



# **BankUnited, Inc.**

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July 2019

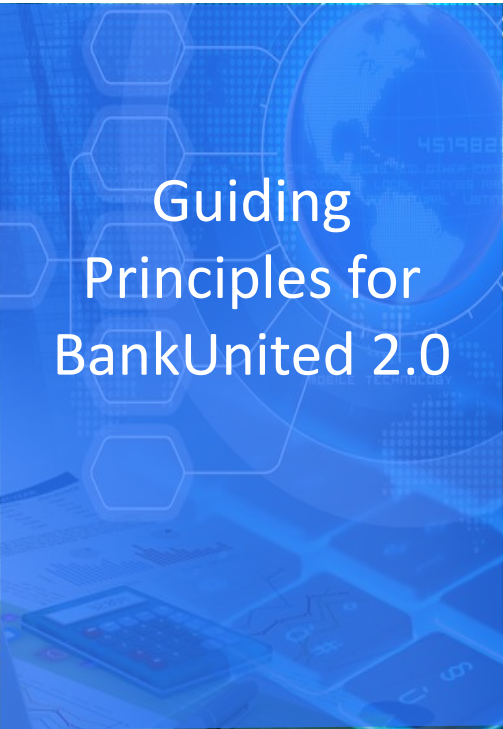


This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the current views of BankUnited, Inc. (“BankUnited,” “BKU” or the “Company”) with respect to, among other things, future events and financial performance. BankUnited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



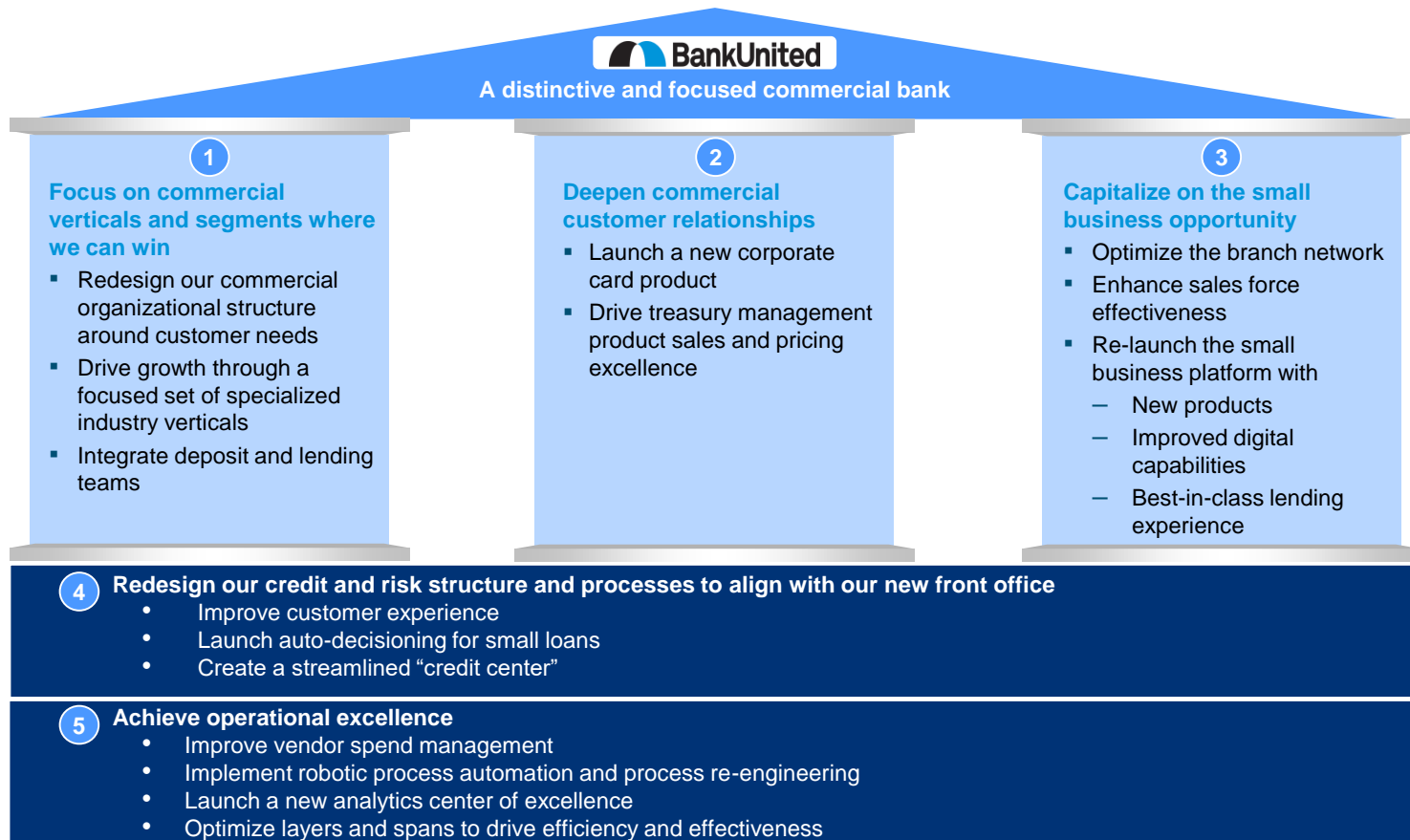
- \$33.1 billion of assets.
- Net income for the three months ended June 30, 2019 was \$81.5 million, or \$0.81 per diluted share, compared to \$89.9 million, or \$0.82 per diluted share, for the three months ended June 30, 2018. Non-loss share diluted earnings per share, as previously reported,<sup>(1)</sup> for the quarter ended June 30, 2018 was \$0.59.
- The annualized return on average stockholders' equity for the three months ended June 30, 2019 was 11.1%, while the annualized return on average assets was 1.00%
- \$23.3 billion of loans and leases, including equipment under operating lease.
  - Loans and leases, including equipment under operating lease, grew by \$231 million during the quarter; loan and lease growth was \$420 million excluding the transfer of \$189 million of Pinnacle Public Finance loans to loans held for sale at June 30, 2019.
- \$23.9 billion deposit portfolio.
  - For the quarter ended June 30, 2019, non-interest bearing demand deposits grew by \$335 million, to 17.1% of total deposits at June 30, 2019 compared to 15.4% of total deposits at December 31, 2018. Total deposits increased by \$243 million for the quarter ended June 30, 2019.
- During the quarter ended June 30, 2019, the Company repurchased approximately 3.0 million shares of its common stock for an aggregate purchase price of approximately \$102 million. During the six months ended June 30, 2019, the Company repurchased approximately 4.1 million shares of its common stock for an aggregate purchase price of approximately \$142 million, at a weighted average price of \$34.44 per share.

(1) Non-loss share diluted earnings per share is a non-GAAP financial measure. See section entitled "Non-GAAP Financial Measures" on page 18.



## Guiding Principles for BankUnited 2.0

<b>Customer Experience</b>	<i>Design our bank structure, products and processes around our <b>customers'</b> needs</i>
<b>Employee Experience</b>	<i>Drive <b>one culture</b> across the bank while maintaining an <b>entrepreneurial and collaborative work environment</b></i>
<b>Operational Excellence</b>	<i>Improve our processes to enhance <b>business agility</b>, structurally <b>lower costs</b>, and <b>delight</b> our customers and employees</i>
<b>Risk &amp; Compliance</b>	<i>Build on our <b>strong regulatory relationships</b> with a <b>robust</b> risk management framework, and drive <b>disciplined</b> growth without increasing our risk appetite</i>
<b>Technology &amp; Talent</b>	<i>Continue to invest in <b>technology and talent</b> (customer facing and support), and evolve with changing customer preferences</i>





## Financial Goals

- We are on track to achieve our previously disclosed targets of incremental annual pre-tax Impact by mid-2021 of \$40MM cost savings and \$20MM revenue lift

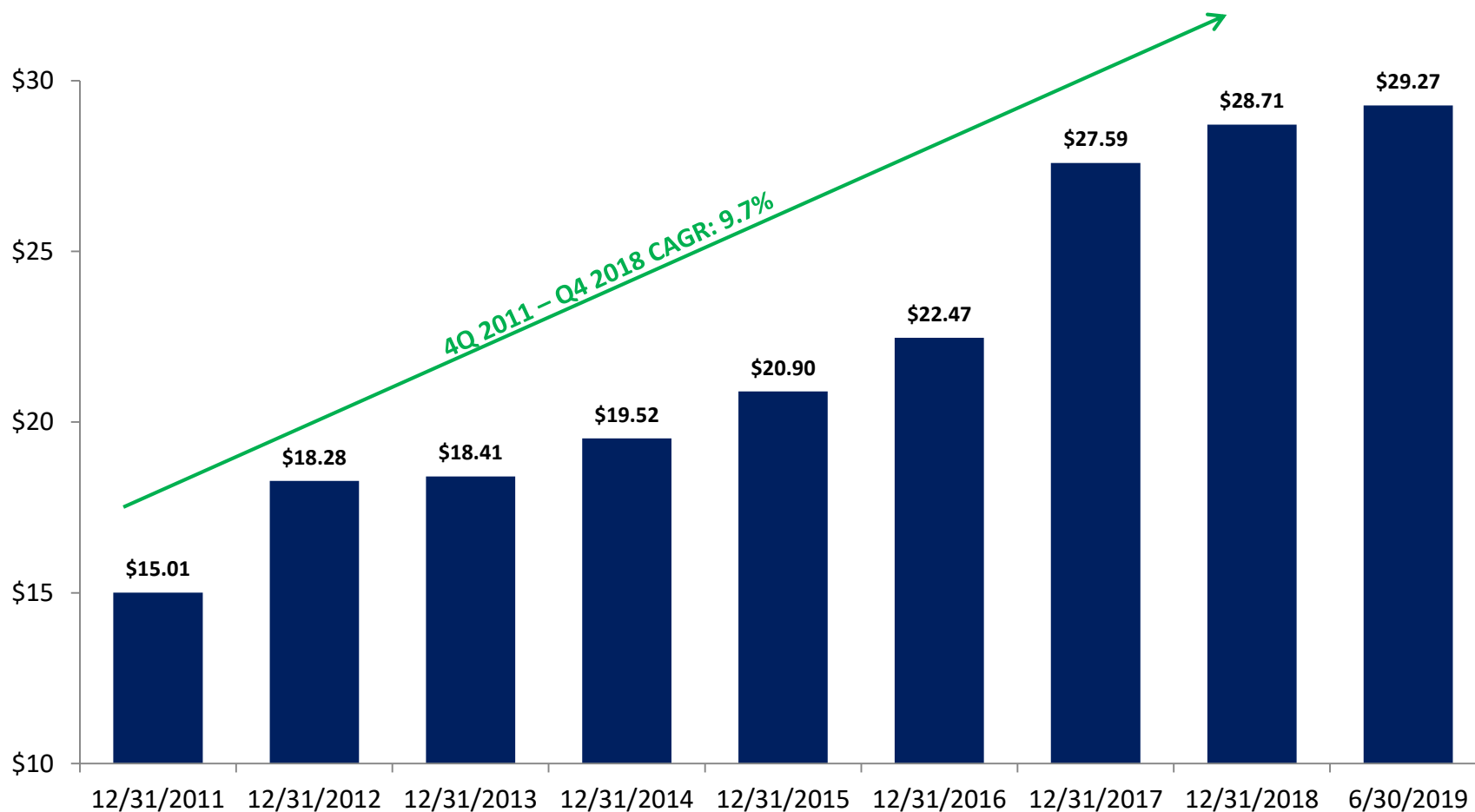
## Driving Operational Excellence

- Re-aligned our commercial and small business organizational structure and supporting credit functions
- Began implementation of re-engineered operational processes and back office departmental structure to increase efficiencies
- Initiated roll-out of Robotic Process Automation

## Delivering Revenue Enhancements

- Hired a director of commercial card services and began build-out of the team and technology to support a 2020 launch of our commercial card program
- Implemented a new treasury management product and fee structure and re-aligned sales efforts to increase product penetration per client
- Went live with our new Credit Center for mid-sized loans, decreasing cycle time from 28 to 7 business days with a target of 5 days
- Continued to execute on our branch optimization strategy, opening a new branch in Winter Park, Florida in July, enhancing our presence in the growing Orlando market
- Established a data analytics center of excellence

## Tangible Book Value Per Share Has Grown Steadily

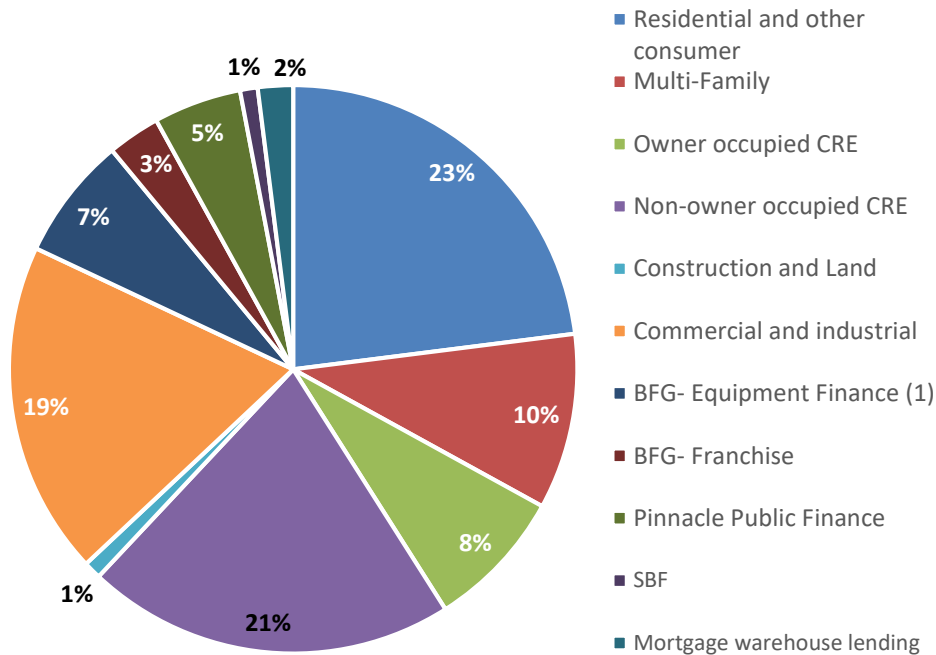


# Loans and Deposits

## June 30, 2019

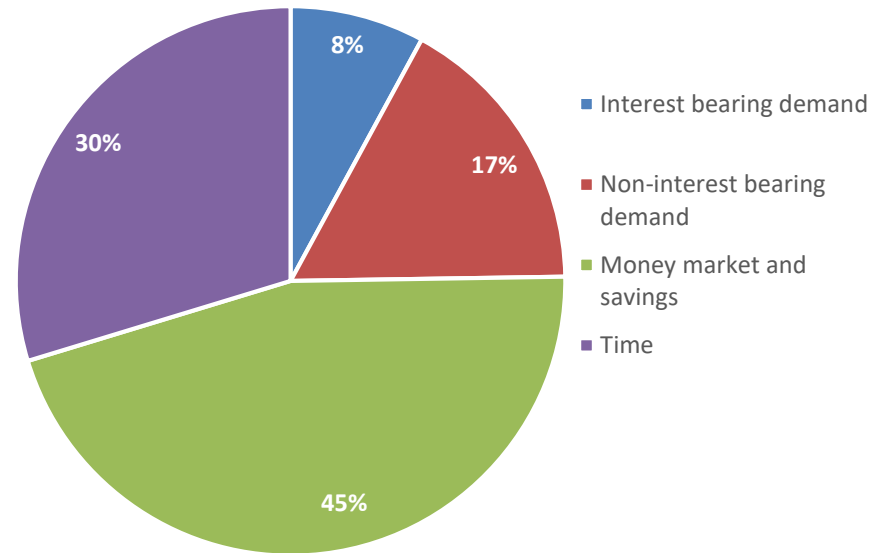


### Loans and Leases



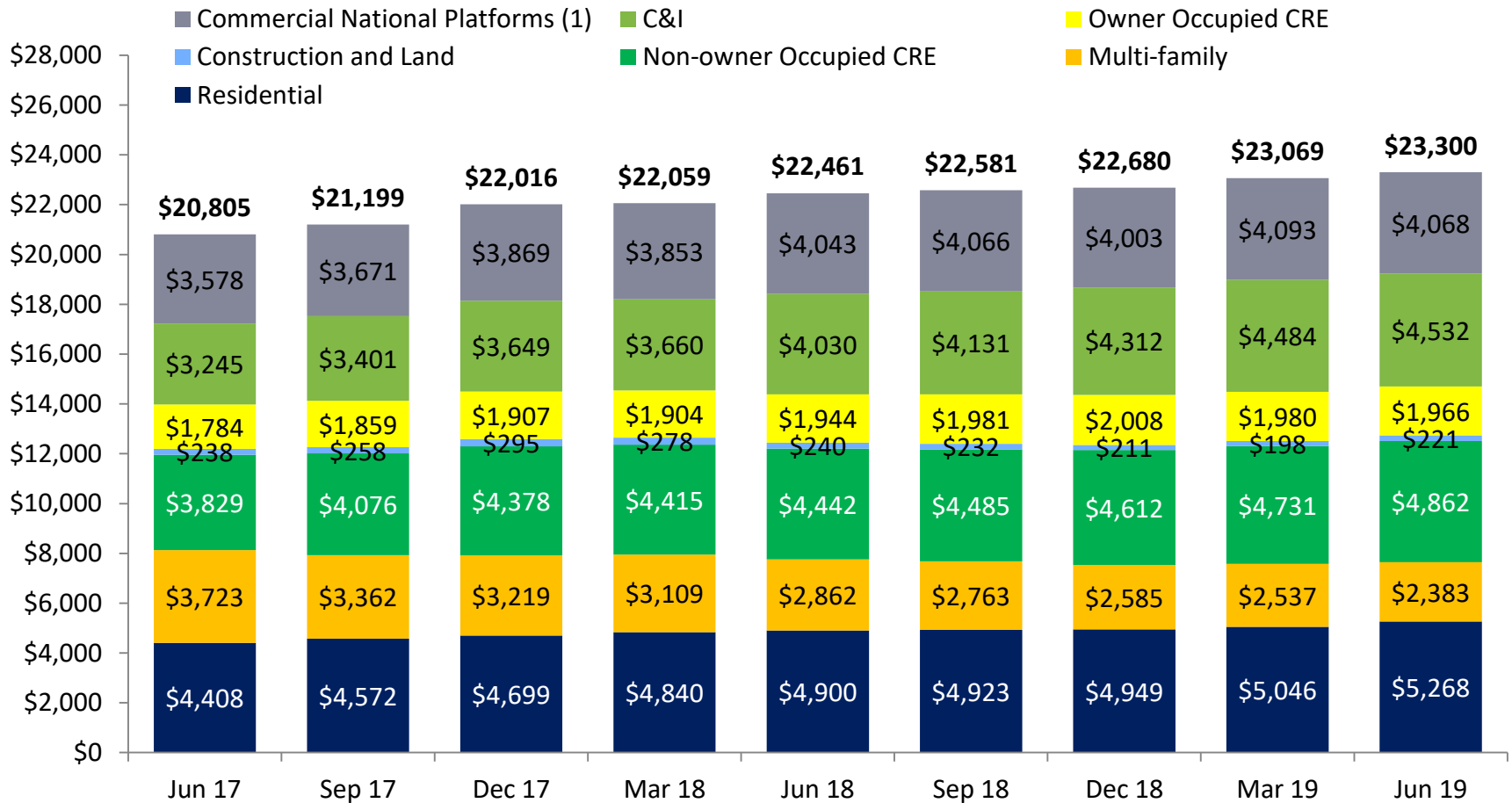
(1) Includes equipment under operating lease.

### Deposits



# Growth in Loan and Leases

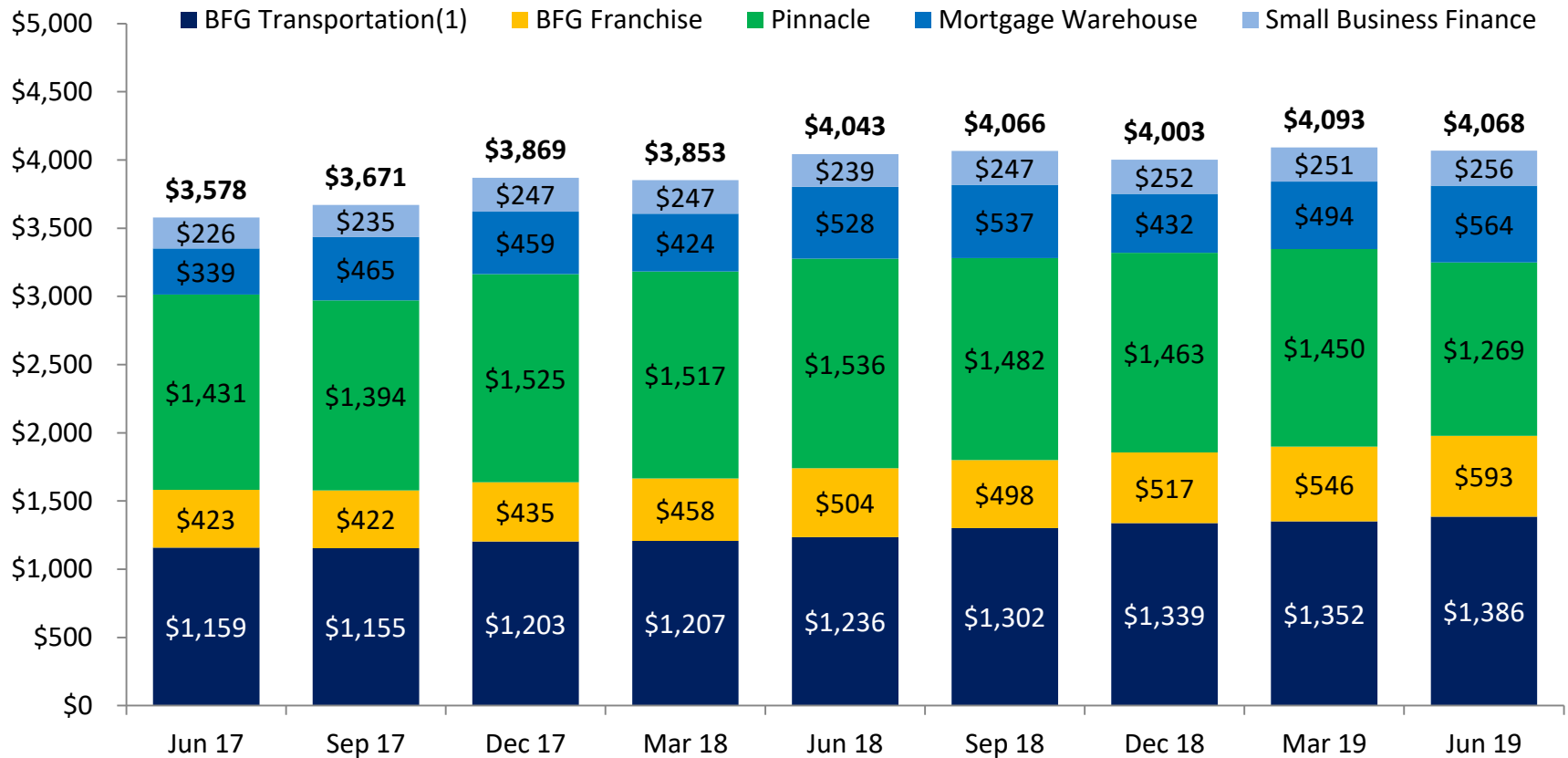
\$ in millions



(1) Includes equipment under operating lease.

# National Commercial Platforms

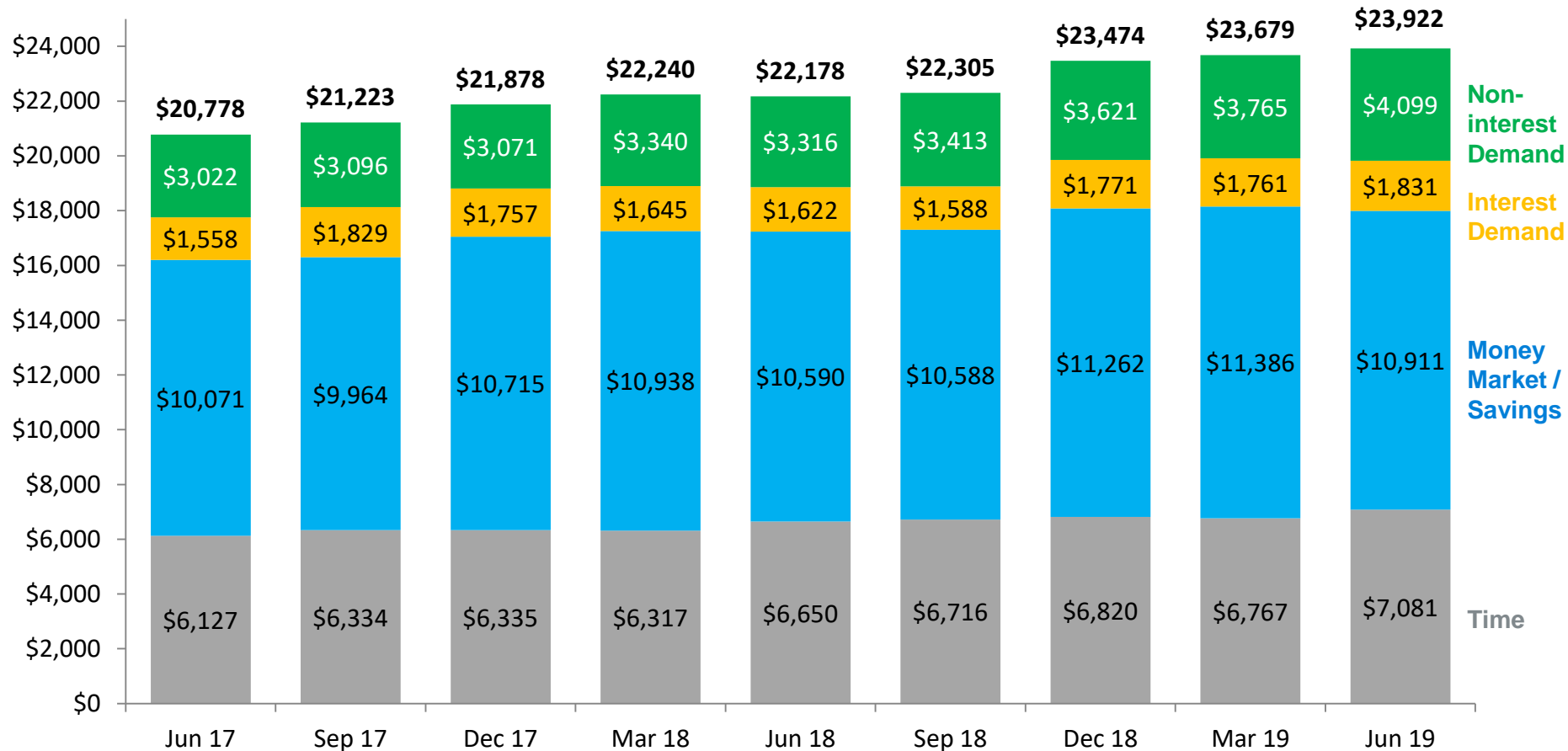
\$ in millions



(1) Includes equipment under operating lease.

# Deposit Growth

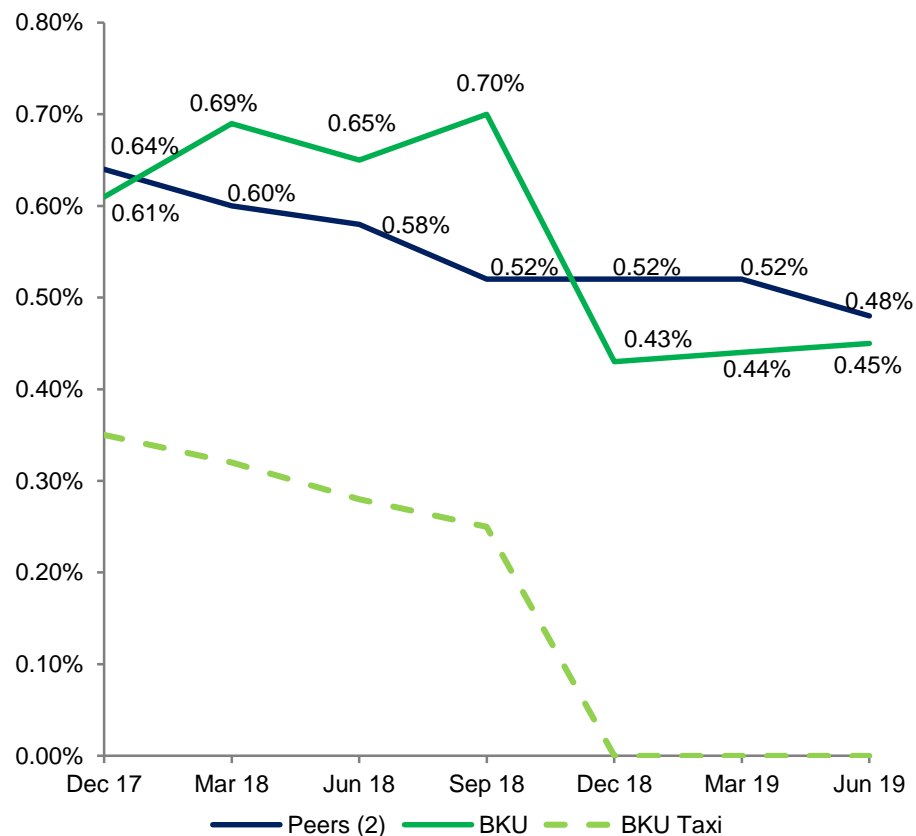
\$ in millions



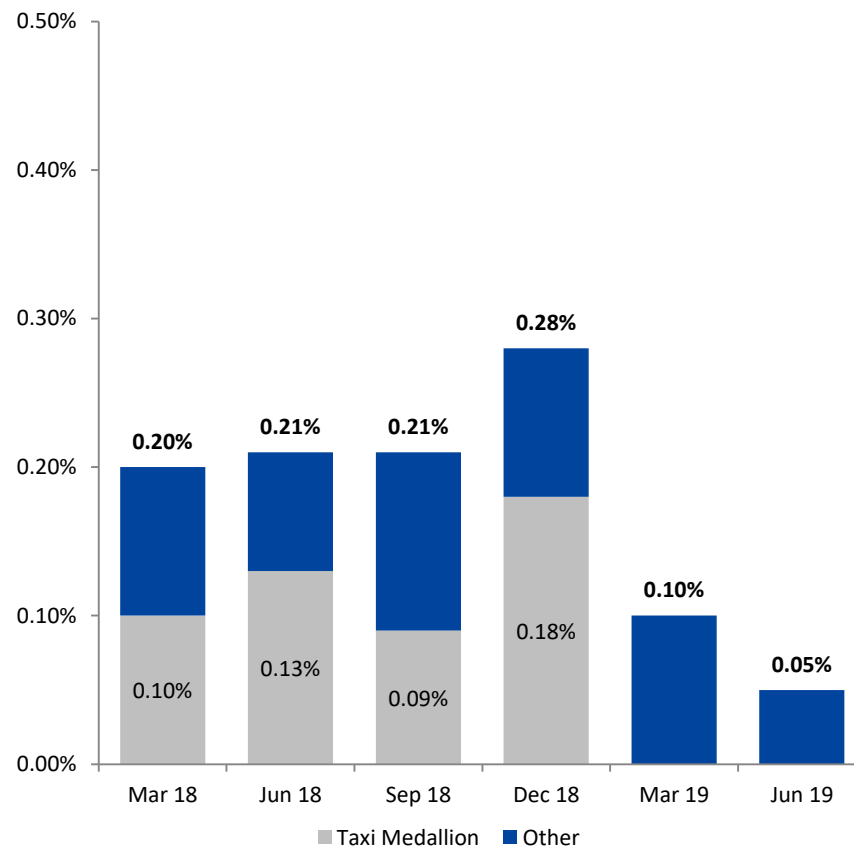
Cost of Deposits	0.79%	0.87%	0.94%	1.04%	1.19%	1.35%	1.52%	1.67%	1.70%
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## NPA Ratio <sup>(1)</sup>



## Net Charge-off Ratio <sup>(3)</sup>

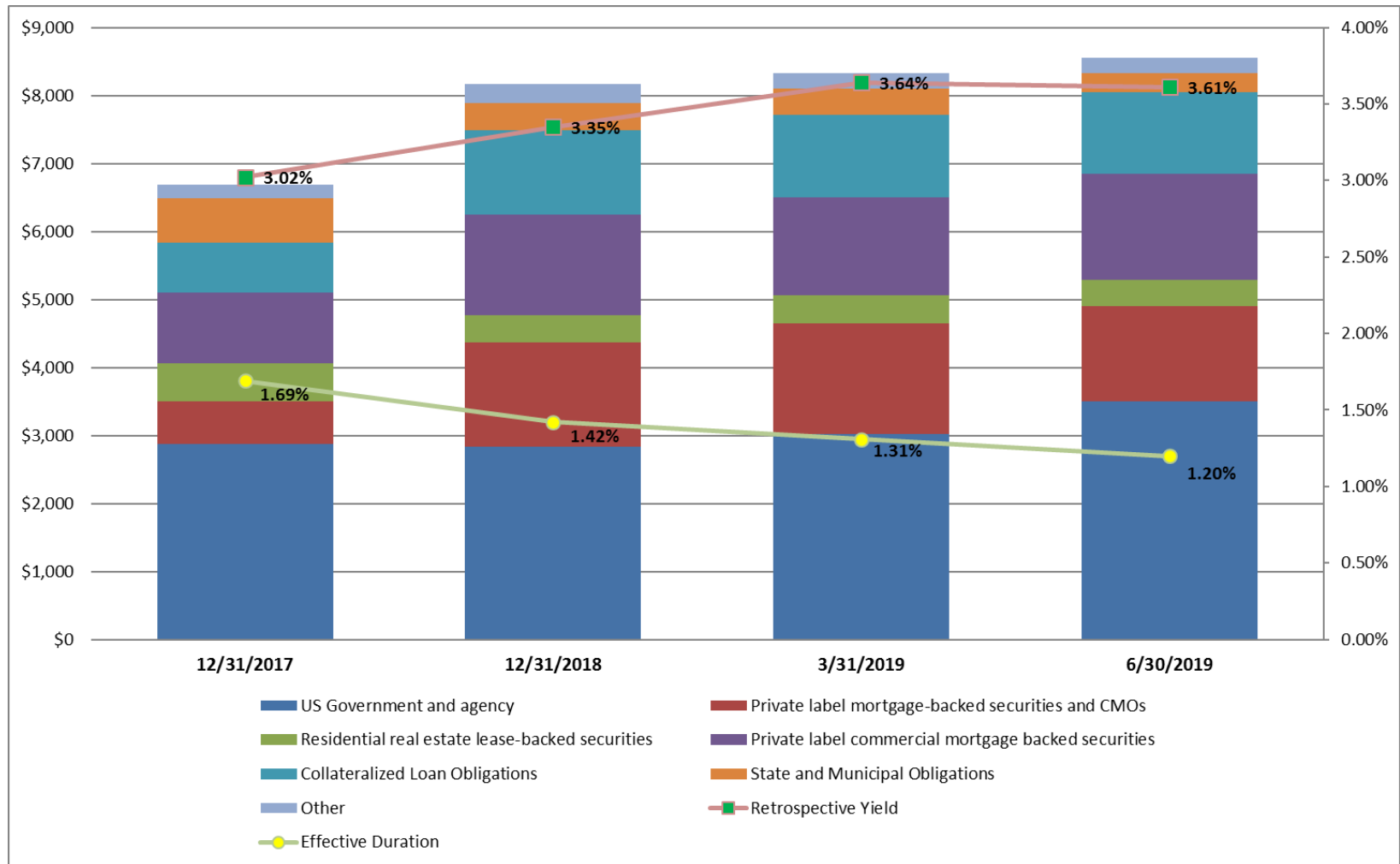


(1) NPA ratio calculated as NPAs as a percentage of total assets.

(2) Source: SNL Financial. Financial data as of most recent quarter available. Similarly sized banks include median values for publicly traded U.S. banks with assets between \$10-50 bn.

(3) Annualized for the periods ended March 31, 2018, June 30, 2018, September 30, 2018, March 31, 2019 and June 30, 2019.

# Investment Portfolio



Annualized for the three months ended March 31, 2019 and June 30, 2019.



	12/31/2017	12/31/2018	6/30/2019
<b>Performance:</b>			
Return on average assets <sup>(1)(2)</sup>	1.01%	1.05%	1.00%
Return on average equity <sup>(1)(2)</sup>	11.1%	10.6%	11.1%
Net interest margin <sup>(2)</sup>	3.65%	3.67%	2.52%
<b>Credit Quality:</b>			
Non-performing loans to total loans	0.81%	0.59%	0.61%
Non-performing assets to total assets	0.61%	0.43%	0.45%
Net charge-off to average loans	0.38%	0.28%	0.05%
<b>Capital:</b>			
CET-1 risk-based capital	13.11%	12.57%	11.95%
Total risk-based capital	13.78%	13.08%	12.44%
Tangible common equity to total assets	9.74%	8.87%	8.45%

(1) Return on average assets and return on average equity for the year ended 12/31/2017 is net of a non-GAAP adjustment to remove a discrete income tax benefit and related professional fees recognized in that period. See section entitled "Non-GAAP Financial Measures" on page 21 for reconciliation of non-GAAP financial measurements to their comparable GAAP financial measurements.

(2) Annualized for the three months ended June 30, 2019.



# APPENDIX

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

Non-Loss Share Earnings are calculated by removing the total Loss Share Contribution from Net Income. The Loss Share Contribution is a hypothetical presentation of the impact of the covered loans and FDIC indemnification asset on earnings for each respective quarter, reflecting the excess of Loss Share Earnings over hypothetical interest income that could have been earned on alternative assets (in millions except share and per share data):

	Three Months Ended June 30, 2018 <sup>(3)</sup>
Net Income As Reported	\$ 89.9
Calculation of Loss Share Contribution:	
Interest Income - Covered Loans (Accretion)	\$ 84.2
Amortization of FDIC Indemnification Asset	(44.3)
Loss Share Earnings	40.0
Hypothetical interest income on alternate assets <sup>(1)</sup>	(5.9)
Loss Share Contribution, pre-tax	34.1
Income taxes <sup>(2)</sup>	(9.0)
Loss Share Contribution, after tax	\$ 25.0
Net Income as reported, minus Loss Share Contribution	\$ 64.9
Diluted Earnings Per Common Share, as Reported	\$ 0.82
Earnings Per Share, Loss Share Contribution	0.23
Non-Loss Share Diluted Earnings Per Share	<u>\$ 0.59</u>

(1) See section entitled "Supplemental Calculations - Calculation of Hypothetical Interest Income on Alternate Assets" see page 17 for calculation of these amounts and underlying assumption.

(2) An assumed marginal tax rate of 26.5% was applied

(3) Calculation variances of \$0.1 million in the table above are due to rounding



## Calculation of Hypothetical Interest Income on Alternate Assets

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

	Three Months Ended June 30, 2018
<b><u>Average Balances</u></b> <sup>(1)</sup>	
Average Covered Loans	\$ 476
Average FDIC Indemnification Asset	231
Average Loss Share Asset	<u>\$ 707</u>
<b><u>Yield</u></b>	
Yield on securities - reported <sup>(2)</sup>	3.33%
Hypothetical interest income on alternate assets	\$ 5.9

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

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



## Non-GAAP Financial Measures

Non-loss share diluted earnings per share is a non-GAAP financial measure. Management believes disclosure of this measure provides readers with information that may be useful in understanding the impact of the covered loans and FDIC indemnification asset on the Company's earnings for periods prior to the termination of the Single Family Shared-Loss Agreement. The following table reconciles this non-GAAP financial measurement to the comparable GAAP financial measurement of diluted earnings per common share for the three months ended June 30, 2018 (in millions except share and per share data, shares in thousands):

	Three Months Ended June 30, 2018
Net Income (GAAP)	\$ 89.9
Less Loss Share Contribution	(25.0)
Net Income as reported, minus Loss Share Contribution	<u>\$ 64.9</u>
Diluted earnings per common share, excluding Loss Share Contribution:	
Diluted earnings per common share (GAAP)	\$ 0.82
Less: Net impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	(0.23)
Non-loss share diluted earnings per common share (non-GAAP)	<u>\$ 0.59</u>
Non-loss share diluted earnings per share:	
Loss Share Contribution	\$ 25.0
Weighted average shares for diluted earnings per common share (GAAP)	105,471
Impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	<u>0.24</u>
Impact on diluted earnings per common share of Loss Share Contribution:	
Loss Share Contribution, net of tax, allocated to participating securities	(1.0)
Weighted average shares for diluted earnings per common share (GAAP)	105,471
Impact on diluted earnings per common share of Loss Share Contribution allocated to participating securities (non-GAAP)	(0.01)
Net impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	<u>\$ 0.23</u>



## Non-GAAP Financial Measures (continued)

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 the dates indicated.

\$ in millions (except per share data); shares in thousands

	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	06/30/19
				(1)					
Total stockholders' equity	\$ 1,535	\$ 1,807	\$ 1,929	\$ 2,053	\$ 2,244	\$ 2,418	\$ 3,026	\$ 2,924	\$ 2,868
Less: goodwill and other intangible assets	69	70	69	68	78	78	78	78	78
Tangible stockholders' equity	1,467	1,737	1,860	1,984	2,166	2,340	2,948	2,846	2,790
Common shares issued and outstanding	97,701	95,007	101,013	101,657	103,626	104,167	106,848	99,141	95,316
Book value per common share	\$ 15.71	\$ 19.02	\$ 19.09	\$ 20.19	\$ 21.65	\$ 23.22	\$ 28.32	\$ 29.49	\$ 30.09
Tangible book value per common share	\$ 15.01	\$ 18.28	\$ 18.41	\$ 19.52	\$ 20.90	\$ 22.47	\$ 27.59	\$ 28.71	\$ 29.27

(1) Calculation variances of \$0.1 million in the table above are due to rounding.



## Non-GAAP Financial Measures (continued)

Net income and earnings per diluted common share, in each case excluding the impact of a discrete income tax benefit and related professional fees are non-GAAP financial measures. Management believes disclosure of these measures enhances readers' ability to compare the Company's financial performance for the 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, 2017 (in thousands except share and per share data):

	Year Ended December 31, 2017
Net income excluding the impact of a discrete income tax benefit and related professional fees:	
Net income (GAAP)	\$ 614,273
Less discrete income tax benefit	(327,945)
Add back related professional fees, net of tax of \$1,802	4,995
Net income excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP)	<u>\$ 291,323</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)	\$ 5.58
Less impact on diluted earnings per common share of discrete income tax benefit and related professional fees, before allocation to participating securities (non-GAAP)	(3.05)
Less impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP)	0.12
Diluted earnings per common share, excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP)	<u>\$ 2.65</u>
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees:	
Discrete income tax benefit and related professional fees, net of tax	\$ 322,950
Weighted average shares for diluted earnings per share (GAAP)	105,857,487
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees, before allocation to participating securities (non-GAAP)	<u>\$ 3.05</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	\$ (12,424)
Weighted average shares for diluted earnings per share (GAAP)	105,857,487
Impact on diluted earnings per common share of discrete income tax benefit and related professional fees allocated to participating securities (non-GAAP)	<u>\$ (0.12)</u>



## Non-GAAP Financial Measures (continued)

Return on average stockholders' equity and return on average assets, in each case excluding the impact of a discrete income tax benefit and related professional fees are non-GAAP financial measures. Management believes disclosure of these measures enhances readers' ability to compare the Company's financial performance for the current period to that of other periods presented. The following table reconciles these non-GAAP financial measurements to the comparable GAAP financial measurements of return on average stockholders' equity and return on average assets for the year ended December 31, 2017 (in thousands except share and per share data):

	Year Ended December 31, 2017
Return on average assets, excluding the impact of a discrete income tax benefit and related professional fees:	
Return on average assets (GAAP)	2.13 %
Less impact on return on average assets of discrete income tax benefit and related professional fees (non-GAAP)	(1.12)%
Return on average assets, excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP)	<u>1.01 %</u>
Impact on return on average assets of discrete income tax benefit and related professional fees:	
Discrete income tax benefit and related professional fees, net of tax	\$ 322,950
Average assets	28,825,394
Impact on return on average assets of discrete income tax benefit and related professional fees (non-GAAP)	<u>1.12 %</u>
Return on average stockholders' equity, excluding the impact of a discrete income tax benefit and related professional fees:	
Return on stockholders' equity (GAAP)	23.36 %
Less impact on return on stockholders' equity of discrete income tax benefit and related professional fees (non-GAAP)	(12.28)%
Return on stockholders' equity, excluding the impact of a discrete income tax benefit and related professional fees (non-GAAP)	<u>11.08 %</u>
Impact on return on average stockholders' equity of discrete income tax benefit and related professional fees:	
Discrete income tax benefit and related professional fees, net of tax	\$ 322,950
Average stockholders' equity	2,629,372
Impact on return on average stockholders' equity of discrete income tax benefit and related professional fees (non-GAAP)	<u>12.28 %</u>



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