BankUnited, Inc.
Form 10-Q
August 09, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35039

BankUnited, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**27-0162450** (I.R.S. Employer Identification No.)
14817 Oak Lane, Miami Lakes, FL (Address of principal executive offices)	**33016** (Zip Code)

Registrant s telephone number, including area code: **(305) 569-2000**

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

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

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x	Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**August 3, 2012**
Common Stock, $0.01 Par Value	94,035,513 Shares

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BankUnited, Inc.

Form 10-Q

For the Quarter Ended June 30, 2012

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS UNAUDITED

(In thousands, except share and per share data)

	June 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks:		
Non-interest bearing	$ 41,691	$ 39,894
Interest bearing	22,038	13,160
Interest bearing deposits at Federal Reserve Bank	97,830	247,488
Federal funds sold	2,585	3,200
Cash and cash equivalents	164,144	303,742
Investment securities available for sale, at fair value (including covered securities of $227,028 and $232,194)	4,758,509	4,181,977
Non-marketable equity securities	154,376	147,055
Loans held for sale	2,970	3,952
Loans (including covered loans of $2,182,133 and $2,422,811)	5,078,698	4,137,058
Allowance for loan and lease losses	(55,635)	(48,402)
Loans, net	5,023,063	4,088,656
FDIC indemnification asset	1,711,526	2,049,151
Bank owned life insurance	205,842	204,077
Other real estate owned, covered by loss sharing agreements	93,724	123,737
Deferred tax asset, net	88,187	19,485
Goodwill and other intangible assets	70,142	68,667
Other assets	157,478	131,539
Total assets	$ 12,429,961	$ 11,322,038
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Demand deposits:		
Non-interest bearing	$ 1,134,689	$ 770,846
Interest bearing	518,883	453,666
Savings and money market	3,948,350	3,553,018
Time	2,624,692	2,587,184
Total deposits	8,226,614	7,364,714
Securities sold under repurchase agreements and short-term borrowings	42,581	206
Federal Home Loan Bank advances	2,226,978	2,236,131
Income taxes payable	82,061	53,171
Advance payments by borrowers for taxes and insurance	36,151	21,838
Other liabilities	123,325	110,698
Total liabilities	10,737,710	9,786,758

Commitments and contingencies				
Stockholders equity:				
Common stock, par value $0.01 per share 400,000,000 shares authorized; 94,024,521 and 97,700,829 shares issued and outstanding		940		977
Preferred stock, 100,000,000 shares authorized 5,415,794 shares of Series A, $0.01 par value per share issued and outstanding at June 30, 2012		54		
Paid-in capital		1,298,201		1,240,068
Retained earnings		340,470		276,216
Accumulated other comprehensive income		52,586		18,019
Total stockholders equity		1,692,251		1,535,280
Total liabilities and stockholders equity	$	12,429,961	$	11,322,038

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED

(In thousands, except per share data)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Interest income:				
Loans	$ 142,621	$ 122,243	$ 278,918	$ 236,894
Investment securities available for sale	34,059	29,237	67,098	61,786
Other	1,235	617	2,189	1,623
Total interest income	177,915	152,097	348,205	300,303
Interest expense:				
Deposits	17,047	19,024	34,007	39,330
Borrowings	15,071	15,751	30,592	31,324
Total interest expense	32,118	34,775	64,599	70,654
Net interest income before provision for (recovery of) loan losses	145,797	117,322	283,606	229,649
Provision for (recovery of) loan losses (including $(1,484) $(6,443), $116 and $3,574 for covered loans)	2,725	(2,892)	11,492	8,564
Net interest income after provision for (recovery of) loan losses	143,072	120,214	272,114	221,085
Non-interest income:				
Accretion of discount on FDIC indemnification asset	4,294	14,873	11,081	34,443
Income from resolution of covered assets, net	14,803	3,076	22,085	2,366
Net gain (loss) on indemnification asset	(12,537)	11,312	(12,403)	37,634
FDIC reimbursement of costs of resolution of covered assets	3,333	8,241	9,849	18,741
Service charges and fees	3,229	2,648	6,345	5,332
Gain on sale of investment securities available for sale, net	880	100	896	103
Mortgage insurance income	2,649	6,784	6,339	8,085
Investment services income	1,091	2,110	2,223	4,515
Other non-interest income	3,924	3,714	11,649	5,901
Total non-interest income	21,666	52,858	58,064	117,120
Non-interest expense:				
Employee compensation and benefits	43,951	41,364	90,576	190,670
Occupancy and equipment	13,229	8,791	25,051	16,396
Impairment of other real estate owned	3,048	8,187	6,595	17,786
Foreclosure expense	3,892	6,057	6,611	10,527
(Gain) loss on sale of other real estate owned	(1,490)	12,264	(89)	24,474
Other real estate owned expense	1,161	2,589	3,437	6,932
Deposit insurance expense	1,946	2,329	3,096	6,518
Professional fees	3,953	3,507	7,602	6,736
Telecommunications and data processing	3,121	3,418	6,351	6,866
Other non-interest expense	10,220	7,383	17,919	13,323
Total non-interest expense	83,031	95,889	167,149	300,228
Income before income taxes	81,707	77,183	163,029	37,977
Provision for income taxes	32,778	33,188	63,828	61,642
Net income (loss)	48,929	43,995	99,201	(23,665)
Preferred stock dividends	921		1,841	
Net income (loss) available to common stockholders	$ 48,008	$ 43,995	$ 97,360	$ (23,665)
Earnings (loss) per common share, basic and diluted (see Note 2)	$ 0.48	$ 0.44	$ 0.96	$ (0.25)
Cash dividends declared per common share	$ 0.17	$ 0.14	$ 0.34	$ 0.28

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) UNAUDITED

(In thousands)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net income (loss)	$ 48,929	$ 43,995	$ 99,201	$ (23,665)
Other comprehensive income (loss), net of tax:				
Unrealized gains on investment securities available for sale:				
Net unrealized holding gain arising during the period	10,243	8,547	34,858	8,057
Reclassification adjustment for net securities gains realized in income	(540)	(61)	(550)	(63)
Net change in unrealized gains on securities available for sale	9,703	8,486	34,308	7,994
Unrealized losses on derivative instruments:				
Net unrealized holding loss arising during the period	(4,567)	(10,309)	(5,198)	(8,577)
Reclassification adjustment for net losses realized in income	2,736	2,928	5,457	5,816
Net change in unrealized losses on derivative instruments	(1,831)	(7,381)	259	(2,761)
Other comprehensive income	7,872	1,105	34,567	5,233
Comprehensive income (loss)	$ 56,801	$ 45,100	$ 133,768	$ (18,432)

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(In thousands)

	Six Months Ended June 30, 2012	2011
Cash flows from operating activities:		
Net income (loss)	$ 99,201	$ (23,665)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Accretion of fair values of assets acquired and liabilities assumed	(233,739)	(226,294)
Amortization of fees, discounts and premiums, net	6,164	(4,203)
Provision for loan losses	11,492	8,564
Accretion of discount on FDIC indemnification asset	(11,081)	(34,443)
Income from resolution of covered assets, net	(22,085)	(2,366)
Net (gain) loss on indemnification asset	12,403	(37,634)
Net gain on sale of loans	(509)	(252)
Increase in cash surrender value of bank owned life insurance	(1,765)	(2,036)
Gain on sale of investment securities available for sale	(896)	(103)
(Gain) loss on sale of other real estate owned	(89)	24,474
Equity based compensation	17,015	126,195
Depreciation and amortization	6,893	3,108
Impairment of other real estate owned	6,595	17,786
Deferred income taxes	(78,384)	35,801
Proceeds from sale of loans held for sale	22,652	14,536
Loans originated for sale, net of repayments	(21,224)	(12,777)
Realized tax benefits from dividend equivalents and equity based compensation	(511)	(200)
Gain on acquisition	(5,288)	
Other:		
Increase in other assets	(15,313)	(7,112)
Increase (decrease) in other liabilities	38,103	(2,385)
Net cash used in operating activities	(170,366)	(123,006)
Cash flows from investing activities:		
Net cash paid in business combination	(1,626)	
Purchase of investment securities available for sale	(815,844)	(1,057,582)
Proceeds from repayments of investment securities available for sale	296,321	274,668
Proceeds from sale of investment securities available for sale	139,254	69,347
Maturities and calls of investment securities available for sale	16,305	
Purchase of non-marketable equity securities	(33,208)	
Proceeds from redemption of non-marketable equity securities	28,173	34,769
Purchases of loans	(341,664)	(157,550)
Loan originations, repayments and resolutions, net	(140,272)	292,729
Decrease in FDIC indemnification asset for claims filed	336,303	486,558
Purchase of bank owned life insurance		(12,500)
Bank owned life insurance proceeds		51,406
Purchase of office properties and equipment, net	(15,395)	(17,792)
Proceeds from sale of other real estate owned	110,860	210,624
Net cash provided by (used in) investing activities	(420,793)	174,677

(Continued)

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(In thousands)

	Six Months Ended June 30, 2012			2011
Cash flows from financing activities:				
Net increase (decrease) in deposits		426,741		(334,405)
Additions to Federal Home Loan Bank advances		1,015,000		
Repayments of Federal Home Loan Bank advances		(1,015,000)		
Increase in short-term borrowings		42,375		1,673
Settlement of FDIC warrant liability				(25,000)
Increase in advances from borrowers for taxes and insurance		13,572		14,210
Issuance of common stock				98,620
Dividends paid		(32,401)		(27,998)
Realized tax benefits from dividend equivalents and equity based compensation		511		200
Exercise of stock options		763		14
Net cash provided by (used in) financing activities		451,561		(272,686)
Net decrease in cash and cash equivalents		(139,598)		(221,015)
Cash and cash equivalents, beginning of period		303,742		564,774
Cash and cash equivalents, end of period	$	164,144	$	343,759
Supplemental disclosure of cash flow information:				
Interest paid on deposits and borrowings	$	74,897	$	84,754
Income taxes paid	$	112,839	$	26,831
Supplemental schedule of non-cash investing and financing activities:				
Transfers from loans to other real estate owned	$	87,353	$	187,927
Dividends declared, not paid	$	17,412	$	14,399
Reclassification of PIU liability to equity	$		$	44,964
Receivable for proceeds of surrender of bank owned life insurance	$		$	26,243
Rescission of surrender of bank owned life insurance	$		$	20,846
Unsettled securities trades	$		$	112,560
Exchange of common stock for Series A preferred stock	$	54	$	
Equity consideration issued in business combination	$	39,861	$	

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY UNAUDITED

(In thousands, except share data)

	Common shares outstanding	Common stock	Preferred shares outstanding	Preferred stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income	Total stockholders equity
Balance at December 31, 2011	97,700,829	$ 977		$	$ 1,240,068	$ 276,216	$ 18,019	$ 1,535,280
Comprehensive income						99,201	34,567	133,768
Exchange of common shares for preferred shares	(5,415,794)	(54)	5,415,794	54				
Equity consideration issued in acquisition	1,676,060	17			39,844			39,861
Dividends						(34,947)		(34,947)
Equity based compensation	7,745				17,015			17,015
Exercise of stock options	55,681				763			763
Tax benefits from dividend equivalents and equity based compensation					511			511
Balance at June 30, 2012	94,024,521	$ 940	5,415,794	$ 54	$ 1,298,201	$ 340,470	$ 52,586	$ 1,692,251

	Common shares outstanding	Common stock	Preferred shares outstanding	Preferred stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income	Total stockholders equity
Balance at December 31, 2010	92,971,850	$ 930		$	$ 950,831	$ 269,781	$ 31,966	$ 1,253,508
Comprehensive loss						(23,665)	5,233	(18,432)
Proceeds from issuance of common stock net of direct costs of $3,979	4,000,000	42			98,578			98,620
Dividends						(28,396)		(28,396)
Reclassification of PIU liability to equity					44,964			44,964
Equity based compensation	276,790				126,195			126,195
Exercise of stock options	1,234				14			14
Tax benefits from dividend equivalents and equity based compensation					200			200
Balance at June 30, 2011	97,249,874	$ 972		$	$ 1,220,782	$ 217,720	$ 37,199	$ 1,476,673

The accompanying notes are an integral part of these consolidated financial statements

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2012

Note 1 Basis of Presentation

BankUnited, Inc. (BankUnited, Inc. or BKU) is a bank holding company with three wholly-owned subsidiaries: BankUnited, National Association (BankUnited), Herald National Bank (Herald), and BankUnited Investment Services, Inc. (collectively, the Company). BankUnited, a national banking association headquartered in Miami Lakes, Florida, provides a full range of banking and related services to individual and corporate customers through 95 branches located in 15 Florida counties. Herald is a national banking association with 2 branch locations in the New York metropolitan area.

On May 21, 2009, BankUnited acquired substantially all of the assets and assumed all of the non-brokered deposits and substantially all of the other liabilities of BankUnited, FSB from the Federal Deposit Insurance Corporation (FDIC) in a transaction referred to as the FSB Acquisition. In connection with the FSB Acquisition, BankUnited entered into Loss Sharing Agreements with the FDIC (Loss Sharing Agreements) that cover single family residential mortgage loans, commercial real estate, commercial and industrial and consumer loans, certain investment securities and other real estate owned (OREO), collectively referred to as the covered assets. Pursuant to the terms of the Loss Sharing Agreements, the covered assets are subject to a stated loss threshold whereby the FDIC will reimburse BankUnited for 80% of losses up to $4.0 billion and 95% of losses in excess of this amount, beginning with the first dollar of loss incurred.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (the SEC). Accordingly, they do not include all of the information and footnotes required for a fair presentation of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles (GAAP) and should be read in conjunction with the Company s consolidated financial statements and the notes thereto appearing in BKU s Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected in future periods.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingent assets and liabilities. Management has made significant estimates in certain areas, such as the allowance for loan and lease losses, the amount and timing of expected cash flows from covered assets and the FDIC indemnification asset, the valuation of OREO, the valuation of deferred tax assets, the value of equity based compensation, the evaluation of investment securities for other than-temporary impairment and the fair values of financial instruments. Actual results could differ from these estimates.

The Company s presentation of other comprehensive income has been revised retrospectively to comply with newly applicable guidance requiring that the components of net income and other comprehensive income be presented either in a single statement of comprehensive income (loss) or in two separate but consecutive statements. Previously, the components of other comprehensive income were presented in the consolidated statements of stockholders equity.

Certain amounts for the prior period have been reclassified to conform to the current period presentation.

Note 2 Earnings Per Share

Basic earnings per common share is calculated by dividing income (loss) allocated to common stockholders for basic earnings (loss) per common share by the weighted average number of common shares outstanding for the period, reduced by average unvested stock awards. Unvested stock awards and stock option awards with non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, and participating preferred stock are considered participating securities and are included in the computation of basic earnings per common share using the two class method. Diluted earnings (loss) per common share is computed by dividing income (loss) allocated to common stockholders for basic earnings (loss) per common share, adjusted for earnings reallocated from

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2012

participating securities, by the weighted average number of common shares outstanding for the period increased for the dilutive effect of unexercised stock options, warrants and unvested stock awards using the treasury stock method and by the dilutive effect of convertible preferred stock using the if-converted method.

The computation of basic and diluted earnings (loss) per common share is presented below (in thousands except share and per share data):

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Basic earnings (loss) per common share:				
Numerator:				
Net income (loss)	$ 48,929	$ 43,995	$ 99,201	$ (23,665)
Preferred stock dividends	(921)		(1,841)	
Net income (loss) available to common stockholders	48,008	43,995	97,360	(23,665)
Distributed and undistributed earnings allocated to participating securities	(3,687)	(2,216)	(6,968)	
Income (loss) allocated to common stockholders for basic earnings (loss) per common share	$ 44,321	$ 41,779	$ 90,392	$ (23,665)
Denominator:				
Weighted average common shares outstanding	93,994,226	97,243,931	95,190,558	96,432,334
Less average unvested stock awards	(1,168,872)	(1,785,151)	(1,405,036)	(1,547,363)
Weighted average shares for basic earnings (loss) per common share	92,825,354	95,458,780	93,785,522	94,884,971
Basic earnings (loss) per common share	$ 0.48	$ 0.44	$ 0.96	$ (0.25)
Diluted earnings (loss) per common share:				
Numerator:				
Income (loss) allocated to common stockholders for basic earnings (loss) per common share	$ 44,321	$ 41,779	$ 90,392	$ (23,665)
Adjustment for earnings reallocated from participating securities	2,583	2	10	
Income (loss) used in calculating diluted earnings (loss) per common share	$ 46,904	$ 41,781	$ 90,402	$ (23,665)
Denominator:				
Average shares for basic earnings (loss) per common share	92,825,354	95,458,780	93,785,522	94,884,971
Dilutive effect of stock options and preferred shares	5,626,620	166,601	189,209	
Weighted average shares for diluted earnings (loss) per common share	98,451,974	95,625,381	93,974,731	94,884,971
Diluted earnings (loss) per common share	$ 0.48	$ 0.44	$ 0.96	$ (0.25)

For the three and six months ended June 30, 2012 and 2011, the following potentially dilutive securities were outstanding but excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive:

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2012

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Unvested shares	654,165	1,281,297	654,165	1,281,297
Stock options and warrants	6,979,788	4,534,970	6,979,788	5,471,627
Convertible preferred shares			5,415,794	

Note 3 Acquisition Activity

On February 29, 2012, BKU completed the acquisition of Herald for a purchase price of $65.0 million consisting of cash of $25.2 million, 1,676,060 shares of common stock valued at $38.6 million and stock options and warrants valued at $1.2 million. Common stock issued was valued at the closing price of BKU common stock for the ten trading days preceding acquisition date. The options and warrants were valued using a Black-Scholes option pricing model. The acquisition of Herald was determined to be a business combination and was accounted for using the acquisition method of accounting; accordingly, the assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date. The acquisition of Herald allowed the Company to expand its banking operations to the New York metropolitan area.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed (in thousands):

Assets:		
Cash and cash equivalents	$	23,538
Investment securities available for sale		160,971
Loans		305,954
Deferred tax asset, net		12,023
Intangible assets		1,780
Other assets		4,141
Total assets		508,407
Liabilities:		
Deposits		435,500
Other liabilities		2,594
Total liabilities		438,094
Estimated fair value of net assets acquired		70,313
Consideration issued		65,025
Excess of fair value of net assets acquired over consideration issued	$	5,288

The Company recognized a gain of $5.3 million on the acquisition of Herald, representing the excess of the fair value of net assets acquired over the value of consideration issued. Pursuant to the terms of the merger agreement between BKU and Herald, the determination of the final purchase price was dependent on the price of BKU s common stock for the ten trading days preceding the merger. A decline in the stock price between the execution of the agreement and consummation of the acquisition led to this gain, which is included in the consolidated statement of operations line item other non-interest income . Transaction costs of $1.2 million related to the acquisition of Herald are included in the consolidated statement of operations line item professional fees for the six months ended June 30, 2012. The results of operations of Herald have been included in the Company s consolidated financial statements from the date of acquisition and are not material. Financial statements of Herald and pro forma financial information are not required to be presented due to the immateriality of this acquisition to the Company s consolidated financial position and results of operations.

Valuation methodologies used to estimate the fair values of significant assets acquired and liabilities assumed are summarized as follows:

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2012

- Loans were valued using a discounted cash flow technique incorporating market based probability of default, loss severity given default, recovery lag and appropriately risk weighted discount rate assumptions.

- Investment securities were valued using the same methodologies employed to estimate the fair value of the Company s investment securities available for sale summarized in Note 11.

- Demand, savings and money market deposits were valued at the amount due on demand at the valuation date. Time deposits were valued using a discounted cash flow technique incorporating discount rates based on current market rates for deposits with similar maturities.

- Intangible assets consist of a core deposit intangible asset, valued using an after tax cost savings methodology.

The gross contractual amount receivable related to acquired loans is approximately $395.2 million. The estimated amount not expected to be collected based on probability of default and loss severity given default assumptions applied in estimating fair value is $12.1 million. No loans were specifically identified as impaired at the acquisition date.

Deferred tax assets and liabilities have been recorded for the tax effects of differences between the tax bases of assets acquired and liabilities assumed and the fair values assigned to those assets and liabilities. The most significant component of the net deferred tax asset is an acquired net operating loss carryforward.

Note 4 Investment Securities Available for Sale

Investment securities available for sale at June 30, 2012 and December 31, 2011 consisted of the following (in thousands):

	June 30, 2012							
	Covered Securities				Non-Covered Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

U.S. Treasury and government agency securities	$	$	$	$	$ 52,517	$ 106	$	$ 52,623
U.S. Government agency and sponsored enterprise residential mortgage-backed securities					2,007,780	55,278	(158)	2,062,900
U.S. Government agency and sponsored enterprise commercial mortgage-backed securities					114,697	1,355		116,052
Resecuritized real estate mortgage investment conduits (Re-Remics)					666,589	6,578	(2,145)	671,022
Private label residential mortgage-backed securities and CMOs	156,122	47,479	(266)	203,335	281,031	3,684	(60)	284,655
Private label commercial mortgage-backed securities					357,111	12,023		369,134
Non-mortgage asset-backed securities					337,667	3,281	(1,334)	339,614
Mutual funds and preferred stocks	16,382	875	(420)	16,837	238,024	11,854		249,878
State and municipal obligations					24,216	282	(3)	24,495
Small Business Administration securities					347,736	4,526	(129)	352,133
Other debt securities	3,893	2,963		6,856	9,098		(123)	8,975
	$ 176,397	$ 51,317	$ (686)	$ 227,028	$ 4,436,466	$ 98,967	$ (3,952)	$ 4,531,481

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	December 31, 2011							
	Covered Securities				Non-Covered Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government agency and sponsored enterprise residential mortgage-backed securities	$	$	$	$	$ 1,952,095	$ 34,823	$ (1,205)	$ 1,985,713
Re-Remics					544,924	4,972	(3,586)	546,310
Private label residential mortgage-backed securities and CMO s	165,385	44,746	(310)	209,821	177,614	1,235	(983)	177,866
Private label commercial mortgage-backed securities					255,868	6,694		262,562
Non-mortgage asset-backed securities					414,274	2,246	(5,635)	410,885
Mutual funds and preferred stocks	16,382	491	(556)	16,317	235,705	3,071	(1,276)	237,500
State and municipal obligations					24,994	278	(2)	25,270
Small Business Administration securities					301,109	2,664	(96)	303,677
Other debt securities	3,868	2,188		6,056				
	$ 185,635	$ 47,425	$ (866)	$ 232,194	$ 3,906,583	$ 55,983	$ (12,783)	$ 3,949,783

At June 30, 2012, investment securities available for sale by contractual maturity, adjusted for anticipated prepayments of mortgage-backed and other pass-through securities are shown below (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$ 668,957	$ 690,658
Due after one year through five years	1,856,252	1,915,990
Due after five years through ten years	1,291,272	1,327,228
Due after ten years	541,976	557,918
Mutual funds and preferred stocks with no stated maturity	254,406	266,715
	$ 4,612,863	$ 4,758,509

Based on the Company s proprietary model and prepayment assumptions, the estimated weighted average life of the investment portfolio as of June 30, 2012 was 4.9 years. The effective duration of the investment portfolio as of June 30, 2012 was 1.8 years. The model results are based on assumptions that may differ from actual results.

The carrying value of securities pledged as collateral for Federal Home Loan Bank (FHLB) advances, public deposits, interest rate swaps, securities sold under agreements to repurchase and to secure borrowing capacity at the Federal Reserve Bank totaled $1.0 billion and $1.2 billion at June 30, 2012 and December 31, 2011, respectively.

The following table provides information about gains and losses on the sale of investment securities available for sale for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Proceeds from sale of investment securities available for sale	$ 133,406	$ 66,401	$ 139,254	$ 69,347
Gross realized gains	$ 1,176	$ 102	$ 1,194	$ 106
Gross realized losses	(296)	(2)	(298)	(3)
Net realized gain	$ 880	$ 100	$ 896	$ 103

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The following tables present the aggregate fair value and the aggregate amount by which amortized cost exceeds fair value for investment securities that are in unrealized loss positions at June 30, 2012 and December 31, 2011, aggregated by investment category and length of time that individual securities had been in continuous unrealized loss positions (in thousands):

	June 30, 2012					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agency and sponsored enterprise residential mortgage-backed securities	$ 34,988	$ (158)	$	$	$ 34,988	$ (158)
Re-Remics	303,769	(2,014)	17,618	(131)	321,387	(2,145)
Private label residential mortgage-backed securities and CMOs	804	(50)	6,658	(276)	7,462	(326)
Non-mortgage asset-backed securities	81,106	(280)	49,905	(1,054)	131,011	(1,334)
Mutual funds and preferred stocks	20	(93)	15,116	(327)	15,136	(420)
State and municipal obligations	1,324	(3)			1,324	(3)
Small Business Administration securities	60,355	(129)			60,355	(129)
Other debt securities	8,975	(123)			8,975	(123)
	$ 491,341	$ (2,850)	$ 89,297	$ (1,788)	$ 580,638	$ (4,638)

	December 31, 2011					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agency and sponsored enterprise residential mortgage-backed securities	$ 211,168	$ (830)	$ 70,049	$ (375)	$ 281,217	$ (1,205)
Re-Remics	254,826	(3,344)	19,491	(242)	274,317	(3,586)
Private label residential mortgage-backed securities and CMO s	114,915	(1,120)	6,469	(173)	121,384	(1,293)
Non-mortgage asset-backed securities	221,904	(5,590)	8,772	(45)	230,676	(5,635)
Mutual funds and preferred stocks	77,811	(1,371)	14,982	(461)	92,793	(1,832)
State and municipal obligations	1,002	(2)			1,002	(2)
Small Business Administration securities	29,774	(96)			29,774	(96)
	$ 911,400	$ (12,353)	$ 119,763	$ (1,296)	$ 1,031,163	$ (13,649)

The Company monitors its investment securities available for sale for other than temporary impairment (OTTI) on an individual security basis. No securities were determined to be other than temporarily impaired during the three and six months ended June 30, 2012 and 2011. The Company does not intend to sell securities that are in significant unrealized loss positions and it is not more likely than not that the Company will be required to sell these securities before recovery of the amortized cost basis, which may be at maturity. At June 30, 2012, 61 securities were in unrealized loss positions. The amount of impairment related to 15 of these securities was considered insignificant, totaling approximately $64.4 thousand and no further analysis with respect to these securities was considered necessary. The basis for concluding that impairment of the remaining securities is not other-than-temporary is further described below:

Small Business Administration securities:

At June 30, 2012, two Small Business Administration securities were in unrealized loss positions. Both of these securities had been in unrealized loss positions for less than twelve months. The amount of impairment of each of the individual securities was less than 1% of amortized cost. The timely payment of principal and interest on these securities is guaranteed by the U.S. Government. Given the limited severity and duration of impairment and the expectation of timely payment of principal and interest, the impairments are considered to be temporary.

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U.S. Government agency and sponsored enterprise residential mortgage-backed securities:

At June 30, 2012, four U.S. Government agency and sponsored enterprise residential mortgage-backed securities were in unrealized loss positions. All of these securities had been in unrealized loss positions for less than twelve months. The amount of impairment of each of the individual securities was less than 2% of amortized cost. The timely payment of principal and interest on these securities is explicitly or implicitly guaranteed by the U.S. Government. Given the limited severity and duration of impairment and the expectation of timely payment of principal and interest, the impairments are considered to be temporary.

Private label residential mortgage-backed securities and CMOs and Re-Remics:

At June 30, 2012, 25 private label residential mortgage-backed securities and Re-Remics were in unrealized loss positions. These securities were assessed for OTTI using third-party developed credit and prepayment behavioral models and CUSIP level constant default rates, voluntary prepayment rates and loss severity and delinquency assumptions. The results of this evaluation were not indicative of credit losses related to any of these securities as of June 30, 2012. The majority of these securities had been in unrealized loss positions for less than twelve months and evidenced unrealized losses less than 2% of amortized cost. Given the generally limited duration and severity of impairment and the expectation of timely recovery of outstanding principal, the impairments are considered to be temporary.

Non-mortgage asset-backed securities:

At June 30, 2012, ten non-mortgage asset-backed securities were in unrealized loss positions. Five of these securities had been in continuous unrealized loss positions for less than twelve months at June 30, 2012. The amount of impairment of each of the individual securities was less than 3% of amortized cost. These securities were assessed for OTTI using a third-party developed credit and prepayment behavioral model and CUSIP level constant default rates, voluntary prepayment rates and loss severity and delinquency assumptions. The results of this evaluation were not indicative of credit losses related to these securities as of June 30, 2012. Most of the unrealized losses in this portfolio sector were largely driven by the impact of recent events on spreads for student loan-backed securities, which management believes to be temporary. Given the limited severity and duration of impairment and the expectation of timely recovery of outstanding principal, the impairments are considered to be temporary.

Other debt securities:

At June 30, 2012, three corporate debt securities were in unrealized loss positions. These securities had been in unrealized loss positions for less than 12 months and aggregate unrealized losses were not material. These securities are rated AAA . Given the limited duration and severity of impairment, the impairment is considered to be temporary.

Mutual funds:

At June 30, 2012, one mutual fund investment was in an unrealized loss position and had been in a continuous unrealized loss position for twenty-two months. The majority of the underlying holdings of the mutual fund are either explicitly or implicitly guaranteed by the U.S. Government. Impairment has been driven primarily by intermediate term interest rates and lack of liquidity in the market for the security. The unrealized loss related to this security is approximately 2% of its cost basis. Given the limited severity, the impairment is considered to be temporary.

Preferred stocks:

At June 30, 2012, one position in agency preferred stock was in an unrealized loss position. This security traded above the Company s cost basis during June 2012. Given the limited duration and immaterial amount of impairment, this impairment is considered to be temporary.

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Note 5   Loans and Allowance for Loan and Lease Losses

A significant portion of the Company s loan portfolio consists of loans acquired in the FSB Acquisition. Substantially all of these loans are covered under BankUnited s Loss Sharing Agreements (the covered loans). Loans originated or purchased since the FSB Acquisition (new loans) are not covered by the Loss Sharing Agreements. Covered loans may be further segregated between those acquired with evidence of deterioration in credit quality since origination (Acquired Credit Impaired or ACI loans) and those acquired without evidence of deterioration in credit quality since origination (non-ACI loans).

At June 30, 2012 and December 31, 2011, loans consisted of the following (dollars in thousands):

	June 30, 2012					
	Covered Loans		Non-Covered Loans			Percent of
	ACI	Non-ACI	ACI	New Loans	Total	Total
Residential:						
1-4 single family residential	$ 1,527,179	$ 104,218	$	$ 712,259	$ 2,343,656	45.9%
Home equity loans and lines of credit	62,809	168,759		1,611	233,179	4.6%
	1,589,988	272,977		713,870	2,576,835	50.5%
Commercial:						
Multi-family	56,941	754		243,417	301,112	5.9%
Commercial real estate	200,582	21,946	4,159	587,852	814,539	16.0%
Construction	3,782			28,957	32,739	0.6%
Land	26,099	159		23,766	50,024	1.0%
Commercial loans and leases	17,526	16,796		1,274,439	1,308,761	25.7%
	304,930	39,655	4,159	2,158,431	2,507,175	49.2%
Consumer	2,654			10,847	13,501	0.3%
Total loans	1,897,572	312,632	4,159	2,883,148	5,097,511	100.0%
Premiums, discounts and deferred fees and costs, net		(28,071)		9,258	(18,813)	
Loans net of premiums, discounts, deferred fees and costs	1,897,572	284,561	4,159	2,892,406	5,078,698	
Allowance for loan and lease losses	(11,085)	(9,878)		(34,672)	(55,635)	
Loans, net	$ 1,886,487	$ 274,683	$ 4,159	$ 2,857,734	$ 5,023,063	

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	December 31, 2011					
	Covered Loans		Non-Covered Loans			Percent of
	ACI	Non-ACI	ACI	New Loans	Total	Total
Residential:						
1-4 single family residential	$ 1,681,866	$ 117,992	$	$ 461,431	$ 2,261,289	54.1%
Home equity loans and lines of credit	71,565	182,745		2,037	256,347	6.1%
	1,753,431	300,737		463,468	2,517,636	60.2%
Commercial:						
Multi-family	61,710	791		108,178	170,679	4.1%
Commercial real estate	219,136	32,678	4,220	311,434	567,468	13.6%
Construction	4,102			23,252	27,354	0.7%
Land	33,018	163		7,469	40,650	1.0%
Commercial loans and leases	24,007	20,382		799,978	844,367	20.2%
	341,973	54,014	4,220	1,250,311	1,650,518	39.6%
Consumer	2,937			3,372	6,309	0.2%
Total loans	2,098,341	354,751	4,220	1,717,151	4,174,463	100.0%
Premiums, discounts and deferred fees and costs, net		(30,281)		(7,124)	(37,405)	
Loans net of premiums, discounts, deferred fees and costs	2,098,341	324,470	4,220	1,710,027	4,137,058	
Allowance for loan and lease losses	(16,332)	(7,742)		(24,328)	(48,402)	
Loans, net	$ 2,082,009	$ 316,728	$ 4,220	$ 1,685,699	$ 4,088,656	

At June 30, 2012 and December 31, 2011, the unpaid principal balance (UPB) of ACI loans was $4.8 billion and $5.3 billion, respectively.

During the three and six months ended June 30, 2012 and 2011, the Company purchased 1-4 single family residential loans totaling $175.8 million, $341.7 million, $124.1 million, and $157.6 million, respectively.

At June 30, 2012, the Company had pledged real estate loans with UPB of approximately $5.0 billion and carrying amounts of approximately $2.7 billion as security for FHLB advances.

Activity in the allowance for loan and lease losses (ALLL) is summarized as follows (in thousands):

	For the Three Months Ended							
	June 30, 2012				June 30, 2011			
	Residential	**Commercial**	**Consumer**	**Total**	**Residential**	**Commercial**	**Consumer**	**Total**
Beginning balance	$ 14,706	$ 41,725	$ 43	$ 56,474	$ 20,503	$ 40,925	$ 129	$ 61,557
Provision for (recovery of) loan losses:								
ACI loans		(1,771)		(1,771)	(6,961)	398		(6,563)
Non-ACI loans	852	(565)		287	(28)	148		120
New loans	2,170	2,049	(10)	4,209	128	3,512	(89)	3,551
Total provision	3,022	(287)	(10)	2,725	(6,861)	4,058	(89)	(2,892)
Charge-offs:								
ACI loans		(1,735)		(1,735)		(1,382)		(1,382)
Non-ACI loans	(1,397)	(37)		(1,434)	(479)	(834)		(1,313)
New loans		(533)		(533)		(565)		(565)
Total charge-offs	(1,397)	(2,305)		(3,702)	(479)	(2,781)		(3,260)
Recoveries:								
ACI loans						1,212		1,212
Non-ACI loans		110		110	14			14
New loans		27	1	28		8		8
Total recoveries		137	1	138	14	1,220		1,234
Ending balance	$ 16,331	$ 39,270	$ 34	$ 55,635	$ 13,177	$ 43,422	$ 40	$ 56,639

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	For the Six Months Ended							
	June 30, 2012				June 30, 2011			
	Residential	**Commercial**	**Consumer**	**Total**	**Residential**	**Commercial**	**Consumer**	**Total**
Beginning balance	$ 10,175	$ 38,176	$ 51	$ 48,402	$ 28,649	$ 29,656	$ 55	$ 58,360
Provision for (recovery of) loan losses:								
ACI loans		(2,782)		(2,782)	(14,799)	12,080		(2,719)
Non-ACI loans	4,642	(1,744)		2,898	784	5,509		6,293
New loans	3,412	7,983	(19)	11,376	163	4,842	(15)	4,990
Total provision	8,054	3,457	(19)	11,492	(13,852)	22,431	(15)	8,564
Charge-offs:								
ACI loans		(2,465)		(2,465)		(8,442)		(8,442)
Non-ACI loans	(1,900)	(140)		(2,040)	(1,634)	(834)		(2,468)
New loans		(1,116)		(1,116)		(615)		(615)
Total charge-offs	(1,900)	(3,721)		(5,621)	(1,634)	(9,891)		(11,525)
Recoveries:								
ACI loans						1,212		1,212
Non-ACI loans	2	1,276		1,278	14			14
New loans		82	2	84		14		14
Total recoveries	2	1,358	2	1,362	14	1,226		1,240
Ending balance	$ 16,331	$ 39,270	$ 34	$ 55,635	$ 13,177	$ 43,422	$ 40	$ 56,639

Increases (decreases) in the FDIC indemnification asset of $(0.9) million and $0.7 million were reflected in non-interest income for the three and six months ended June 30, 2012, respectively, and $(5.8) million and $0.8 million for the three and six months ended June 30, 2011, respectively, related to the provision for loan losses on covered loans, including both ACI and non-ACI loans.

The following table presents information about the balance of the ALLL and related loans as of June 30, 2012 and December 31, 2011 (in thousands):

	June 30, 2012				December 31, 2011			
	Residential	**Commercial**	**Consumer**	**Total**	**Residential**	**Commercial**	**Consumer**	**Total**
Allowance for loan and lease losses:								
Ending balance	$ 16,331	$ 39,270	$ 34	$ 55,635	$ 10,175	$ 38,176	$ 51	$ 48,402
Ending balance: non-ACI and new loans individually evaluated for impairment	$ 876	$ 500	$	$ 1,376	$ 593	$	$	$ 593
Ending balance: non-ACI and new	$ 15,455	$ 27,685	$ 34	$ 43,174	$ 9,582	$ 21,844	$ 51	$ 31,477

loans collectively evaluated for impairment								
Ending balance: ACI	$	$ 11,085	$	$ 11,085	$	$ 16,332	$	$ 16,332
Ending balance: Non-ACI	$ 8,886	$ 992	$	$ 9,878	$ 6,142	$ 1,600	$	$ 7,742
Ending balance: New loans	$ 7,445	$ 27,193	$ 34	$ 34,672	$ 4,033	$ 20,244	$ 51	$ 24,328
Loans:								
Ending balance (1)	$ 2,576,835	$ 2,507,175	$ 13,501	$ 5,097,511	$ 2,517,636	$ 1,650,518	$ 6,309	$ 4,174,463
Ending balance: non-ACI and new loans individually evaluated for impairment (1)	$ 4,273	$ 33,271	$	$ 37,544	$ 1,937	$ 6,728	$	$ 8,665
Ending balance: non-ACI and new loans collectively evaluated for impairment (1)	$ 982,574	$ 2,164,815	$ 10,847	$ 3,158,236	$ 762,268	$ 1,297,597	$ 3,372	$ 2,063,237
Ending balance: ACI loans	$ 1,589,988	$ 309,089	$ 2,654	$ 1,901,731	$ 1,753,431	$ 346,193	$ 2,937	$ 2,102,561

(1) Ending balance of loans is before premiums, discounts, deferred fees and costs.

Credit quality information

New and non-ACI loans

The tables below present information about new and non-ACI loans identified as impaired as of June 30, 2012 and December 31, 2011. Commercial relationships on non-accrual status with internal risk ratings of substandard or doubtful and with committed balances greater than or equal to $500,000 as well as loans that have been modified in troubled debt restructurings are individually evaluated for impairment. If determined to be impaired, they are reflected as impaired loans in the tables below. Also included in total impaired loans are loans that have been placed on non-accrual status and loans that are 90 days or more delinquent and still accruing for

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which impairment is measured collectively. These include 1-4 single family residential, home equity, smaller balance commercial and commercial real estate, and consumer loans (in thousands):

	June 30, 2012			
	Recorded Investment in Impaired Loans	Unpaid Principal Balance	Related Specific Allowance	Non-Accrual Loans Included in Impaired Loans
New loans:				
With no specific allowance recorded:				
1-4 single family residential	$ 78	$ 79	$	$
Multi-family	5,562	5,562		
Construction	3	3		3
Land	295	287		295
Commercial loans and leases	3,159	3,151		2,434
With a specific allowance recorded:				
Commercial loans and leases	3,108	3,110	500	3,108
Total:				
Residential	$ 78	$ 79	$	$
Commercial	12,127	12,113	500	5,840
	$ 12,205	$ 12,192	$ 500	$ 5,840

	December 31, 2011			
	Recorded Investment in Impaired Loans	Unpaid Principal Balance	Related Specific Allowance	Non-Accrual Loans Included in Impaired Loans
New loans:				
With no specific allowance recorded:				
Home equity loans and lines of credit	$ 27	$ 27	$	$ 27
Construction	3	3		3
Land	332	332		332
Commercial loans and leases	2,469	2,469		2,469
With a specific allowance recorded:				
Total:				
Residential	$ 27	$ 27	$	$ 27
Commercial	2,804	2,804		2,804
	$ 2,831	$ 2,831	$	$ 2,831

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	June 30, 2012			
	Recorded Investment in Impaired Loans	**Unpaid Principal Balance**	**Related Specific Allowance**	**Non-Accrual Loans Included in Impaired Loans**
Non-ACI:				
With no specific allowance recorded:				
1-4 single family residential	$ 4,388	$ 5,682	$	$ 4,255
Home equity loans and lines of credit	9,458	9,649		9,458
Commercial real estate	162	162		162
Commercial loans and leases	5,705	5,898		5,665
With a specific allowance recorded:				
1-4 single family residential	3,300	4,273	876	111
Total:				
Residential	$ 17,146	$ 19,604	$ 876	$ 13,824
Commercial	5,867	6,060		5,827
	$ 23,013	$ 25,664	$ 876	$ 19,651

	December 31, 2011			
	Recorded Investment in Impaired Loans	**Unpaid Principal Balance**	**Related Specific Allowance**	**Non-Accrual Loans Included in Impaired Loans**
Non-ACI:				
With no specific allowance recorded:				
1-4 single family residential	$ 7,671	$ 9,766	$	$ 7,296
Home equity loans and lines of credit	10,451	10,670		10,451
Commercial real estate	295	295		295
Commercial loans and leases	6,695	6,887		6,695
With a specific allowance recorded:				
1-4 single family residential	1,521	1,937	593	114
Total:				
Residential	$ 19,643	$ 22,373	$ 593	$ 17,861
Commercial	6,990	7,182		6,990
	$ 26,633	$ 29,555	$ 593	$ 24,851

Impaired loans include new and non-ACI loans contractually delinquent by 90 days or more and still accruing totaling $2.1 million and $0.4 million at June 30, 2012 and December 31, 2011, respectively.

The following tables summarize new and non-ACI loans that were modified in troubled debt restructurings (TDRs) during the three and six months ended June 30, 2012 and 2011 as well as new and non-ACI loans modified during the twelve months preceding June 30, 2012 and

2011 that experienced payment defaults during the periods indicated (dollars in thousands):

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	Three Months Ended June 30, 2012				Three Months Ended June 30, 2011			
	Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period		Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period	
	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment
New loans:								
Commercial loans and leases	1	$ 42	1	$ 245		$		$
	1	$ 42	1	$ 245		$		$

	Six Months Ended June 30, 2012				Six Months Ended June 30, 2011			
	Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period		Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period	
	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment
New loans:								
Multi-family	1	$ 3,676		$		$		$
Commercial loans and leases	3	1,011	1	245				
	4	$ 4,687	1	$ 245		$		$

	Three Months Ended June 30, 2012				Three Months Ended June 30, 2011			
	Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period		Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period	
	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment
Non-ACI:								
1-4 single family residential	2	$ 1,832		$	1	$ 45		$
Commercial real estate					1	69		
Commercial loans and leases	1	10			1	44		
	3	$ 1,842		$	3	$ 158		$

	Six Months Ended June 30, 2012				Six Months Ended June 30, 2011			
	Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period		Loans Modified in TDRs During the Period		TDRs Experiencing Payment Defaults During the Period	
	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment
Non-ACI:								
1-4 single family residential	2	$ 1,832		$	1	$ 45		$
Commercial real estate					1	69		

Commercial loans and leases	1		10		1		44	
	3	$	1,842	$	3	$	158	$

Modifications during the three and six months ended June 30, 2012 and 2011 included restructuring of the amount and timing of required periodic payments. Because of the immateriality of the amount of loans modified and nature of the modifications, the modifications did not have a material impact on the Company s consolidated financial statements or on the determination of the amount of the ALLL for the three and six months ended June 30, 2012 and 2011.

The following table presents the average recorded investment in impaired new and non-ACI loans for the three and six months ended June 30, 2012 and 2011 (in thousands):

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2012

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012		2011		2012		2011	
	New	Non-ACI	New	Non-ACI	New	Non-ACI	New	Non-ACI
Residential:								
1-4 single family residential	$ 110	$ 8,133	$	$ 9,133	$ 73	$ 8,486	$	$ 9,566
Home equity loans and lines of credit		10,652		10,325	9	10,585		10,202
	110	18,785		19,458	82	19,071		19,768
Commercial:								
Multi-family	4,625			271	3,083			116
Commercial real estate		209		519		237		296
Construction	3		2		3		2	
Land	318		332		322		166	
Commercial loans and leases	6,110	5,835	3,275	10,644	4,896	6,121	3,233	6,230
	11,056	6,044	3,609	11,434	8,304	6,358	3,401	6,642