



BankUnited, Inc.

Q3 2018 Financial Results - Supplemental Information
October 24, 2018

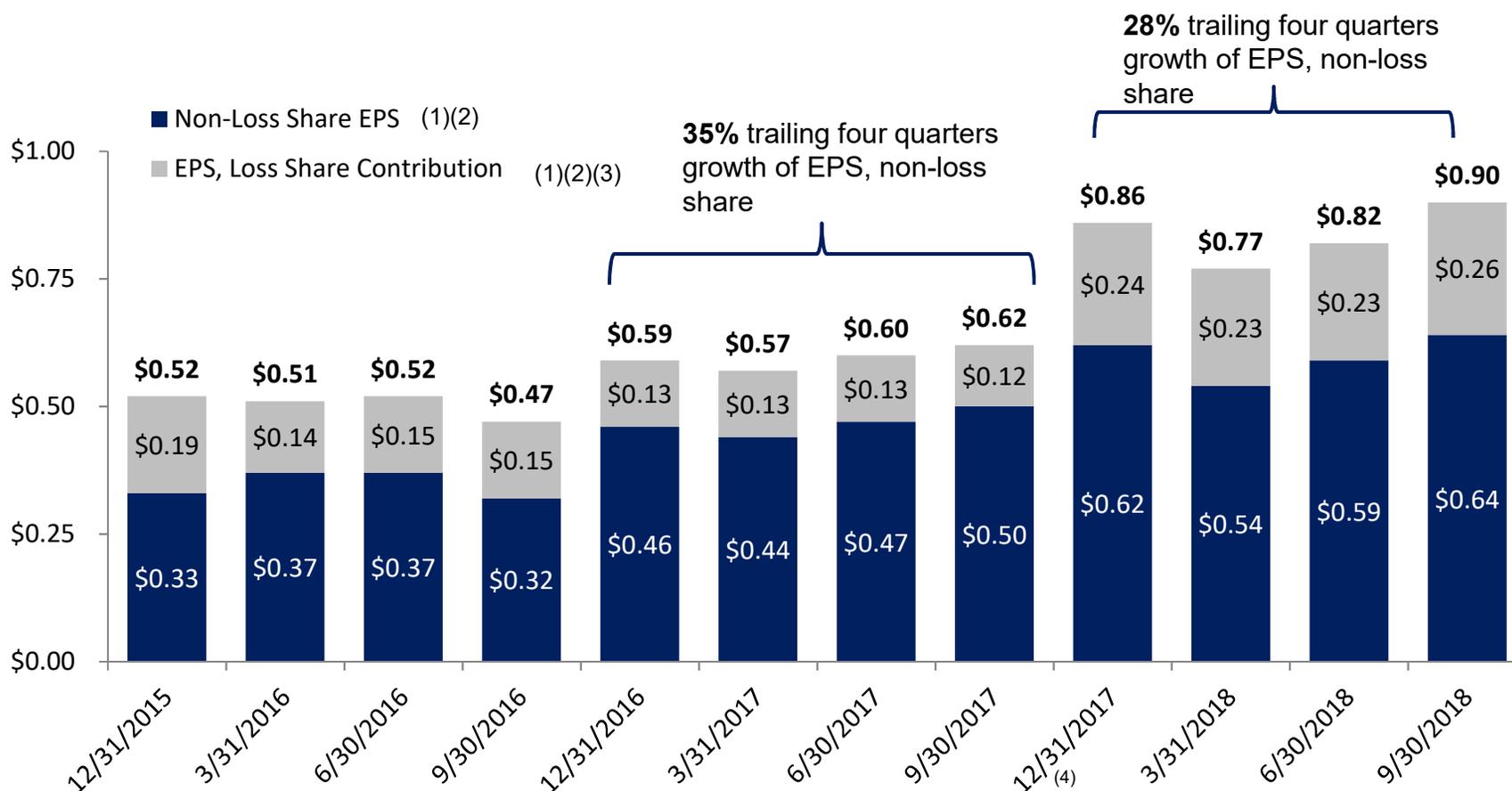


Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the current views of BankUnited, Inc. (“BankUnited,” “BKU” or the “Company”) with respect to, among other things, future events and financial performance. BankUnited generally identifies forward-looking statements by terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “could,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “projects,” “anticipates” or the negative version of those words or other comparable words. Any forward-looking statements contained in this presentation are based on the historical performance of the Company or the Company’s current plans, estimates and expectations. The inclusion of any forward-looking information regarding BankUnited should not be regarded as a representation that future plans, estimates or expectations contemplated herein will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to BKU’s operations, financial results, financial condition, business prospects, growth, strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the underlying assumptions prove to be incorrect, actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive. BankUnited does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements including, but not limited to, the risk factors described in the most recent Annual Report on Form 10-K of BKU and in the subsequent Quarterly Reports on Form 10-Q of BKU, filed with the Securities and Exchange Commission (the “SEC”) and available at the SEC’s website (www.sec.gov).



Non-Loss Share Earnings



- (1) Non-loss share EPS and EPS, loss share contribution are non-GAAP measures. See section entitled "Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measurements to their comparable GAAP financial measurements.
- (2) Loss Share Contribution is defined as the excess of Loss Share Earnings (generally defined as accretion on covered loans net of amortization of the FDIC indemnification asset) over the hypothetical amount of interest income that could have been earned if the average balance of covered loans and the indemnification asset were instead assumed to be invested in securities at the weighted average yield earned on the Company's investment securities portfolio as reported for each respective quarter, net of related income taxes. See section entitled "Calculation of Loss Share Contribution and Non-Loss Share Earnings Per Share" below for details of the calculation.
- (3) See section entitled "Calculation of Loss Share Contribution and Non-Loss Share Earnings Per Share" below for details of the calculation.
- (4) EPS for the quarter ended December 31, 2017 is shown net of discrete income tax benefit and related professional fees. EPS, net of discrete income tax benefit and related professional fees is a non-GAAP financial measure. See section entitled "Non-GAAP Financial Measures" below for reconciliation of this measure to the GAAP measure of earnings per common share, diluted.



Calculation of Loss Share Contribution and Non-Loss Share Earnings Per Share

Loss Share Contribution is a hypothetical presentation of the impact of the covered loans and FDIC indemnification asset on earnings for each respective quarter, reflecting the excess of Loss Share Earnings over hypothetical interest income that could have been earned on alternative assets.

(\$ in millions, except per share data)	Quarter Ended					Quarter Ended				Quarter Ended		
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Net Income As Reported (2)	\$ 56.3	\$ 54.9	\$ 56.7	\$ 50.8	\$ 63.3	\$ 62.3	\$ 66.4	\$ 67.8	\$ 94.8	\$ 85.2	\$ 89.9	\$ 97.3
Calculation of Loss Share Contribution:												
Interest Income - Covered Loans (Accretion)	\$ 78.5	\$ 75.8	\$ 76.4	\$ 74.5	\$ 75.0	\$ 75.2	\$ 76.6	\$ 73.5	\$ 75.3	\$ 81.3	\$ 84.2	\$ 81.3
Net impact of sale of covered loans									16.5			10.4
Amortization of FDIC Indemnification Asset	(32.5)	(39.7)	(38.1)	(39.0)	(43.4)	(44.5)	(45.7)	(45.2)	(41.1)	(40.3)	(44.3)	(48.3)
Loss Share Earnings	45.9	36.1	38.3	35.5	31.6	30.7	30.9	28.2	50.7	41.0	40.0	43.4
Hypothetical interest income on alternate assets (1)	(11.1)	(10.4)	(9.9)	(9.3)	(8.5)	(8.2)	(7.5)	(7.2)	(6.1)	(5.9)	(5.9)	(4.9)
Loss Share Contribution, pre-tax	34.8	25.7	28.5	26.2	23.0	22.5	23.4	21.1	44.6	35.1	34.1	38.5
Income taxes (4)	(13.8)	(10.1)	(11.2)	(10.3)	(9.1)	(8.9)	(9.2)	(8.3)	(17.6)	(9.3)	(9.0)	(10.2)
Loss Share Contribution, after tax	\$ 21.1	\$ 15.5	\$ 17.2	\$ 15.8	\$ 13.9	\$ 13.6	\$ 14.2	\$ 12.8	\$ 27.0	\$ 25.8	\$ 25.0	\$ 28.3
Net Income as reported, minus Loss Share Contribution	\$ 35.2	\$ 39.3	\$ 39.5	\$ 35.0	\$ 49.4	\$ 48.7	\$ 52.2	\$ 55.0	\$ 67.9	\$ 59.4	\$ 64.9	\$ 69.0
Diluted Earnings Per Share - Loss Share Contribution	\$ 0.19	\$ 0.14	\$ 0.15	\$ 0.15	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.12	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.26
Non-Loss Share Diluted Earnings Per Share	0.33	0.37	0.37	0.32	0.46	0.44	0.47	0.50	0.62	0.54	0.59	0.64
Fully Diluted Earnings Per Share, as Reported	\$ 0.52	\$ 0.51	\$ 0.52	\$ 0.47	\$ 0.59	\$ 0.57	\$ 0.60	\$ 0.62	\$ 0.86	\$ 0.77	\$ 0.82	\$ 0.90

- (1) Net income and Diluted earnings per common share for the three months ended December 31, 2017 are net of non-GAAP adjustments to remove a discrete income tax benefit and related professional fees recognized in that period. See below for reconciliation of these non-GAAP financial measurements to their comparable GAAP financial measurements.
- (2) Net impact on diluted earnings per share of Loss Share Contribution (non-GAAP) adjusted for rounding.
- (3) Calculation variances of \$0.1 million in the table above are due to rounding.



Calculation of Hypothetical Interest Income on Alternate Assets

The hypothetical interest income calculated below reflects the estimated income that may have been earned if the average balance of covered loans and the FDIC indemnification asset were liquidated and the proceeds assumed to be invested in securities at the weighted average yield on the Company's investment securities portfolio as reported for each respective quarter. Historically, cash received from the repayment, sale, or other resolution of covered loans and cash payments received from the FDIC under the terms of the Shared Loss Agreement have generally been reinvested in non-covered loans or investment securities. There is no assurance that the hypothetical results illustrated below would have been achieved if the covered loans and FDIC indemnification asset had been liquidated and proceeds reinvested in the respective quarters.

(\$ in millions, except per share data)	Quarter Ended		Quarter Ended				Quarter Ended				Quarter Ended		
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	
Average Balances (1)													
Avg Covered Loans	\$ 832	\$ 788	\$ 741	\$ 693	\$ 642	\$ 596	\$ 553	\$ 533	\$ 521	\$ 499	\$ 476	\$ 408	
Avg FDIC Indemnification Asset	769	712	659	608	549	488	433	378	323	278	231	170	
Avg Loss Share Asset	\$ 1,601	\$ 1,500	\$ 1,400	\$ 1,301	\$ 1,191	\$ 1,084	\$ 986	\$ 911	\$ 844	\$ 777	\$ 707	\$ 578	
Yield													
Yield on securities- reported (2)	2.77%	2.78%	2.82%	2.87%	2.87%	3.01%	3.05%	3.14%	2.89%	3.04%	3.33%	3.41%	
Hypothetical interest income on alternate assets	11.1	10.4	9.9	9.3	8.5	8.2	7.5	7.1	6.1	5.9	5.9	4.9	

(1) Calculated as the simple average of beginning and ending balances reported for each period.

(2) The weighted average yield on the Company's investment securities as reported for the applicable quarter.



Non-GAAP Financial Measures

Net income and diluted earnings per common share, in each case excluding the impact of Loss Share Contribution, as defined in the section entitled "Non-Loss Share Earnings" above, are non-GAAP financial measures. Management believes disclosure of these measures provides readers with information that may be useful in understanding the impact of the covered loans and FDIC indemnification asset on the Company's earnings. The following table reconciles these non-GAAP financial measurements to the comparable GAAP financial measurements of net income and diluted earnings per common share for the periods indicated.

(\$ in millions, except per share data; Shares in thousands)	Quarter Ended					Quarter Ended				Quarter Ended		
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
Net Income (GAAP) (1)	\$ 56.3	\$ 54.9 ⁽²⁾	\$ 56.7 ⁽³⁾	\$ 50.8 ⁽³⁾	\$ 63.3	\$ 62.3	\$ 66.4	\$ 67.8	\$ 94.8	\$ 85.2	\$ 89.9	\$ 97.3
Less Loss Share Contribution	(21.1)	(15.5)	(17.2)	(15.8)	(13.9)	(13.6)	(14.2)	(12.8)	(27.0)	(25.8)	(25.0)	(28.3)
Net Income as reported, minus Loss Share Contribution	\$ 35.2	\$ 39.3	\$ 39.5	\$ 35.0	\$ 49.4	\$ 48.7	\$ 52.2	\$ 55.0	\$ 67.8	\$ 59.4	\$ 64.9	\$ 69.0
Diluted earnings per common share, excluding Loss Share Contribution:												
Diluted earnings per common share (GAAP) (1)	\$ 0.52	\$ 0.51	\$ 0.52	\$ 0.47	\$ 0.59	\$ 0.57	\$ 0.60	\$ 0.62	\$ 0.86	\$ 0.77	\$ 0.82	\$ 0.90
Less: Net impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	(0.19)	(0.14)	(0.15)	(0.15)	(0.13)	(0.13)	(0.13)	(0.12)	(0.24)	(0.23)	(0.23)	(0.26)
Diluted earnings per common share, excluding the impact Loss Share Contribution (non-GAAP)	\$ 0.33	\$ 0.37	\$ 0.37	\$ 0.32	\$ 0.46	\$ 0.44	\$ 0.47	\$ 0.50	\$ 0.62	\$ 0.54	\$ 0.59	\$ 0.64
Impact on diluted earnings per common share of Loss Share Contribution:												
Loss Share Contribution	\$ 21.1	\$ 15.5	\$ 17.2	\$ 15.8	\$ 13.9	\$ 13.6	\$ 14.2	\$ 12.8	\$ 27.0	\$ 25.8	\$ 25.0	\$ 28.3
Weighted average shares for diluted earnings per share (GAAP)	103,451	103,552	103,732	103,561	103,779	105,378	103,138	106,073	106,072	105,934	105,471	104,384
Impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	0.20	0.15	0.17	0.15	0.13	0.13	0.14	0.12	0.25	0.24	0.24	0.27
Impact on diluted earnings per common share of Loss Share Contribution:												
Loss Share Contribution, net of tax, allocated to participating securities	(0.8)	(0.7)	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(1.0)	(1.0)	(1.0)	(1.0)
Weighted average shares for diluted earnings per share (GAAP)	103,451	103,552	103,732	103,561	103,779	105,378	103,138	106,073	106,072	105,934	105,471	104,384
Impact on diluted earnings per common share of Loss Share Contribution allocated to participating securities (non-GAAP)	(0.01)	(0.01)	(0.01)	(0.01)	-	-	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.01)
Net impact on diluted earnings per share of Loss Share Contribution (non-GAAP)	\$ 0.19	\$ 0.14	\$ 0.15	\$ 0.15	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.12	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.26

- (1) Net income and Diluted earnings per common share for the three months ended December 31, 2017 are net of non-GAAP adjustments to remove a discrete income tax benefit and related professional fees recognized in that period. See below for reconciliation of these non-GAAP financial measurements to their comparable GAAP financial measurements.
- (2) Net impact on diluted earnings per share of Loss Share Contribution (non-GAAP) adjusted for rounding.
- (3) Calculation variances of \$0.1 million in the table above are due to rounding.



Non-GAAP Financial Measures (continued)

Net income and earnings per diluted common share, in each case excluding the impact of a discrete income tax benefit and related professional fees are non-GAAP financial measures. Management believes disclosure of these measures enhances readers' ability to compare the Company's financial performance for the three months ended December 31, 2017 to that of other periods presented. The following table reconciles these non-GAAP financial measurements to the comparable GAAP financial measurements of net income and earnings per diluted share for the three months ended December 31, 2017 (in thousands except share and per share data):

Net income excluding the impact of a discrete income tax benefit and related professional fees:

Net income (GAAP)	\$	417,794
Less discrete income tax benefit		(327,945)
Add back related professional fees, net of tax of \$1,802		4,995
Net income excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP)	\$	<u>94,844</u>
Diluted earnings per common share, excluding the impact of a discrete income tax benefit and related professional fees:		
Diluted earnings per common share (GAAP)	\$	3.79
Less impact on diluted earnings per common share of discrete income tax benefit and related professional fees, before allocation to participating securities (non-GAAP)		(3.04)
Less impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP)		0.12
Diluted earnings per common share, excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP) ⁽¹⁾	\$	<u>0.86</u>
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees:		
Discrete income tax benefit and related professional fees, net of tax	\$	322,950
Weighted average shares for diluted earnings per share (GAAP)		106,071,934
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees, before allocation to participating securities (non-GAAP)	\$	3.04
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities:	\$	(12,354)
Discrete income tax benefit and related professional fees, net of tax, allocated to participating securities		
Weighted average shares for diluted earnings per share (GAAP)		106,071,934
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP)	\$	<u>(0.12)</u>

(1) Amount for the three months ended December 31, 2017 adjusted for rounding.