



# BankUnited, Inc.

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March 2020

## Forward-Looking Statements

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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)).



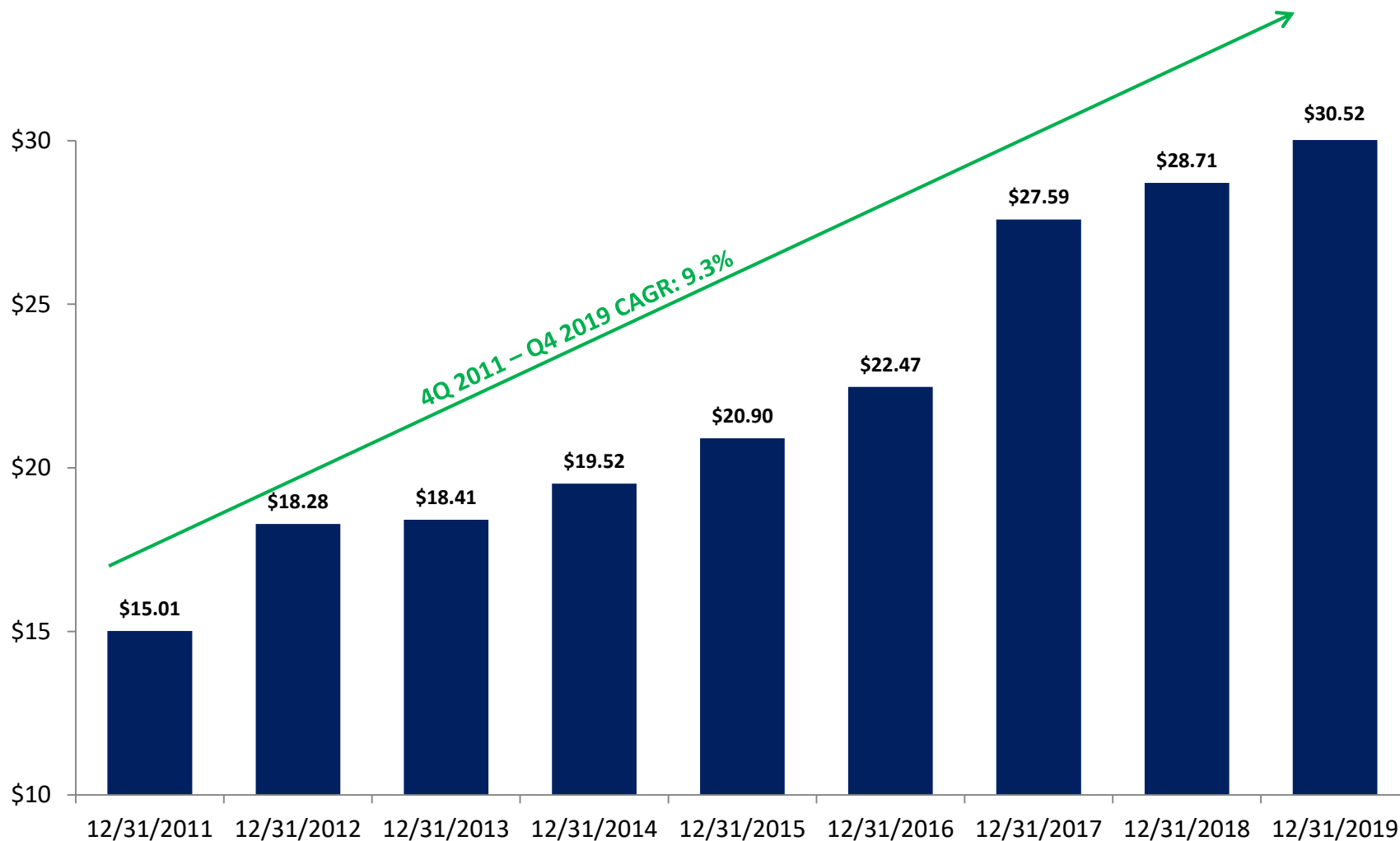
- Net income for the quarter ended December 31, 2019 was \$89.5 million, or \$0.91 per diluted share, compared to \$52.4 million, or \$0.50 per diluted share, for the quarter ended December 31, 2018. Non-loss share diluted earnings per share, as previously reported,<sup>(1)</sup> for the quarter ended December 31, 2018 was \$0.59.
- For the year ended December 31, 2019, the Company reported net income of \$313.1 million, or \$3.13 per diluted share, compared to \$324.9 million, or \$2.99 per diluted share, for the year ended December 31, 2018. Non-loss share diluted earnings per share for the year ended December 31, 2018 was \$2.36.<sup>(1)</sup>
- The average cost of total deposits declined to 1.48% for the quarter ended December 31, 2019, from 1.67% for the immediately preceding quarter ended September 30, 2019.
- The return on average stockholders' equity for the year ended December 31, 2019 was 10.6%, while the return on average assets was 0.95%.
- \$23.9 billion of loans and leases, including operating lease equipment.
  - Loans and leases, including operating lease equipment, grew by \$301 million during the quarter ended December 31, 2019. For the year ended December 31, 2019, loans and leases grew by \$1.2 billion.
- \$24.4 billion deposit portfolio.
  - Non-interest bearing demand deposits grew by \$674 million for the year ended December 31, 2019, to 17.6% of total deposits at December 31, 2019 compared to 15.4% of total deposits at December 31, 2018. Non-interest bearing demand deposits grew by \$168 million during the quarter ended December 31, 2019. Total deposits grew by \$438 million and \$920 million for the quarter and year ended December 31, 2019, respectively.
- During the year ended December 31, 2019, the Company repurchased approximately 4.5 million shares of its common stock for an aggregate purchase price of \$154 million, at a weighted average price of \$34.34 per share. During the first quarter of 2020, through February 14, 2020, the Company repurchased an additional 1.0 million shares of its common stock for an aggregate purchase price of \$39 million, at a weighted average price of \$33.63 per share.
- Recurring operating expenses<sup>(1)</sup> declined by 4% for the year ended December 31, 2019 compared to the year ended December 31, 2018, reflecting both the execution of our BankUnited 2.0 initiative and cost reductions resulting from the termination of the Residential Shared-Loss Agreement.

(1) Non-loss share diluted earnings per share and recurring operating expenses are non-GAAP financial measures. See section entitled "Non-GAAP Financial Measures" starting on page 16.



- Nine months into the implementation phase, BankUnited 2.0 continues to be on track to achieve our previously disclosed target of annual pre-tax impact of \$40MM in cost savings and \$20MM in revenue lift by mid-2021. Annualized run rate benefits for expense and revenue initiatives as of December 31, 2019 are approximately \$27MM and \$5MM, respectively.
- We have completed the re-organization of our corporate and commercial business lines, better aligning teams with customer segments and creating specialty groups to focus on and support niche markets across banking teams.
- Our new commercial Card program is well positioned for a 2020 launch.
- New treasury management fee programs and enhanced customer penetration initiatives have been implemented.
- We have re-aligned our retail and small business banking teams with a focus on core deposit growth and growth in small business lending, begun implementation of an automated underwriting platform for small business loans and begun to execute on our branch optimization strategy.
- Operational excellence initiatives such as robotic process automation and select expense management programs continue to gain momentum.
- We have launched a new credit center to expedite the underwriting approval of smaller, less complex credits, streamlining processes and reducing the time from application to decision.

# Tangible Book Value Per Share Has Grown Steadily

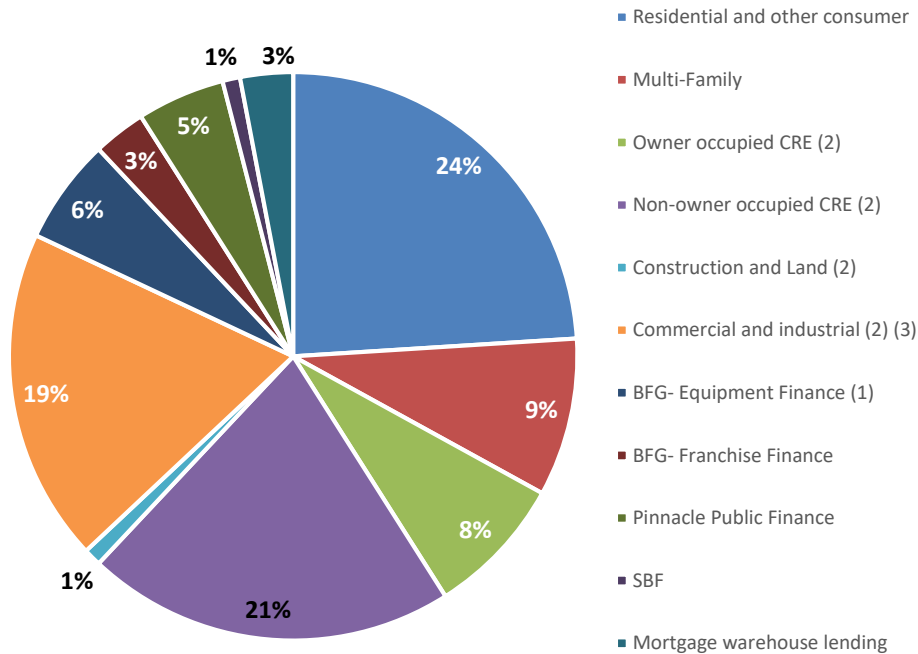


# Loans and Deposits

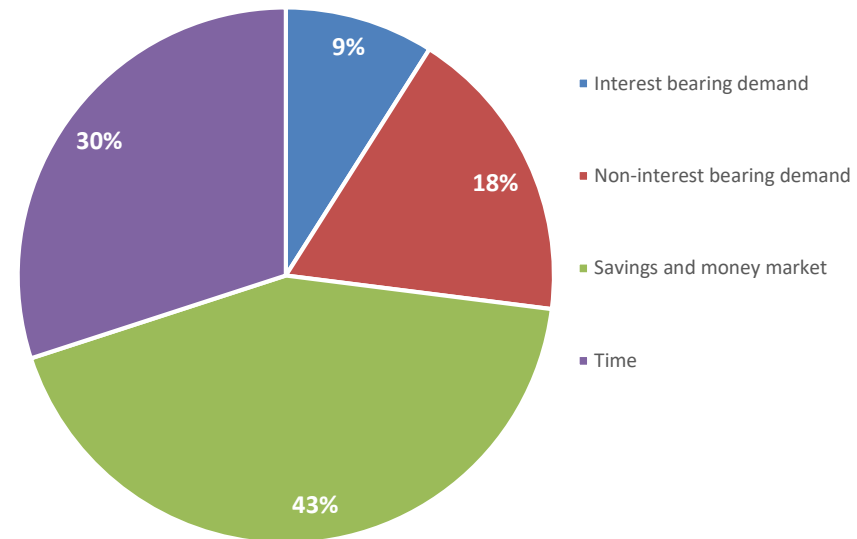
## December 31, 2019



### Loans and Leases



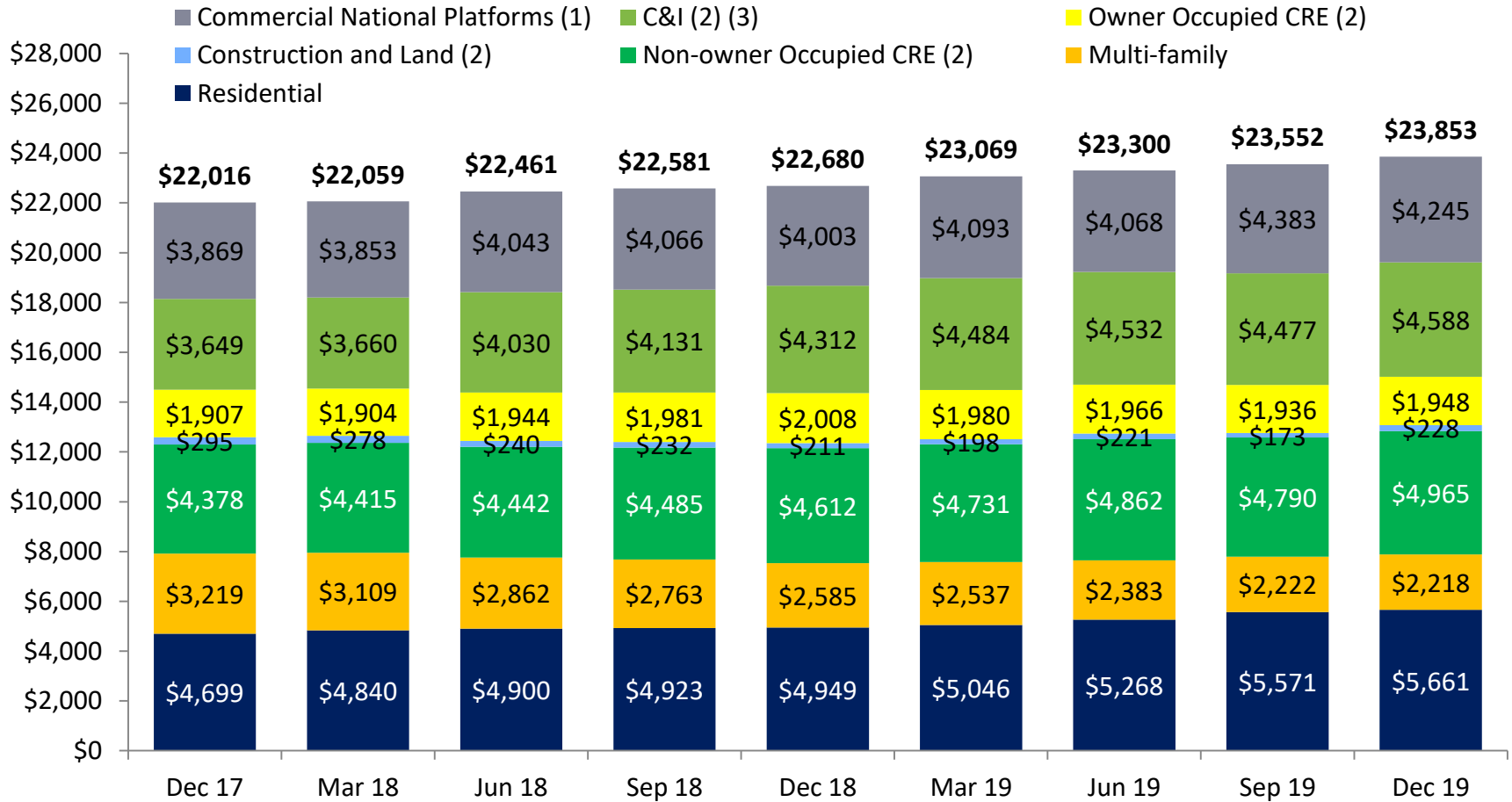
### Deposits



- (1) Includes operating lease equipment.
- (2) Excludes amounts from SBF.
- (3) Excludes amounts from Mortgage Warehouse Lending.

# Loans and Leases

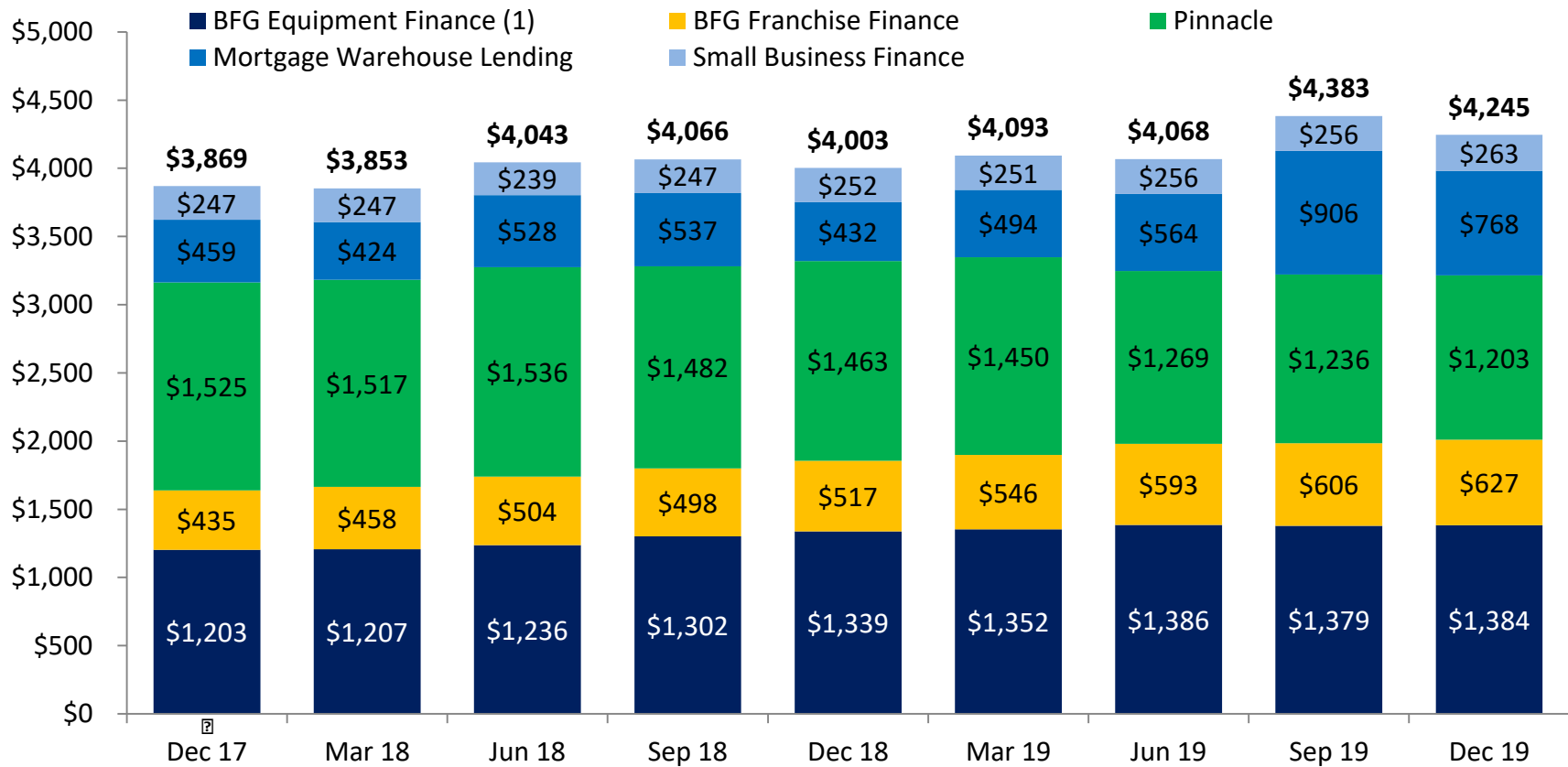
\$ in millions



- (1) Includes equipment under operating lease.
- (2) Excludes amounts from SBF.
- (3) Excludes amounts from Mortgage Warehouse Lending.

# National Commercial Platforms

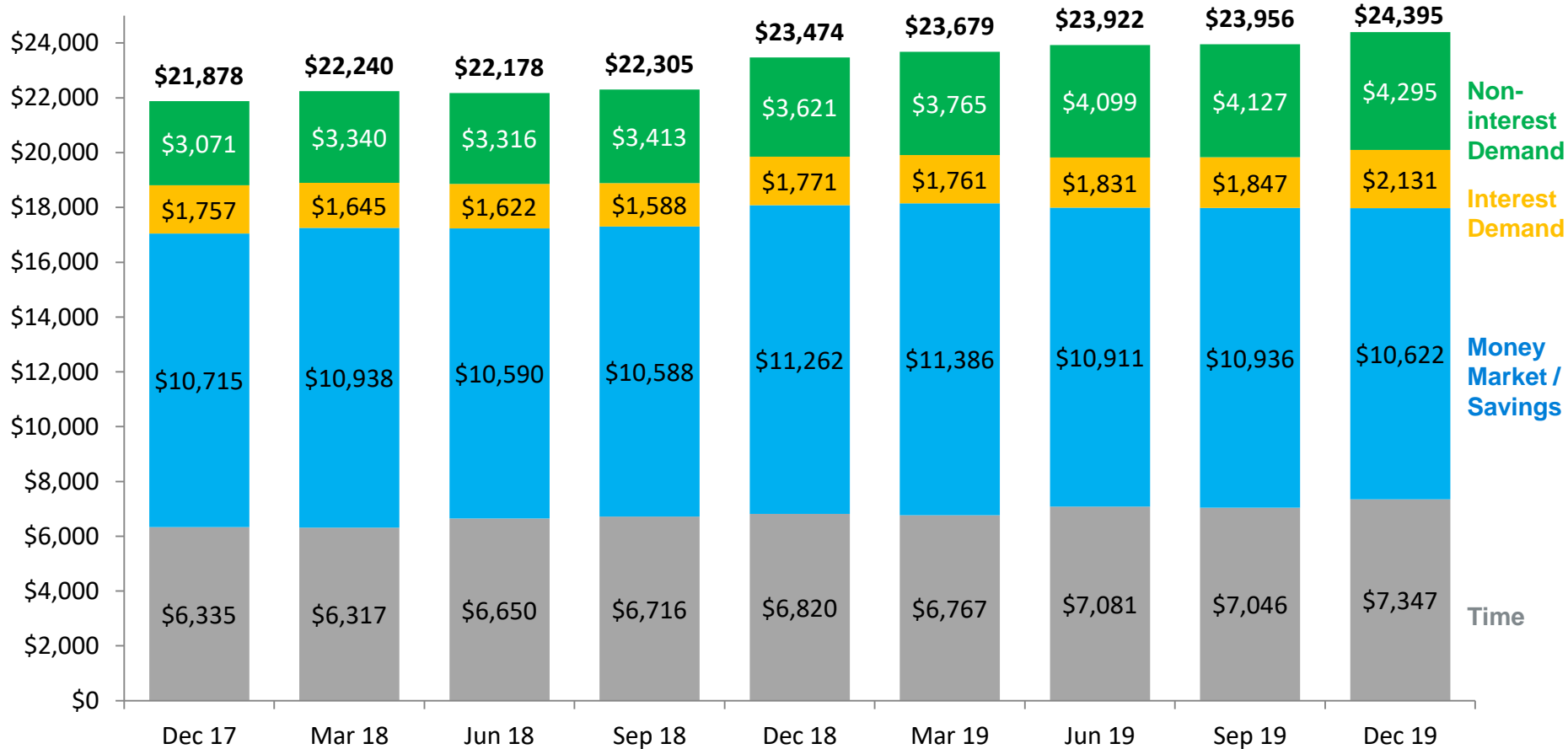
\$ in millions



(1) Includes operating lease equipment.

# Deposits

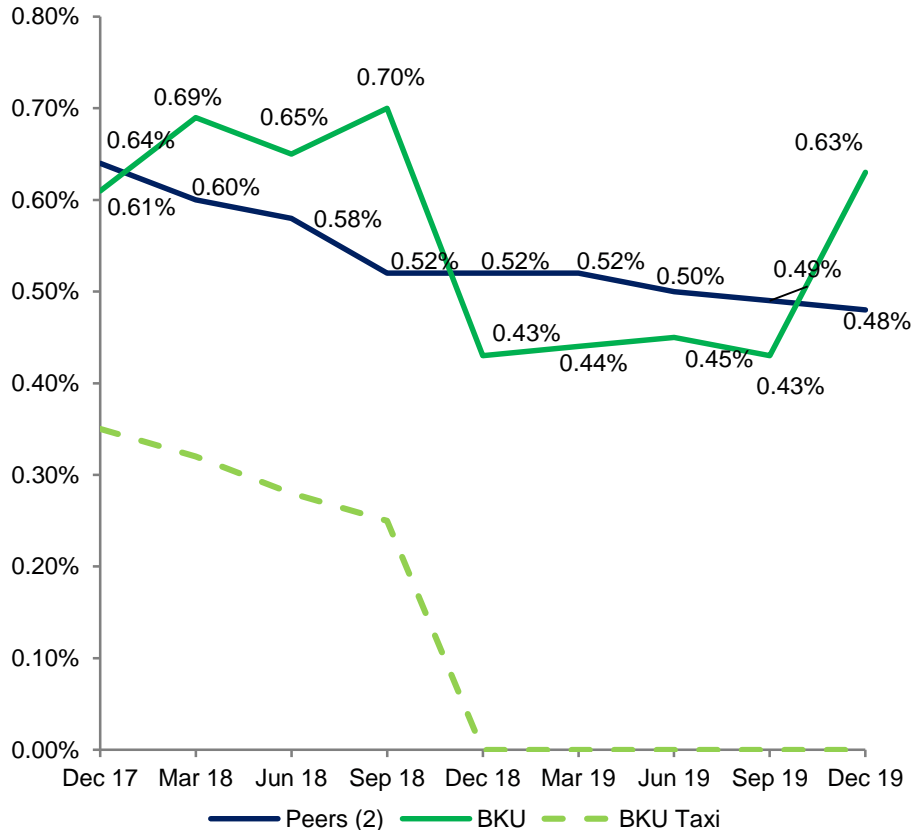
\$ in millions



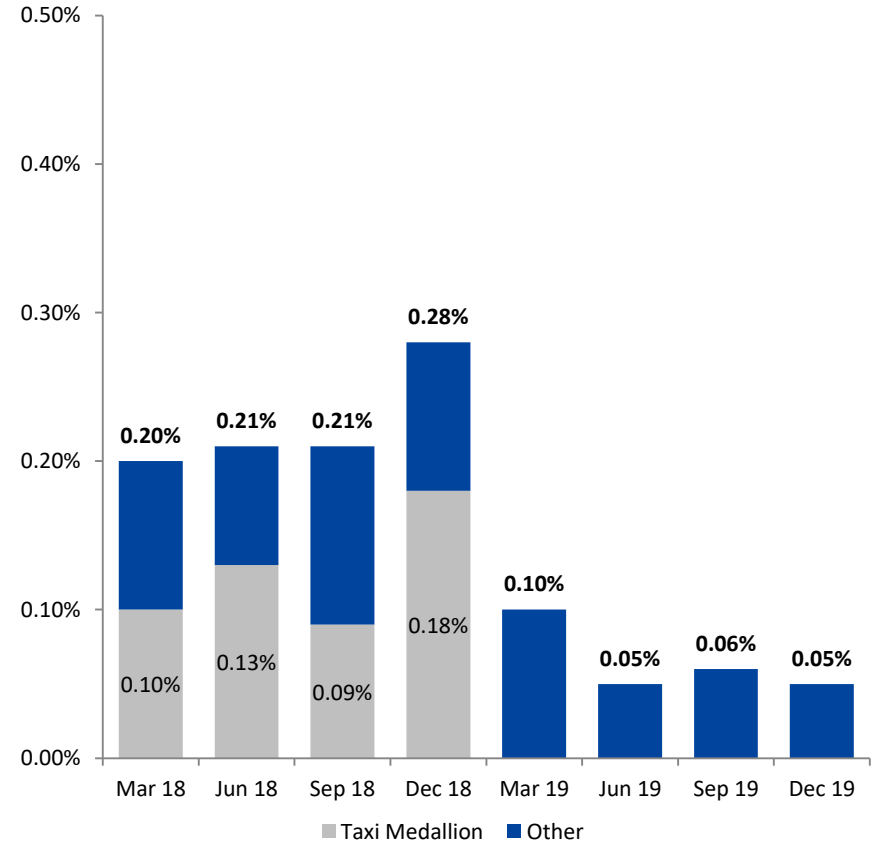
Cost of Deposits	0.94%	1.04%	1.19%	1.35%	1.52%	1.67%	1.70%	1.67%	1.48%
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## NPA Ratio (1) (4)



## Net Charge-off Ratio (3)



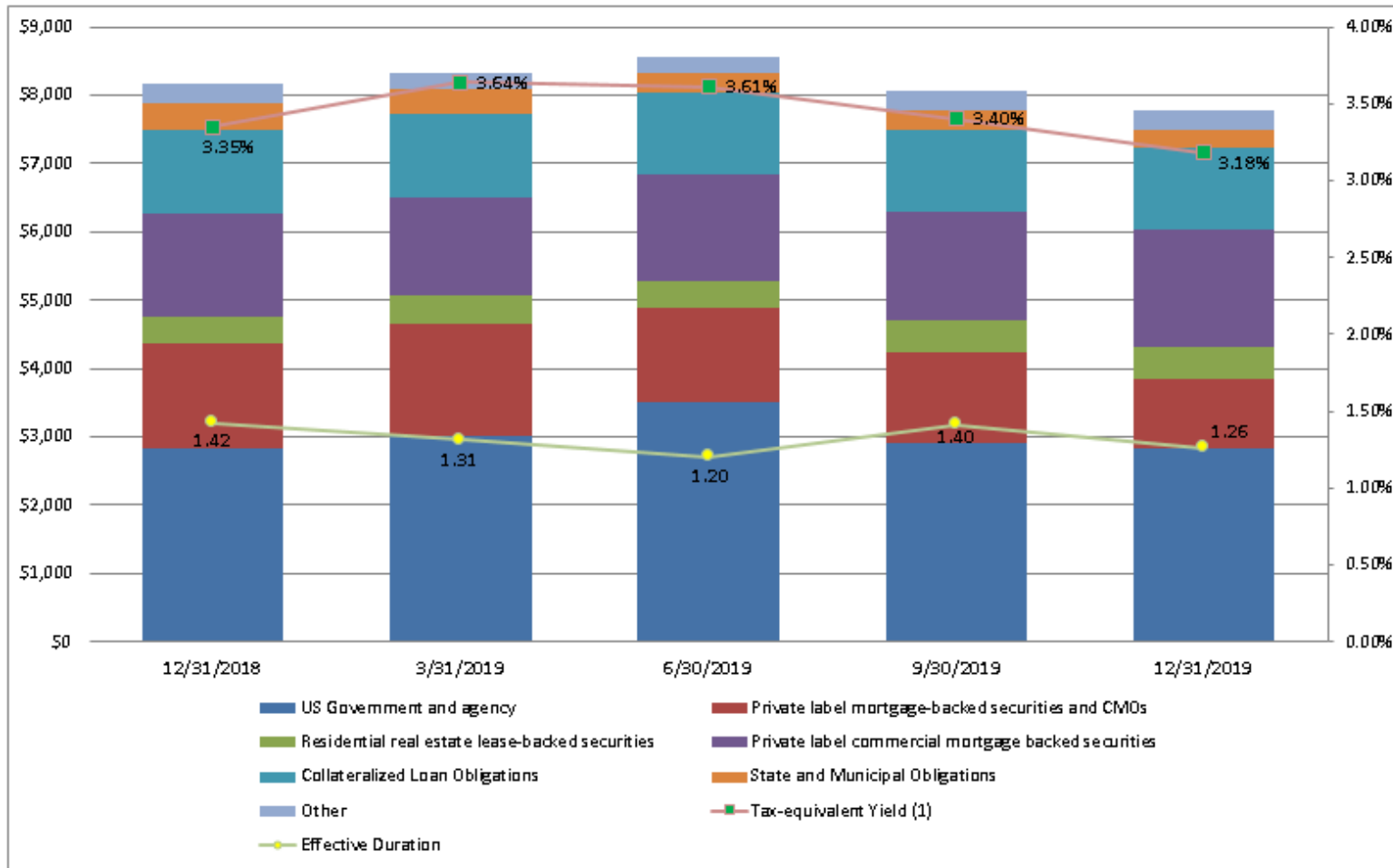
(1) NPA ratio calculated as NPAs as a percentage of total assets.

(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.

(4) Non-performing assets include the guaranteed portion of non-accrual SBA loans totaling \$45.7 million and \$17.8 million at December 31, 2019 and 2018, respectively.

# Investment Portfolio



(1) Annualized.

# Selected Ratios



	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
<b>Performance:</b>			
Return on average assets <sup>(1)</sup>	1.01%	1.05%	0.95%
Return on average equity <sup>(1)</sup>	11.1%	10.6%	10.6%
Net interest margin	3.65%	3.67%	2.47%
<b>Credit Quality:</b>			
Non-performing loans to total loans	0.81%	0.59%	0.88%
Non-performing assets to total assets	0.61%	0.43%	0.63%
Net Charge-offs to average loans	0.38%	0.28%	0.05%
<b>Capital:</b>			
CET-1 risk-based capital	13.1%	12.6%	12.3%
Total risk-based capital	13.8%	13.1%	12.8%
Tangible common equity to tangible assets	9.7%	8.9%	8.9%

(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 20 for reconciliation of non-GAAP financial measurements to their comparable GAAP financial measurements.



# 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 period, 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 December 31, 2018 <sup>(3)</sup>	Year Ended December 31, 2018 <sup>(3)</sup>
Net Income As Reported	\$ 52.4	\$ 324.9
Calculation of Loss Share Contribution:		
Interest Income - Covered Loans (Accretion)	\$ 121.3	\$ 368.2
Net impact of sale of covered loans	1.0	9.1
Amortization of FDIC Indemnification Asset	(128.9)	(261.8)
Loss Share Earnings (Loss)	(6.6)	115.5
Hypothetical interest income on alternate assets <sup>(1)</sup>	(3.8)	(20.9)
Loss Share Contribution, pre-tax	(10.3)	94.6
Income taxes <sup>(2)</sup>	2.7	(25.1)
Loss Share Contribution, after tax	\$ (7.6)	\$ 69.6
Net Income as reported, minus Loss Share Contribution	\$ 60.0	\$ 255.3
Diluted Earnings Per Common Share, as Reported	\$ 0.50	\$ 2.99
Earnings Per Share, Loss Share Contribution	(0.09)	0.63
Non-Loss Share Diluted Earnings Per Share	\$ 0.59	\$ 2.36

(1) See section entitled "Supplemental Calculations - Calculation of Hypothetical Interest Income on Alternate Assets" see page 15 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):

	<u>Three Months Ended December 31, 2018</u>	<u>Year Ended December 31, 2018</u>
<b><u>Average Balances</u></b> <sup>(1)</sup>		
Average Covered Loans	\$ 329	\$ 427
Average FDIC Indemnification Asset	91	196
Average Loss Share Asset	<u>\$ 420</u>	<u>\$ 623</u>
<b><u>Yield</u></b>		
Yield on securities - reported <sup>(2)</sup>	3.59 %	3.35 %
Hypothetical interest income on alternate assets	\$ 3.8	\$ 20.9

(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 period.



## 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 and year ended December 31, 2018 (in millions except share and per share data, shares in thousands):

	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Net Income (GAAP)	\$ 52.4	\$ 324.9
Less Loss Share Contribution	7.6	(69.6)
Net Income as reported, minus Loss Share Contribution	<u>\$ 60.0</u>	<u>\$ 255.3</u>
Diluted earnings per common share, excluding Loss Share Contribution:		
Diluted earnings per common share (GAAP)	\$ 0.50	\$ 2.99
Less: Net impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	0.09	(0.63)
Non-loss share diluted earnings per common share (non-GAAP)	<u>\$ 0.59</u>	<u>\$ 2.36</u>
Non-loss share diluted earnings per share:		
Loss Share Contribution	\$ (7.6)	\$ 69.6
Weighted average shares for diluted earnings per common share (GAAP)	100,959	104,077
Impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	<u>(0.08)</u>	<u>0.67</u>
Impact on diluted earnings per common share of Loss Share Contribution:		
Loss Share Contribution, net of tax, allocated to participating securities	(1.0)	(3.8)
Weighted average shares for diluted earnings per common share (GAAP)	100,959	104,077
Impact on diluted earnings per common share of Loss Share Contribution allocated to participating securities (non-GAAP)	<u>(0.01)</u>	<u>(0.04)</u>
Net impact on diluted earnings per common share of Loss Share Contribution (non-GAAP)	<u>\$ (0.09)</u>	<u>\$ 0.63</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	12/31/19
				(1)					
Total stockholders' equity	\$ 1,535	\$ 1,807	\$ 1,929	\$ 2,053	\$ 2,244	\$ 2,418	\$ 3,026	\$ 2,924	\$ 2,981
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	2,903
Common shares issued and outstanding	97,701	95,007	101,013	101,657	103,626	104,167	106,848	99,141	95,128
Book value per common share	\$ 15.71	\$ 19.02	\$ 19.09	\$ 20.19	\$ 21.65	\$ 23.22	\$ 28.32	\$ 29.49	\$ 31.33
Tangible book value per common share	\$ 15.01	\$ 18.28	\$ 18.41	\$ 19.52	\$ 20.90	\$ 22.47	\$ 27.59	\$ 28.71	\$ 30.52

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

## Non-GAAP Financial Measures (continued)



Recurring operating expenses is a non-GAAP financial measure. Management believes disclosure of this measure provides readers with information that may be useful in comparing current period results to prior periods and in interpreting trends in operational costs, particularly in light of our BankUnited 2.0 initiative. The following table reconciles the non-GAAP financial measurement of recurring operating expenses to the comparable GAAP financial measurement of total non-interest expense for the years ended December 31, 2019, 2018 and 2017 (in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total non-interest expense (GAAP)	\$ 487,089	\$ 740,540	\$ 634,968
Less:			
Amortization of FDIC indemnification asset	—	(261,763)	(176,466)
Depreciation of operating lease equipment	(48,493)	(40,025)	(35,015)
Loss on debt extinguishment	(3,796)	—	—
Costs incurred directly related to implementation of BankUnited 2.0	(14,802)	(1,899)	—
Recurring operating expenses (non-GAAP)	<u>\$ 419,998</u>	<u>\$ 436,853</u>	<u>\$ 423,487</u>



## 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):

	<u>Year Ended</u> <u>December 31, 2017</u>
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>



# **BankUnited, Inc.**

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March 2020