischer and Wind, owns the requisite number of shares.

Stock Options. The Compensation Committee believes that stock options effectively align the interests of the recipients with those of our stockholders because stock options only have value if the price of a share of our common stock as of the exercise date increases relative to the price of a share of our common stock on the date of the award. In general, stock options vest ratably over a period of years, or cliff-vest at the end of a multi-year period. The Compensation Committee believes that the multi-year vesting period encourages executives to focus on the long-term maximization of stockholder value. In addition, the longer vesting period acts as a retention tool. Stock options may also have additional performance criteria required for vesting, as decided by the Compensation Committee from time to time. The exercise price for each stock option is no less than the fair market value of our common stock as of the date of grant, as calculated in accordance with the methodology described below under Determining Fair Market Value of Our Common Stock. The award of options granted to the Named Executive Officers is determined based on relative contributions by the Named Executive Officers and the equity awards received in prior years. The number of options generally is calculated by dividing the target amount of compensation to be delivered through the award by the estimated fair market value of each grant of options.

Restricted Stock Units. From time to time we also grant restricted stock units to the Named Executive Officers and other eligible employees. Restricted stock units represent the holder s right to receive a stated number of shares of our common stock, which right is subject to certain restrictions and to risk of forfeiture. In general, restricted stock units granted to the Named Executive Officers vest as to 100% of the underlying shares on the third or fifth anniversary of the date of grant, provided that the executives remain employed by us on such date. The Compensation Committee believes that this vesting schedule promotes the retention of these highly-valued executives. No dividends are paid on the shares underlying the restricted stock units until the shares are issued. The award of restricted stock units are granted to the Named Executive Officers based on their relative contributions and the awards received in prior years. The number of restricted stock units granted to Named Executive Officers generally is determined by dividing the target amount of compensation to be delivered through the award by the estimated fair market value of each grant of restricted stock units. No restricted stock units were granted to the Named Executive Officers in 2011.

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2011 Awards. In 2011, Messrs. Clements, Wilson, Meeks, Koster and Surface did not receive any equity awards because such executives were granted substantial awards of nonqualified stock options on October 31, 2008 under the terms of their employment agreements in consideration of the non-competition provisions. A portion of these awards contained additional performance criteria based on stock price appreciation above specified levels. See footnote 2 to the Outstanding Equity Awards at 2011 Fiscal Year-End table in this prospectus for additional information regarding the 2008 option grants. In 2011, as part of their respective compensation packages for joining us, each of Mr. Fischer and Mr. Wind received a grant of nonqualified stock options to purchase 150,000 shares of our common stock. The foregoing options will vest in the manner described below in footnote 2 to the 2011 Grants of Plan-Based Awards table in this prospectus.

Clawback Policy. The Compensation Committee will continue to monitor the regulatory developments related to clawbacks and expects to adopt a policy once final rules are issued.

Determining Fair Market Value of Our Common Stock. The Compensation Committee uses the methodology described below to estimate the fair market value of our common stock for purposes of determining the exercise price of stock options and the value of restricted stock units. The fair market value of our common stock is based upon valuation multiples, including price-to-earnings and price-to-tangible book ratios of a peer group of publicly traded companies with comparable characteristics to us. The fair market value of our common stock used for these purposes has historically included a private security liquidity discount.

Other Benefits

Our Named Executive Officers participate in various health, life and disability plans that are generally made available to all salaried employees. These plans consist of the following:

- our 401(k) Savings Plan, which in 2011 permitted employees to contribute up to 18% of their pre-tax compensation, with company matching contributions of up to 4% of the employees eligible compensation contributions;

- Profit Sharing under the 401(k) Savings Plan;

- a health care plan that provides medical and dental coverage for all eligible employees; and

- certain other welfare benefits (such as sick leave, vacation, etc.).

In general, company-provided benefits are designed to provide a safety net of protection against the financial catastrophes that can result from illness, disability or death, and to provide a reasonable level of retirement income based on years of service with us. These benefits help us to be competitive in attracting and retaining employees. Benefits also help to keep employees focused without distractions related to health care costs, adequate savings for retirement and similar issues. The Compensation Committee concluded that these employee benefit plans are consistent with industry standards. In 2011, we did not offer any additional retirement or deferred compensation plans or benefits to our Named Executive Officers. Certain of our Named Executive Officers also received certain limited perquisites, as described in greater detail in footnote 7 to the Summary Compensation table in this prospectus.

Employment and Severance Arrangements

Employment agreements secure the services of key talent within the highly competitive financial services industry in which we operate. Generally, the employment agreements are entered into with high performing and long-term potential senior employees and are structured to carefully balance the individual financial goals of the executives relative to our needs and those of our stockholders. All the Named Executive Officers other than Mr. Wind have entered into employment agreements with us.

The employment agreements define compensation and benefits payable in certain termination scenarios, giving the executives some certainty regarding their individual outcomes under these circumstances. Each employment agreement includes provisions that (1) prohibit the executive from competing against us (or working for a competitor) during a specified period after the executive leaves us, and (2) provide severance payments upon the executive s termination of employment by us for other than cause or by the executive for good reason. We believe the employment agreements are a necessary component of the compensation package provided to Messrs. Clements, Wilson, Fischer, Meeks, Koster and Surface because: (1) the noncompetition provisions protect us from a competitive disadvantage if one of the executives leaves us; and (2) the severance provisions serve as an effective recruiting and retention tool. The Compensation Committee approves the initial employment agreements and then reviews the agreements on an as-needed basis, based on market trends or on changes in our business environment.

The specific terms of these employment arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal year-end, are described in detail in Additional Information Regarding Executive Compensation Potential Payments Upon a Change in Control and Additional Information Regarding Executive Compensation Potential Payments Upon Termination of Employment.

Other Policies Related to our Compensation Program

Tax Treatment of Various Forms of Compensation

Section 162(m) of the Code places a limit of $1 million on the amount of compensation that public companies may deduct in any one year with respect to its Named Executive Officers. In fiscal 2011, as a privately-held company, Section 162(m) of the Code did not apply to us. To the extent that we compensate our Named Executive Officers in excess of the $1 million limit in the future, we have designed the new 2011 Omnibus Equity Incentive Plan and 2011 Executive Incentive Plan to comply with the qualified performance-based requirements. However, to maintain flexibility in compensating our executives, including taking advantage of transitional rules that delay the applicability of Section 162(m) to newly public companies, the Compensation Committee will reserve the right to use its judgment to authorize compensation payments that may exceed the limit when the Compensation Committee believes that such payments are appropriate.

Additional Information Regarding Executive Compensation

Compensation Risk Assessment

In 2011, representatives of our legal department along with our Compensation Consultants and outside legal advisors conducted (and presented to the Compensation Committee) a risk assessment of our compensation plans and programs to determine whether incentive compensation programs are reasonably likely to have a material adverse effect on the Company. This risk assessment consisted of a review of cash and equity compensation provided to our employees, with a focus on incentive compensation plans which provide variable compensation to employees based upon our performance and that of the individual. The incentive plans are designed to provide a strong link between performance and pay. In the study, we found that our compensation programs include some of the following risk-mitigating characteristics:

- Balance of short-and long-term incentive opportunities of fixed and variable compensation features;
- Plans include multiple qualitative and quantitative metrics;
- Compensation programs have strong governance and oversight with multi-level reviews to help mitigate the opportunity for individuals to receive short-term payouts for risky performance behaviors;
- Comprehensive review of pay mix and levels for senior executives with line of sight; and

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The Compensation Committee approves performance awards for executive officers based on corporate and/or individual performance.

In light of the review, the Company concluded that the compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on us and that risks can be effectively monitored and managed. The Compensation Committee agreed with the process undertaken and the findings associated with this risk assessment and will continue to consider compensation risk implications during its deliberations on designing our compensation programs.

Summary Compensation

The following table sets forth the cash and other compensation that we paid to our Named Executive Officers, or that was otherwise earned by our Named Executive Officers, for their services in all capacities during the last fiscal year.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(7)	Total ($)
Robert M. Clements	2011	692,150			813,969(4)	25,916	1,532,035
Chairman of the Board and Chief Executive	2010	634,967			1,111,250(5)	27,894	1,774,111
Officer	2009	556,500	765,188(2)		612,150(6)	25,549	1,959,387
W. Blake Wilson	2011	599,500			654,654(4)	27,833	1,281,987
President, Chief Operating Officer and	2010	549,982		396,344	893,750(5)	28,811	1,868,887
former Chief Financial Officer*	2009	472,500	590,625(2)	241,976	472,500(6)	25,549	1,803,150
Steven J. Fischer	2011	235,208		615,750	191,100(4)	65,989	1,108,047
Executive Vice President and Chief Financial Officer*							
Thomas Wind	2011	240,000		615,750	198,400(4)	157,954	1,212,104
Executive Vice President							
Gary A. Meeks	2011	370,000			310,800(4)	25,127	705,927
Vice Chairman and Chief Risk Officer	2010	349,924			437,500(5)	25,048	812,472
	2009	330,750	152,093(2)		330,750(6)	25,556	839,149
Michael C. Koster	2011	352,500			222,940(4)	26,637	602,077
Executive Vice President	2010	333,750			272,188(5)	24,481	630,419
	2009	318,750	67,640(2)		192,000(6)	24,951	603,341
John S. Surface	2011	331,875			207,700(4)	26,663	542,238
Executive Vice President	2010	308,135			255,750(5)	22,692	586,577
	2009	285,417	215,625(2)		172,500(6)	21,940	695,482

* In April 2011, Mr. Wilson became our Chief Operating Officer and Mr. Fischer became our Chief Financial Officer. Messrs. Fischer and Wind began employment with us in April 2011.

(1) We maintain an employment agreement with each of our Named Executive Officers other than Mr. Wind. The employment agreements outline the terms of our compensation arrangement with each executive, including base salaries, bonuses and benefits. Base salary plays a relatively modest role in overall compensation because we believe compensation should be based largely on our performance. The terms of post-employment compensation and benefits under the employment agreements are described in further detail below in Potential Payments Upon Termination of Employment.

The base salaries identified for Messrs. Fischer and Wind are pro-rated because each began employment with us in April 2011.

(2) Reflects the SMIP award granted by the Compensation Committee in 2010, to the extent exceeding the amounts earned by meeting the target performance measure under the 2009 SMIP.

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(3) Reflects the dollar amount of the aggregate grant date fair value of option awards granted. These amounts were computed in accordance with Financial Accounting Standards Board s Accounting Standards Codification Topic 718 (formerly FAS 123R).
(4) Reflects the dollar amount of non-equity incentive compensation amounts earned in 2011 under the SMIP and paid in 2012. For more information regarding the SMIP, see Compensation Discussion and Analysis.
(5) Reflects the dollar amount of non-equity incentive compensation amounts earned in 2010 under the SMIP and paid in 2011. For more information regarding the SMIP, see Compensation Discussion and Analysis.
(6) Reflects the dollar amount of non-equity incentive compensation amounts earned in 2009 under the SMIP and paid in 2010. For more information regarding the SMIP, see Compensation Discussion and Analysis.
(7) See the All Other Compensation table below.

All Other Compensation

	Year	Profit Sharing Contributions ($)	401(k) Matching Contributions ($)[(a)]	Company Paid Life Premiums ($)	Relocation and Moving Expenses ($)	Tax Payments ($)	Club Dues ($)	Football Tickets ($)	Total ($)
Mr. Clements	2011	12,385	9,800	726			2,400	605	25,916
	2010	12,356	9,800	619			2,400	2,719	27,894
	2009	12,881	9,800	468			2,400		25,549
Mr. Wilson	2011								