

# Q2 2024 – Supplemental Information

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July 18, 2024

# Forward-Looking Statements



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# Quarterly Highlights

## 1 Improve Funding Profile

- Non-brokered deposits grew by \$1.3 billion
- NIDDA up \$826 million; improved to 29% of deposits
- Average NIDDA up \$888 million
- Total deposits up \$736 million
- Wholesale funding down \$1.2 billion

## 2 Improve Asset Mix

- Core C&I and CRE loans grew by \$589 million
- Resi declined by \$212 million

## 3 Net Interest Margin

- Net interest margin increased by 0.15%, to 2.72% from 2.57%
- Cost of deposits down to 3.09% from 3.18%

## 4 Maintain Robust Liquidity and Capital

- Same day available liquidity \$14.9 billion
- Available liquidity 139% of uninsured, uncollateralized deposits; 61% of deposits insured or collateralized.
- CET 1 ratio of 11.6%; TCE/TA increased to 7.4%

## 5 Manage credit

- ACL/Loans increased to 0.92%; commercial ACL remained at 1.42%
- Annualized net charge-offs 0.12%
- NPA ratio excluding guaranteed SBA loans 0.39%

## 6 Manage Expenses

- Expenses stable quarter-over-quarter

## Net Interest Margin

- Net interest margin **increased to 2.72%** from 2.57% for prior quarter
- **Cost of deposits declined**; 3.09% for Q2 compared to 3.18% for Q1;

## Deposits and Funding

- Non-brokered deposits **grew \$1.3 billion**
- Non-interest bearing DDA **29%** of total deposits; up \$826 million for the quarter
- Total deposits **grew by \$736 million**
- Wholesale funding **down by \$1.2 billion**

## High Quality CRE Portfolio

- Wtd average DSCR 1.77; wtd average LTV 56.0%; 56% Florida
- CRE office wtd average DSCR 1.59; wtd average LTV 65.8%; 58% Florida
- CRE office reserve **2.47%** at June 30
- CRE to total loans 24% ; CRE to total risk based capital **165%**
- \$51 million in non-performing CRE excluding non-performing SBA guaranteed loans

## Asset Quality

- Low NPA ratio of 0.50% at June 30; **0.39%** excluding guaranteed portion of non-accrual SBA loans
- Annualized net charge-off rate of **0.12%**
- Total criticized/classified assets **declined** \$52 million

## Capital<sup>(1)</sup>

- CET1 ratio **11.6%** ; TCE/TA **7.4%**
- Book value and tangible book value per share grew to \$36.11 and \$35.07

1. Tangible book value per share is a non-GAAP financial measure. See section entitled "Non-GAAP Financial Measures" on page 28

# Highlights from Second Quarter Earnings



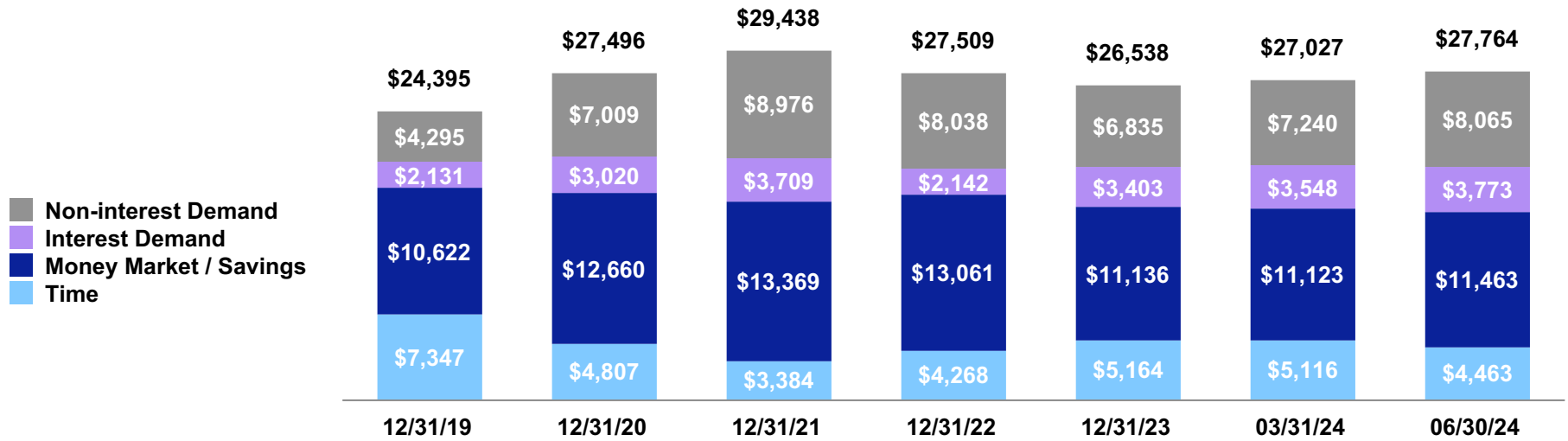
(\$ in millions, except per share data)	Change From					
	Q2'24	Q1'24	Q2'23	Q1'24	Q2'23	Key Highlights
Net Interest Income	\$226	\$215	\$214	\$11	\$12	5% QoQ growth in net interest income
Provision for Credit Losses	\$20	\$15	\$16	\$5	\$4	
Total Non-interest Income	\$24	\$27	\$25	(\$3)	(\$1)	
Total Non-interest Expense	\$158	\$159	\$145	(\$1)	\$13	
Net Income	\$54	\$48	\$58	\$6	(\$4)	
EPS	\$0.72	\$0.64	\$0.78	\$0.08	(\$0.06)	
Period-end Core C&I and CRE loans	\$15,090	\$14,501	\$14,104	\$589	\$986	
Period-end Loans	\$24,628	\$24,226	\$24,630	\$402	(\$2)	Core commercial growth partially offset by strategic resi decline
Period-end Non-interest DDA	\$8,065	\$7,240	\$7,305	\$826	\$760	Double digit growth in NIDDA quarter over quarter
Period-end Deposits	\$27,764	\$27,027	\$25,839	\$736	\$1,925	\$1.3 billion growth in non-brokered deposits
Loans to Deposits	88.7%	89.6%	95.3%	(0.9%)	(6.6%)	
CET1	11.6%	11.6%	11.2%	—%	0.4%	
Total Capital	13.6%	13.7%	13.0%	(0.1%)	0.6%	
Yield on Loans	5.85%	5.78%	5.35%	0.07%	0.50%	
Yield on Securities	5.60%	5.59%	5.19%	0.01%	0.41%	
Cost of Deposits	3.09%	3.18%	2.46%	(0.09%)	0.63%	First decline since Q1 2022
Net Interest Margin	2.72%	2.57%	2.47%	0.15%	0.25%	Expanding trend in margin expected over course of 2024
Non-performing Assets to Total Assets <sup>(1)</sup>	0.50%	0.34%	0.34%	0.16%	0.16%	
Allowance for Credit Losses to Total Loans	0.92%	0.90%	0.68%	0.02%	0.24%	
Commercial Allowance for Credit Losses to Total Commercial Loans <sup>(3)</sup>	1.42%	1.42%	1.08%	—%	0.34%	
Net Charge-offs to Average Loans <sup>(2)</sup>	0.12%	0.02%	0.09%	0.10%	0.03%	

1. Includes guaranteed portion of non-accrual SBA loans.
2. Annualized.
3. For purposes of this ratio, commercial loans includes the core C&I and CRE sub-segments as well as franchise and equipment finance. Due to their unique risk profiles, MWL and municipal finance are excluded from this ratio.



# Deposits

# Deposit Trends (\$ in millions)



Quarterly Cost of Deposits	1.48%	0.43%	0.19%	1.42%	2.96%	3.18%	3.09%
Non-interest bearing as a % of Total Deposits	17.6%	25.5%	30.5%	29.2%	25.8%	26.8%	29.1%

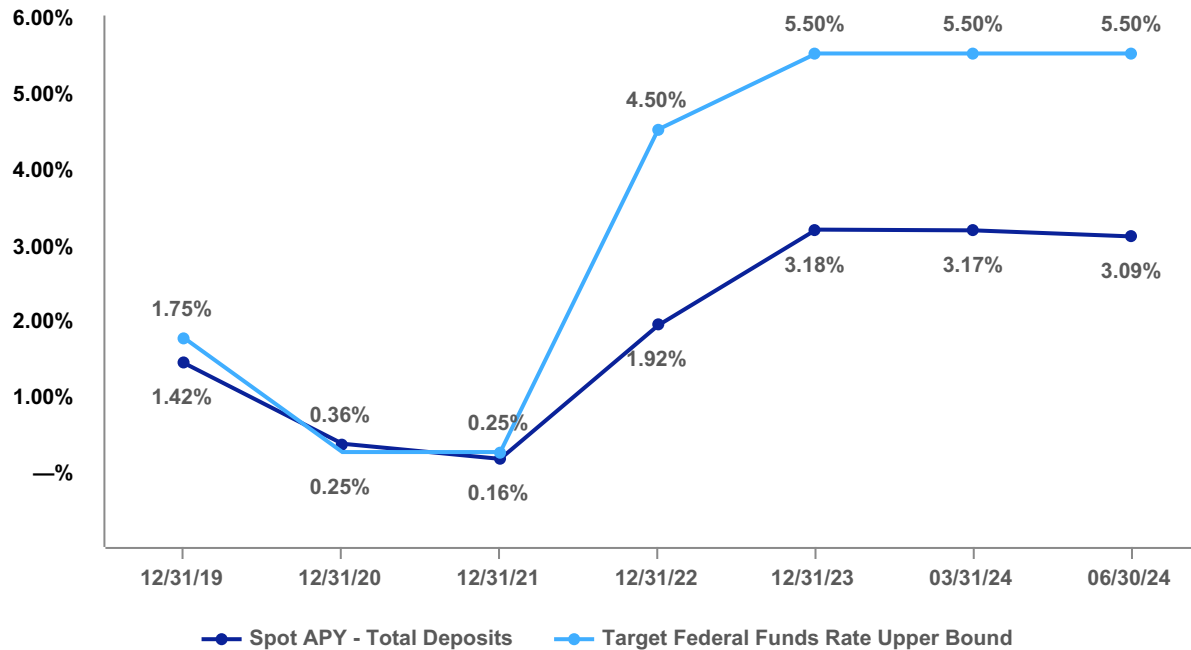


# Cost of Funds Trend



Spot Average Annual Percentage Yield ("APY")	At December 31, 2019	At December 31, 2020	At December 31, 2021	At December 31, 2022	At December 31, 2023	At March 31, 2024	At June 30, 2024
Total non-maturity deposits	1.11%	0.29%	0.14%	1.83%	2.87%	2.85%	2.80%
Total interest-bearing deposits	1.71%	0.48%	0.23%	2.66%	4.20%	4.29%	4.29%
Total deposits	1.42%	0.36%	0.16%	1.92%	3.18%	3.17%	3.09%

**Spread Between Fed Funds Upper Bound and Spot APY of Total Deposits**

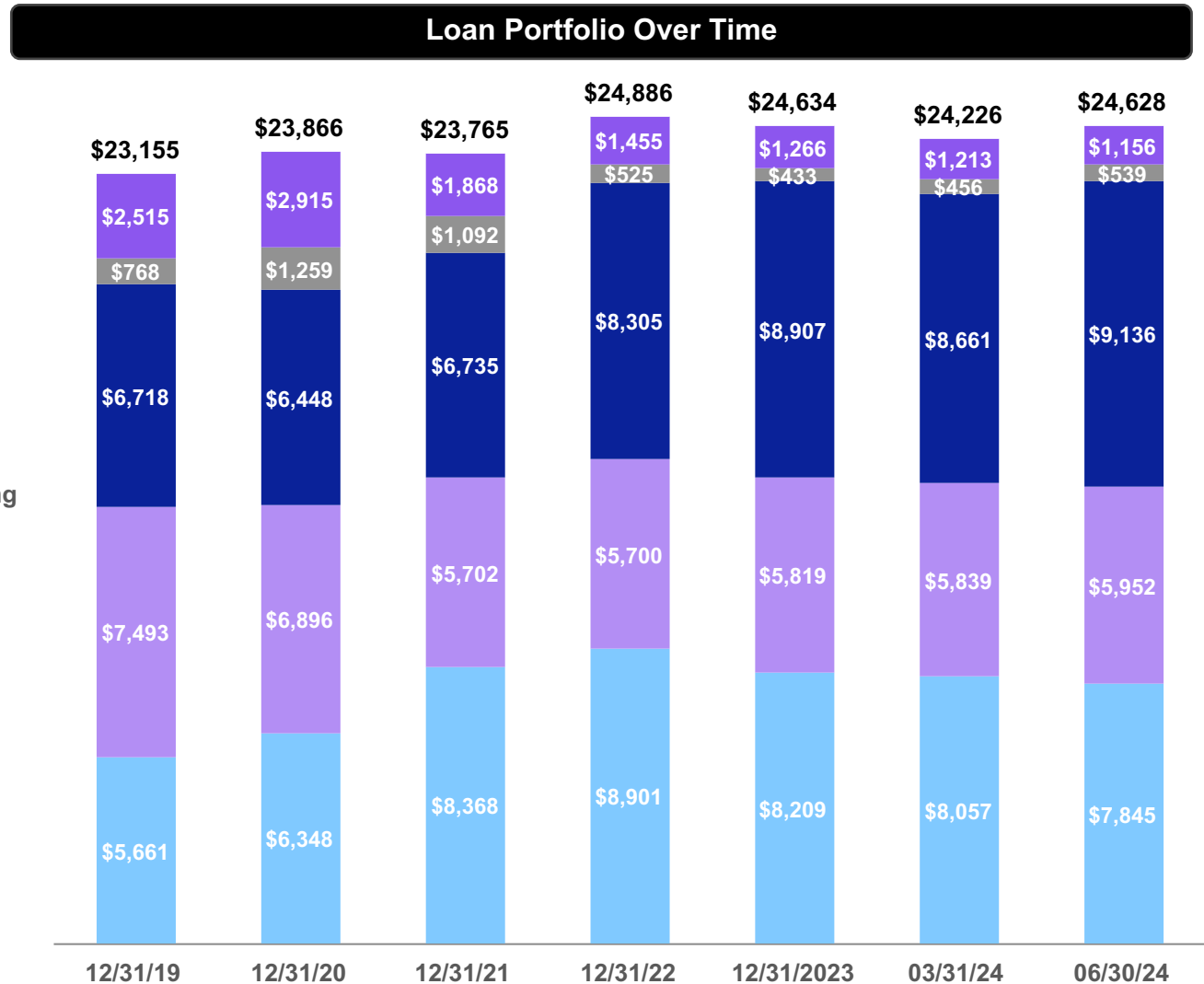




# Loans and the Allowance for Credit Losses

# Prudently Underwritten and Well-Diversified Loan Portfolio

At June 30, 2024 (\$ in millions)



1. Includes Pinnacle municipal finance, franchise and equipment finance, and PPP.

# High Quality CRE Portfolio

At June 30, 2024 (\$ in millions)



Property Type	Balance	% of Total CRE	FL	NY Tri State	Other	Wtd. Avg. DSCR	Wtd. Avg. LTV
Office	\$ 1,791	30 %	58 %	24 %	18 %	1.59	65.8 %
Warehouse/Industrial	1,295	22 %	58 %	9 %	33 %	2.02	50.4 %
Multifamily	825	14 %	48 %	52 %	— %	1.93	48.2 %
Retail	857	14 %	49 %	32 %	19 %	1.63	59.0 %
Hotel	514	9 %	74 %	9 %	17 %	1.73	44.1 %
Construction and Land	585	10 %	44 %	50 %	6 %	NA	NA
Other	85	1 %	70 %	15 %	15 %	1.85	49.5 %
	<b>\$ 5,952</b>	<b>100 %</b>	<b>56 %</b>	<b>27 %</b>	<b>17 %</b>	<b>1.77</b>	<b>56.0 %</b>

Property Type	Florida		NY Tri State	
	Wtd. Avg. DSCR	Wtd. Avg. LTV	Wtd. Avg. DSCR	Wtd. Avg. LTV
Office	1.58	64.8 %	1.63	61.2 %
Warehouse/Industrial	2.17	48.4 %	1.81	36.6 %
Multifamily	2.46	45.4 %	1.44	50.8 %
Retail	1.80	58.4 %	1.38	59.9 %
Hotel	1.77	41.9 %	1.88	32.5 %
Other	2.05	47.8 %	1.38	65.4 %
	<b>1.91</b>	<b>54.1 %</b>	<b>1.54</b>	<b>54.6 %</b>

Construction and land includes \$87 million of office exposure, \$84 million in NY

# Manageable CRE Maturity Risk

At June 30, 2024 (\$ in millions)



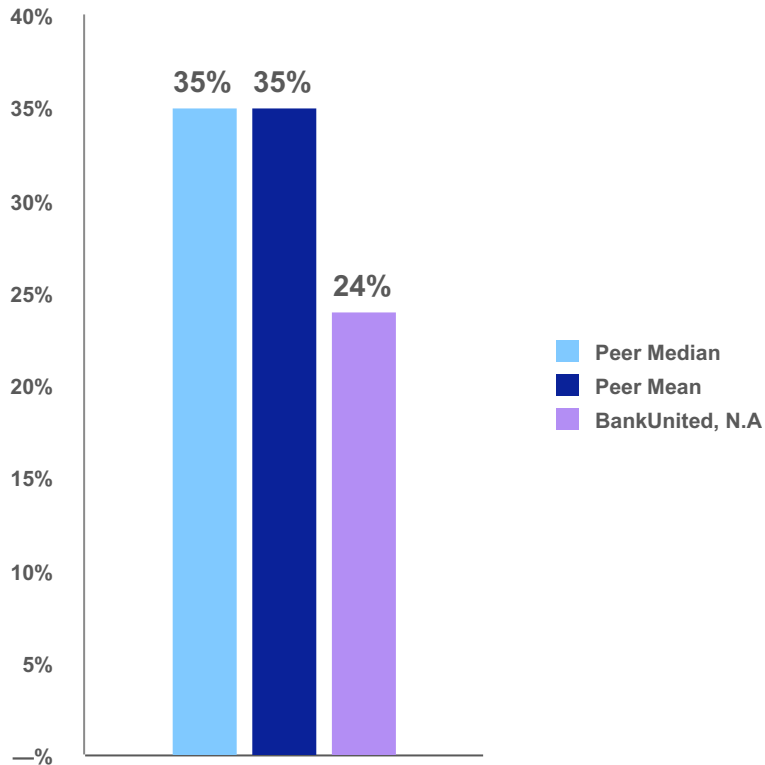
Just 6% of total CRE portfolio fixed and maturing in the next 12 months

Property Type	Maturing in the Next 12 Months	% Maturing in the Next 12 Months	Fixed Rate or Swapped Maturing in the Next 12 Months	Fixed Rate to Borrower Maturing in Next 12 mos. as a % of Total Portfolio
Office	\$ 402	22 %	\$ 191	11 %
Warehouse/Industrial	80	6 %	56	4 %
Multifamily	90	11 %	29	3 %
Retail	100	12 %	54	6 %
Hotel	42	8 %	17	3 %
Construction and Land	279	48 %	—	— %
Other	19	23 %	19	23 %
	<b>\$ 1,012</b>	<b>17 %</b>	<b>\$ 366</b>	<b>6 %</b>

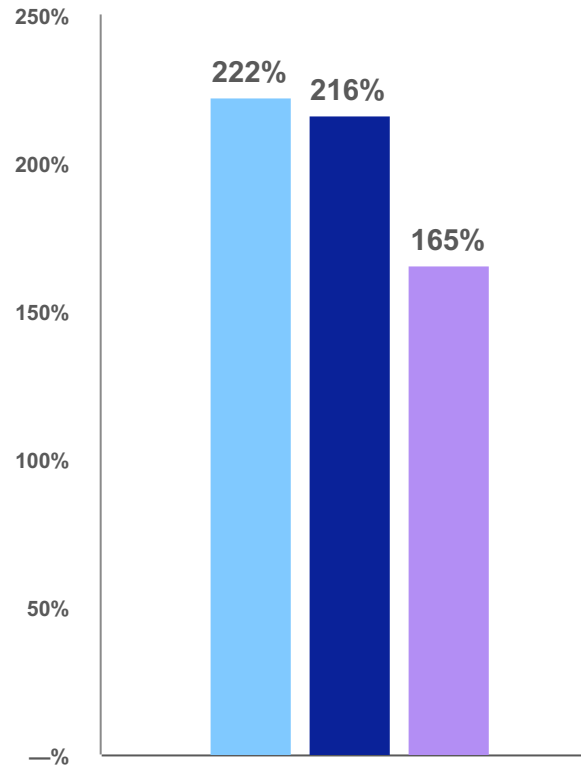
## Maturity Distribution of CRE Loans

Property Type	2024	2025	2026	2027	2028	Thereafter	Total
Office	\$ 221	\$ 442	\$ 424	\$ 226	\$ 146	\$ 332	\$ 1,791
Warehouse/Industrial	53	179	404	285	144	230	1,295
Multifamily	15	158	164	158	107	223	825
Retail	68	150	230	100	186	123	857
Hotel	41	44	243	31	56	99	514
Construction and Land	132	219	100	61	—	73	585
Other	12	7	27	10	4	25	85
	<b>\$ 542</b>	<b>\$ 1,199</b>	<b>\$ 1,592</b>	<b>\$ 871</b>	<b>\$ 643</b>	<b>\$ 1,105</b>	<b>\$ 5,952</b>

**CRE / Total Loans<sup>(1)(2)</sup>**



**CRE / Total Risk Based Capital<sup>(1)(2)</sup>**



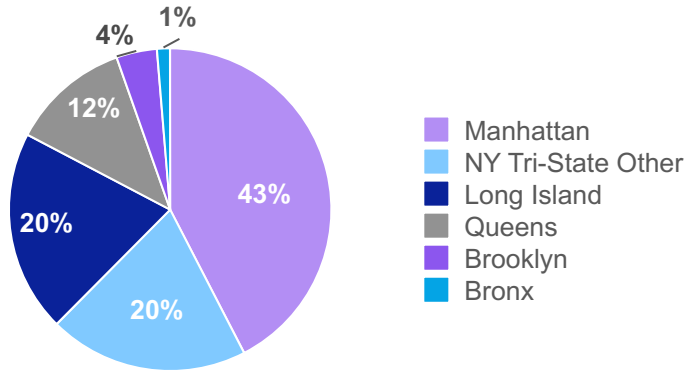
1. BKU information as of June 30, 2024
2. CRE peer median information based on March 31, 2024 Call Report data (most recent date available) for banks with total assets between \$10 billion and \$100 billion

# CRE Office Portfolio - Additional Information

At June 30, 2024

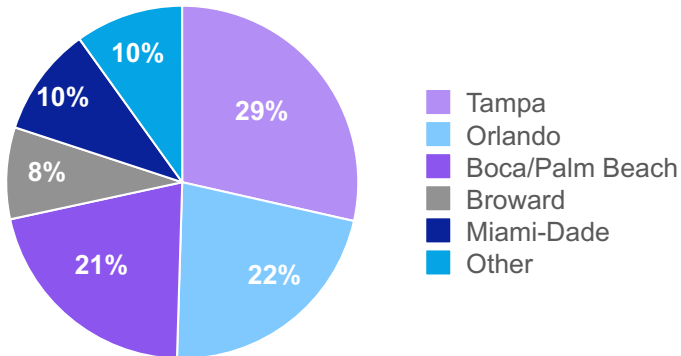


## NY Tri-State by Sub-Market



- 17% or \$309 million of the total office portfolio is medical office
- Rent rollover in next 12 months approximately 9% of the total office portfolio; 10% for FL and 6% in NY Tri State
- Manhattan stabilized portfolio has approximately 96% occupancy and rent rollover in the next 12 months of 6%
- The Florida portfolio is predominantly suburban

## Florida by Sub-Market



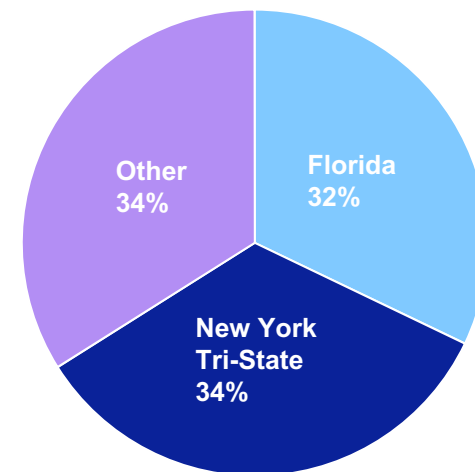
# Granular, Diversified Commercial & Industrial Portfolio

At June 30, 2024 (\$ in millions)



Industry	Balance <sup>(1)</sup>	% of Portfolio
Finance and Insurance	\$ 1,678	18.4 %
Manufacturing	765	8.4 %
Educational Services	736	8.1 %
Health Care and Social Assistance	716	7.8 %
Utilities	688	7.5 %
Information	665	7.3 %
Wholesale Trade	648	7.1 %
Transportation and Warehousing	509	5.6 %
Real Estate and Rental and Leasing	502	5.5 %
Construction	469	5.1 %
Retail Trade	325	3.6 %
Public Administration	301	3.3 %
Professional, Scientific, and Technical Services	293	3.2 %
Other Services (except Public Administration)	266	2.9 %
Arts, Entertainment, and Recreation	199	2.2 %
Administrative and Support and Waste Management	183	2.0 %
Accommodation and Food Services	158	1.7 %
Other	36	0.3 %
	<b>\$ 9,137</b>	<b>100.0 %</b>

## Geographic Distribution



1. Includes \$2.0 billion of owner-occupied real estate



# Drivers of Change in the ACL - Current Quarter

(\$ in millions)



**Risk Rating Migration and Specific Reserves**

**\$24.1**



**Economic Forecast**

**\$(3.0)**



- Current market adjustment
- Changes to forward path of forecast
- Scenario weighting

**Net Charge-Offs**

**\$(13.7)**



- Primarily related to one C&I relationship

**Portfolio and Other**

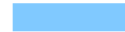
**\$12.3**



- New loans net of pay-downs
- Portfolio and Assumption changes

**Change in Qualitative Overlay**

**\$(11.6)**



- Shift related to items now captured in quantitative modeling.

**\$217.6**



**\$225.7**



**ACL  
03/31/24**

**ACL  
06/30/24**

**% of Total Loans**

**0.90%**

**0.92%**

# Allocation of the ACL

(\$ in millions)



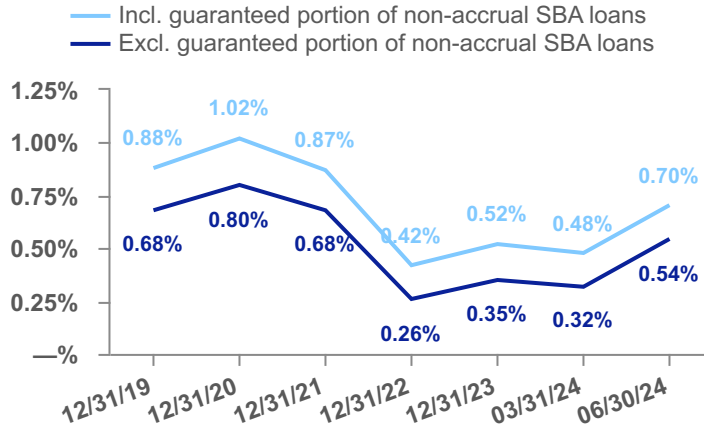
	December 31, 2023		March 31, 2024		June 30, 2024	
	Balance	% of Loans	Balance	% of Loans	Balance	% of Loans
Commerical:						
Commercial real estate	\$ 41.3	0.71 %	\$ 61.1	1.05 %	\$ 69.9	1.17 %
Commercial and industrial	142.4	1.60 %	140.0	1.62 %	143.2	1.57 %
Franchise and equipment finance	10.9	2.85 %	9.4	2.71 %	5.9	1.93 %
Total commercial	194.6	1.29 %	210.5	1.42 %	219.0	1.42 %
Pinnacle - municipal finance	0.2	0.03 %	0.2	0.03 %	0.2	0.03 %
Residential and mortgage warehouse lending	7.9	0.09 %	\$ 6.9	0.08 %	6.5	0.08 %
Allowance for credit losses	<u>\$ 202.7</u>	<u>0.82 %</u>	<u>\$ 217.6</u>	<u>0.90 %</u>	<u>\$ 225.7</u>	<u>0.92 %</u>

**Office Portfolio ACL: 2.47% at June 30, 2024, compared to 2.26% at March 31, 2024 and 1.18% at December 31, 2023.**

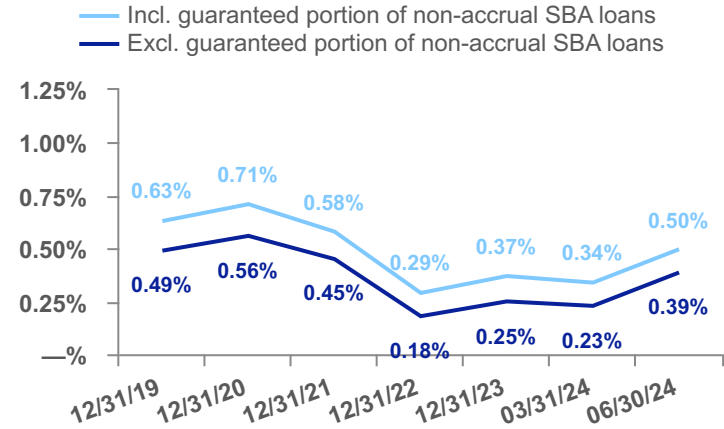
Asset Quality Ratios	December 31, 2023	March 31, 2024	June 30, 2024
Non-performing loans to total loans <sup>(1)</sup>	0.52 %	0.48 %	0.70 %
Non-performing assets to total assets <sup>(1)</sup>	0.37 %	0.34 %	0.50 %
Allowance for credit losses to non-performing loans <sup>(1)</sup>	159.54 %	187.92 %	130.12 %
Net charge-offs to average loans <sup>(2)</sup>	0.09 %	0.02 %	0.12 %

1. Non-performing loans and assets include the guaranteed portion of non-accrual SBA loans totaling \$39.0 million, \$40.0 million and \$41.8 million or 0.16%, 0.16% and 0.17% of total loans and 0.11%, 0.11% and 0.12% of total assets at June 30, 2024, March 31, 2024 and December 31, 2023, respectively.
2. Annualized for the three months ended March 31, 2024 and the six months ended June 30, 2024.

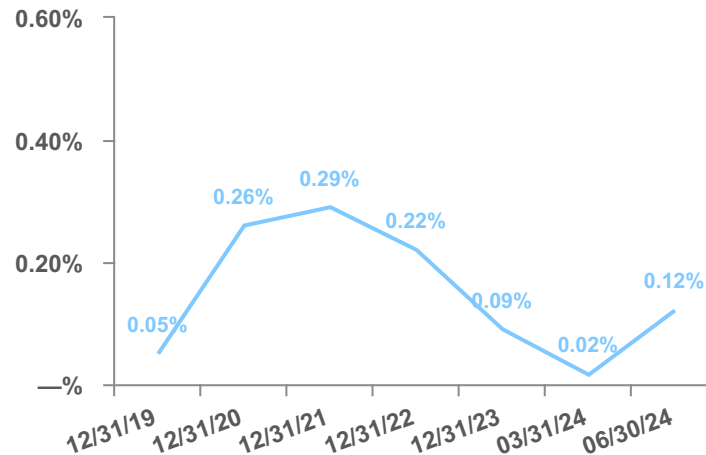
## Non-Performing Loans to Total Loans



## Non-Performing Assets to Total Assets



## Net Charge-offs to Average Loans<sup>(1)</sup>



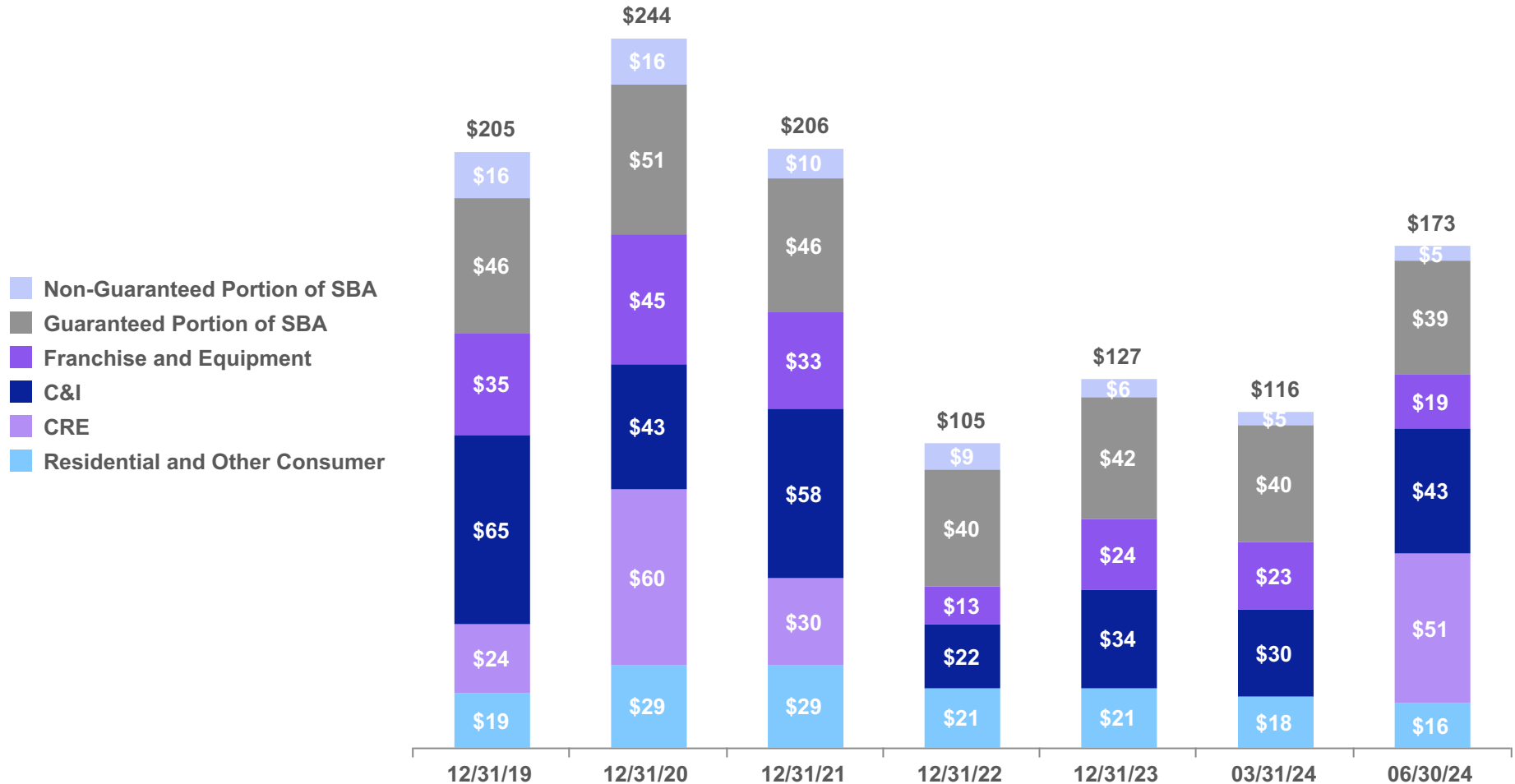
1. Annualized for the six months ended June 30, 2024 and the three months ended March 31, 2024.

# Non-Performing Loans by Portfolio Segment

(\$ in millions)



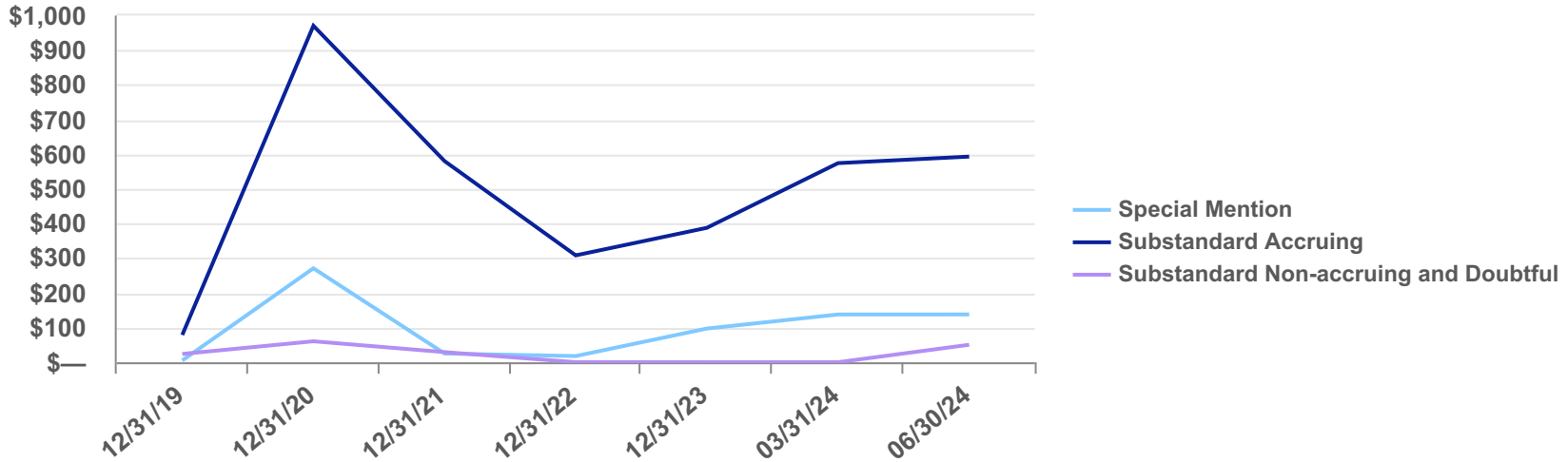
## NPLs Remain Below Pre-Pandemic Levels



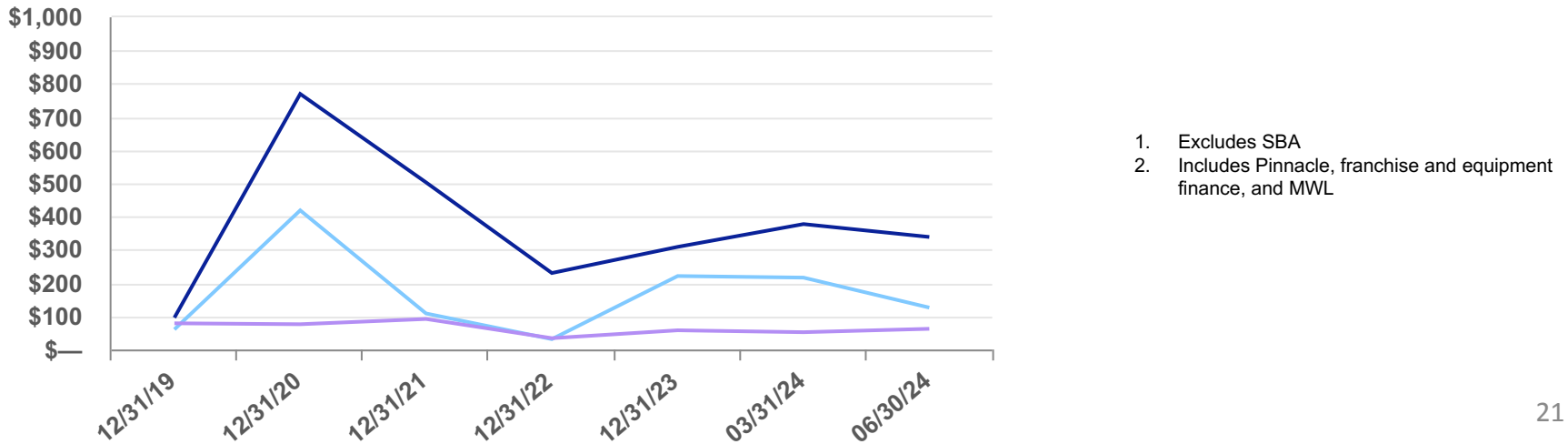
# Criticized and Classified Loans (\$ in millions)



## Commercial Real Estate<sup>(1)</sup>



## Commercial<sup>(1)(2)</sup>



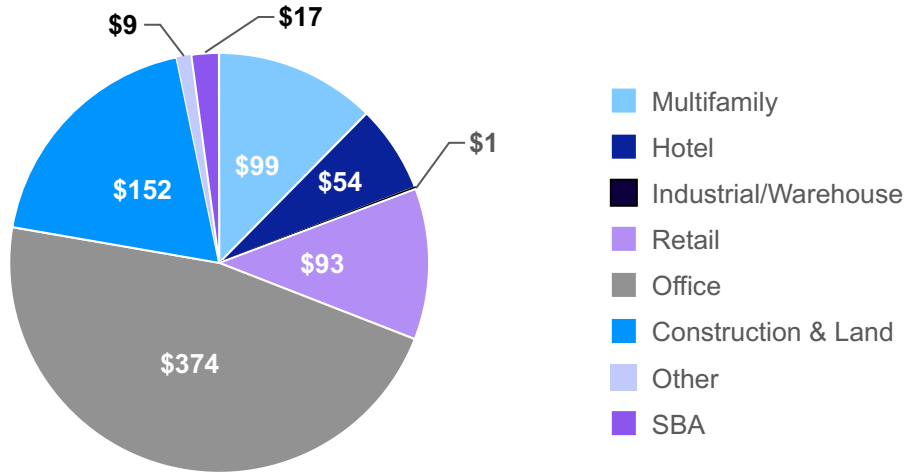
1. Excludes SBA
2. Includes Pinnacle, franchise and equipment finance, and MWL

# Criticized and Classified CRE Loans by Property Type

(\$ in millions)

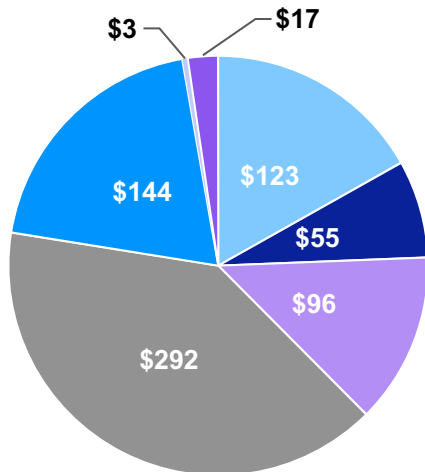


June 30, 2024

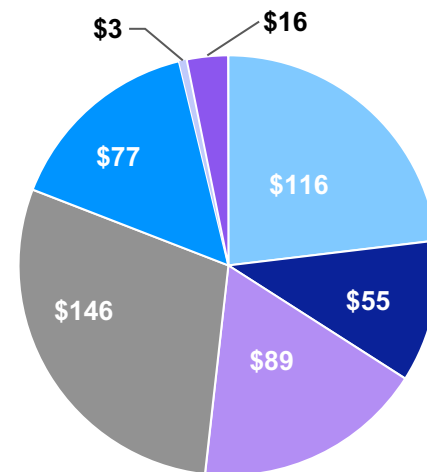


Construction and land category includes \$84 million of office exposure at 6/30/24

March 31, 2024



December 31, 2023

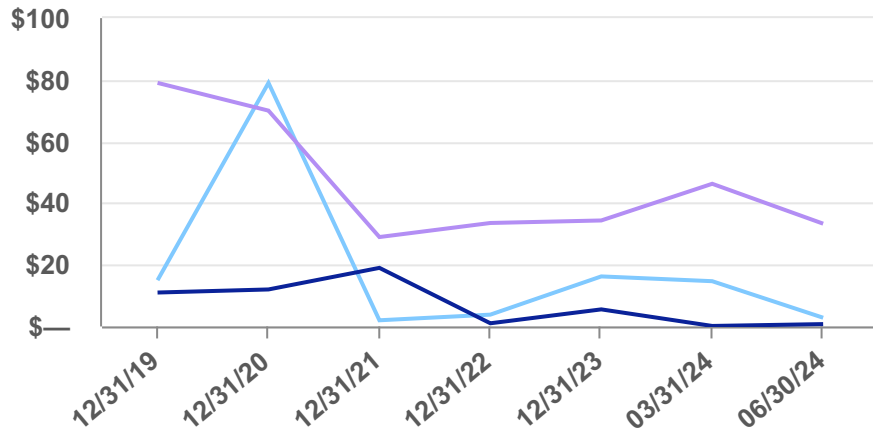


# Asset Quality - Delinquencies

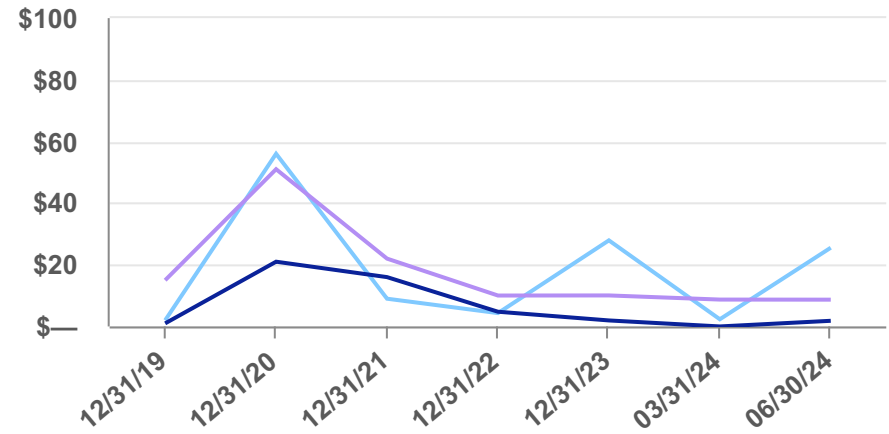
(\$ in millions)



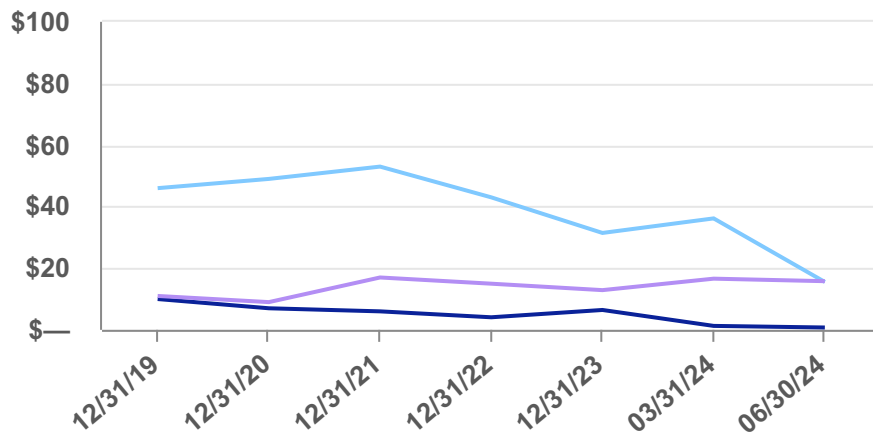
## Commercial<sup>(1)</sup>



## CRE



## Residential<sup>(2)</sup>



— 30-59 Days PD  
— 60-89 Days PD  
— 90 Days+ PD

1. Includes Pinnacle, franchise finance and equipment finance
2. Excludes government insured residential loans

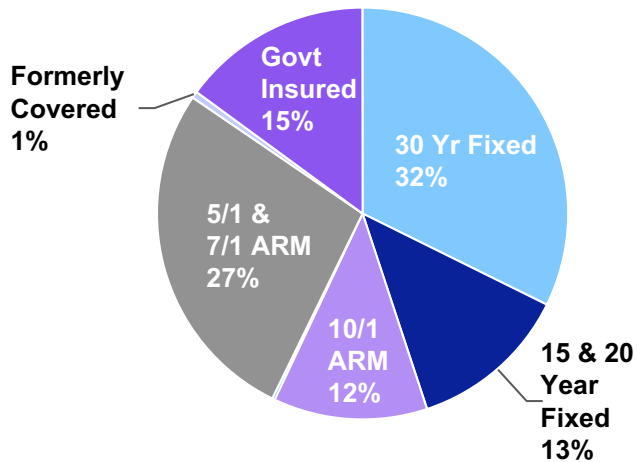
# Residential Portfolio Overview

At June 30, 2024

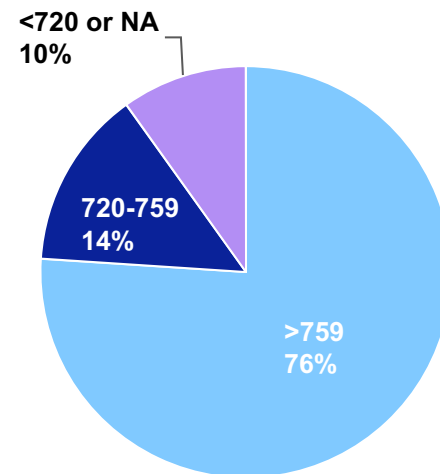


High quality residential portfolio consists primarily of high FICO, low LTV, prime jumbo mortgages with de-minimis charge-offs since inception as well as government insured loans

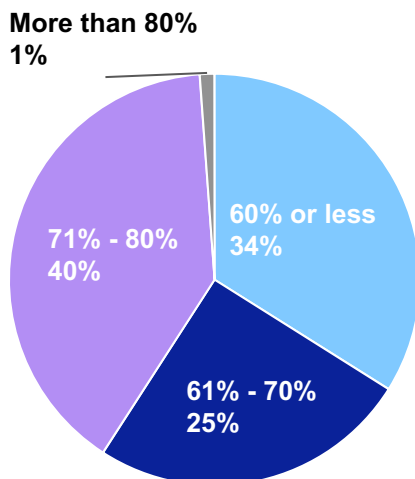
**Residential Loan Product Type**



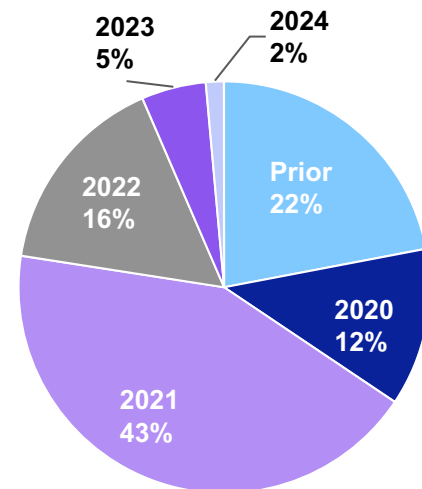
**FICO Distribution<sup>(1)</sup>**



**Breakdown by LTV<sup>(1)</sup>**



**Breakdown by Vintage<sup>(1)</sup>**



1. Excludes government insured residential loans. FICOs are refreshed routinely. LTVs are typically based on valuation at origination





# Investment Portfolio

# High Quality, Short-Duration Securities Portfolio

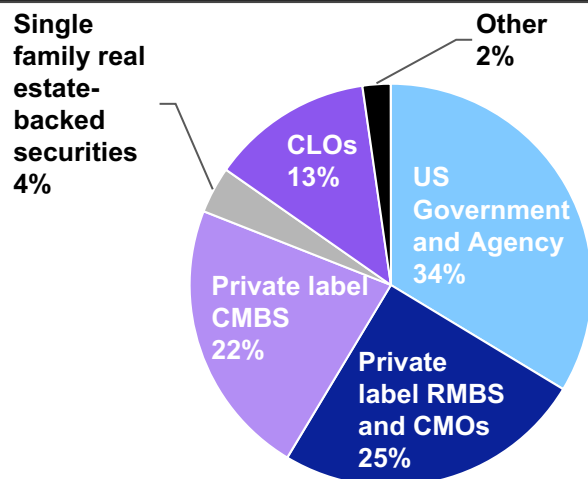
(\$ in millions)



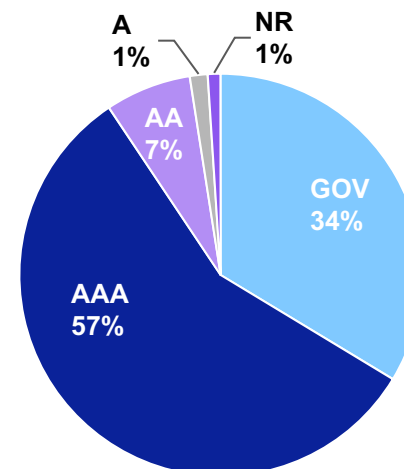
- Unrealized losses continue to decline
- No expected credit losses on AFS securities
- AFS portfolio duration of 1.82; approximately 69% of the portfolio floating rate
- HTM securities total \$10 million

Portfolio	December 31, 2023		March 31, 2024		June 30, 2024	
	Net Unrealized Loss	Fair Value	Net Unrealized Loss	Fair Value	Net Unrealized Gain/(Loss)	Fair Value
US Government and Agency	\$ (115)	\$ 2,656	\$ (110)	\$ 2,884	\$ (97)	\$ 2,999
Private label RMBS and CMOs	(301)	2,296	(294)	2,250	(285)	2,223
Private label CMBS	(84)	2,199	(69)	2,122	(60)	1,991
Single family real estate-backed securities	(18)	366	(15)	341	(14)	333
CLOs	(10)	1,113	(1)	1,077	3	1,159
Other	(7)	205	(9)	207	(10)	203
	<u>\$ (535)</u>	<u>\$ 8,835</u>	<u>\$ (498)</u>	<u>\$ 8,881</u>	<u>\$ (463)</u>	<u>\$ 8,908</u>

**Portfolio Composition**



**Rating Distribution**

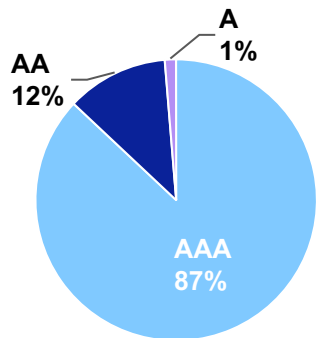
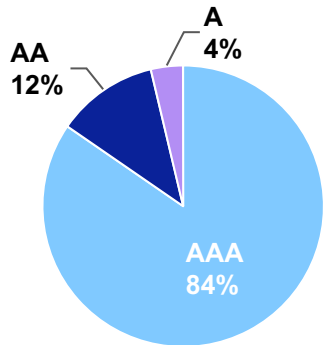
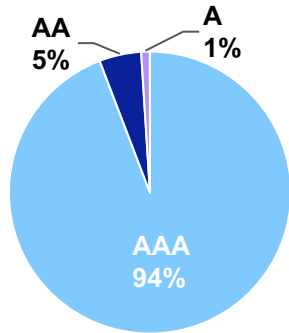


# High Quality, Short-Duration Securities Portfolio

At June 30, 2024



Strong credit enhancement levels - no SASB<sup>(1)</sup> exposure



## Private Label RMBS

Rating	Subordination			Wtd. Avg. Stress Scenario Loss
	Min	Max	Avg.	
AAA	1.3	92.0	17.8	2.2
AA	20.7	35.0	27.0	5.3
A	32.9	32.9	32.9	5.4
<b>Wtd. Avg.</b>	<b>2.3</b>	<b>89.1</b>	<b>18.3</b>	<b>2.4</b>

## Private Label CMBS

Rating	Subordination			Wtd. Avg. Stress Scenario Loss
	Min	Max	Avg.	
AAA	30.5	87.6	46.0	7.2
AA	31.5	74.1	39.4	7.7
A	25.1	51.6	38.6	9.1
<b>Wtd. Avg.</b>	<b>30.4</b>	<b>84.7</b>	<b>44.9</b>	<b>7.4</b>

## CLOs

Rating	Subordination			Wtd. Avg. Stress Scenario Loss
	Min	Max	Avg.	
AAA	41.3	92.8	47.6	15.0
AA	30.8	38.2	33.4	13.1
A	35.0	35.0	35.0	22.1
<b>Wtd. Avg.</b>	<b>40.0</b>	<b>85.7</b>	<b>45.8</b>	<b>14.9</b>

1. Single-asset, single-borrower

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 June 30, 2024 (in thousands except share and per share data):

	<b>June 30, 2024</b>
Total stockholders' equity (GAAP)	\$ 2,699,348
Less: goodwill	77,637
Tangible stockholders' equity (non-GAAP)	\$ 2,621,711
Common shares issued and outstanding	74,758,609
Book value per common share (GAAP)	\$ 36.11
Tangible book value per common share (non-GAAP)	\$ 35.07