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, 2011

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	**27-0162450**
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	Identification No.)
14817 Oak Lane, Miami Lakes, FL	**33016**
(Address of principal executive offices)	(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 11, 2011**
Common Stock, $0.01 Par Value	97,254,735 Shares

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BankUnited Inc.

Form 10-Q

For the Quarter Ended June 30, 2011

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - UNAUDITED

(Dollars in thousands, except per share data)

	June 30, 2011	December 31, 2010
ASSETS		
Cash and due from banks:		
Non-interest bearing	$ 34,899	$ 44,860
Interest bearing	12,159	12,523
Due from Federal Reserve Bank	291,582	502,828
Federal funds sold	5,119	4,563
Cash and cash equivalents	343,759	564,774
Investment securities available for sale, at fair value (including covered securities of $255,709 and $263,568)	3,769,368	2,926,602
Federal Home Loan Bank stock	182,639	217,408
Loans held for sale	1,152	2,659
Loans (including covered loans of $2,923,637 and $3,396,047)	3,818,265	3,934,217
Allowance for loan losses	(56,639)	(58,360)
Loans, net	3,761,626	3,875,857
FDIC indemnification asset	2,252,920	2,667,401
Bank owned life insurance	164,794	207,061
Other real estate owned, covered by loss sharing agreements	141,723	206,680
Income tax receivable	12,584	10,862
Goodwill and other intangible assets	68,835	69,011
Other assets	147,259	121,245
Total assets	$ 10,846,659	$ 10,869,560
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Demand deposits:		
Non-interest bearing	$ 606,676	$ 494,499
Interest bearing	410,794	349,985
Savings and money market	3,340,919	3,134,884
Time	2,466,260	3,184,360
Total deposits	6,824,649	7,163,728
Securities sold under agreements to repurchase	2,165	492
Federal Home Loan Bank advances	2,245,744	2,255,200
Deferred tax liability, net	44,235	4,618
Advance payments by borrowers for taxes and insurance	38,636	22,563
Other liabilities	214,557	169,451
Total liabilities	9,369,986	9,616,052

Commitments and contingencies		
Stockholders equity:		
Common Stock, par value $0.01 per share 400,000,000 and 110,000,000 shares authorized; 97,249,874 and 92,971,850 shares issued and outstanding	972	930
Paid-in capital	1,220,782	950,831
Retained earnings	217,720	269,781
Accumulated other comprehensive income	37,199	31,966
Total stockholders equity	1,476,673	1,253,508
Total liabilities and stockholders equity	$ 10,846,659	$ 10,869,560

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

(Dollars in thousands, except per share data)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Interest income:				
Interest and fees on loans	$ 122,243	$ 107,584	$ 236,894	$ 211,670
Interest and dividends on investment securities available for sale	29,237	31,757	61,786	61,127
Other	617	307	1,623	788
Total interest income	152,097	139,648	300,303	273,585
Interest expense:				
Interest on deposits	19,024	28,635	39,330	56,914
Interest on borrowings	15,751	14,830	31,324	27,995
Total interest expense	34,775	43,465	70,654	84,909
Net interest income before provision for loan losses	117,322	96,183	229,649	188,676
(Recovery of) provision for loan losses	(2,892)	17,908	8,564	26,091
Net interest income after provision for loan losses	120,214	78,275	221,085	162,585
Non-interest income:				
Accretion of discount on FDIC indemnification asset	14,873	36,776	34,443	91,160
Income from resolution of covered assets, net	3,076	58,593	2,366	94,990
Net gain (loss) on indemnification asset	11,312	(26,950)	37,634	(49,985)
FDIC reimbursement of costs of resolution of covered assets	8,241	7,880	18,741	14,315
Service charges	2,648	2,589	5,332	5,220
Gain (loss) on sale or exchange of investment securities available for sale	100	(2,836)	103	(2,810)
Mortgage insurance income	6,784	2,255	8,085	5,057
Other non-interest income	5,824	5,442	10,416	8,258
Total non-interest income	52,858	83,749	117,120	166,205
Non-interest expense:				
Employee compensation and benefits	41,364	34,081	190,670	63,504
Occupancy and equipment	8,791	7,418	16,396	13,642
Impairment of other real estate owned	8,187	5,063	17,786	5,901
Foreclosure expense	6,057	7,932	10,527	19,375
(Gain) loss on sale of OREO	12,264	(1,693)	24,474	(3,167)
OREO related expense	2,589	5,086	6,932	8,886
Change in value of FDIC warrant		2,353		3,205
Deposit insurance expense	2,329	3,706	6,518	6,951

Professional fees	3,507	2,469	6,736	4,662
Telecommunications and data processing	3,418	2,746	6,866	5,736
Other non-interest expense	7,383	5,272	13,323	11,440
Total non-interest expense	95,889	74,433	300,228	140,135
Income before income taxes	77,183	87,591	37,977	188,655
Provision for income taxes	33,188	36,427	61,642	76,772
Net income (loss)	$ 43,995	$ 51,164	$ (23,665)	$ 111,883
Earnings (loss) per common share, basic and diluted (See Note 13)	$ 0.44	$ 0.55	$ (0.25)	$ 1.20
Cash dividends declared per common share	$ 0.14	$	$ 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 CASH FLOWS - UNAUDITED

(Dollars in thousands)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash flows from operating activities:		
Net income (loss)	$ (23,665)	$ 111,883
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Accretion of fair values of assets acquired and liabilities assumed	(226,294)	(221,821)
Amortization of fees, discounts and premiums, net	(4,203)	(18,423)
Provision for loan losses	8,564	26,091
Accretion of discount on FDIC indemnification asset	(34,443)	(91,160)
Income from resolution of covered assets	(2,366)	(94,990)
Net (gain) loss on indemnification asset	(37,634)	49,985
Net gain on sale of loans	(252)	
Increase in cash surrender value of bank owned life insurance	(2,036)	(2,366)
Gain (loss) on sale or exchange of investment securities available for sale	(103)	2,810
(Gain) loss on sale of other real estate owned	24,474	(3,167)
Loss on disposal of premises and equipment	11	316
Stock-based compensation	126,195	532
Change in fair value of equity instruments classified as liabilities		13,843
Depreciation and amortization	3,108	1,131
Impairment of other real estate owned	17,786	5,901
Deferred income taxes	35,801	20,729
Proceeds from sale of loans held for sale	14,536	
Loans originated for sale, net of repayments	(12,777)	
Realized tax benefits from equity based compensation	(200)	
Other:		
Increase in other assets	(7,112)	(24,858)
Decrease in other liabilities	(2,385)	(84,349)
Net cash used in operating activities	(122,995)	(307,913)
Cash flows from investing activities:		
Increase in due to FDIC		196
Purchase of investment securities available for sale	(1,057,582)	(1,328,419)
Proceeds from repayments of investment securities available for sale	274,668	352,754
Proceeds from sale of investment securities available for sale	69,347	13,797
Maturities and calls of investment securities available for sale		10,000
Purchases of loans	(157,550)	(23,718)
Loan repayments and resolutions, net of originations	292,729	477,062
Proceeds from redemption of FHLB stock	34,769	
Decrease in FDIC indemnification asset for claims filed	486,558	466,165
Purchase of bank owned life insurance	(12,500)	
Bank owned life insurance proceeds	51,406	
Purchase of office properties and equipment, net	(17,803)	(9,297)
Proceeds from sale of other real estate owned	210,624	127,887
Net cash provided by investing activities	174,666	86,427

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

(Dollars in thousands)

	Six Months Ended June 30, 2011		Six Months Ended June 30, 2010	
Net decrease in deposits		(334,405)		(183,658)
Additions to Federal Home Loan Bank advances				605,000
Repayments of Federal Home Loan Bank advances				(405,000)
Increase (decrease) in securities sold under agreements to repurchase		1,673		(1,366)
Settlement of FDIC warrant liability		(25,000)		
Increase in advances from borrowers for taxes and insurance		14,210		15,203
Issuance of common stock		98,620		2,000
Dividends paid		(27,998)		
Realized tax benefits from equity based compensation		200		
Exercise of stock options		14		
Net cash (used in) provided by financing activities		(272,686)		32,179
Net decrease in cash and cash equivalents		(221,015)		(189,307)
Cash and cash equivalents, beginning of period		564,774		356,215
Cash and cash equivalents, end of period	$	343,759	$	166,908
Supplemental disclosure of cash flow information:				
Interest paid on deposits and borrowings	$	84,754	$	116,832
Income taxes paid	$	26,831	$	161,638
Supplemental schedule of non-cash investing and financing activities:				
Transfers from loans to other real estate owned	$	205,544	$	164,463
Dividends declared and payable	$	14,399	$	
Unsettled securities trades	$	112,560	$	
Receivable for proceeds of surrender of bank owned life insurance	$	26,243	$	
Rescission of surrender of bank owned life insurance	$	20,846	$	

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 AND COMPREHENSIVE INCOME - UNAUDITED

(Dollars in thousands)

	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income	Total stockholders equity
Balance at December 31, 2010	$ 930	$ 950,831	$ 269,781	$ 31,966	$ 1,253,508
Comprehensive income:					
Net loss			(23,665)		(23,665)
Other comprehensive income (loss):					
Unrealized gains on investment securities available for sale arising during the period, net of taxes of $5,059				8,057	8,057
Reclassification adjustment for realized gains on investment securities available for sale, net of taxes of $40				(63)	(63)
Unrealized losses on cash flow hedges, net of taxes of $1,735				(2,761)	(2,761)
Total comprehensive income (loss)			(23,665)	5,233	(18,432)
Proceeds from issuance of common stock net of direct costs of $3,979	42	98,578			98,620
Dividends			(28,396)		(28,396)
Reclassification of PIU liability to equity		44,964			44,964
Stock based compensation		126,195			126,195
Proceeds from exercise of stock options		14			14
Tax benefits from dividend equivalents and stock options		200			200
Balance at June 30, 2011	$ 972	$ 1,220,782	$ 217,720	$ 37,199	$ 1,476,673
Balance at December 31, 2009	$ 928	$ 947,032	$ 119,046	$ 27,254	$ 1,094,260
Comprehensive income:					
Net income			111,883		111,883
Other comprehensive income:					
Unrealized gains on investment securities available for sale arising during the period, net of taxes of $12,298				19,582	19,582
Reclassification adjustment for realized losses on investment securities available for sale, net of taxes of $1,084				1,726	1,726
Unrealized losses on cash flow hedges, net of taxes of $15,782				(25,127)	(25,127)
Total comprehensive income			111,883	(3,819)	108,064
Capital contribution	2	1,998			2,000
Stock based compensation		532			532
Balance at June 30, 2010	$ 930	$ 949,562	$ 230,929	$ 23,435	$ 1,204,856

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, 2011

Note 1 Basis of Presentation

BankUnited, Inc. (BKU) is the holding company for BankUnited (BankUnited or the Bank), a federally chartered, federally insured savings association headquartered in Miami Lakes, Florida. On May 21, 2009, BankUnited was granted a savings association charter and the newly formed bank acquired substantially all of the assets and assumed all of the non-brokered deposits and substantially all of the other liabilities of BankUnited, FSB from the Federal Deposit Insurance Corporation (FDIC) in a transaction referred to as the Acquisition . In connection with the Acquisition, the Bank 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 the Bank for 80% of losses of up to $4.0 billion, and 95% of losses in excess of this amount, beginning with the first dollar of loss incurred.

BankUnited, Inc. s wholly owned subsidiaries include BankUnited and BankUnited Investment Services, Inc. (collectively the Company). BankUnited provides a full range of banking and related services to individual and corporate customers through 81 branch offices located in 13 Florida counties.

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 the Company s Annual Report on Form 10-K for the year ended December 31, 2010 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, 2011 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 and disclosures of contingent assets and liabilities. Management has made significant estimates in certain areas, such as the allowance for loan 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 evaluation of investment securities for other than-temporary impairment and the fair values of financial instruments. Actual results could differ from these estimates.

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

Note 2 Recent Accounting Pronouncements

In April 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2011-02, *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring.* This update clarifies existing guidance on a creditor s evaluation of whether a restructuring constitutes a troubled debt restructuring, including clarification of a creditor s evaluation of whether it has granted a concession and of whether a debtor is experiencing financial difficulties. The Company is required to adopt this update for the quarter ending September 30, 2011, retrospectively to the beginning of the annual period of adoption, or January 1, 2011. Management does not anticipate that adoption will have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In April 2011, the FASB issued Accounting Standards Update 2011-03, *Reconsideration of Effective Control for Repurchase Agreements.* This update removes from the assessment of effective control: (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2011

guidance related to that criterion. The update is required to be adopted prospectively by the Company for the quarter ending March 31, 2012. Management does not anticipate that adoption will have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* The amendments in this Update result in common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Some of the amendments clarify the FASB s intent about the application of fair value measurement requirements and others change principles or requirements for measuring fair value or disclosing information about fair value measurements. The Company is required to adopt this update prospectively for the quarter ending March 31, 2012. This update will result in expanded disclosures in the Company s financial statements; however, management does not anticipate that adoption will have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued Accounting Standards Update 2011-05, *Presentation of Comprehensive Income.* This update provides entities with an option of presenting the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. The Company is required to adopt this update retrospectively for the quarter ending March 31, 2012. Adoption of this update will affect the manner of presentation of the components of comprehensive income in the Company s financial statements, but will not have an impact on the Company s consolidated financial position, results of operations or cash flows.

Note 3 Acquisition Activity

On June 2, 2011, BKU entered into a Merger Agreement with Herald National Bank (Herald), a national banking association based in the New York metropolitan area (Merger Agreement). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, a to-be-formed direct, wholly-owned national bank subsidiary of BKU will merge with and into Herald, with Herald continuing as the surviving entity and a wholly-owned subsidiary of BKU. Upon completion of the merger, holders of Herald common and preferred stock will receive cash or shares of BKU common stock having a value equal to $1.35 plus the value of 0.099 shares of BKU common stock as of the effective time of the Merger. The Merger Agreement provides that the surviving bank will be merged with and into BankUnited, with BankUnited surviving, in August 2012. Completion of the Merger is subject to various customary conditions, including, among others, (a) ratification and confirmation of the Merger Agreement by Herald shareholders, (b) effectiveness of the registration statement for the BKU common stock to be issued in the Merger and approval of the listing on the New York Stock Exchange of the BKU common stock to be issued in the Merger, (c) the absence of any law or order prohibiting the closing of the Merger and (d) receipt of required regulatory approvals.

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2011

Note 4 Investment Securities Available for Sale

Investment securities available for sale at June 30, 2011 and December 31, 2010 consisted of the following (in thousands):

	June 30, 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	$	$	$	$	$ 1,706,861	$ 23,783	$ (295)	$ 1,730,349
Resecuritized real estate mortgage investment conduits (Re-Remics)					519,406	8,658	(470)	527,594
Private label residential mortgage backed securities and CMO s	177,242	52,971	(85)	230,128	120,941	2,266	(100)	123,107
Private label commercial mortgage backed securities					64,580	295	(97)	64,778
Non mortgage asset-backed securities					522,243	7,063	(808)	528,498
Mutual funds and preferred stocks	16,382	2,058	(629)	17,811	227,913	5,544	(700)	232,757
State and municipal obligations					24,036	202	(11)	24,227
Small Business Administration securities					281,912	730	(293)	282,349
Other debt securities	3,844	3,926		7,770				
Total	$ 197,468	$ 58,955	$ (714)	$ 255,709	$ 3,467,892	$ 48,541	$ (2,774)	$ 3,513,659

	December 31, 2010							
	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	$	$	$	$	$ 1,282,757	$ 11,411	$ (3,258)	$ 1,290,910
Resecuritized real estate mortgage investment conduits (Re-Remics)					599,682	14,054	(1,105)	612,631

Private label residential mortgage backed securities and CMO s	181,337	61,679	(1,726)	241,290	138,759	2,906	(35)	141,630
Non mortgage asset-backed securities					407,158	1,908	(72)	408,994
Mutual funds and preferred stocks	16,382	57	(922)	15,517	120,107	3,402	(491)	123,018
State and municipal obligations					22,898	101	(39)	22,960
Small Business Administration securities					62,831	191	(131)	62,891
Other debt securities	3,695	3,066		6,761				
Total	$ 201,414	$ 64,802	$ (2,648)	$ 263,568	$ 2,634,192	$ 33,973	$ (5,131)	$ 2,663,034

At June 30, 2011, maturities of investment securities available for sale, adjusted for anticipated prepayments of mortgage-backed and other pass-through securities, are shown below (in thousands):

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2011

	Amortized Cost	Fair Value
Due in one year or less	$ 724,038	$ 745,109
Due after one year through five years	1,334,347	1,371,705
Due after five years through ten years	857,704	876,844
Due after ten years	504,976	525,142
Mutual funds and preferred stocks with no stated maturity	244,295	250,568
Total	$ 3,665,360	$ 3,769,368

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Proceeds from sale of investment securities available for sale	$ 66,401	$ 7,717	$ 69,347	$ 13,797
Gross realized gains	$ 102	$ 16	$ 106	$ 46
Gross realized losses	(2)	(41)	(3)	(45)
Loss on exchange of securities		(2,811)		(2,811)
Net realized gain (loss)	$ 100	$ (2,836)	$ 103	$ (2,810)

During the quarter ended June 30, 2010, the Company exchanged certain non-covered trust preferred securities for preferred stock of the same issuer to achieve higher returns and more favorable tax treatment. Based on the market value of the trust preferred securities at the time of the exchange, the Company recognized a gross realized loss of $2.8 million.

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 $869.8 million and $496.5 million at June 30, 2011 and December 31, 2010, respectively.

The following table presents 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, 2011 and December 31, 2010, aggregated by investment category and length of time that individual securities had been in a continuous unrealized loss position. At December 31, 2010, all of the securities in unrealized loss positions had been in continuous unrealized loss positions for less than twelve months (in thousands):

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2011

	June 30, 2011					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agency and sponsored enterprise residential mortgage backed securities	$ 123,379	$ (295)	$	$	$ 123,379	$ (295)
Resecuritized real estate mortgage investment conduits (Re-Remics)	43,176	(99)	42,988	(371)	86,164	(470)
Private label residential mortgage backed securities and CMO s	17,125	(185)	1		17,126	(185)
Private label commercial mortgage backed securities	13,460	(97)			13,460	(97)
Non mortgage asset-backed securities	99,611	(808)			99,611	(808)
Mutual funds and preferred stocks	84,314	(1,329)			84,314	(1,329)
State and municipal obligations	3,824	(11)			3,824	(11)
Small Business Administration securities	140,893	(293)			140,893	(293)
Total	$ 525,782	$ (3,117)	$ 42,989	$ (371)	$ 568,771	$ (3,488)

	December 31, 2010	
	Less Than 12 Months	
	Fair Value	Unrealized Losses
U.S. Government agency and sponsored enterprise residential mortgage backed securities	$ 486,216	$ (3,258)
Resecuritized real estate mortgage investment conduits (Re-Remics)	59,408	(1,105)
Private label residential mortgage backed securities and CMO s	16,626	(1,761)
Non mortgage asset-backed securities	63,802	(72)
Mutual funds and preferred stocks	61,336	(1,413)
State and municipal obligations	6,144	(39)
Small Business Administration securities	24,108	(131)
Total	$ 717,640	$ (7,779)

The Company monitors its investment securities available for sale for other than temporary impairment, or OTTI, on an individual security basis considering numerous factors including the Company s intent to sell securities in an unrealized loss position; the likelihood that the Company will be required to sell these securities before an anticipated recovery in value; the duration and severity of impairment; the earnings performance, credit rating, asset quality, and business prospects of the issuer; changes in the rating of the security; adverse changes in the regulatory, economic or technological environment; adverse changes in general market conditions in the geographic area or industry in which the issuer operates; and factors that raise concerns about the issuer s ability to continue as a going concern such as negative cash flows from operations, working capital deficiencies or non-compliance with statutory capital requirements or debt covenants. The relative significance of each of these factors varies depending on the circumstances related to each security.

None of the securities in unrealized loss positions at June 30, 2011 and December 31, 2010 were determined to be other-than-temporarily impaired. The Company does not intend to sell securities that are in 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 maturity. At June 30, 2011, forty-seven securities were in unrealized loss positions. The amount of impairment related to twelve of these securities was considered

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insignificant, totaling approximately $24,000 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:

U.S. Government agency and sponsored enterprise mortgage backed securities and Small Business Administration securities:

At June 30, 2011, six U.S. Government agency and sponsored enterprise mortgage backed securities and five U.S. Small Business Administration 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 is less than 1% 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 mortgage backed securities and CMO s and Re-Remics:

At June 30, 2011, nine private label mortgage-backed securities and Resecuritized real estate mortgage investment conduits (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, 2011. Two of these securities have been in unrealized loss positions for thirteen months; the amount of impairment of each of these securities is less than 2% of amortized cost. The remaining securities have been in unrealized loss positions for less than twelve months; the amount of impairment of each of these securities is less than 5% of amortized cost. Given the limited severity and duration of impairment and the expectation of timely recovery of outstanding principal, the impairments are considered to be temporary.

Private label commercial mortgage backed securities

At June 30, 2011, one private label commercial mortgage backed security was in an unrealized loss position. This security had been in an unrealized loss position for one month and the amount of impairment was less than 1% of amortized cost. The security was further assessed for OTTI using a discounted cash flow model. The results of this analysis were not indicative of expected credit losses. Given the limited severity and duration of impairment and the expectation of timely repayment of outstanding principal and interest, the impairment is considered to be temporary.

Non-mortgage asset backed securities:

At June 30, 2011, six non-mortgage asset backed securities were in unrealized loss positions. These securities had been in continuous unrealized loss positions for less than twelve months at June 30, 2011 and the amount of impairment was 3% or less of amortized cost basis for each of the securities. 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, 2011. Given the limited severity and duration of impairment and the expectation of timely recovery of outstanding principal, the impairments are considered to be temporary.

Mutual funds and preferred stock:

At June 30, 2011, eight mutual fund and preferred stock investments were in unrealized loss positions, including two positions in mutual funds and six positions in financial institution preferred stocks. Impairment of the mutual fund positions has been driven primarily by increases in intermediate term interest rates. These investments have been in continuous unrealized loss positions for less than twelve months at June 30, 2011 and the severity of impairment is 4% or less of cost basis. The severity of impairment of both of these positions declined during the

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three months ended June 30, 2011. The majority of the underlying holdings of the mutual funds are either explicitly or implicitly guaranteed by the U.S. Government.

The financial institution preferred stocks have been in continuous unrealized loss positions for less than three months and the severity of impairment of individual securities is less than 3% of amortized cost basis. All of the preferred stock holdings are investment grade; the issuing institutions are well capitalized and reporting positive earnings. Given the limited duration and severity of impairment, management s evaluation of the financial condition of the preferred stock issuers, the rating of these investments and the nature of the assets underlying the mutual fund investments, these impairments are considered to be temporary.

Note 5 Loans and Allowance for Loan Losses

A significant portion of the Company s loan portfolio consists of loans acquired in the Acquisition. These loans are covered under BankUnited s Loss Sharing Agreements (the covered loans). Non-covered loans are those originated or purchased since the Acquisition. Covered loans are 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, 2011 and December 31, 2010, loans consisted of the following (dollars in thousands):

	June 30, 2011				
	Covered Loans				Percent of
	ACI	Non-ACI	Non-Covered	Total	Total
Residential:					
1-4 single family residential	$ 2,050,099	$ 135,970	$ 264,365	$ 2,450,434	63.4%
Home equity loans and lines of credit	86,885	194,683	2,318	283,886	7.3%
Total	2,136,984	330,653	266,683	2,734,320	70.7%
Commercial:					
Multi-family	64,964	4,627	51,949	121,540	3.1%
Commercial real estate	277,295	33,622	159,736	470,653	12.2%
Construction	5,159		12,076	17,235	0.4%
Land	37,435	167	4,174	41,776	1.1%
Commercial and industrial	32,331	29,286	354,728	416,345	10.8%
Lease financing			56,136	56,136	1.5%
Total	417,184	67,702	638,799	1,123,685	29.1%
Consumer:	3,663		3,863	7,526	0.2%
Total loans	2,557,831	398,355	909,345	3,865,531	100.0%

Unearned discount and deferred fees and costs, net		(32,549)	(14,717)	(47,266)
Loans net of discount and deferred fees and costs	2,557,831	365,806	894,628	3,818,265
Allowance for loan losses	(29,976)	(16,123)	(10,540)	(56,639)
Loans, net	$ 2,527,855	$ 349,683	$ 884,088	$ 3,761,626

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	December 31, 2010				
	Covered Loans				Percent of
	ACI	Non-ACI	Non-Covered	Total	Total
Residential:					
1-4 single family residential	$ 2,421,016	$ 151,945	$ 113,439	$ 2,686,400	67.5%
Home equity loans and lines of credit	98,599	206,797	2,255	307,651	7.7%
Total	2,519,615	358,742	115,694	2,994,051	75.2%
Commercial:					
Multi-family	73,015	5,548	34,271	112,834	2.8%
Commercial real estate	299,068	33,938	118,857	451,863	11.4%
Construction	8,267		8,582	16,849	0.4%
Land	48,251	170	1,873	50,294	1.3%
Commercial and industrial	49,731	30,139	256,420	336,290	8.4%
Lease financing			10,166	10,166	0.3%
Total	478,332	69,795	430,169	978,296	24.6%
Consumer:	4,403		3,056	7,459	0.2%
Total loans	3,002,350	428,537	548,919	3,979,806	100.0%
Unearned discount and deferred fees and costs, net		(34,840)	(10,749)	(45,589)	
Loans net of discount and deferred fees and costs	3,002,350	393,697	538,170	3,934,217	
Allowance for loan losses	(39,925)	(12,284)	(6,151)	(58,360)	
Loans, net	$ 2,962,425	$ 381,413	$ 532,019	$ 3,875,857	

At June 30, 2011 and December 31, 2010, the unpaid principal balance (UPB) of ACI loans was $6.3 billion and $7.2 billion, respectively.

During the six months ended June 30, 2011 and 2010, the Company purchased one-to-four single family residential loans with UPB totaling $157.6 million and $23.7 million, respectively.

At June 30, 2011, the Company had pledged real estate loans with UPB of approximately $4.9 billion and carrying amounts of approximately $2.3 billion as security for Federal Home Loan Bank advances.

The following tables present information about the ending balance of the allowance for loan losses and related loans as of June 30, 2011 and summarize the activity in the allowance for loan losses for the three and six months ended June 30, 2011 (in thousands):

As of and For the Three Months Ended June 30, 2011

	1-4 single family residential	Home equity loans and lines of credit	Multi-family	Commercial real estate	Construction	Land	Commercial loans and leases	Consumer	Total
Allowance for loan losses:									