



BankUnited, Inc. Reports 2015 Results

January 21, 2016

MIAMI LAKES, Fla.--(BUSINESS WIRE)--Jan. 21, 2016-- BankUnited, Inc. (the "Company") (NYSE:BKU) today announced financial results for the quarter and year ended December 31, 2015.

For the quarter ended December 31, 2015, the Company reported net income of \$56.3 million, or \$0.52 per diluted share, compared to \$46.8 million, or \$0.45 per diluted share, for the quarter ended December 31, 2014.

For the year ended December 31, 2015, the Company reported net income of \$251.7 million, or \$2.35 per diluted share. The Company reported net income of \$204.2 million, or \$1.95 per diluted share, for the year ended December 31, 2014. Excluding the impact of a discrete income tax benefit and related professional fees recognized in the third quarter of 2015, net income for the year ended December 31, 2015 was \$203.1 million, or \$1.90 per diluted share.

John Kanas, Chairman, President and Chief Executive Officer, said, "Despite the challenging banking environment, BankUnited had an outstanding quarter with respect to earnings and growth in loans and deposits."

Performance Highlights

- During the quarter ended December 31, 2015, the Company completed an underwritten public offering of \$400,000,000 aggregate principal amount of its 4.875% senior notes.
- New loans and leases, including equipment under operating lease, grew by \$1.3 billion during the fourth quarter of 2015. For the year ended December 31, 2015, new loans and leases increased by \$4.7 billion.
- Total deposits increased by a record \$1.0 billion for the quarter ended December 31, 2015 to \$16.9 billion. For the year ended December 31, 2015, total deposits increased by \$3.4 billion.
- Net interest income increased by \$31.5 million to \$203.0 million for the quarter ended December 31, 2015 from \$171.5 million for the quarter ended December 31, 2014. Interest income increased by \$42.2 million primarily as a result of an increase in the average balance of loans outstanding. Interest expense increased by \$10.7 million due primarily to an increase in average interest bearing liabilities. Net interest income continued to grow quarter over quarter, increasing by \$14.0 million compared to the immediately preceding quarter ended September 30, 2015.
- The net interest margin, calculated on a tax-equivalent basis, was 3.94% for the quarter and year ended December 31, 2015 compared to 4.26% and 4.61% for the quarter and year ended December 31, 2014, respectively. The net interest margin continues to be impacted by the origination of new loans at current market yields lower than those on loans acquired in the FSB Acquisition (as defined below). The net interest margin for the immediately preceding quarter ended September 30, 2015 was 3.88%.
- As expected, the ratio of non-performing, non-covered loans to total non-covered loans at December 31, 2015 declined to 0.37% from 0.66% at September 30, 2015.
- Book value and tangible book value per common share grew to \$21.65 and \$20.90, respectively, at December 31, 2015.

Capital

The Company and its banking subsidiary continue to exceed all regulatory guidelines required to be considered well capitalized. The Company's regulatory capital ratios at December 31, 2015 were as follows:

| | |
|--|-------|
| Tier 1 leverage | 9.3% |
| Common Equity Tier 1 ("CET1") risk-based capital | 12.6% |
| Tier 1 risk-based capital | 12.6% |
| Total risk-based capital | 13.4% |

Loans and Leases

Loans, including premiums, discounts and deferred fees and costs, increased to \$16.6 billion at December 31, 2015 from \$12.4 billion at December 31, 2014. New loans grew to \$15.8 billion while loans acquired in the FSB acquisition declined to \$877 million at December 31, 2015.

Loan growth for the quarter ended December 31, 2015 was concentrated in the commercial portfolio segment. New commercial loans, including commercial real estate loans, commercial and industrial loans, and loans and leases originated by our commercial lending subsidiaries, grew \$1.3

billion to \$12.8 billion. New residential loans remained at \$2.9 billion during the fourth quarter of 2015.

The New York franchise contributed \$623 million to new loan growth for the quarter while the Florida franchise contributed \$485 million. The Company's national platforms contributed \$147 million of new loan growth and \$82 million of growth in the operating lease portfolio. We refer to our three commercial lending subsidiaries, our mortgage warehouse lending operations, the newly acquired small business finance unit and our residential loan purchase program as national platforms. At December 31, 2015, the new loan portfolio included \$5.5 billion, \$5.5 billion and \$4.7 billion attributable to the Florida franchise, the New York franchise and the national platforms, respectively.

A comparison of portfolio composition at the dates indicated follows:

| | New Loans | | Total Loans | |
|---|---|-------------------|-------------------|-------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| | Single family residential and home equity | 18.4% | 22.2% | 22.3% |
| Multi-family | 21.9% | 17.1% | 20.9% | 15.8% |
| Commercial real estate | 18.4% | 15.6% | 17.5% | 14.4% |
| Commercial real estate - owner occupied | 8.5% | 9.0% | 8.2% | 8.4% |
| Construction and land | 2.2% | 1.5% | 2.1% | 1.4% |
| Commercial and industrial | 17.6% | 21.4% | 16.7% | 19.4% |
| Commercial lending subsidiaries | 12.8% | 13.0% | 12.1% | 11.8% |
| Consumer | 0.2% | 0.2% | 0.2% | 0.2% |
| | 100.0% | 100.0% | 100.0% | 100.0% |

Asset Quality and Allowance for Loan and Lease Losses

For the quarters ended December 31, 2015 and 2014, the Company recorded provisions for loan losses of \$9.9 million and \$20.5 million, respectively. Of these amounts, provisions of \$8.3 million and \$21.6 million, respectively, related to new loans. For the year ended December 31, 2015 and 2014, the Company recorded provisions for loan losses of \$44.3 million and \$41.5 million, respectively. Of these amounts, provisions of \$42.1 million and \$41.7 million, respectively, related to new loans.

The provision for loan losses for the quarter and year ended December 31, 2015 reflected continued growth in the new loan portfolio. The decrease in the provision for loan losses for the fourth quarter of 2015 compared to the fourth quarter of 2014 reflects the impact of decreases in the provision related to loans individually determined to be impaired and a decline in loss rates used to calculate general reserves.

Asset quality remains strong. The ratio of non-performing, non-covered loans to total non-covered loans was 0.37% and 0.29% at December 31, 2015 and December 31, 2014, respectively. The ratio of total non-performing loans to total loans was 0.43% at December 31, 2015 and 0.31% at December 31, 2014. At December 31, 2015, non-performing assets totaled \$82.7 million, including \$11.2 million of other real estate owned ("OREO") and other foreclosed assets, compared to \$52.8 million, including \$13.8 million of OREO, at December 31, 2014. Non-covered, non-performing assets totaled \$61.5 million, or 0.26% of total assets, at December 31, 2015 compared to 0.44% at September 30, 2015 and 0.17% at December 31, 2014. The ratio of the allowance for non-covered loan and lease losses to non-performing, non-covered loans was 204.45% and 281.54% at December 31, 2015 and December 31, 2014, respectively. The ratio of net charge-offs to average non-covered loans was 0.09% for the year ended December 31, 2015, compared to 0.08% for the year ended December 31, 2014.

The following tables summarize the activity in the allowance for loan and lease losses for the periods indicated (in thousands):

| | Three Months Ended December 31, 2015 | | | | Three Months Ended December 31, 2014 | | | |
|--------------------------------|--------------------------------------|----------|------------|------------|--------------------------------------|----------|-----------|-----------|
| | Non-ACI | | | | Non-ACI | | | |
| | ACI Loans | Loans | New Loans | Total | ACI Loans | Loans | New Loans | Total |
| Balance at beginning of period | \$ — | \$ 3,485 | \$ 114,800 | \$ 118,285 | \$ — | \$ 5,789 | \$ 73,079 | \$ 78,868 |
| Provision (recovery) | — | 1,584 | 8,340 | 9,924 | — | (1,035) | 21,558 | 20,523 |
| Charge-offs | — | (222) | (2,533) | (2,755) | — | (810) | (3,386) | (4,196) |
| Recoveries | — | 21 | 353 | 374 | — | 248 | 99 | 347 |
| Balance at end of period | \$ — | \$ 4,868 | \$ 120,960 | \$ 125,828 | \$ — | \$ 4,192 | \$ 91,350 | \$ 95,542 |

| | Year Ended December 31, 2015 | | | | Year Ended December 31, 2014 | | | |
|--------------------------------|------------------------------|----------|------------|------------|------------------------------|----------|-----------|-----------|
| | Non-ACI | | | | Non-ACI | | | |
| | ACI Loans | Loans | New Loans | Total | ACI Loans | Loans | New Loans | Total |
| Balance at beginning of period | \$ — | \$ 4,192 | \$ 91,350 | \$ 95,542 | \$ 2,893 | \$ 9,502 | \$ 57,330 | \$ 69,725 |
| Provision (recovery) | — | 2,251 | 42,060 | 44,311 | 2,311 | (2,554) | 41,748 | 41,505 |
| Charge-offs | — | (1,680) | (13,719) | (15,399) | (5,204) | (3,496) | (8,754) | (17,454) |
| Recoveries | — | 105 | 1,269 | 1,374 | — | 740 | 1,026 | 1,766 |
| Balance at end of period | \$ — | \$ 4,868 | \$ 120,960 | \$ 125,828 | \$ — | \$ 4,192 | \$ 91,350 | \$ 95,542 |

Deposits

At December 31, 2015, deposits totaled \$16.9 billion compared to \$13.5 billion at December 31, 2014. Deposits in New York totaled \$3.3 billion and

\$1.6 billion, respectively, at December 31, 2015 and December 31, 2014. The average cost of total deposits was 0.62% for the quarter ended December 31, 2015, compared to 0.61% for the immediately preceding quarter ended September 30, 2015 and 0.61% for the quarter ended December 31, 2014. The average cost of interest bearing deposits was 0.75% for the quarter ended December 31, 2015, compared to 0.74% for the immediately preceding quarter ended September 30, 2015 and 0.76% for the quarter ended December 31, 2014. The average cost of deposits was 0.61% for the years ended December 31, 2015 and 2014.

Net interest income

Net interest income for the quarter ended December 31, 2015 increased to \$203.0 million from \$171.5 million for the quarter ended December 31, 2014. Net interest income was \$745.7 million for the year ended December 31, 2015, compared to \$677.1 million for the year ended December 31, 2014. Increases in net interest income reflected increases in interest income, partially offset by increases in interest expense. The increases in interest income were attributable to increases in the average balance of loans and investment securities outstanding, partially offset by a decline in the related average yields. Interest expense increased due primarily to an increase in average interest bearing liabilities.

The Company's net interest margin, calculated on a tax-equivalent basis, was 3.94% for the quarter ended December 31, 2015 compared to 4.26% for the quarter ended December 31, 2014. Net interest margin, calculated on a tax-equivalent basis, was 3.94% for the year ended December 31, 2015, compared to 4.61% for the year ended December 31, 2014. Significant factors impacting this expected trend in net interest margin for the quarter and year ended December 31, 2015 included:

- The tax-equivalent yield on loans declined to 5.34% and 5.40% for the quarter and year ended December 31, 2015 compared to 5.89% and 6.44% for the quarter and year ended December 31, 2014, primarily because new loans, originated at yields lower than those on loans acquired in the FSB Acquisition, comprised a greater percentage of total loans.
- The tax-equivalent yield on new loans was 3.51% and 3.50% for the quarter and year ended December 31, 2015 compared to 3.52% and 3.56% for the quarter and year ended December 31, 2014.
- The tax-equivalent yield on loans acquired in the FSB Acquisition increased to 35.76% and 30.29% for the quarter and year ended December 31, 2015 from 27.15% and 27.09% for the quarter and year ended December 31, 2014.
- The tax-equivalent yield on investment securities decreased to 2.77% and 2.59% for the quarter and year ended December 31, 2015 from 2.82% and 2.80% for the quarter and year ended December 31, 2014.
- The average rate on interest bearing liabilities increased to 0.89% for the quarter ended December 31, 2015 from 0.86% for the quarter ended December 31, 2014, reflecting the impact of the senior notes issued in the fourth quarter of 2015. The average rate on interest bearing liabilities declined to 0.84% for the year ended December 31, 2015 from 0.87% for year ended December 31, 2014, primarily due to lower rates on time deposits and FHLB advances.

The Company's net interest margin, calculated on a tax-equivalent basis, of 3.94% for the quarter ended December 31, 2015 increased from 3.88% for the immediately preceding quarter ended September 30, 2015. The primary drivers of this increase were increases in the tax-equivalent yields on loans acquired in the FSB Acquisition and on investment securities.

The Company's net interest margin continues to be impacted by reclassifications from non-accretable difference to accretible yield on ACI loans. Non-accretable difference at acquisition represented the difference between the total contractual payments due and the cash flows expected to be received on these loans. The accretible yield on ACI loans represented the amount by which undiscounted expected future cash flows exceeded the recorded investment in the loans. As the Company's expected cash flows from ACI loans have increased since the FSB Acquisition, the Company has reclassified amounts from non-accretable difference to accretible yield.

Changes in accretible yield on ACI loans for the years ended December 31, 2015 and 2014 were as follows (in thousands):

| | |
|--|-------------------|
| Balance at December 31, 2013 | \$1,158,572 |
| Reclassifications from non-accretable difference | 185,604 |
| Accretion | <u>(338,864)</u> |
| Balance at December 31, 2014 | 1,005,312 |
| Reclassifications from non-accretable difference | 192,291 |
| Accretion | <u>(295,038)</u> |
| Balance at December 31, 2015 | <u>\$ 902,565</u> |

Non-interest income

Non-interest income totaled \$29.3 million and \$102.2 million, respectively, for the quarter and year ended December 31, 2015 compared to \$19.0 million and \$84.2 million, respectively, for the quarter and year ended December 31, 2014.

The provision for (recovery of) loan losses for covered loans, net income from resolution of covered assets, gain (loss) on sale of covered loans and loss (gain) related to covered OREO all relate to transactions in the covered assets. The line item Net loss on FDIC indemnification represents the mitigating impact of FDIC indemnification on gains and losses arising from these transactions in the covered assets. The impact on pre-tax earnings of these transactions, net of FDIC indemnification, for the quarter and year ended December 31, 2015 was \$3.2 million and \$16.4 million, respectively, compared to \$1.8 million and \$26.0 million, respectively, for the quarter and year ended December 31, 2014.

The variance in the impact on pre-tax earnings of these transactions in covered assets for the year ended December 31, 2015 compared to the year

ended December 31, 2014 related primarily to sales of covered loans. The Company recognized net gains on the sale of covered loans of \$34.9 million for the year ended December 31, 2015 and a related net loss on FDIC indemnification of \$(28.1) million, resulting in a pre-tax impact of \$6.9 million. For the year ended December 31, 2014, the Company recognized net gains on the sale of covered loans of \$20.4 million, and a related net loss on FDIC indemnification of \$(5.3) million, resulting in a pre-tax impact of \$15.0 million. The gain recognized for the year ended December 31, 2015 related to the sale of covered residential loans while the gain recognized for the year ended December 31, 2014 related primarily to the sale of covered commercial loans prior to the termination of the Commercial Shared Loss Agreement with the FDIC. The net loss on FDIC indemnification related to covered loan sales for the year ended December 31, 2014 did not bear the 80% relationship to the net gain on sale that might generally be expected primarily because indemnification is determined based on the unpaid principal balance of the loans sold rather than carrying value and because proceeds in excess of the unpaid principal balance are not subject to sharing with the FDIC.

Increases in income from lease financing for the year ended December 31, 2015 corresponded to growth in the portfolio of equipment under operating lease.

Non-interest expense

Non-interest expense totaled \$136.8 million and \$506.7 million, respectively, for the quarter and year ended December 31, 2015 compared to \$108.5 million and \$426.5 million, respectively, for the quarter and year ended December 31, 2014. The most significant component of the increase in non-interest expense for the quarter and year ended December 31, 2015 was the increase in amortization of the FDIC indemnification asset.

Amortization of the FDIC indemnification asset was \$32.5 million and \$109.4 million, respectively, for the quarter and year ended December 31, 2015 compared to \$20.6 million and \$69.5 million, respectively, for the quarter and year ended December 31, 2014. The amortization rate increased to 16.66% and 12.68%, respectively, for the quarter and year ended December 31, 2015 from 8.16% and 6.41%, respectively, for the quarter and year ended December 31, 2014. As the expected cash flows from ACI loans have increased, expected cash flows from the FDIC indemnification asset have decreased, resulting in continued increases in the amortization rate.

Increases in employee compensation and benefits, occupancy and equipment, deposit insurance expense and other non-interest expense for the quarter and year ended December 31, 2015 over the corresponding periods in 2014 primarily reflect the overall growth of the Company.

Increases in depreciation of equipment under operating lease for the quarter and year ended December 31, 2015 generally correspond to growth in the portfolio of equipment under operating lease.

Provision for income taxes

The effective income tax rate was 34.2% and 15.2%, respectively, for the quarter and year ended December 31, 2015, compared to 23.9% and 30.4%, respectively, for the quarter and year ended December 31, 2014. The effective income tax rate for the year ended December 31, 2015 reflects a discrete income tax benefit of \$49.3 million. The tax benefit, predicated on guidance issued by the IRS in 2015, relates to the Company's ability to claim additional tax basis in certain assets acquired in the FSB Acquisition. The effective income tax rate for the quarter ended December 31, 2014 reflects the impact of changes in state income tax positions and benefits resulting from state income tax law changes.

Non-GAAP Financial Measures

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 base for comparability to other financial institutions. 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 December 31, 2015 (in thousands except share and per share data):

| | |
|--|--------------------|
| Total stockholders' equity | \$ 2,243,898 |
| Less: goodwill and other intangible assets | <u>78,330</u> |
| Tangible stockholders' equity | \$ 2,165,568 |
| | |
| Common shares issued and outstanding | <u>103,626,255</u> |
| | |
| Book value per common share | <u>\$ 21.65</u> |
| | |
| Tangible book value per common share | <u>\$ 20.90</u> |

Net income and earnings per diluted common share 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 current period 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 year ended December 31, 2015 (in thousands except share and per share data):

| | <u>Year ended December 31, 2015</u> |
|---|--|
| Net income excluding the impact of a discrete income tax benefit and related professional fees: | |
| Net income (GAAP) | \$ 251,660 |
| Less discrete income tax benefit | (49,323) |
| Add back related professional fees, net of tax of \$524 | <u>801</u> |

| | |
|---|--------------------|
| Net income excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP) | <u>\$ 203,138</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) | \$ 2.35 |
| Impact on diluted earnings per common share of discrete income tax benefit and related professional fees (non-GAAP) | (0.47) |
| Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP) | <u>0.02</u> |
| Diluted earnings per common share, excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP) | <u>\$ 1.90</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 | \$ (48,522) |
| Weighted average shares for diluted earnings per share (GAAP) | <u>102,972,150</u> |
| Impact on diluted earnings per common share of discrete income tax benefit and related professional fees (non-GAAP) | <u>\$ (0.47)</u> |
| Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities: | |
| Discrete income tax benefit and related professional fees, net of tax, allocated to participating securities | \$ 1,881 |
| Weighted average shares for diluted earnings per share (GAAP) | <u>102,972,150</u> |
| Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP) | <u>\$ 0.02</u> |

Earnings Conference Call and Presentation

A conference call to discuss quarterly results will be held at 9:00 a.m. ET on Thursday, January 21, 2016 with Chairman, President and Chief Executive Officer, John A. Kanas, and Chief Financial Officer, Leslie N. Lunak.

The earnings release will be available on the Investor Relations page under About Us on www.bankunited.com prior to the call. The call may be accessed via a live Internet webcast at www.bankunited.com or through a dial in telephone number at (855) 798-3052 (domestic) or (234) 386-2812 (international). The name of the call is BankUnited, Inc. and the confirmation number for the call is 22044064. A replay of the call will be available from 12:00 p.m. ET on January 21st through 11:59 p.m. ET on January 28th by calling (855) 859-2056 (domestic) or (404) 537-3406 (international). The pass code for the replay is 22044064. An archived webcast will also be available on the Investor Relations page of www.bankunited.com.

About BankUnited, Inc. and the FSB Acquisition

BankUnited, Inc., with total assets of \$23.9 billion at December 31, 2015, is the bank holding company of BankUnited, N.A., a national bank headquartered in Miami Lakes, Florida with 98 branches in 15 Florida counties and 6 banking centers in the New York metropolitan area at December 31, 2015.

The Company was organized by a management team led by its Chairman, President and Chief Executive Officer, John A. Kanas, in 2009. On May 21, 2009, BankUnited acquired substantially all of the assets and assumed all of the non-brokered deposits and substantially all other liabilities of BankUnited, FSB from the FDIC, in a transaction referred to as the FSB Acquisition. Concurrently with the FSB Acquisition, BankUnited entered into two loss sharing agreements, or the Loss Sharing Agreements, which covered certain legacy assets, including the entire legacy loan portfolio and OREO, and certain purchased investment securities. Assets covered by the Loss Sharing Agreements are referred to as "covered assets" (or, in certain cases, "covered loans"). The Loss Sharing Agreements do not apply to subsequently purchased or originated loans ("new loans") or other assets. Effective May 22, 2014 and consistent with the terms of the Loss Sharing Agreements, loss share coverage was terminated for those commercial loans and OREO and certain investment securities that were previously covered under the Loss Sharing Agreements. 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, including certain interest and expenses, up to the \$4.0 billion stated threshold and 95% of losses in excess of the \$4.0 billion stated threshold. The Company's current estimate of cumulative losses on the covered assets is approximately \$3.8 billion. The Company has received \$2.7 billion from the FDIC in reimbursements under the Loss Sharing Agreements for claims filed for incurred losses as of December 31, 2015.

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" 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 relating to the Company'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 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, 2014 available at the SEC's website (www.sec.gov).

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

| | December 31, 2015 | December 31, 2014 |
|--|----------------------------------|----------------------------------|
| ASSETS | | |
| Cash and due from banks: | | |
| Non-interest bearing | \$ 31,515 | \$ 46,268 |
| Interest bearing | 39,613 | 33,979 |
| Interest bearing deposits at Federal Reserve Bank | 192,366 | 100,596 |
| Federal funds sold | 4,006 | 6,674 |
| Cash and cash equivalents | 267,500 | 187,517 |
| Investment securities available for sale, at fair value | 4,859,539 | 4,585,694 |
| Investment securities held to maturity | 10,000 | 10,000 |
| Non-marketable equity securities | 219,997 | 191,674 |
| Loans held for sale | 47,410 | 1,399 |
| Loans (including covered loans of \$809,540 and \$1,043,864) | 16,636,603 | 12,414,769 |
| Allowance for loan and lease losses | (125,828) | (95,542) |
| Loans, net | 16,510,775 | 12,319,227 |
| FDIC indemnification asset | 739,880 | 974,704 |
| Bank owned life insurance | 225,867 | 215,065 |
| Equipment under operating lease, net | 483,518 | 314,558 |
| Deferred tax asset, net | 105,577 | 117,215 |
| Goodwill and other intangible assets | 78,330 | 68,414 |
| Other assets | 335,074 | 225,062 |
| Total assets | \$ 23,883,467 | \$ 19,210,529 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

| | | |
|---------------------------------|--------------|--------------|
| Demand deposits: | | |
| Non-interest bearing | \$ 2,874,533 | \$ 2,714,127 |
| Interest bearing | 1,167,537 | 899,696 |
| Savings and money market | 8,288,340 | 5,896,007 |
| Time | 4,608,091 | 4,001,925 |
| Total deposits | 16,938,501 | 13,511,755 |
| Federal Home Loan Bank advances | 4,008,464 | 3,307,932 |
| Notes and other borrowings | 402,545 | 10,627 |
| Other liabilities | 290,059 | 327,681 |
| Total liabilities | 21,639,569 | 17,157,995 |

Commitments and contingencies

Stockholders' equity:

| | | |
|--|----------------------|----------------------|
| Common stock, par value \$0.01 per share, 400,000,000 shares authorized; 103,626,255 and 101,656,702 shares issued and outstanding | 1,036 | 1,017 |
| Paid-in capital | 1,406,786 | 1,353,538 |
| Retained earnings | 813,894 | 651,627 |
| Accumulated other comprehensive income | 22,182 | 46,352 |
| Total stockholders' equity | 2,243,898 | 2,052,534 |
| Total liabilities and stockholders' equity | \$ 23,883,467 | \$ 19,210,529 |

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

| Three Months Ended December 31, | | Years Ended December 31, | |
|--|-------------|-------------------------------------|-------------|
| 2015 | 2014 | 2015 | 2014 |

| | | | | |
|---|------------------|------------------|-------------------|-------------------|
| Interest income: | | | | |
| Loans | \$208,218 | \$167,679 | \$ 753,901 | \$ 667,237 |
| Investment securities | 31,424 | 30,279 | 116,817 | 108,662 |
| Other | 2,760 | 2,269 | 10,098 | 7,845 |
| Total interest income | <u>242,402</u> | <u>200,227</u> | <u>880,816</u> | <u>783,744</u> |
| Interest expense: | | | | |
| Deposits | 25,333 | 19,967 | 91,151 | 72,961 |
| Borrowings | 14,074 | 8,758 | 44,013 | 33,690 |
| Total interest expense | <u>39,407</u> | <u>28,725</u> | <u>135,164</u> | <u>106,651</u> |
| Net interest income before provision for loan losses | 202,995 | 171,502 | 745,652 | 677,093 |
| Provision for (recovery of) loan losses (including \$1,584, \$(1,035), \$2,251 and \$(243) for covered loans) | 9,924 | 20,523 | 44,311 | 41,505 |
| Net interest income after provision for loan losses | <u>193,071</u> | <u>150,979</u> | <u>701,341</u> | <u>635,588</u> |
| Non-interest income: | | | | |
| Income from resolution of covered assets, net | 9,397 | 9,326 | 50,658 | 49,082 |
| Net loss on FDIC indemnification | (12,918) | (6,638) | (65,942) | (46,396) |
| FDIC reimbursement of costs of resolution of covered assets | 18 | 789 | 859 | 4,440 |
| Service charges and fees | 4,296 | 4,185 | 17,876 | 16,612 |
| Gain (loss) on sale of loans, net (including gain (loss) related to covered loans of \$8,219, \$(2,226), \$34,929 and \$20,369) | 10,943 | (2,065) | 40,633 | 21,047 |
| Gain on investment securities available for sale, net | 2,987 | 2,703 | 8,480 | 3,859 |
| Lease financing | 9,687 | 8,916 | 35,641 | 21,601 |
| Other non-interest income | 4,842 | 1,830 | 14,019 | 13,920 |
| Total non-interest income | <u>29,252</u> | <u>19,046</u> | <u>102,224</u> | <u>84,165</u> |
| Non-interest expense: | | | | |
| Employee compensation and benefits | 53,464 | 46,210 | 210,104 | 195,218 |
| Occupancy and equipment | 19,277 | 18,275 | 75,484 | 70,520 |
| Amortization of FDIC indemnification asset | 32,537 | 20,587 | 109,411 | 69,470 |
| Deposit insurance expense | 4,561 | 2,333 | 14,257 | 9,348 |
| Professional fees | 4,112 | 3,515 | 14,185 | 13,178 |
| Telecommunications and data processing | 3,346 | 3,476 | 13,613 | 13,381 |
| Depreciation of equipment under operating lease | 5,847 | 2,801 | 18,369 | 8,759 |
| Other non-interest expense | 13,667 | 11,292 | 51,249 | 46,629 |
| Total non-interest expense | <u>136,811</u> | <u>108,489</u> | <u>506,672</u> | <u>426,503</u> |
| Income before income taxes | 85,512 | 61,536 | 296,893 | 293,250 |
| Provision for income taxes | 29,249 | 14,702 | 45,233 | 89,035 |
| Net income | <u>\$ 56,263</u> | <u>\$ 46,834</u> | <u>\$ 251,660</u> | <u>\$ 204,215</u> |
| Earnings per common share, basic | <u>\$ 0.53</u> | <u>\$ 0.45</u> | <u>\$ 2.37</u> | <u>\$ 1.95</u> |
| Earnings per common share, diluted | <u>\$ 0.52</u> | <u>\$ 0.45</u> | <u>\$ 2.35</u> | <u>\$ 1.95</u> |
| Cash dividends declared per common share | <u>\$ 0.21</u> | <u>\$ 0.21</u> | <u>\$ 0.84</u> | <u>\$ 0.84</u> |

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

| | Three Months Ended December 31, | | | | | |
|--|---------------------------------|---------------------|-----------------------------|------------------------|---------------------|-----------------------------|
| | 2015 | | | 2014 | | |
| | <u>Average Balance</u> | <u>Interest (1)</u> | <u>Yield / Rate (1) (2)</u> | <u>Average Balance</u> | <u>Interest (1)</u> | <u>Yield / Rate (1) (2)</u> |
| Assets: | | | | | | |
| Interest earning assets: | | | | | | |
| Loans | \$ 15,872,239 | \$ 212,870 | 5.34% | \$ 11,565,407 | \$ 170,966 | 5.89% |
| Investment securities (3) | 4,792,805 | 33,136 | 2.77% | 4,401,576 | 31,055 | 2.82% |
| Other interest earning assets | 525,542 | 2,760 | 2.09% | 495,275 | 2,269 | 1.82% |
| Total interest earning assets | 21,190,586 | 248,766 | 4.68% | 16,462,258 | 204,290 | 4.95% |
| Allowance for loan and lease losses | (122,719) | | | (82,923) | | |
| Non-interest earning assets | 2,031,537 | | | 1,926,249 | | |
| Total assets | <u>\$ 23,099,404</u> | | | <u>\$ 18,305,584</u> | | |
| Liabilities and Stockholders' Equity: | | | | | | |

Interest bearing liabilities:

| | | | | | | |
|--|---------------|------------|-------|---------------|------------|--------|
| Interest bearing demand deposits | \$ 1,290,496 | 1,902 | 0.58% | \$ 898,116 | 984 | 0.43% |
| Savings and money market deposits | 7,586,158 | 11,044 | 0.58% | 5,616,832 | 7,603 | 0.54% |
| Time deposits | 4,587,946 | 12,387 | 1.07% | 3,933,781 | 11,380 | 1.15% |
| Total interest bearing deposits | 13,464,600 | 25,333 | 0.75% | 10,448,729 | 19,967 | 0.76% |
| FHLB advances | 3,973,249 | 11,314 | 1.13% | 2,847,012 | 8,443 | 1.18% |
| Notes and other borrowings | 202,146 | 2,760 | 5.42% | 10,672 | 315 | 11.71% |
| Total interest bearing liabilities | 17,639,995 | 39,407 | 0.89% | 13,306,413 | 28,725 | 0.86% |
| Non-interest bearing demand deposits | 2,833,792 | | | 2,650,525 | | |
| Other non-interest bearing liabilities | 380,630 | | | 283,812 | | |
| Total liabilities | 20,854,417 | | | 16,240,750 | | |
| Stockholders' equity | 2,244,987 | | | 2,064,834 | | |
| Total liabilities and stockholders' equity | \$ 23,099,404 | | | \$ 18,305,584 | | |
| Net interest income | | \$ 209,359 | | | \$ 175,565 | |
| Interest rate spread | | | 3.79% | | | 4.09% |
| Net interest margin | | | 3.94% | | | 4.26% |

(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)

Years Ended December 31,

| | 2015 | | | 2014 | | |
|--|-----------------|-------------------------|-----------------------------|-----------------|-------------------------|-----------------------------|
| | Average Balance | Interest ⁽¹⁾ | Yield / Rate ⁽¹⁾ | Average Balance | Interest ⁽¹⁾ | Yield / Rate ⁽¹⁾ |
| Assets: | | | | | | |
| Interest earning assets: | | | | | | |
| Loans | \$ 14,263,617 | \$ 769,789 | 5.40% | \$ 10,536,287 | \$ 678,274 | 6.44% |
| Investment securities ⁽²⁾ | 4,672,032 | 121,221 | 2.59% | 3,984,543 | 111,471 | 2.80% |
| Other interest earning assets | 481,716 | 10,098 | 2.10% | 453,252 | 7,845 | 1.73% |
| Total interest earning assets | 19,417,365 | 901,108 | 4.64% | 14,974,082 | 797,590 | 5.33% |
| Allowance for loan and lease losses | (108,875) | | | (76,606) | | |
| Non-interest earning assets | 1,985,421 | | | 1,928,564 | | |
| Total assets | \$ 21,293,911 | | | \$ 16,826,040 | | |
| Liabilities and Stockholders' Equity: | | | | | | |
| Interest bearing liabilities: | | | | | | |
| Interest bearing demand deposits | \$ 1,169,921 | 5,782 | 0.49% | \$ 773,655 | 3,254 | 0.42% |
| Savings and money market deposits | 6,849,366 | 37,744 | 0.55% | 5,092,444 | 25,915 | 0.51% |
| Time deposits | 4,305,857 | 47,625 | 1.11% | 3,716,611 | 43,792 | 1.18% |
| Total interest bearing deposits | 12,325,144 | 91,151 | 0.74% | 9,582,710 | 72,961 | 0.76% |
| FHLB advances | 3,706,288 | 40,328 | 1.09% | 2,613,156 | 32,412 | 1.24% |
| Notes and other borrowings | 58,791 | 3,685 | 6.27% | 10,768 | 1,278 | 11.87% |
| Total interest bearing liabilities | 16,090,223 | 135,164 | 0.84% | 12,206,634 | 106,651 | 0.87% |
| Non-interest bearing demand deposits | 2,732,654 | | | 2,366,621 | | |
| Other non-interest bearing liabilities | 305,519 | | | 235,930 | | |
| Total liabilities | 19,128,396 | | | 14,809,185 | | |
| Stockholders' equity | 2,165,515 | | | 2,016,855 | | |
| Total liabilities and stockholders' equity | \$ 21,293,911 | | | \$ 16,826,040 | | |
| Net interest income | | \$ 765,944 | | | \$ 690,939 | |
| Interest rate spread | | | 3.80% | | | 4.46% |
| Net interest margin | | | 3.94% | | | 4.61% |

(1) On a tax-equivalent basis where applicable

(2) 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</u> <u>December 31,</u> | | <u>Years Ended</u> <u>December 31,</u> | |
|--|--|--------------------|---|--------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Basic earnings per common share: | | | | |
| Numerator: | | | | |
| Net income | \$ 56,263 | \$ 46,834 | \$ 251,660 | \$ 204,215 |
| Distributed and undistributed earnings allocated to participating securities | <u>(2,163)</u> | <u>(1,777)</u> | <u>(9,742)</u> | <u>(7,991)</u> |
| Income allocated to common stockholders for basic earnings per common share | \$ 54,100 | \$ 45,057 | \$ 241,918 | \$ 196,224 |
| Denominator: | | | | |
| Weighted average common shares outstanding | 103,552,654 | 101,657,597 | 103,187,530 | 101,574,076 |
| Less average unvested stock awards | <u>(1,147,535)</u> | <u>(1,110,377)</u> | <u>(1,128,416)</u> | <u>(1,117,869)</u> |
| Weighted average shares for basic earnings per common share | <u>102,405,119</u> | <u>100,547,220</u> | <u>102,059,114</u> | <u>100,456,207</u> |
| Basic earnings per common share | \$ 0.53 | \$ 0.45 | \$ 2.37 | \$ 1.95 |
| Diluted earnings per common share: | | | | |
| Numerator: | | | | |
| Income allocated to common stockholders for basic earnings per common share | \$ 54,100 | \$ 45,057 | \$ 241,918 | \$ 196,224 |
| Adjustment for earnings reallocated from participating securities | <u>13</u> | <u>3</u> | <u>54</u> | <u>16</u> |
| Income used in calculating diluted earnings per common share | \$ 54,113 | \$ 45,060 | \$ 241,972 | \$ 196,240 |
| Denominator: | | | | |
| Weighted average shares for basic earnings per common share | 102,405,119 | 100,547,220 | 102,059,114 | 100,456,207 |
| Dilutive effect of stock options | <u>1,046,112</u> | <u>132,399</u> | <u>913,036</u> | <u>139,606</u> |
| Weighted average shares for diluted earnings per common share | <u>103,451,231</u> | <u>100,679,619</u> | <u>102,972,150</u> | <u>100,595,813</u> |
| Diluted earnings per common share | \$ 0.52 | \$ 0.45 | \$ 2.35 | \$ 1.95 |

BANKUNITED, INC. AND SUBSIDIARIES
SELECTED RATIOS

| | <u>Three Months Ended December 31,</u> | | <u>Years Ended December 31,</u> | |
|--|--|-------------|---------------------------------|-------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Financial ratios ⁽⁵⁾ | | | | |
| Return on average assets | 0.97% | 1.02% | 1.18% | 1.21% |
| Return on average stockholders' equity | 9.94% | 9.00% | 11.62% | 10.13% |
| Net interest margin ⁽⁴⁾ | 3.94% | 4.26% | 3.94% | 4.61% |

December 31, 2015 December 31, 2014

Capital ratios

| | | |
|---------------------------|-------|-------|
| Tier 1 leverage | 9.3% | 10.7% |
| CET1 risk-based capital | 12.6% | N/A |
| Tier 1 risk-based capital | 12.6% | 15.5% |
| Total risk-based capital | 13.4% | 16.3% |

| | <u>December 31, 2015</u> | | <u>December 31, 2014</u> | |
|--|--------------------------|--------------|--------------------------|--------------|
| | <u>Non-Covered</u> | <u>Total</u> | <u>Non-Covered</u> | <u>Total</u> |

Asset quality ratios

| | | | | |
|--|---------|---------|---------|---------|
| Non-performing loans to total loans ^{(1) (3)} | 0.37% | 0.43% | 0.29% | 0.31% |
| Non-performing assets to total assets ⁽²⁾ | 0.26% | 0.35% | 0.17% | 0.27% |
| Allowance for loan and lease losses to total loans ⁽³⁾ | 0.76% | 0.76% | 0.80% | 0.77% |
| Allowance for loan and lease losses to non-performing loans ⁽¹⁾ | 204.45% | 175.90% | 281.54% | 244.69% |
| Net charge-offs to average loans | 0.09% | 0.10% | 0.08% | 0.15% |

(1) We define non-performing loans to include non-accrual loans, loans, other than ACI loans, that are past due 90 days or more and still accruing and certain loans modified in troubled debt restructurings. Contractually delinquent ACI loans on which interest continues to be accreted are excluded from non-performing loans.

(2) Non-performing assets include non-performing loans, OREO and other foreclosed assets.

(3) Total loans include premiums, discounts, and deferred fees and costs.

(4) On a tax-equivalent basis.

(5) Annualized for the three month periods.



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