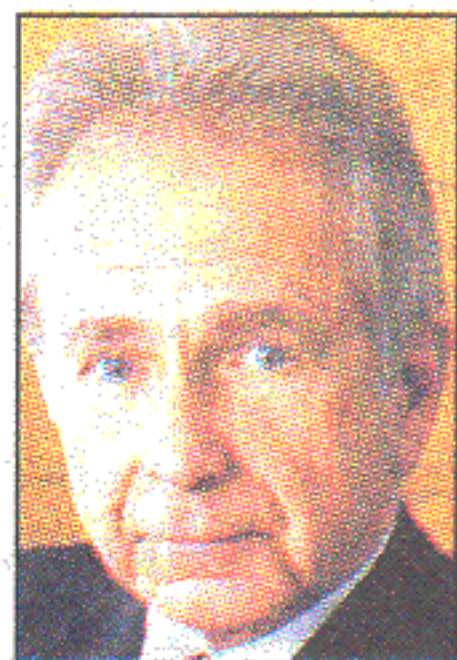


Deep-pocketed owners to revitalize BankUnited

BY BRIAN BANDELL

What emerges from the ashes of the old BankUnited's collapse could turn into an even stronger force in South Florida banking and a more formidable competitor for other banks.



Kanas

John Kanas became CEO of the bank on May 21, when the Federal Deposit Insurance Corp. put BankUnited FSB into receivership and handed it to a group of hedge fund investors under the name of Coral Gables-based BU Financial Holdings. W.L. Ross & Co., Carlyle Investment

Management and Blackstone Group each hold 23.58 percent of the parent company, and several other hedge funds are minority partners. A Goldman Sachs-related entity also contributed more than 25 percent of the capital to the W.L. Ross fund in the deal.

BankUnited Financial Corp. (NASDAQ: BKUNA) lost its ownership of the failed bank and filed for Chapter 11 bankruptcy protection.

The FDIC estimated the BankUnited receivership will cost it \$4.9 billion.

With more than \$900 million injected into the new BankUnited, Kanas said the bank will pursue commercial, industrial and small-business loans, and look for more business deposit accounts. The bank has mostly been in the retail market.

"We believe that, because so many banks in Florida are suffering with regulatory or-



FILE PHOTO

John Kanas says BankUnited will pursue commercial, industrial and small-business loans, and look for more business accounts.

ders and problem assets, many find it difficult to serve the business community," he said. "With almost \$1 billion in capital from new investors, we have a leg up on our competitors. Now that collateral values have declined and are very low, it's easier to lend against collateral than it was years ago when collateral was overvalued."

Both Kanas and Wilbur Ross, the restructuring specialist who heads W.L. Ross, said their group would consider future bank acquisitions in Florida, and envision BankUnited as growing into a regional power.

"The growth opportunities in Florida, with internal growth and further acquisition growth, are very considerable," Ross said.

Carlos J. Arboleda, practice director of the banking and financial services group at Ste-

phen James Associates in Plantation, said several banking executives he worked with have expressed concern that the new BankUnited would be a powerful competitor with a lot of capital and a balance sheet wiped clean of problems by the FDIC.

"It is not only giving them new life, but all of the ammunition that it needs," he said. "If I was another bank, I would be running scared."

Arboleda believes the stability of the bank's owners will make it easier to recruit employees.

BankUnited also made a push to lure more deposits by increasing its advertised 12-month certificate of deposit rate from 2.4 percent to 2.75 percent following the deal. The bank will probably have the most success winning over clients in its wealth management division, where deposits often exceed the \$250,000 FDIC insurance limit, said Dennis Nason, CEO of Coral Gables-based executive recruitment and staffing firm Nason and Nason.

"The investors will feel a lot more comfortable knowing the bank has strong capital behind it," he said. "People will feel the bank has better longevity, and that's where the competitiveness will come."