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, 2013

OR

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

For the transition period from to

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 x	Accelerated filer o
Non-accelerated filer o	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 5, 2013**
Common Stock, $0.01 Par Value	100,708,999 Shares

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BankUnited, Inc.

Form 10-Q

For the Quarter Ended June 30, 2013

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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, 2013	December 31, 2012
ASSETS		
Cash and due from banks:		
Non-interest bearing	$ 47,160	$ 61,088
Interest bearing	16,643	21,507
Interest bearing deposits at Federal Reserve Bank	147,237	408,827
Federal funds sold	2,512	3,931
Cash and cash equivalents	213,552	495,353
Investment securities available for sale, at fair value (including covered securities of $214,447 and $226,505)	4,146,283	4,172,412
Non-marketable equity securities	142,391	133,060
Loans held for sale	1,539	2,129
Loans (including covered loans of $1,646,946 and $1,864,375)	6,807,325	5,571,739
Allowance for loan and lease losses	(58,431)	(59,121)
Loans, net	6,748,894	5,512,618
FDIC indemnification asset	1,345,134	1,457,570
Bank owned life insurance	205,856	207,069
Other real estate owned (including covered OREO of $49,571 and $76,022)	50,041	76,022
Deferred tax asset, net	63,833	62,274
Goodwill and other intangible assets	69,413	69,768
Other assets	246,489	187,678
Total assets	$ 13,233,425	$ 12,375,953
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Demand deposits:		
Non-interest bearing	$ 1,594,003	$ 1,312,779
Interest bearing	573,169	542,561
Savings and money market	4,176,181	4,042,022
Time	2,687,562	2,640,711
Total deposits	9,030,915	8,538,073
Short-term borrowings	1,644	8,175
Federal Home Loan Bank advances	2,196,605	1,916,919
Other liabilities	151,552	106,106
Total liabilities	11,380,716	10,569,273
Commitments and contingencies		

Stockholders equity:				
Common stock, par value $0.01 per share, 400,000,000 shares authorized; 100,550,397 and 95,006,729 shares issued and outstanding		1,006		950
Preferred stock, par value $0.01 per share, 100,000,000 shares authorized; 5,415,794 shares of Series A issued and outstanding at December 31, 2012				54
Paid-in capital		1,317,449		1,308,315
Retained earnings		472,190		413,385
Accumulated other comprehensive income		62,064		83,976
Total stockholders equity		1,852,709		1,806,680
Total liabilities and stockholders equity	$	13,233,425	$	12,375,953

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

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BANKUNITED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME UNAUDITED

(In thousands, except per share data)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Interest income:				
Loans	$ 154,760	$ 142,621	$ 299,851	$ 278,918
Investment securities available for sale	30,196	34,059	60,201	67,098
Other	1,142	1,235	2,421	2,189
Total interest income	186,098	177,915	362,473	348,205
Interest expense:				
Deposits	14,158	17,047	29,039	34,007
Borrowings	7,890	15,071	15,597	30,592
Total interest expense	22,048	32,118	44,636	64,599
Net interest income before provision for (recovery of) loan losses	164,050	145,797	317,837	283,606
Provision for (recovery of) loan losses (including $(2,951), $(1,484), $1,849 and $116 for covered loans)	4,881	2,725	16,848	11,492
Net interest income after provision for (recovery of) loan losses	159,169	143,072	300,989	272,114
Non-interest income:				
(Amortization) accretion of FDIC indemnification asset	(7,150)	4,294	(9,430)	11,081
Income from resolution of covered assets, net	20,580	14,803	39,770	22,085
Net loss on indemnification asset	(17,683)	(12,537)	(29,370)	(12,403)
FDIC reimbursement of costs of resolution of covered assets	2,261	3,333	5,125	9,849
Service charges and fees	3,379	3,229	6,721	6,345
Gain (loss) on sale of loans, net (including loss related to covered loans of $(4,311) and $(5,082) for the three and six months ended June 30, 2013)	(4,115)	253	(4,701)	509
Gain on investment securities available for sale, net (including loss related to covered securities of $(963) for the three and six months ended June 30, 2013)	3,536	880	5,222	896
Mortgage insurance income	631	2,649	902	6,339
Other non-interest income	4,641	4,762	9,684	13,363
Total non-interest income	6,080	21,666	23,923	58,064
Non-interest expense:				
Employee compensation and benefits	43,027	43,951	86,102	90,576
Occupancy and equipment	15,381	13,229	30,423	25,051
Impairment of other real estate owned	419	3,048	1,699	6,595
Gain on sale of other real estate owned	(6,091)	(1,490)	(7,122)	(89)
Other real estate owned expense	1,262	1,161	2,130	3,437
Foreclosure expense	1,994	3,892	2,499	6,611
Deposit insurance expense	1,724	1,946	3,661	3,096
Professional fees	6,959	3,953	12,381	7,602
Telecommunications and data processing	3,484	3,121	6,852	6,351

Other non-interest expense	10,188	10,220	20,231	17,919
Total non-interest expense	78,347	83,031	158,856	167,149
Income before income taxes	86,902	81,707	166,056	163,029
Provision for income taxes	32,894	32,778	63,822	63,828
Net income	54,008	48,929	102,234	99,201
Preferred stock dividends		921		1,841
Net income available to common stockholders	$ 54,008	$ 48,008	$ 102,234	$ 97,360
Earnings per common share, basic (see Note 2)	$ 0.52	$ 0.48	$ 1.00	$ 0.96
Earnings per common share, diluted (see Note 2)	$ 0.52	$ 0.48	$ 0.99	$ 0.96
Cash dividends declared per common share	$ 0.21	$ 0.17	$ 0.42	$ 0.34

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 - UNAUDITED

(In thousands)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net income	$ 54,008	$ 48,929	$ 102,234	$ 99,201
Other comprehensive income (loss), net of tax:				
Unrealized gains on investment securities available for sale:				
Net unrealized holding gain (loss) arising during the period	(40,858)	10,243	(34,393)	34,858
Reclassification adjustment for net securities gains realized in income	(2,172)	(540)	(3,208)	(550)
Net change in unrealized gains on securities available for sale	(43,030)	9,703	(37,601)	34,308
Unrealized losses on derivative instruments:				
Net unrealized holding gain (loss) arising during the period	11,567	(4,567)	9,949	(5,198)
Reclassification adjustment for net losses realized in income	3,163	2,736	5,740	5,457
Net change in unrealized losses on derivative instruments	14,730	(1,831)	15,689	259
Other comprehensive income (loss)	(28,300)	7,872	(21,912)	34,567
Comprehensive income	$ 25,708	$ 56,801	$ 80,322	$ 133,768

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, 2013	2012
Cash flows from operating activities:		
Net income	$ 102,234	$ 99,201
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization and accretion, net	(203,328)	(238,656)
Provision for loan losses	16,848	11,492
Income from resolution of covered assets, net	(39,770)	(22,085)
Net loss on indemnification asset	29,370	12,403
(Gain) loss on sale of loans, net	4,701	(509)
Increase in cash surrender value of bank owned life insurance	(1,569)	(1,765)
Gain on investment securities available for sale, net	(5,222)	(896)
Gain on sale of other real estate owned	(7,122)	(89)
Equity based compensation	6,663	17,015
Depreciation and amortization	10,193	6,893
Impairment of other real estate owned	1,699	6,595
Deferred income taxes	12,158	(78,384)
Proceeds from sale of loans held for sale	17,927	22,652
Loans originated for sale, net of repayments	(16,956)	(21,224)
Realized tax benefits from dividend equivalents and equity based compensation	(334)	(511)
Gain on acquisition		(5,288)
Other:		
(Increase) decrease in other assets	6,129	(15,313)
Increase in other liabilities	20,443	38,103
Net cash used in operating activities	(45,936)	(170,366)
Cash flows from investing activities:		
Net cash paid in business combination		(1,626)
Purchase of investment securities available for sale	(634,827)	(815,844)
Proceeds from repayments of investment securities available for sale	360,834	296,321
Proceeds from sale of investment securities available for sale	241,830	139,254
Maturities and calls of investment securities available for sale		16,305
Purchase of non-marketable equity securities	(19,212)	(33,208)
Proceeds from redemption of non-marketable equity securities	9,881	28,173
Purchases of loans	(575,162)	(341,664)
Loan originations, repayments and resolutions, net	(523,352)	(140,272)
Proceeds from sale of loans, net	53,182	
Decrease in FDIC indemnification asset for claims filed	73,636	336,303
Bank owned life insurance proceeds	2,782	
Purchase of premises and equipment, net	(12,084)	(15,395)
Acquisition of equipment under operating lease	(47,866)	
Proceeds from sale of other real estate owned	73,045	110,860
Net cash used in investing activities	(997,313)	(420,793)

(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, 2013		Six Months Ended June 30, 2012	
Cash flows from financing activities:				
Net increase in deposits		492,879		426,741
Additions to Federal Home Loan Bank advances		1,890,000		1,015,000
Repayments of Federal Home Loan Bank advances		(1,610,000)		(1,015,000)
Increase (decrease) in short-term borrowings		(6,531)		42,375
Increase in advances from borrowers for taxes and insurance		14,330		13,572
Dividends paid		(21,703)		(32,401)
Realized tax benefits from dividend equivalents and equity based compensation		334		511
Exercise of stock options		2,139		763
Net cash provided by financing activities		761,448		451,561
Net decrease in cash and cash equivalents		(281,801)		(139,598)
Cash and cash equivalents, beginning of period		495,353		303,742
Cash and cash equivalents, end of period	$	213,552	$	164,144
Supplemental disclosure of cash flow information:				
Interest paid	$	43,579	$	74,897
Income taxes paid	$	56,680	$	112,839
Supplemental schedule of non-cash investing and financing activities:				
Transfers from loans to other real estate owned	$	41,641	$	87,353
Dividends declared, not paid	$	21,726	$	17,412
Conversion of Series A preferred stock to common stock	$	54	$	
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, 2012	95,006,729	$ 950	5,415,794	$ 54	$ 1,308,315	$ 413,385	$ 83,976	$ 1,806,680
Comprehensive income						102,234	(21,912)	80,322
Conversion of preferred shares to common shares	5,415,794	54	(5,415,794)	(54)				
Dividends						(43,429)		(43,429)
Equity based compensation	28,763				6,663			6,663
Forfeiture of unvested shares	(24,610)							
Exercise of stock options	123,721	2			2,137			2,139
Tax benefits from dividend equivalents and equity based compensation					334			334
Balance at June 30, 2013	100,550,397	$ 1,006		$	$ 1,317,449	$ 472,190	$ 62,064	$ 1,852,709
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	41,760				17,015			17,015
Forfeiture of unvested shares	(34,015)							
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

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, 2013

Note 1 Basis of Presentation and Summary of Significant Accounting Policies

The consolidated financial statements include the accounts of BankUnited, Inc. (BankUnited, Inc. or BKU), a national bank holding company and its wholly-owned subsidiaries, BankUnited, National Association (BankUnited or the Bank), and BankUnited Investment Services, Inc. (BUIS), 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 98 branches located in 15 Florida counties and 4 branches located in the New York metropolitan area as of June 30, 2013. BUIS was a Florida insurance agency providing wealth management and financial planning services. The operations of BUIS were discontinued in May 2013 and were not significant to the consolidated results of operations or financial position of the Company for any period presented.

On February 29, 2012, BKU completed the acquisition of Herald National Bank (Herald), a national banking association located in the New York metropolitan area. In March 2013, Herald was merged into BankUnited.

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. Neither the Company nor the Bank had any substantive operations prior to May 21, 2009. 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 related to the covered assets 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, 2012 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, 2013 are not necessarily indicative of the results that may be expected in future periods.

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

Accounting Estimates

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. Actual results could differ significantly from these estimates.

Significant estimates include the allowance for loan and lease losses, the amount and timing of expected cash flows from covered assets and the FDIC indemnification asset, the fair values of investment securities and other financial instruments and the valuation of OREO. Management has used information provided by third party valuation specialists to assist in the determination of the fair values of investment securities and OREO.

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2013

Note 2 Earnings Per Common Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Basic earnings per common share:				
Numerator:				
Net income	$ 54,008	$ 48,929	$ 102,234	$ 99,201
Preferred stock dividends		(921)		(1,841)
Net income available to common stockholders	54,008	48,008	102,234	97,360
Distributed and undistributed earnings allocated to participating securities	(2,124)	(3,687)	(5,258)	(6,968)
Income allocated to common stockholders for basic earnings per common share	$ 51,884	$ 44,321	$ 96,976	$ 90,392
Denominator:				
Weighted average common shares outstanding	100,484,614	93,994,226	98,315,096	95,190,558
Less average unvested stock awards	(1,104,635)	(1,168,872)	(1,135,499)	(1,405,036)
Weighted average shares for basic earnings per common share	99,379,979	92,825,354	97,179,597	93,785,522
Basic earnings per common share	$ 0.52	$ 0.48	$ 1.00	$ 0.96
Diluted earnings per common share:				
Numerator:				
Income allocated to common stockholders for basic earnings per common share	$ 51,884	$ 44,321	$ 96,976	$ 90,392
Adjustment for earnings reallocated from participating securities	2	2,583	1,225	10
Income used in calculating diluted earnings per common share	$ 51,886	$ 46,904	$ 98,201	$ 90,402
Denominator:				
Average shares for basic earnings per common share	99,379,979	92,825,354	97,179,597	93,785,522
Dilutive effect of stock options and preferred shares	189,403	5,626,620	2,342,584	189,209
Weighted average shares for diluted earnings per common share	99,569,382	98,451,974	99,522,181	93,974,731
Diluted earnings per common share	$ 0.52	$ 0.48	$ 0.99	$ 0.96

The following potentially dilutive securities were outstanding at June 30, 2013 and 2012 but excluded from the calculation of diluted earnings per common share for the periods indicated because their inclusion would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Unvested shares	1,152,651	654,165	1,152,651	654,165
Stock options and warrants	6,733,410	6,979,788	6,733,410	6,979,788
Convertible preferred shares				5,415,794

Note 3 Investment Securities Available for Sale

Investment securities available for sale consisted of the following at the dates indicated (in thousands):

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2013

	June 30, 2013							
	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	$	$	$	$	$ 1,622,608	$ 42,163	$ (7,128)	$ 1,657,643
U.S. Government agency and sponsored enterprise commercial mortgage-backed securities					27,448	131	(206)	27,373
Resecuritized real estate mortgage investment conduits (Re-Remics)					482,344	6,092	(719)	487,717
Private label residential mortgage-backed securities and CMOs	131,644	55,885	(62)	187,467	171,011	1,310	(2,325)	169,996
Private label commercial mortgage-backed securities					568,326	7,842	(12,757)	563,411
Collateralized loan obligations					373,743	1,080	(175)	374,648
Non-mortgage asset-backed securities					159,525	5,969	(1)	165,493
Mutual funds and preferred stocks	15,419	4,131	(111)	19,439	125,157	5,279	(762)	129,674
State and municipal obligations					23,836	163	(48)	23,951
Small Business Administration securities					317,995	13,935		331,930
Other debt securities	3,511	4,030		7,541				
	$ 150,574	$ 64,046	$ (173)	$ 214,447	$ 3,871,993	$ 83,964	$ (24,121)	$ 3,931,836

	December 31, 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	$	$	$	$	$ 34,998	$ 157	$ (1)	$ 35,154
U.S. Government agency and sponsored enterprise					1,520,047	64,476		1,584,523

residential mortgage-backed securities								
U.S. Government agency and sponsored enterprise commercial mortgage-backed securities					58,518	1,898		60,416
Re-Remics					575,069	10,063	(90)	585,042
Private label residential mortgage-backed securities and CMOs	143,739	58,266	(185)	201,820	243,029	3,437	(201)	246,265
Private label commercial mortgage-backed securities					413,110	19,982		433,092
Collateralized loan obligations					252,280	908		253,188
Non-mortgage asset-backed securities					233,791	7,672	(117)	241,346
Mutual funds and preferred stocks	16,382	1,439	(361)	17,460	125,127	7,066		132,193
State and municipal obligations					25,127	249	(23)	25,353
Small Business Administration securities					333,423	6,187		339,610
Other debt securities	3,723	3,502		7,225	9,164	561		9,725
	$ 163,844	$ 63,207	$ (546)	$ 226,505	$ 3,823,683	$ 122,656	$ (432)	$ 3,945,907

At June 30, 2013, contractual maturities of investment securities available for sale, adjusted for anticipated prepayments of mortgage-backed and other pass-through securities, were as follows (in thousands):

	Amortized Cost	**Fair Value**
Due in one year or less	$ 520,481	$ 541,516
Due after one year through five years	1,972,658	2,029,229
Due after five years through ten years	1,140,425	1,162,982
Due after ten years	248,427	263,443
Mutual funds and preferred stocks with no stated maturity	140,576	149,113
	$ 4,022,567	$ 4,146,283

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BANKUNITED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2013

Based on the Company s proprietary assumptions, the estimated weighted average life of the investment portfolio as of June 30, 2013 was 4.3 years. The effective duration of the investment portfolio as of June 30, 2013 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 $0.8 billion and $0.9 billion at June 30, 2013 and December 31, 2012, respectively.

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

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Proceeds from sale of investment securities available for sale	$ 122,515	$ 133,406	$ 241,830	$ 139,254
Gross realized gains	$ 4,501	$ 1,176	$ 6,190	$ 1,194
Gross realized losses	(2)	(296)	(5)	(298)
Net realized gain	4,499	880	6,185	896
Other-than-temporary impairment (OTTI)	(963)		(963)	
Gain on investment securities available for sale, net	$ 3,536	$ 880	$ 5,222	$ 896

During the three months ended June 30, 2013, OTTI was recognized on an intermediate term mortgage mutual fund investment which had been in a continuous unrealized loss position for 34 months. Due primarily to the length of time the investment had been in a continuous unrealized loss position and an increasing measure of impairment, the Company determined the impairment to be other than temporary. This security is covered under the Loss Sharing Agreements, therefore, the impact of the impairment was significantly mitigated by an increase of $770 thousand in the FDIC indemnification asset, reflected in the consolidated statement of income line item Net loss on indemnification asset .

The following tables present the aggregate fair value and the aggregate amount by which amortized cost exceeded fair value for investment securities in unrealized loss positions, aggregated by investment category and length of time that individual securities had been in continuous unrealized loss positions, at the dates indicated (in thousands):

	June 30, 2013					
	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	$ 364,614	$ (7,128)	$	$	$ 364,614	$ (7,128)
U.S. Government agency and sponsored enterprise commercial mortgage-backed securities	17,694	(206)			17,694	(206)
Re-Remics	146,501	(719)			146,501	(719)
Private label residential mortgage-backed securities and CMOs	81,510	(2,325)	1,395	(62)	82,905	(2,387)
Private label commercial mortgage-backed securities	277,429	(12,757)			277,429	(12,757)
Collateralized loan obligations	103,850	(175)			103,850	(175)
Non-mortgage asset-backed securities	2,001	(1)			2,001	(1)
Mutual funds and preferred stocks	48,874	(873)			48,874	(873)
State and municipal obligations	5,858	(48)			5,858	(48)
	$ 1,048,331	$ (24,232)	$ 1,395	$ (62)	$ 1,049,726	$ (24,294)

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	December 31, 2012					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and Government agency securities	$ 5,000	$ (1)	$	$	$ 5,000	$ (1)
Re-Remics	42,018	(16)	8,833	(74)	50,851	(90)
Private label residential mortgage-backed securities and CMOs	53,537	(185)	6,080	(201)	59,617	(386)
Non-mortgage asset-backed securities			10,566	(117)	10,566	(117)
Mutual funds and preferred stocks			15,082	(361)	15,082	(361)
State and municipal obligations	2,902	(23)			2,902	(23)
	$ 103,457	$ (225)	$ 40,561	$ (753)	$ 144,018	$ (978)

The Company monitors its investment securities available for sale for OTTI on an individual security basis. As discussed above, one security was determined to be other than temporarily impaired during the three months ended June 30, 2013. No securities were determined to be other than temporarily impaired during the six months ended June 30, 2012. 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, 2013, 75 securities were in unrealized loss positions. Generally, increases in unrealized losses on investment securities available for sale arising during the three months ended June 30, 2013 were attributable to an increase in medium and long-term market interest rates during the period and in certain cases, corresponding increases in liquidity premiums in response to rate volatility. The amount of impairment related to 18 of these securities was considered insignificant, totaling approximately $41 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:

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

At June 30, 2013, 12 U.S. Government agency and sponsored enterprise residential and commercial mortgage-backed securities were in unrealized loss positions. All of these securities had been in unrealized loss positions for three months or less. The amount of impairment of each of the individual securities was 3% or less 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 were considered to be temporary.

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

At June 30, 2013, 22 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 these assessments were not indicative of credit losses related to any of these securities as of June 30, 2013. Eighteen of the securities had been in unrealized loss positions for two months or less and three for eight months or less. These securities evidenced unrealized losses ranging from less than 1% to 5% of amortized cost. The remaining security had been in an unrealized loss position for 24 months and evidenced an unrealized loss of 6% of amortized cost. The market for this security is thin and the market price is adversely affected by lack of liquidity. This bond is considered an odd lot which can be detrimental to potential bids for the security. Given the generally limited duration and severity of impairment and the expectation of timely recovery of outstanding principal, the impairments were considered to be temporary.

Private label commercial mortgage-backed securities:

At June 30, 2013, nine private label commercial mortgage-backed securities were in unrealized loss positions. Eight of these securities had been in unrealized loss positions for two months and one for six months; the amount of impairment ranged from 1% to 7% of amortized cost. These securities were assessed for OTTI using

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third-party developed models, incorporating assumptions consistent with the collateral characteristics of each security. The results of this analysis were not indicative of expected credit losses. Securities in this class generally have longer durations than the portfolio as a whole, so were more significantly impacted by the increase in rates. Given the limited severity and duration of impairment and the expectation of timely recovery of outstanding principal, the impairments were considered to be temporary.

Collateralized loan obligations:

At June 30, 2013, two collateralized loan obligations were in unrealized loss positions. These securities had been in unrealized loss positions for two months or less and the amount of impairment was less than 1% of amortized cost. These securities were assessed for OTTI using third-party developed models, incorporating assumptions consistent with the collateral characteristics of each security. 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 recovery of outstanding principal, the impairments were considered to be temporary.

Mutual funds:

At June 30, 2013, three investments in one mutual fund were in unrealized loss positions. These investments had been in unrealized loss positions for two months or less and the amount of impairment was less than 4% of amortized cost. The majority of the underlying holdings of the mutual fund are either explicitly or implicitly guaranteed by the U.S. Government. Given the limited severity and duration of impairment, the impairments were considered to be temporary.

Preferred stocks:

At June 30, 2013, one investment in U.S. Government sponsored enterprise preferred stock and six investments in financial institution preferred stock were in unrealized loss positions. These securities had been in unrealized loss positions for three months or less. Given the limited duration and results of the Company s analysis of the financial condition of the issuer of the financial institution preferred stocks, the impairments were considered to be temporary.

State and municipal obligations:

At June 30, 2013, two municipal securities were in unrealized loss positions. These securities had been in unrealized loss positions for 11 months or less and the amount of impairment was less than 4% of amortized cost. Given the limited duration and severity of impairments, the results of the Company s analysis of the issuers and the ratings of the securities, the impairments were considered to be temporary.

Note 4 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).

Loans consisted of the following at the dates indicated (dollars in thousands):

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	June 30, 2013					
	Covered Loans		Non-Covered Loans			Percent of
	ACI	Non-ACI	ACI	New Loans	Total	Total
Residential:						
1-4 single family residential	$ 1,168,221	$ 82,632	$	$ 1,335,001	$ 2,585,854	38.0%
Home equity loans and lines of credit	46,121	143,185		1,474	190,780	2.8%
	1,214,342	225,817		1,336,475	2,776,634	40.8%
Commercial:						
Multi-family	37,324	673	8,029	425,151	471,177	6.9%
Commercial real estate	152,311	383	5,223	1,219,487	1,377,404	20.3%
Construction and land	11,155	808		66,875	78,838	1.2%
Commercial and industrial	11,301	7,697		1,713,783	1,732,781	25.5%
Lease financing				265,185	265,185	3.9%
	212,091	9,561	13,252	3,690,481	3,925,385	57.8%
Consumer	1,848			94,094	95,942	1.4%
Total loans	1,428,281	235,378	13,252	5,121,050	6,797,961	100.0%
Premiums, discounts and deferred fees and costs, net		(16,713)		26,077	9,364	
Loans net of premiums, discounts, deferred fees and costs	1,428,281	218,665	13,252	5,147,127	6,807,325	
Allowance for loan and lease losses	(4,304)	(13,908)		(40,219)	(58,431)	
Loans, net	$ 1,423,977	$ 204,757	$ 13,252	$ 5,106,908	$ 6,748,894	

	December 31, 2012					
	Covered Loans		Non-Covered Loans			Percent of
	ACI	Non-ACI	ACI	New Loans	Total	Total
Residential:						
1-4 single family residential	$ 1,300,109	$ 93,438	$	$ 920,713	$ 2,314,260	41.5%
Home equity loans and lines of credit	52,499	157,691		1,954	212,144	3.8%
	1,352,608	251,129		922,667	2,526,404	45.3%
Commercial:						
Multi-family	56,148	716		307,183	364,047	6.5%
Commercial real estate	173,732	910	4,087	794,706	973,435	17.5%
Construction and land	18,064	829		72,361	91,254	1.6%
Commercial and industrial	14,608	11,627		1,334,991	1,361,226	24.4%
Lease financing				225,980	225,980	4.1%
	262,552	14,082	4,087	2,735,221	3,015,942	54.1%
Consumer	2,239			33,526	35,765	0.6%
Total loans	1,617,399	265,211	4,087	3,691,414	5,578,111	100.0%
Premiums, discounts and deferred fees and costs, net		(18,235)		11,863	(6,372)	

Loans net of premiums, discounts, deferred fees and costs		1,617,399		246,976		4,087		3,703,277		5,571,739
Allowance for loan and lease losses		(8,019)		(9,874)				(41,228)		(59,121)
Loans, net	$	1,609,380	$	237,102	$	4,087	$	3,662,049	$	5,512,618

At June 30, 2013 and December 31, 2012, the unpaid principal balance (UPB) of ACI loans was $3.7 billion and $4.2 billion, respectively.

During the three and six months ended June 30, 2013 and 2012, the Company purchased 1-4 single family residential loans totaling $347.8 million, $575.2 million, $175.8 million, and $341.7 million, respectively.

At June 30, 2013, the Company had pledged real estate loans with UPB of approximately $5.2 billion and carrying amounts of approximately $3.3 billion as security for FHLB advances.

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During the periods indicated, the Company sold covered 1-4 single family residential loans to third parties on a non-recourse basis. The following table summarizes the impact of these transactions (in thousands):

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Unpaid principal balance of loans sold	$ 69,980	$ 102,238
Cash proceeds, net of transaction costs	$ 36,451	$ 53,182
Carrying value of loans sold	25,238	32,502
Net pre-tax impact on earnings, excluding gain on indemnification asset	$ 11,213	$ 20,680
Loss on sale of covered loans	$ (4,311)	$ (5,082)
Proceeds recorded in interest income	15,524	25,762
	$ 11,213	$ 20,680
Gain on indemnification asset	$ 4,952	$ 6,168

The Company did not sell any covered loans during the three and six months ended June 30, 2012.

For the three and six months ended June 30, 2013, loans with UPB of $29.9 million and $49.9 million, respectively, were sold from a pool of ACI loans with a zero carrying value. Proceeds of the sale of loans from this pool were recorded in interest income. The loss on the sale of loans from the remaining pools, representing the difference between the carrying amount and consideration received, was recorded in Gain (loss) on sale of loans, net in the accompanying consolidated statements of income. These losses were mitigated by increases in the FDIC indemnification asset, reflected in the consolidated statement of income line item Net loss on indemnification asset. Reimbursements from the FDIC under the terms of the Loss Sharing Agreements are calculated based on UPB rather than on the carrying value of the loans; therefore the amount of gain on indemnification asset reflected in the table above also includes amounts reimbursable from the FDIC related to loans sold from the pool with a zero carrying value.

Allowance for loan and lease losses

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

	Three Months Ended							
	June 30, 2013				June 30, 2012			
	Residential	Commercial	Consumer	Total	Residential	Commercial	Consumer	Total
Beginning balance	$ 19,612	$ 40,874	$ 537	$ 61,023	$ 14,706	$ 41,725	$ 43	$ 56,474
Provision for (recovery of) loan losses:								
ACI loans		(195)		(195)		(1,771)		(1,771)
Non-ACI loans	(1,108)	(1,648)		(2,756)	852	(565)		287
New loans	341	7,177	314	7,832	2,170	2,049	(10)	4,209
Total provision	(767)	5,334	314	4,881	3,022	(287)	(10)	2,725
Charge-offs:								
ACI loans		(291)		(291)		(1,735)		(1,735)
Non-ACI loans	(734)	(67)		(801)	(1,397)	(37)		(1,434)
New loans		(7,976)	(61)	(8,037)		(533)		(533)
Total charge-offs	(734)	(8,334)	(61)	(9,129)	(1,397)	(2,305)		(3,702)
Recoveries:								
Non-ACI loans	4	1,542		1,546		110		110
New loans		98	12	110		27	1	28
Total recoveries	4	1,640	12	1,656		137	1	138
Ending balance	$ 18,115	$ 39,514	$ 802	$ 58,431	$ 16,331	$ 39,270	$ 34	$ 55,635

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	Six Months Ended							
	June 30, 2013				June 30, 2012			
	Residential	Commercial	Consumer	Total	Residential	Commercial	Consumer	Total
Beginning balance	$ 19,164	$ 39,543	$ 414	$ 59,121	$ 10,175	$ 38,176	$ 51	$ 48,402
Provision for (recovery of) loan losses:								
ACI loans		(1,598)		(1,598)		(2,782)		(2,782)
Non-ACI loans	6,056	(2,609)		3,447	4,642	(1,744)		2,898
New loans	(5,386)	19,948	437	14,999	3,412	7,983	(19)	11,376
Total provision	670	15,741	437	16,848	8,054	3,457	(19)	11,492
Charge-offs:								
ACI loans		(2,117)		(2,117)		(2,465)		(2,465)
Non-ACI loans	(1,734)	(172)		(1,906)	(1,900)	(140)		(2,040)
New loans		(16,170)	(81)	(16,251)		(1,116)		(1,116)
Total charge-offs	(1,734)	(18,459)	(81)	(20,274)	(1,900)	(3,721)		(5,621)
Recoveries:								
Non-ACI loans	15	2,478		2,493	2	1,276		1,278
New loans		211	32	243		82	2	84
Total recoveries	15	2,689	32	2,736	2	1,358	2	1,362
Ending balance	$ 18,115	$ 39,514	$ 802	$ 58,431	$ 16,331	$ 39,270	$ 34	$ 55,635

The impact of provisions for (recoveries of) losses on covered loans is significantly mitigated by increases (decreases) in the FDIC indemnification asset, recorded in the consolidated statement of income line item Net loss on indemnification assetIncreases (decreases) in the FDIC indemnification asset of $(2.3) million and $1.4 million were reflected in non-interest income for the three and six months ended June 30, 2013, respectively, and $(0.9) million and $0.7 million for the three and six months ended June 30, 2012, respectively, related to the provision for (recovery of) 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 at the dates indicated (in thousands):

	June 30, 2013				December 31, 2012			
	Residential	Commercial	Consumer	Total	Residential	Commercial	Consumer	Total
Allowance for loan and lease losses:								
Ending balance	$ 18,115	$ 39,514	$ 802	$ 58,431	$ 19,164	$ 39,543	$ 414	$ 59,121
Ending balance: non-ACI and new loans individually evaluated for impairment	$ 921	$ 2,624	$	$ 3,545	$ 984	$ 1,533	$	$ 2,517
Ending balance: non-ACI and new loans collectively evaluated for impairment	$ 17,194	$ 32,586	$ 802	$ 50,582	$ 18,180	$ 29,991	$ 414	$ 48,585

Ending balance: ACI	$	$ 4,304	$	$ 4,304	$	$ 8,019	$	$ 8,019
Ending balance: non-ACI	$ 13,408	$ 500	$	$ 13,908	$ 9,071	$ 803	$	$ 9,874
Ending balance: new loans	$ 4,707	$ 34,710	$ 802	$ 40,219	$ 10,093	$ 30,721	$ 414	$ 41,228
Loans:								
Ending balance (1)	$ 2,776,634	$ 3,925,385	$ 95,942	$ 6,797,961	$ 2,526,404	$ 3,015,942	$ 35,765	$ 5,578,111
Ending balance: non-ACI and new loans individually evaluated for impairment (1)	$ 6,460	$ 21,666	$	$ 28,126	$ 5,302	$ 24,698	$	$ 30,000
Ending balance: non-ACI and new loans collectively evaluated for impairment (1)	$ 1,555,832	$ 3,678,376	$ 94,094	$ 5,328,302	$ 1,168,494	$ 2,724,605	$ 33,526	$ 3,926,625
Ending balance: ACI loans	$ 1,214,342	$ 225,343	$ 1,848	$ 1,441,533	$ 1,352,608	$ 266,639	$ 2,239	$ 1,621,486

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

Credit quality information - New and non-ACI loans

Commercial relationships on non-accrual status with internal risk ratings of substandard or doubtful and with committed balances greater than or equal to $750,000 as well as loans that have been modified in troubled debt restructurings (TDRs) are individually evaluated for impairment. The tables below present information about new and non-ACI loans individually evaluated for impairment and identified as impaired at the dates indicated (in thousands):

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New loans:						
With no specific allowance recorded:						
Multi-family	$	$	$	$ 3,649	$ 3,649	$
Commercial real estate	1,513	1,513		1,564	1,564	
Commercial and industrial	2,103	2,102		9,858	9,860	
With a specific allowance recorded:						
Commercial and industrial	14,227	14,241	1,906	4,377	4,381	649
Lease financing	1,511	1,511	718	1,677	1,677	884
Total:						
Residential	$	$	$	$	$	$
Commercial	19,354	19,367	2,624	21,125	21,131	1,533
	$ 19,354	$ 19,367	$ 2,624	$ 21,125	$ 21,131	$ 1,533
Non-ACI loans:						
With no specific allowance recorded:						
1-4 single family residential	$ 351	$ 422	$	$ 375	$ 446	$
Home equity loans and lines of credit	1,545	1,574		176	179	
Commercial real estate				59	59	
Commercial and industrial	2,296	2,299		3,506	3,508	
With a specific allowance recorded:						
1-4 single family residential	3,553	4,265	869	3,577	4,252	970
Home equity loans and lines of credit	196	199	52	417	425	14
Total:						
Residential	$ 5,645	$ 6,460	$ 921	$ 4,545	$ 5,302	$ 984
Commercial	2,296	2,299		3,565	3,567	
	$ 7,941	$ 8,759	$ 921	$ 8,110	$ 8,869	$ 984

Interest income recognized on impaired loans after impairment was not significant for any of the periods presented.

The following table presents the average recorded investment in impaired new and non-ACI loans for the periods indicated (in thousands):

	Three Months Ended June 30,				**Six Months Ended June 30,**			
	2013		**2012**		**2013**		**2012**	
	New Loans	**Non-ACI Loans**	**New Loans**	**Non-ACI Loans**	**New Loans**	**Non-ACI Loans**	**New Loans**	**Non-ACI Loans**
Residential:								
1-4 single family residential	$	$ 3,930	$	$ 2,398	$	$ 3,937	$	$ 2,106
		1,616				1,275		

Home equity loans and lines of credit								
		5,546		2,398		5,212		2,106
Commercial:								
Multi-family			7,878		1,216		5,252	
Commercial real estate	1,524		2,413	128	1,537	20	1,608	183
Construction and land			310				317	1,790
Commercial and industrial	18,361	2,312	9,323	4,852	16,985	2,710	6,459	3,235
Lease financing	1,511				1,566			
	21,396	2,312	19,924	4,980	21,304	2,730	13,636	5,208
	$ 21,396	$ 7,858	$ 19,924	$ 7,378	$ 21,304	$ 7,942	$ 13,636	$ 7,314

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The following table presents the carrying amount of new and non-ACI loans on non-accrual status at the dates indicated (in thousands):

	June 30, 2013		December 31, 2012	
	New Loans	Non-ACI Loans	New Loans	Non-ACI Loans
Residential:				
1-4 single family residential	$ 85	$ 1,953	$ 155	$ 2,678
Home equity loans and lines of credit		8,150		9,767
	85	10,103	155	12,445
Commercial:				
Commercial real estate	2,050	55	1,619	59
Construction and land	261		278	
Commercial and industrial	16,824	3,167	11,907	4,530
Lease financing	1,542		1,719	
	20,677	3,222	15,523	4,589
	$ 20,762	$ 13,325	$ 15,678	$ 17,034

New and non-ACI loans contractually delinquent by 90 days or more and still accruing totaled $0.6 million and $0.2 million at June 30, 2013 and December 31, 2012, respectively. The amount of additional interest income that would have been recognized on non-accrual loans had they performed in accordance with their contractual terms is not material.

The following tables summarize new and non-ACI loans that were modified in TDRs during the periods indicated, as well as new and non-ACI loans modified during the twelve months preceding June 30, 2013 and 2012, that experienced payment defaults during the periods indicated (dollars in thousands):

	Three Months Ended June 30,									
		2013					2012			
[redacted]										
New loans:										
Commercial and industrial		$		$	1	$	42	1	$	245
		$		$	1	$	42	1	$	245
Non-ACI loans:										
1-4 single family residential		$		$	2	$	1,832		$	
Home equity loans and lines of credit	2		299							

Commercial and industrial					1	10		
	2	$ 299		$	3	$ 1,842		$

	Six Months Ended June 30,							
	2013				2012			
	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 and industrial	1	513			3	1,011	1	245
	1	$ 513		$	4	$ 4,687	1	$ 245
Non-ACI loans:								
1-4 single family residential	2	$ 333	1	$ 166	2	$ 1,832		$
Home equity loans and lines of credit	3	1,148						
Commercial and industrial					1	10		
	5	$ 1,481	1	$ 166	3	$ 1,842		$

Modifications during the three and six month periods ended June 30, 2013 and 2012 included restructuring of the amount and timing of required periodic payments, extensions of maturity and residential modifications under

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the U.S. Treasury Department s Home Affordable Modification Program (HAMP). Included in TDRs are residential loans to borrowers who have not reaffirmed their debt discharged in Chapter 7 bankruptcy. The total amount of such loans is not material. Because of the immateriality of the amount of loans modified in TDRs 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 at June 30, 2013 and 2012.

Management considers delinquency status to be the most meaningful indicator of the credit quality of 1-4 single family residential, home equity and consumer loans. Delinquency statistics are updated at least monthly. Original loan to value ratio (LTV) and original FICO score are also important indicators of credit quality for the new 1-4 single family residential portfolio.

Internal risk ratings are considered the most meaningful indicator of credit quality for commercial loans. Internal risk ratings are a key factor in identifying loans that are individually evaluated for impairment and impact management s estimates of loss factors used in determining the amount of the ALLL. Internal risk ratings are updated on a continuous basis. Relationships with balances in excess of $750,000 are re-evaluated at least annually and more frequently if circumstances indicate that a change in risk rating may be warranted. Loans exhibiting potential credit weaknesses that deserve management s close attention and that if left uncorrected may result in deterioration of the repayment capacity of the borrower are categorized as special mention. Loans with well-defined credit weaknesses, including payment defaults, declining collateral values, frequent overdrafts, operating losses, increasing balance sheet leverage, inadequate cash flow, project cost overruns, unreasonable construction delays, past due real estate taxes or exhausted interest reserves, are assigned an internal risk rating of substandard. A loan with a weakness so severe that collection in full is highly questionable or improbable will be assigned an internal risk rating of doubtful.

The following tables summarize key indicators of credit quality for the Company s new and non-ACI loans at the dates indicated. Amounts are net of premiums, discounts, deferred fees and costs (in thousands):

Residential credit exposure, based on delinquency status:

	June 30, 2013		December 31, 2012	
	1-4 Single Family Residential	**Home Equity Loans and Lines of Credit**	**1-4 Single Family Residential**	**Home Equity Loans and Lines of Credit**
New loans:				
Current	$ 1,347,417	$ 1,474	$ 927,859	$ 1,811
Past due less than 90 days	11,177		7,619	143
Past due 90 days or more	381		193	
	$ 1,358,975	$ 1,474	$ 935,671	$ 1,954
Non-ACI loans:				
Current	$ 65,803	$ 128,708	$ 71,096	$ 140,975
Past due less than 90 days	900	3,747	5,057	4,005

Past due 90 days or more	2,127	8,150	2,431	9,767
	$ 68,830	$ 140,605	$ 78,584	$ 154,747

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1-4 Single Family Residential credit exposure for new loans, based on original LTV and FICO score:

	June 30, 2013 FICO				December 31, 2012 FICO			
LTV	**740 or less**	**741 - 760**	**761 or greater**	**Total**	**740 or less**	**741 - 760**	**761 or greater**	**Total**
60% or less	$ 65,822	$ 59,978	$ 338,016	$ 463,816	$ 62,433	$ 35,761	$ 217,249	$ 315,443
60% - 70%	47,004	58,117	254,862	359,983	29,138	41,863	159,068	230,069
70% - 80%	63,215	86,562	341,943	491,720	55,319	54,367	256,605	366,291
80% or more	31,007	2,928	9,521	43,456	18,327	1,200	4,341	23,868
	$ 207,048	$ 207,585	$ 944,342	$ 1,358,975	$ 165,217	$ 133,191	$ 637,263	$ 935,671

Consumer credit exposure, based on delinquency status:

	June 30, 2013	December 31, 2012
New loans:		
Current	$ 96,872	$ 33,488
Past due less than 90 days	167	54
	$ 97,039	$ 33,542

Commercial credit exposure, based on internal risk rating:

	June 30, 2013					
	Multi-Family	**Commercial Real Estate**	**Construction and Land**	**Commercial and Industrial**	**Lease Financing**	**Total**
New loans:						
Pass	$ 420,849	$ 1,211,360	$ 66,401	$ 1,679,836	$ 265,815	$ 3,644,261
Special mention	3,086	2,129		3,588		8,803
Substandard	1,117	4,441	261	24,400	917	31,136
Doubtful		51		4,762	626	5,439
	$ 425,052	$ 1,217,981	$ 66,662	$ 1,712,586	$ 267,358	$ 3,689,639
Non-ACI loans:						
Pass	$ 670	$ 326	$ 761	$ 4,215	$	$ 5,972
Substandard		55		2,687		2,742
Doubtful				516		516
	$ 670	$ 381	$ 761	$ 7,418	$	$ 9,230

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	December 31, 2012					
	Multi-Family	**Commercial Real Estate**	**Construction and Land**	**Commercial and Industrial**	**Lease Financing**	**Total**
New loans:						
Pass	$ 299,303	$ 789,017	$ 71,724	$ 1,274,595	$ 226,022	$ 2,660,661
Special mention	3,110			18,249		21,359
Substandard	4,068	4,033	278	38,837	1,719	48,935
Doubtful		55		1,100		1,155
	$ 306,481	$ 793,105	$ 72,002	$ 1,332,781	$ 227,741	$ 2,732,110
Non-ACI loans:						
Pass	$ 703	$ 851	$ 775	$ 6,674	$	$ 9,003
Substandard	9	59		3,882		3,950
Doubtful				692		692
	$ 712	$ 910	$ 775	$ 11,248	$	$ 13,645

The following table presents an aging of loans in the new and non-ACI portfolios at the dates indicated. Amounts are net of premiums, discounts, deferred fees and costs (in thousands):

	June 30, 2013					December 31, 2012				
	Current	**30 - 59 Days Past Due**	**60 - 89 Days Past Due**	**90 Days or More Past Due or in Foreclosure**	**Total**	**Current**	**30 - 59 Days Past Due**	**60 - 89 Days Past Due**	**90 Days or More Past Due or in Foreclosure**	**Total**
New loans:										
1-4 single family residential	$ 1,347,417	$ 10,891	$ 286	$ 381	$ 1,358,975	$ 927,859	$ 7,458	$ 161	$ 193	$ 935,671
Home equity loans and lines of credit	1,474				1,474	1,811	143			1,954
Multi-family	425,052				425,052	306,481				306,481
Commercial real estate	1,216,061	1,920			1,217,981	793,105				793,105
Construction and land	66,662				66,662	72,002				72,002
Commercial and industrial	1,691,754	684	7,141	13,007	1,712,586	1,322,937	7,147	192	2,505	1,332,781
Lease financing	267,358				267,358	227,741				227,741
Consumer	96,872	96	71		97,039	33,488	9	45		33,542
	$ 5,112,650	$ 13,591	$ 7,498	$ 13,388	$ 5,147,127	$ 3,685,424	$ 14,757	$ 398	$ 2,698	$ 3,703,277
Non-ACI loans:										
1-4 single family residential	$ 65,803	$ 900	$	$ 2,127	$ 68,830	$ 71,096	$ 4,448	$ 609	$ 2,431	$ 78,584
Home equity loans and lines of credit	128,708	2,562	1,185	8,150	140,605	140,975	2,170	1,835	9,767	154,747
Multi-family	670				670	712				712
Commercial real estate	381				381	910				910
Construction and land	761				761	775				775
	4,640			2,778	7,418	7,164	27	12	4,045	11,248

Commercial and industrial	$ 200,963	$ 3,462	$ 1,185	$ 13,055	$ 218,665	$ 221,632	$ 6,645	$ 2,456	$ 16,243	$ 246,976

ACI Loans

The accretable yield on ACI loans represents the amount by which undiscounted expected future cash flows exceed carrying value. Changes in the accretable yield on ACI loans for the six months ended June 30, 2013 and the year ended December 31, 2012 were as follows (in thousands):

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Balance, December 31, 2011	$	1,523,615
Reclassifications from non-accretable difference		206,934
Accretion		(444,483)
Balance, December 31, 2012		1,286,066
Reclassifications from non-accretable difference		163,039
Accretion		(211,219)
Balance, June 30, 2013	$	1,237,886

Accretable yield at June 30, 2013 included expected cash flows of $73.9 million from a pool of 1-4 single family residential loans whose carrying value had been reduced to zero. The UPB of loans remaining in this pool was $134.9 million at June 30, 2013.

Credit quality information   ACI loans

ACI loans or loan pools are considered to be impaired when there has been further deterioration in the cash flows expected at acquisition plus any additional cash flows expected to be collected arising from changes in estimates after acquisition, other than due to decreases in interest rate indices and changes in prepayment assumptions. Discount continues to be accreted on ACI loans or pools as long as there are expected future cash flows in excess of the current carrying amount; therefore, these loans are not classified as non-accrual even though they may be contractually delinquent. ACI 1-4 single family residential and home equity loans accounted for in pools are evaluated for impairment on a pool basis and the amount of any impairment is measured based on the expected aggregate cash flows of the pools. ACI commercial and commercial real estate loans are evaluated individually for impairment.

The tables below set forth at the dates indicated, the carrying amount of ACI loans or pools for which the Company has determined it is probable that it will be unable to collect all the cash flows expected at acquisition plus additional cash flows expected to be collected arising from changes in estimates after acquisition, if any, as well as ACI loans not accounted for in pools that have been modified in TDRs, and the related allowance amounts (in thousands):

	June 30, 2013			December 31, 2012		
	Recorded Investment in Impaired Loans or Pools	**Unpaid Principal Balance**	**Related Specific Allowance**	**Recorded Investment in Impaired Loans or Pools**	**Unpaid Principal Balance**	**Related Specific Allowance**
With no specific allowance recorded:						
Commercial real estate	$ 362	$ 429	$	$ 104	$ 171	$
Construction and land	546	628		512	669	
Commercial and industrial				188	188	

With a specific allowance recorded:						
Multi-family	3,067	3,212	280	6,626	7,043	504
Commercial real estate	19,668	21,580	2,755	23,696	27,357	5,400
Construction and land	2,296	2,535	340	4,874	6,567	350
Commercial and industrial	6,082	6,435	929	7,580	7,959	1,765
Total:						
Residential	$	$	$	$	$	$
Commercial	32,021	34,819	4,304	43,580	49,954	8,019
	$ 32,021	$ 34,819	$ 4,304	$ 43,580	$ 49,954	$ 8,019

The following table presents the average recorded investment in impaired ACI loans or pools for the periods indicated (in thousands):

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	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Commercial:				
Multi-family	$ 5,401	$ 16,584	$ 5,809	$ 14,771
Commercial real estate	27,856	47,764	26,504	48,468
Construction and land	4,378	17,355	4,714	17,104
Commercial and industrial	6,225	13,826	6,739	14,855
	$ 43,860	$ 95,529	$ 43,766	$ 95,198

The following table summarizes ACI loans that were modified in TDRs during the periods indicated, as well as ACI loans modified during the twelve months preceding June 30, 2013 and 2012, that experienced payment defaults during the periods indicated (dollars in thousands):

	Three Months Ended June 30,							
	2013				2012			
	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
Commercial real estate		$	1					