



## BankUnited, Inc. Reports Third Quarter 2020 Results

October 28, 2020

MIAMI LAKES, Fla.--(BUSINESS WIRE)--Oct. 28, 2020-- BankUnited, Inc. (the "Company") (NYSE: BKU) today announced financial results for the quarter ended September 30, 2020.

"We were pleased with our results for the quarter. The deposit mix and cost of funds improved, PPNR continued to show growth over the prior year and we saw some positive signs around credit as loans on deferral declined," said Rajinder Singh, Chairman, President and Chief Executive Officer.

For the quarter ended September 30, 2020, the Company reported net income of \$66.6 million, or \$0.70 per diluted share, compared to \$76.5 million or \$0.80 per diluted share for the immediately preceding quarter ended June 30, 2020 and \$76.2 million, or \$0.77 per diluted share, for the quarter ended September 30, 2019.

For the nine months ended September 30, 2020, the Company reported net income of \$112.1 million, or \$1.17 per diluted share, compared to \$223.6 million, or \$2.23 per diluted share, for the nine months ended September 30, 2019. Results for the nine months ended September 30, 2020 were negatively impacted by the application of the Current Expected Credit Losses ("CECL") accounting methodology, including the expected impact of COVID-19 on the provision for credit losses.

### **Financial Highlights**

- Non-interest bearing demand deposits grew by \$906 million, or 15%, for the quarter ended September 30, 2020, to 26% of total deposits, compared to 23% of total deposits at June 30, 2020 and 18% of total deposits at December 31, 2019. Total deposits increased by \$527 million during the quarter ended September 30, 2020, as growth in non-interest bearing deposits was partially offset by continued runoff of higher cost time deposits. Average non-interest bearing demand deposits increased by \$874 million for the quarter ended September 30, 2020 compared to the immediately preceding quarter and by \$2.2 billion compared to the quarter ended September 30, 2019.
- The average cost of total deposits declined by 0.23% to 0.57% for the quarter ended September 30, 2020, its lowest level since the Company's inception. The cost of total deposits was 0.80% for the quarter ended June 30, 2020 and 1.67% for the quarter ended September 30, 2019. On a spot basis, the average annual percentage yield ("APY") on total deposits declined to 0.49% at September 30, 2020 from 0.65% at June 30, 2020 and 1.42% at December 31, 2019.
- Loans under COVID related deferral continued to decline. We reported at the end of the second quarter that we had granted initial 90-day payment deferrals on loans totaling \$3.6 billion or approximately 15% of the total loan portfolio. At September 30, 2020, \$1.1 billion, or approximately 5% of total loans were still subject to a short-term COVID related payment deferral or longer term modification under the CARES Act, or were in the process of modification. At October 25, 2020, \$983 million, or approximately 4%, of loans remained on deferral or modification.
- Investment securities grew by \$607 million for the quarter ended September 30, 2020 while loans and leases, including operating lease equipment, declined by \$69 million as liquidity was deployed into investment securities in the current challenging credit environment. We experienced growth in the residential and mortgage warehouse loan portfolio segments, offset by net runoff in other commercial and commercial real estate segments.
- Pre-tax, pre-provision net revenue ("PPNR") continued to improve year-over-year, increasing by \$12.9 million to \$115.1 million for the quarter ended September 30, 2020 from \$102.2 million for the quarter ended September 30, 2019. PPNR was \$122.3 million for the quarter ended June 30, 2020. For the nine months ended September 30, 2020, PPNR improved to \$322.5 million from \$308.8 million for the nine months ended September 30, 2019.
- The net interest margin, calculated on a tax-equivalent basis, was 2.32% for the quarter ended September 30, 2020 compared to 2.39% for the immediately preceding quarter. Deployment of liquidity into the securities portfolio contributed to the decline in the net interest margin for the quarter. The yield on interest earnings assets declined by 0.22% while the cost of interest bearing liabilities declined by 0.15% for the quarter ended September 30, 2020 compared to the quarter ended June 30, 2020. The net interest margin was 2.41% for the quarter ended September 30, 2019.
- The provision for credit losses totaled \$29.2 million for the quarter ended September 30, 2020 compared to \$25.4 million for the immediately preceding quarter ended June 30, 2020. The provision for credit losses was \$180.1 million for the nine months ended September 30, 2020. For the quarter and nine months ended September 30, 2019, the Company recorded provisions for loan losses, under the incurred loss model, of \$1.8 million and \$9.4 million, respectively. At September 30, 2020, the allowance for credit losses ("ACL") was \$274 million, or 1.15% of the loan portfolio, compared to \$266 million, or 1.12% at June 30, 2020.
- The net unrealized gain (loss) on investment securities available for sale continued to improve during the quarter to a net unrealized gain of \$62.0 million at September 30, 2020 compared to net unrealized losses of \$2.6 million and \$249.8 million at June 30, 2020 and March 31, 2020, respectively.
- Stockholders' equity increased by \$110 million during the quarter ended September 30, 2020 to \$2.9 billion. The increase was driven by the recovery of \$61 million in accumulated other comprehensive income, related primarily to the reduction in unrealized losses on investment securities available for sale, and by the retention of earnings. At September 30, 2020,

book value per common share and tangible book value per common share were \$31.01 and \$30.17, respectively, compared to \$29.81 and \$28.97, respectively at June 30, 2020 and \$31.33 and \$30.52, respectively at December 31, 2019.

- A dividend of \$0.23 per common share was declared for the quarter ended September 30, 2020.

## Capital

The Company's and BankUnited, N.A.'s regulatory capital ratios at September 30, 2020 and December 31, 2019 were as follows:

|  | September 30, 2020 |                  | December 31, 2019 |                  | Required to be Considered Well Capitalized |
|--|--------------------|------------------|-------------------|------------------|--|
|  | BankUnited, Inc.   | BankUnited, N.A. | BankUnited, Inc.  | BankUnited, N.A. |  |
| Tier 1 leverage                                  | 8.6%               | 9.5%             | 8.9%              | 9.3%             | 5.0%                                       |
| Common Equity Tier 1 ("CET1") risk-based capital | 12.2%              | 13.5%            | 12.3%             | 12.9%            | 6.5%                                       |
| Total risk-based capital                         | 14.3%              | 14.4%            | 12.8%             | 13.4%            | 10.0%                                      |

On a fully-phased in basis with respect to the adoption of CECL, the Company's and the Bank's CET1 risk-based capital ratios would have been 11.9% and 13.2%, respectively, at September 30, 2020. The increase in the total risk-based capital ratio for BankUnited, Inc. from December 31, 2019 to September 30, 2020 includes the issuance of \$300 million in subordinated debt in the second quarter of 2020.

## Loans and Leases

A comparison of loan and lease portfolio composition at the dates indicated follows (dollars in thousands):

|   | September 30, 2020  |               | June 30, 2020       |               | December 31, 2019   |               |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| Residential and other consumer loans      | \$ 5,940,900        | 25.1%         | \$ 5,577,807        | 23.5%         | \$ 5,661,119        | 24.5%         |
| Multi-family                              | 1,810,126           | 7.6%          | 1,893,753           | 7.9%          | 2,217,705           | 9.6%          |
| Non-owner occupied commercial real estate | 4,910,835           | 20.7%         | 4,940,531           | 20.7%         | 5,030,904           | 21.7%         |
| Construction and land                     | 263,381             | 1.1%          | 246,609             | 1.0%          | 243,925             | 1.1%          |
| Owner occupied commercial real estate     | 2,051,577           | 8.6%          | 2,041,346           | 8.6%          | 2,062,808           | 8.9%          |
| Commercial and industrial                 | 4,427,351           | 18.6%         | 4,691,326           | 19.7%         | 4,655,349           | 20.1%         |
| PPP                                       | 829,798             | 3.5%          | 827,359             | 3.5%          | —                   | —%            |
| Pinnacle                                  | 1,157,706           | 4.8%          | 1,242,506           | 5.2%          | 1,202,430           | 5.2%          |
| Bridge - franchise finance                | 606,222             | 2.5%          | 623,139             | 2.5%          | 627,482             | 2.6%          |
| Bridge - equipment finance                | 530,516             | 2.2%          | 589,785             | 2.5%          | 684,794             | 3.0%          |
| Mortgage warehouse lending ("MWL")        | 1,250,903           | 5.3%          | 1,160,728           | 4.9%          | 768,472             | 3.3%          |
|   | <u>\$23,779,315</u> | <u>100.0%</u> | <u>\$23,834,889</u> | <u>100.0%</u> | <u>\$23,154,988</u> | <u>100.0%</u> |
| Operating lease equipment, net            | <u>\$ 676,321</u>   |               | <u>\$ 689,965</u>   |               | <u>\$ 698,153</u>   |               |

Growth in residential and other consumer loans for the quarter was mainly attributable to GNMA early buyout loans. At September 30, 2020, June 30, 2020 and December 31, 2019, the residential portfolio included \$1.1 billion, \$805 million and \$676 million, respectively, of GNMA early buyout loans. Residential activity for the quarter included purchases of approximately \$418 million in GNMA early buyout loans, offset by approximately \$154 million in re-poolings and paydowns.

Residential and other consumer loans, excluding GNMA early buyout loans, experienced a net increase of approximately \$99 million.

For most commercial portfolio segments, production for the quarter in a challenging credit environment was not sufficient to offset payoffs and lower line utilization. The decline in multi-family balances was driven primarily by continued runoff of the New York portfolio.

Mortgage warehouse outstandings increased by \$90 million during the quarter ended September 30, 2020. Mortgage warehouse commitments totaled \$2.0 billion at September 30, 2020, an increase of 53% compared to \$1.3 billion at December 31, 2019. Line utilization was 63% at September 30, 2020 compared to 59% at December 31, 2019.

The following table presents information about commercial loan portfolio sub-segments that we have identified for enhanced monitoring related to the potential impact of the COVID-19 pandemic (dollars in thousands):

|   | September 30, 2020             |                  |   |                  |
|---|--------------------------------|------------------|---|------------------|
|   | Total Loans in the Sub-Segment | % of Total Loans | Loans on Payment Deferral, Modified or Pending Modification | % of Total Loans |
| Retail exposure in the CRE portfolio                | \$ 1,421,782                   | 6.0%             | \$ 42,206   | 0.2%             |
| Retail exposure in the C&I portfolio <sup>(1)</sup> | 321,077                        | 1.4%             | 40,004  | 0.2%             |
| Bridge - franchise finance                          | 606,222                        | 2.5%             | 75,606  | 0.3%             |
| Hotel   | 619,012                        | 2.6%             | 291,972   | 1.2%             |
| Airlines and aviation authorities                   | 145,921                        | 0.6%             | —   | —%               |
| Cruise lines  | 72,962                         | 0.3%             | 47,500  | 0.2%             |

|    |           |       |    |         |      |
|----|-----------|-------|----|---------|------|
| \$ | 3,186,976 | 13.4% | \$ | 497,288 | 2.1% |
|----|-----------|-------|----|---------|------|

(1) Includes \$211 million of owner-occupied commercial real estate loans.

### **Asset Quality and the Allowance for Credit Losses**

The following table presents the ACL at the dates indicated, related ACL coverage ratios, as well as net charge-off rates for the nine months ended September 30, 2020 and the year ended December 31, 2019 (dollars in thousands):

|   | ACL       | ACL to Total Loans | ACL to Non-Performing Loans | Net Charge-offs to Average Loans <sup>(1)</sup> |
|---|-----------|--------------------|-----------------------------|---|
| December 31, 2019 (incurred loss)               | \$108,671 | 0.47%              | 53.07%                      | 0.05%   |
| January 1, 2020 (initial date of CECL adoption) | \$135,976 | 0.59%              | 66.40%                      | N/A   |
| September 30, 2020 (expected loss)              | \$274,128 | 1.15% (2)          | 136.86%                     | 0.25%   |

(1) Annualized for the nine months ended September 30, 2020.

ACL to total loans, excluding government insured residential loans, PPP loans and MWL, which carry nominal or no reserves, was 1.33% at (2) September 30, 2020.

The ACL at September 30, 2020 represents management's estimate of lifetime expected credit losses from the loan portfolio given our assessment of historical data, current conditions and a reasonable and supportable economic forecast as of the balance sheet date. The estimate was informed by Moody's economic scenarios published in September 2020, economic information provided by additional sources, data reflecting the impact of recent events on individual borrowers and other relevant information.

For the quarter ended September 30, 2020, the Company recorded a provision for credit losses of \$29.2 million, which included a provision of \$27.6 million related to funded loans as well as immaterial components related to accrued interest receivable, unfunded loan commitments and an AFS debt security.

The following table summarizes the activity in the ACL for the periods indicated (in thousands):

|                                       | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|---------------------------------------|----------------------------------|------------|---------------------------------|------------|
|                                       | 2020                             | 2019       | 2020                            | 2019       |
| Beginning balance                     | \$ 266,123                       | \$ 112,141 | \$ 108,671                      | \$ 109,931 |
| Cumulative effect of adoption of CECL | —                                | —          | 27,305                          | —          |
| Balance after adoption of CECL        | 266,123                          | 112,141    | 135,976                         | 109,931    |
| Provision                             | 27,646                           | 1,839      | 181,095                         | 9,373      |
| Charge-offs                           | (23,770)                         | (6,141)    | (50,754)                        | (13,985)   |
| Recoveries                            | 4,129                            | 623        | 7,811                           | 3,143      |
| Ending balance                        | \$ 274,128                       | \$ 108,462 | \$ 274,128                      | \$ 108,462 |

Charge-offs for the quarter ended September 30, 2020 included \$22.1 million related to one commercial and industrial relationship that had been downgraded to substandard prior to the onset of COVID.

Non-performing loans totaled \$200.3 million or 0.84% of total loans at September 30, 2020, compared to \$204.8 million or 0.88% of total loans at December 31, 2019. Non-performing loans included \$43.6 million and \$45.7 million of the guaranteed portion of SBA loans on non-accrual status, representing 0.18% and 0.20% of total loans at September 30, 2020 and December 31, 2019, respectively.

### **Net interest income**

Net interest income for the quarter ended September 30, 2020 was \$187.5 million compared to \$190.3 million for the immediately preceding quarter ended June 30, 2020 and \$185.7 million for the quarter ended September 30, 2019. Interest income decreased by \$13.2 million for the quarter ended September 30, 2020 compared to the immediately preceding quarter, and by \$68.8 million, compared to the quarter ended September 30, 2019. Interest expense decreased by \$10.3 million compared to the immediately preceding quarter and by \$70.6 million compared to the quarter ended September 30, 2019. Decreases in interest income resulted from declines in market interest rates, partially offset by increases in average interest earning assets. Declines in interest expense reflected decreases in market interest rates and to a lesser extent, declines in average interest bearing liabilities.

The Company's net interest margin, calculated on a tax-equivalent basis, decreased by 0.07% to 2.32% for the quarter ended September 30, 2020, from 2.39% for the immediately preceding quarter ended June 30, 2020. The decline in the yield on interest earning assets outpaced the reduction in cost of interest bearing liabilities for the quarter. The deployment of liquidity into the securities portfolio in a challenging lending environment contributed to the decline in the yield on interest earning assets. Offsetting factors contributing to the decrease in the net interest margin for the quarter ended September 30, 2020 compared to the immediately preceding quarter ended June 30, 2020 included:

- The average rate paid on interest bearing deposits decreased to 0.75% for the quarter ended September 30, 2020, from 1.01% for the quarter ended June 30, 2020. This decline reflected continued initiatives taken to lower rates paid on deposits in response to declines in general market interest rates and the re-pricing of term deposits. We expect the cost of interest bearing deposits to continue to decline; at September 30, 2020, approximately \$1.5 billion or 25% of the time

deposit portfolio, with an average rate of 1.67%, has not yet repriced since March 2020 when the Fed last cut rates. The majority of these CDs will mature through the first quarter of 2021.

- The tax-equivalent yield on investment securities decreased to 2.00% for the quarter ended September 30, 2020 from 2.48% for the quarter ended June 30, 2020. This decrease resulted from the impact of purchases of lower-yielding securities, prepayments of higher yielding mortgage-backed securities and decreases in coupon interest rates on existing floating rate assets.
- The tax-equivalent yield on loans decreased to 3.61% for the quarter ended September 30, 2020, from 3.71% for the quarter ended June 30, 2020. Factors contributing to this decrease included the decline in benchmark interest rates which impacted the rates earned on both existing floating rate assets and new production, and the runoff of loans originated in a higher rate environment.
- The average rate paid on borrowings increased to 2.40% for the quarter ended September 30, 2020, from 1.97% for the quarter ended June 30, 2020, reflecting the maturity of short-term, lower rate FHLB advances. The issuance of \$300 million of 5.125% subordinated notes in June 2020 also contributed to the increase.
- The increase in average non-interest bearing demand deposits as a percentage of average total deposits also positively impacted the cost of total deposits and the net interest margin.

The Company's net interest margin, calculated on a tax-equivalent basis, was 2.35% for the nine months ended September 30, 2020, compared to 2.49% for the nine months ended September 30, 2019. Factors contributing to the decline were largely consistent with those enumerated above.

#### **Non-interest expense**

Non-interest expense totaled \$108.6 million for the quarter ended September 30, 2020 compared to \$106.4 million for the immediately preceding quarter ended June 30, 2020 and \$121.3 million for the quarter ended September 30, 2019. Non-interest expense totaled \$333.9 million and \$368.1 million for the nine months ended September 30, 2020 and 2019, respectively, a decline of approximately 9%.

- Compensation and benefits decreased by \$8.7 million and \$23.4 million, respectively, for the quarter and nine months ended September 30, 2020 compared to the corresponding periods in 2019. These decreases reflected reductions in headcount related to our BankUnited 2.0 initiative. Lower variable compensation costs and a decrease in equity based compensation expense related to the impact of a declining stock price on liability-classified awards also contributed to the declines.
- Cost reductions stemming from our BankUnited 2.0 initiative contributed to year over year reductions in Occupancy and equipment expense and Other non-interest expense.
- The increasing trend year over year in technology and telecommunications expense is reflective of investments in digital and data analytics capabilities and in the infrastructure to support cloud migration.
- The increase in deposit insurance expense reflects an increase in the assessment rate related to increases in the level of criticized and classified assets.
- Costs incurred directly related to the implementation of our BankUnited 2.0 initiative during the nine months ended September 30, 2020 and 2019 totaled \$0.3 million and \$14.5 million, respectively.
- For the quarter and nine months ended September 30, 2020, non-interest expense included approximately \$0.5 million and \$2.0 million, respectively, in costs directly related to our response to the COVID-19 pandemic.

#### **Earnings Conference Call and Presentation**

A conference call to discuss quarterly results will be held at 9:00 a.m. ET on Wednesday, October 28, 2020 with Chairman, President and Chief Executive Officer, Rajinder P. Singh, and Chief Financial Officer, Leslie N. Lunak.

The earnings release and slides with supplemental information relating to the release will be available on the Investor Relations page under About Us on [www.bankunited.com](http://www.bankunited.com) prior to the call. Due to recent demand for conference call services, participants are encouraged to listen to the call via a live Internet webcast at <http://ir.bankunited.com/>. The dial in telephone number for the call is (855) 798-3052 (domestic) or (234) 386-2812 (international). The name of the call is BankUnited, Inc. and the conference ID for the call is 1134069. A replay of the call will be available from 12:00 p.m. ET on October 28th through 11:59 p.m. ET on November 4th by calling (855) 859-2056 (domestic) or (404) 537-3406 (international). The conference ID for the replay is 1134069. An archived webcast will also be available on the Investor Relations page of [www.bankunited.com](http://www.bankunited.com).

#### **About BankUnited, Inc.**

BankUnited, Inc., with total assets of \$35.0 billion at September 30, 2020, is the bank holding company of BankUnited, N.A., a national bank headquartered in Miami Lakes, Florida with 71 banking centers in 14 Florida counties and 5 banking centers in the New York metropolitan area at September 30, 2020.

#### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the Company's current views with respect to, among other things, future events and financial performance.

The Company generally identifies forward-looking statements by terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "forecasts" or the negative version of those

words or other comparable words. Any forward-looking statements contained in this press release are based on the historical performance of the Company and its subsidiaries or on the Company's current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations contemplated by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions, including (without limitations) those relating to the Company's operations, financial results, financial condition, business prospects, growth strategy and liquidity, including as impacted by the COVID-19 pandemic. If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, the Company's actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive. The Company 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. Information on these factors can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, which are available at the SEC's website ( [www.sec.gov](http://www.sec.gov) ).

**BANKUNITED, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS - UNAUDITED**  
(In thousands, except share and per share data)

|  | <b>September<br/>30,<br/>2020</b> | <b>December<br/>31,<br/>2019</b> |
|--|-----------------------------------|----------------------------------|
| <b>ASSETS</b>  |                                   |                                  |
| Cash and due from banks:   |                                   |                                  |
| Non-interest bearing   | \$ 175                            | \$ 7,704                         |
| Interest bearing   | 369,601                           | 206,969                          |
| Cash and cash equivalents  | 369,776                           | 214,673                          |
| Investment securities (including securities recorded at fair value of \$9,290,883 and \$7,759,237)                               | 9,300,883                         | 7,769,237                        |
| Non-marketable equity securities   | 208,614                           | 253,664                          |
| Loans held for sale  | 3,816                             | 37,926                           |
| Loans  | 23,779,315                        | 23,154,988                       |
| Allowance for credit losses  | (274,128)                         | (108,671)                        |
| Loans, net   | 23,505,187                        | 23,046,317                       |
| Bank owned life insurance  | 292,773                           | 282,151                          |
| Operating lease equipment, net   | 676,321                           | 698,153                          |
| Goodwill and other intangible assets   | 77,641                            | 77,674                           |
| Other assets   | 593,586                           | 491,498                          |
| Total assets   | <u>\$ 35,028,597</u>              | <u>\$ 32,871,293</u>             |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                   |                                  |
| <b>Liabilities:</b>  |                                   |                                  |
| Demand deposits:   |                                   |                                  |
| Non-interest bearing   | \$ 6,789,622                      | \$ 4,294,824                     |
| Interest bearing   | 2,916,891                         | 2,130,976                        |
| Savings and money market   | 11,002,794                        | 10,621,544                       |
| Time   | 5,887,903                         | 7,347,247                        |
| Total deposits   | 26,597,210                        | 24,394,591                       |
| Federal funds purchased  | 180,000                           | 100,000                          |
| FHLB and PPPLF borrowings  | 4,118,460                         | 4,480,501                        |
| Notes and other borrowings   | 722,592                           | 429,338                          |
| Other liabilities  | 545,511                           | 486,084                          |
| Total liabilities  | 32,163,773                        | 29,890,514                       |
| <b>Commitments and contingencies</b>   |                                   |                                  |
| <b>Stockholders' equity:</b>   |                                   |                                  |
| Common stock, par value \$0.01 per share, 400,000,000 shares authorized; 92,388,641 and 95,128,231 shares issued and outstanding | 924                               | 951                              |
| Paid-in capital  | 995,438                           | 1,083,920                        |
| Retained earnings  | 1,950,288                         | 1,927,735                        |
| Accumulated other comprehensive loss   | (81,826)                          | (31,827)                         |
| Total stockholders' equity   | <u>2,864,824</u>                  | <u>2,980,779</u>                 |
| Total liabilities and stockholders' equity   | <u>\$ 35,028,597</u>              | <u>\$ 32,871,293</u>             |

**BANKUNITED, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED**  
(In thousands, except per share data)

|  | Three Months Ended |           |               | Nine Months Ended |            |
|--|--------------------|-----------|---------------|-------------------|------------|
|  | September 30,      | June 30,  | September 30, | September 30,     |            |
|  | 2020               | 2020      | 2019          | 2020              | 2019       |
| <b>Interest income:</b>                                |                    |           |               |                   |            |
| Loans  | \$ 208,646         | \$213,938 | \$ 248,770    | \$656,943         | \$738,766  |
| Investment securities                                  | 44,604             | 50,932    | 69,413        | 151,596           | 218,554    |
| Other  | 1,322              | 2,908     | 5,219         | 7,950             | 15,140     |
| Total interest income                                  | 254,572            | 267,778   | 323,402       | 816,489           | 972,460    |
| <b>Interest expense:</b>                               |                    |           |               |                   |            |
| Deposits   | 37,681             | 50,187    | 99,483        | 170,690           | 296,891    |
| Borrowings   | 29,412             | 27,254    | 38,229        | 87,407            | 108,095    |
| Total interest expense                                 | 67,093             | 77,441    | 137,712       | 258,097           | 404,986    |
| Net interest income before provision for credit losses | 187,479            | 190,337   | 185,690       | 558,392           | 567,474    |
| Provision for credit losses                            | 29,232             | 25,414    | 1,839         | 180,074           | 9,373      |
| Net interest income after provision for credit losses  | 158,247            | 164,923   | 183,851       | 378,318           | 558,101    |
| <b>Non-interest income:</b>                            |                    |           |               |                   |            |
| Deposit service charges and fees                       | 4,040              | 3,701     | 4,269         | 11,927            | 12,389     |
| Gain on sale of loans, net                             | 2,953              | 4,326     | 5,163         | 10,745            | 10,220     |
| Gain on investment securities, net                     | 7,181              | 6,836     | 3,835         | 10,564            | 13,736     |
| Lease financing  | 13,934             | 16,150    | 18,583        | 45,565            | 52,774     |
| Other non-interest income                              | 8,184              | 7,338     | 6,006         | 19,140            | 20,329     |
| Total non-interest income                              | 36,292             | 38,351    | 37,856        | 97,941            | 109,448    |
| <b>Non-interest expense:</b>                           |                    |           |               |                   |            |
| Employee compensation and benefits                     | 48,448             | 48,877    | 57,102        | 156,212           | 179,586    |
| Occupancy and equipment                                | 12,170             | 11,901    | 14,673        | 36,440            | 42,477     |
| Deposit insurance expense                              | 5,886              | 4,806     | 3,781         | 15,095            | 12,849     |
| Professional fees                                      | 2,436              | 3,131     | 2,923         | 8,771             | 17,731     |
| Technology and telecommunications                      | 15,435             | 14,025    | 10,994        | 42,056            | 34,175     |
| Depreciation of operating lease equipment              | 12,315             | 12,219    | 11,582        | 37,137            | 34,883     |
| Loss on debt extinguishment                            | —                  | —         | 3,796         | —                 | 3,796      |
| Other non-interest expense                             | 11,937             | 11,411    | 16,455        | 38,154            | 42,584     |
| Total non-interest expense                             | 108,627            | 106,370   | 121,306       | 333,865           | 368,081    |
| Income before income taxes                             | 85,912             | 96,904    | 100,401       | 142,394           | 299,468    |
| Provision for income taxes                             | 19,353             | 20,396    | 24,182        | 30,278            | 75,826     |
| Net income   | \$ 66,559          | \$ 76,508 | \$ 76,219     | \$ 112,116        | \$ 223,642 |
| Earnings per common share, basic                       | \$ 0.70            | \$ 0.80   | \$ 0.78       | \$ 1.17           | \$ 2.23    |
| Earnings per common share, diluted                     | \$ 0.70            | \$ 0.80   | \$ 0.77       | \$ 1.17           | \$ 2.23    |

**BANKUNITED, INC. AND SUBSIDIARIES**  
**AVERAGE BALANCES AND YIELDS**  
(Dollars in thousands)

|                                      | Three Months Ended<br>September 30, 2020 |                    |                          | Three Months Ended<br>June 30, 2020 |                    |                          | Three Months Ended<br>September 30, 2019 |                    |                          |
|--------------------------------------|--|--------------------|--------------------------|-------------------------------------|--------------------|--------------------------|--|--------------------|--------------------------|
|                                      | Average<br>Balance                       | Interest<br>(1)(2) | Yield/<br>Rate<br>(1)(2) | Average<br>Balance                  | Interest<br>(1)(2) | Yield/<br>Rate<br>(1)(2) | Average<br>Balance                       | Interest<br>(1)(2) | Yield/<br>Rate<br>(1)(2) |
| <b>Assets:</b>                       |  |                    |                          |                                     |                    |                          |  |                    |                          |
| <b>Interest earning assets:</b>      |  |                    |                          |                                     |                    |                          |  |                    |                          |
| Loans                                | \$23,447,514                             | \$ 212,388         | 3.61%                    | \$23,534,684                        | \$ 217,691         | 3.71%                    | \$22,733,875                             | \$ 252,896         | 4.43%                    |
| Investment securities <sup>(3)</sup> | 9,065,478                                | 45,351             | 2.00%                    | 8,325,217                           | 51,684             | 2.48%                    | 8,295,205                                | 70,427             | 3.40%                    |
| Other interest earning assets        | 552,515                                  | 1,322              | 0.95%                    | 765,848                             | 2,908              | 1.53%                    | 573,630                                  | 5,219              | 3.61%                    |
| Total interest earning assets        | 33,065,507                               | 259,061            | 3.13%                    | 32,625,749                          | 272,283            | 3.35%                    | 31,602,710                               | 328,542            | 4.14%                    |
| Allowance for credit losses          | (272,464)                                |                    |                          | (254,396)                           |                    |                          | (112,784)                                |                    |                          |
| Non-interest earning assets          | 1,897,723                                |                    |                          | 1,976,398                           |                    |                          | 1,652,901                                |                    |                          |
| Total assets                         | \$34,690,766                             |                    |                          | \$34,347,751                        |                    |                          | \$33,142,827                             |                    |                          |

**Liabilities and Stockholders' Equity:****Interest bearing liabilities:**

|  |              |        |       |              |          |       |              |          |       |
|--|--------------|--------|-------|--------------|----------|-------|--------------|----------|-------|
| Interest bearing demand deposits           | \$ 2,800,421 | 4,127  | 0.59% | \$ 2,448,545 | \$ 4,722 | 0.78% | \$ 1,872,573 | \$ 6,705 | 1.42% |
| Savings and money market deposits          | 10,664,462   | 15,853 | 0.59% | 10,450,310   | 17,447   | 0.67% | 10,907,317   | 51,229   | 1.86% |
| Time deposits                              | 6,519,852    | 17,701 | 1.08% | 7,096,097    | 28,018   | 1.59% | 6,845,643    | 41,549   | 2.41% |
| Total interest bearing deposits            | 19,984,735   | 37,681 | 0.75% | 19,994,952   | 50,187   | 1.01% | 19,625,533   | 99,483   | 2.01% |
| Short term borrowings                      | 53,587       | 14     | 0.10% | 119,835      | 32       | 0.11% | 115,209      | 670      | 2.31% |
| FHLB and PPPLF borrowings                  | 4,117,181    | 20,146 | 1.95% | 4,961,376    | 21,054   | 1.71% | 5,414,963    | 32,252   | 2.36% |
| Notes and other borrowings                 | 722,271      | 9,252  | 5.12% | 493,278      | 6,168    | 5.00% | 403,788      | 5,307    | 5.26% |
| Total interest bearing liabilities         | 24,877,774   | 67,093 | 1.07% | 25,569,441   | 77,441   | 1.22% | 25,559,493   | 137,712  | 2.14% |
| Non-interest bearing demand deposits       | 6,186,718    |        |       | 5,313,009    |          |       | 3,963,955    |          |       |
| Other non-interest bearing liabilities     | 803,498      |        |       | 820,439      |          |       | 704,995      |          |       |
| Total liabilities                          | 31,867,990   |        |       | 31,702,889   |          |       | 30,228,443   |          |       |
| Stockholders' equity                       | 2,822,776    |        |       | 2,644,862    |          |       | 2,914,384    |          |       |
| Total liabilities and stockholders' equity | \$34,690,766 |        |       | \$34,347,751 |          |       | \$33,142,827 |          |       |
| Net interest income                        | \$ 191,968   |        |       | \$ 194,842   |          |       | \$ 190,830   |          |       |
| Interest rate spread                       |              | 2.06%  |       |              | 2.13%    |       |              | 2.00%    |       |
| Net interest margin                        |              | 2.32%  |       |              | 2.39%    |       |              | 2.41%    |       |

(1) On a tax-equivalent basis where applicable

(2) Annualized

(3) At fair value except for securities held to maturity

**BANKUNITED, INC. AND SUBSIDIARIES**  
**AVERAGE BALANCES AND YIELDS**  
(Dollars in thousands)

**Nine Months Ended September 30,**

|  | 2020                   |                        |                           | 2019                   |                        |                           |
|--|------------------------|------------------------|---------------------------|------------------------|------------------------|---------------------------|
|  | <b>Average Balance</b> | <b>Interest (1)(2)</b> | <b>Yield/ Rate (1)(2)</b> | <b>Average Balance</b> | <b>Interest (1)(2)</b> | <b>Yield/ Rate (1)(2)</b> |
| <b>Assets:</b>                               |                        |                        |                           |                        |                        |                           |
| <b>Interest earning assets:</b>              |                        |                        |                           |                        |                        |                           |
| Loans  | \$23,278,042           | \$ 668,187             | 3.83%                     | \$22,407,271           | \$ 751,672             | 4.48%                     |
| Investment securities <sup>(3)</sup>         | 8,501,513              | 153,987                | 2.42%                     | 8,333,600              | 221,901                | 3.55%                     |
| Other interest earning assets                | 654,623                | 7,950                  | 1.62%                     | 532,062                | 15,140                 | 3.80%                     |
| Total interest earning assets                | 32,434,178             | 830,124                | 3.42%                     | 31,272,933             | 988,713                | 4.22%                     |
| Allowance for credit losses                  | (222,085)              |                        |                           | (113,694)              |                        |                           |
| Non-interest earning assets                  | 1,874,709              |                        |                           | 1,615,548              |                        |                           |
| Total assets                                 | \$34,086,802           |                        |                           | \$32,774,787           |                        |                           |
| <b>Liabilities and Stockholders' Equity:</b> |                        |                        |                           |                        |                        |                           |
| <b>Interest bearing liabilities:</b>         |                        |                        |                           |                        |                        |                           |
| Interest bearing demand deposits             | \$ 2,475,388           | 15,808                 | 0.85%                     | \$ 1,783,611           | 18,569                 | 1.39%                     |
| Savings and money market deposits            | 10,509,559             | 71,056                 | 0.90%                     | 11,093,290             | 156,236                | 1.88%                     |
| Time deposits                                | 7,040,101              | 83,826                 | 1.59%                     | 6,898,947              | 122,086                | 2.37%                     |
| Total interest bearing deposits              | 20,025,048             | 170,690                | 1.14%                     | 19,775,848             | 296,891                | 2.01%                     |
| Short term borrowings                        | 89,033                 | 412                    | 0.62%                     | 127,908                | 2,297                  | 2.39%                     |
| FHLB and PPPLF borrowings                    | 4,496,407              | 66,284                 | 1.97%                     | 5,037,299              | 89,890                 | 2.39%                     |
| Notes and other borrowings                   | 548,851                | 20,711                 | 5.03%                     | 403,574                | 15,908                 | 5.26%                     |
| Total interest bearing liabilities           | 25,159,339             | 258,097                | 1.37%                     | 25,344,629             | 404,986                | 2.14%                     |
| Non-interest bearing demand deposits         | 5,292,702              |                        |                           | 3,835,248              |                        |                           |
| Other non-interest bearing liabilities       | 791,057                |                        |                           | 654,692                |                        |                           |
| Total liabilities                            | 31,243,098             |                        |                           | 29,834,569             |                        |                           |
| Stockholders' equity                         | 2,843,704              |                        |                           | 2,940,218              |                        |                           |

|  |                     |                   |                     |                   |
|--|---------------------|-------------------|---------------------|-------------------|
| Total liabilities and stockholders' equity | <u>\$34,086,802</u> |                   | <u>\$32,774,787</u> |                   |
| Net interest income                        |                     | <u>\$ 572,027</u> |                     | <u>\$ 583,727</u> |
| Interest rate spread                       |                     |                   | <u>2.05%</u>        | <u>2.08%</u>      |
| Net interest margin                        |                     |                   | <u>2.35%</u>        | <u>2.49%</u>      |

(1) On a tax-equivalent basis where applicable

(2) Annualized

(3) At fair value except for securities held to maturity

**BANKUNITED, INC. AND SUBSIDIARIES**  
**EARNINGS PER COMMON SHARE**  
(In thousands except share and per share amounts)

|  | <u>Three Months Ended September 30,</u> |                | <u>Nine Months Ended September 30,</u> |                |
|--|---|----------------|--|----------------|
|  | <u>2020</u>                             | <u>2019</u>    | <u>2020</u>                            | <u>2019</u>    |
| <b>Basic earnings per common share:</b>                                      |   |                |  |                |
| <b>Numerator:</b>  |   |                |  |                |
| Net income   | \$ 66,559                               | \$ 76,219      | \$ 112,116                             | \$ 223,642     |
| Distributed and undistributed earnings allocated to participating securities | (2,896)                                 | (3,174)        | (4,816)                                | (9,247)        |
| Income allocated to common stockholders for basic earnings per common share  | \$ 63,663                               | \$ 73,045      | \$ 107,300                             | \$ 214,395     |
| <b>Denominator:</b>  |   |                |  |                |
| Weighted average common shares outstanding                                   | 92,405,239                              | 95,075,395     | 92,918,030                             | 97,113,878     |
| Less average unvested stock awards   | (1,183,564)                             | (1,098,509)    | (1,164,317)                            | (1,147,988)    |
| Weighted average shares for basic earnings per common share                  | 91,221,675                              | 93,976,886     | 91,753,713                             | 95,965,890     |
| <b>Basic earnings per common share</b>                                       | <u>\$ 0.70</u>                          | <u>\$ 0.78</u> | <u>\$ 1.17</u>                         | <u>\$ 2.23</u> |
| <b>Diluted earnings per common share:</b>                                    |   |                |  |                |
| <b>Numerator:</b>  |   |                |  |                |
| Income allocated to common stockholders for basic earnings per common share  | \$ 63,663                               | \$ 73,045      | \$ 107,300                             | \$ 214,395     |
| Adjustment for earnings reallocated from participating securities            | 4                                       | 7              | 3                                      | 20             |
| Income used in calculating diluted earnings per common share                 | \$ 63,667                               | \$ 73,052      | \$ 107,303                             | \$ 214,415     |
| <b>Denominator:</b>  |   |                |  |                |
| Weighted average shares for basic earnings per common share                  | 91,221,675                              | 93,976,886     | 91,753,713                             | 95,965,890     |
| Dilutive effect of stock options and certain shared-based awards             | 171,054                                 | 285,934        | 142,008                                | 303,524        |
| Weighted average shares for diluted earnings per common share                | 91,392,729                              | 94,262,820     | 91,895,721                             | 96,269,414     |
| <b>Diluted earnings per common share</b>                                     | <u>\$ 0.70</u>                          | <u>\$ 0.77</u> | <u>\$ 1.17</u>                         | <u>\$ 2.23</u> |

**BANKUNITED, INC. AND SUBSIDIARIES**  
**SELECTED RATIOS**

|  | <u>Three Months Ended September 30,</u> |             | <u>Nine Months Ended September 30,</u> |             |
|--|---|-------------|--|-------------|
|  | <u>2020</u>                             | <u>2019</u> | <u>2020</u>                            | <u>2019</u> |
| <b>Financial ratios <sup>(4)</sup></b> |   |             |  |             |
| Return on average assets               | 0.76%                                   | 0.91%       | 0.44%                                  | 0.91%       |
| Return on average stockholders' equity | 9.4%                                    | 10.4%       | 5.3%                                   | 10.2%       |
| Net interest margin <sup>(3)</sup>     | 2.32%                                   | 2.41%       | 2.35%                                  | 2.49%       |

September 30, 2020 December 31, 2019

**Asset quality ratios**

|   |         |        |
|---|---------|--------|
| Non-performing loans to total loans <sup>(1)(5)</sup>                 | 0.84%   | 0.88%  |
| Non-performing assets to total assets <sup>(2)(5)</sup>               | 0.58%   | 0.63%  |
| Allowance for credit losses to total loans                            | 1.15%   | 0.47%  |
| Allowance for credit losses to non-performing loans <sup>(1)(5)</sup> | 136.86% | 53.07% |
| Net charge-offs to average loans <sup>(4)</sup>                       | 0.25%   | 0.05%  |



- (1) We define non-performing loans to include non-accrual loans and loans other than purchase credit deteriorated and government insured residential loans that are past due 90 days or more and still accruing. Contractually delinquent purchase credit deteriorated and government insured residential loans on which interest continues to be accrued are excluded from non-performing loans.
- (2) Non-performing assets include non-performing loans, OREO and other repossessed assets.
- (3) On a tax-equivalent basis.
- (4) Annualized for the three and nine month periods.
- (5) Non-performing loans and assets include the guaranteed portion of non-accrual SBA loans totaling \$43.6 million or 0.18% of total loans and 0.12% of total assets, at September 30, 2020; and \$45.7 million or 0.20% of total loans and 0.14% of total assets, at December 31, 2019.

#### **Non-GAAP Financial Measures**

PPNR is a non-GAAP financial measure. Management believes this measure is relevant to understanding the performance of the Company attributable to elements other than the provision for credit losses and the ability of the Company to generate earnings sufficient to cover estimated credit losses, particularly in view of the adoption of the CECL accounting methodology, which may impact comparability of operating results to prior periods. This measure also provides a meaningful basis for comparison to other financial institutions and is a measure frequently cited by investors. The following table reconciles the non-GAAP financial measurement of PPNR to the comparable GAAP financial measurement of income before income taxes for the three and nine months ended September 30, 2020 and 2019 and the three months ended June 30, 2020 (in thousands):

|                                   | Three Months Ended September 30, 2020 | Three Months Ended June 30, 2020 | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2020 |            |
|-----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|------------|
|                                   |                                       |                                  |                                       | 2020                                 | 2019       |
| Income before income taxes (GAAP) | \$ 85,912                             | \$ 96,904                        | \$ 100,401                            | \$ 142,394                           | \$ 299,468 |
| Plus: Provision for credit losses | 29,232                                | 25,414                           | 1,839                                 | 180,074                              | 9,373      |
| PPNR (non-GAAP)                   | \$ 115,144                            | \$ 122,318                       | \$ 102,240                            | \$ 322,468                           | \$ 308,841 |

ACL to total loans, excluding government insured residential loans, PPP loans and MWL is a non-GAAP financial measure. Management believes this measure is relevant to understanding the adequacy of the ACL coverage, excluding the impact of loans which carry nominal or no reserves. Disclosure of this non-GAAP financial measure also provides a meaningful basis for comparison to other financial institutions. The following table reconciles the non-GAAP financial measurement of ACL to total loans, excluding government insured residential loans, PPP loans and MWL to the comparable GAAP financial measurement of ACL to total loans at September 30, 2020 (dollars in thousands):

|  |              |
|--|--------------|
| Total loans (GAAP)   | \$23,779,315 |
| Less: Government insured residential loans   | 1,089,055    |
| Less: PPP loans  | 829,798      |
| Less: MWL  | 1,250,903    |
| Total loans, excluding government insured residential loans, PPP loans and MWL (non-GAAP)        | \$20,609,559 |
| ACL  | \$ 274,128   |
| ACL to total loans (GAAP)  | 1.15%        |
| ACL to total loans, excluding government insured residential loans, PPP loans and MWL (non-GAAP) | 1.33%        |

Tangible book value per common share is a non-GAAP financial measure. Management believes this measure is relevant to understanding the capital position and performance of the Company. Disclosure of this non-GAAP financial measure also provides a meaningful basis for comparison to other financial institutions as it is a metric commonly used in the banking industry. The following table reconciles the non-GAAP financial measurement of tangible book value per common share to the comparable GAAP financial measurement of book value per common share at the dates indicated (in thousands except share and per share data):

|  | September 30, 2020 | June 30, 2020 | December 31, 2019 |
|--|--------------------|---------------|-------------------|
| Total stockholders' equity                 | \$ 2,864,824       | \$ 2,755,053  | \$ 2,980,779      |
| Less: goodwill and other intangible assets | 77,641             | 77,652        | 77,674            |
| Tangible stockholders' equity              | \$ 2,787,183       | \$ 2,677,401  | \$ 2,903,105      |
| Common shares issued and outstanding       | 92,388,641         | 92,420,278    | 95,128,231        |
| Book value per common share                | \$ 31.01           | \$ 29.81      | \$ 31.33          |
| Tangible book value per common share       | \$ 30.17           | \$ 28.97      | \$ 30.52          |

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Source: BankUnited, Inc.