BankUnited, Inc. (BKU)

Updated July 23rd, 2025, by Kody Kester

Key Metrics

Current Price:	$40	**5 Year CAGR Estimate:**	9.2%	**Market Cap:**	$3.0B
Fair Value Price:	$39	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	10/10/25[1]
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.6%	**Dividend Payment Date:**	10/29/25[1]
Dividend Yield:	3.1%	**5 Year Price Target**	$54	**Years Of Dividend Growth:**	6
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Founded in 2009, BankUnited, Inc. (BKU) is a regional bank holding company primarily serving commercial and consumer banking needs across Florida and select markets in the Northeastern United States. The company was formerly known as BU Financial Corporation.

Through its principal subsidiary, BankUnited, N.A., the company offers a comprehensive range of financial products and services. Deposit products include checking accounts, savings accounts, money market accounts, and certificates of deposit. Loan products include commercial loans, small business loans, residential mortgages, and commercial real estate loans.

As of June 30th, 2025, the company held $35.5 billion in assets on its balance sheet. Core commercial and industrial and commercial real estate loans made up 63.4% of BKU's approximately $23.9 billion in loans. The remaining 36.6% of the company's loans were residential, mortgage warehouse lending, municipal finance, and franchise and equipment loans.

On July 23rd, BKU released its financial results for the second quarter ended June 30th, 2025. The company's net interest income grew by 8.9% over the year-ago period to $246.1 million in the quarter. This was mostly fueled by a 21-basis-point improvement in the net interest margin to 2.93% during the quarter. Non-interest income rose by 15% year-over-year to $27.8 million for the quarter. That was largely the result of an uptick in other non-interest income in the quarter. BKU's diluted EPS spiked 26.4% over the year-ago period to $0.91 during the quarter. This surpassed the analyst consensus by $0.12 for the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.35	$2.09	$5.58	$2.99	$3.13	$2.06	$4.52	$3.54	$2.38	$3.08	***$3.22***	***$4.52***
DPS	$0.63	$0.84	$0.84	$0.84	$0.84	$0.90	$0.92	$0.96	$1.06	$1.14	***$1.24***	***$1.70***
Shares[2]	103.6	104.2	106.9	99.1	95.1	93.1	85.7	75.7	74.4	74.8	***75.2***	***64.6***

[1] Estimated based on past dividend dates.
[2] Share count is in millions.

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Since 2015, BKU has grown its diluted EPS by just over 3% annually. In the past five years, diluted EPS has compounded by about 9% annually. In the medium term, we believe that diluted EPS can grow by 7% annually. As BKU's cost of deposits continues to improve from lower interest rates being absorbed by the economy, that should help its net interest margin to incrementally improve. The company also continues to strategically bolster its corporate banking and commercial real estate lending services. BKU's latest move was its announcement that it was entering into the Charlotte, North Carolina, market via a trio of corporate banking and commercial estate executives. This gives it access to the leading banking hub in the number one state for business in 2025.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.4	18.0	7.3	10.0	11.7	16.9	9.4	9.6	13.6	12.4	***12.3***	***12.0***
Avg. Yld.	1.7%	2.2%	2.1%	2.8%	2.3%	2.6%	2.2%	2.8%	3.3%	3.0%	***3.1%***	***3.1%***

Over the last decade, BKU's shares have been valued as cheaply as a P/E ratio in the high single-digits to as much as the high teens. The average P/E ratio over that time was around 12. Moving forward, we think that a valuation multiple of 12 still represents fair value. That's because BKU's growth profile appears to be intact. Compared to the current P/E ratio of 12.3, shares look to be slightly overvalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Payout	27%	40%	15%	28%	27%	44%	20%	27%	45%	37%	***39%***	***38%***

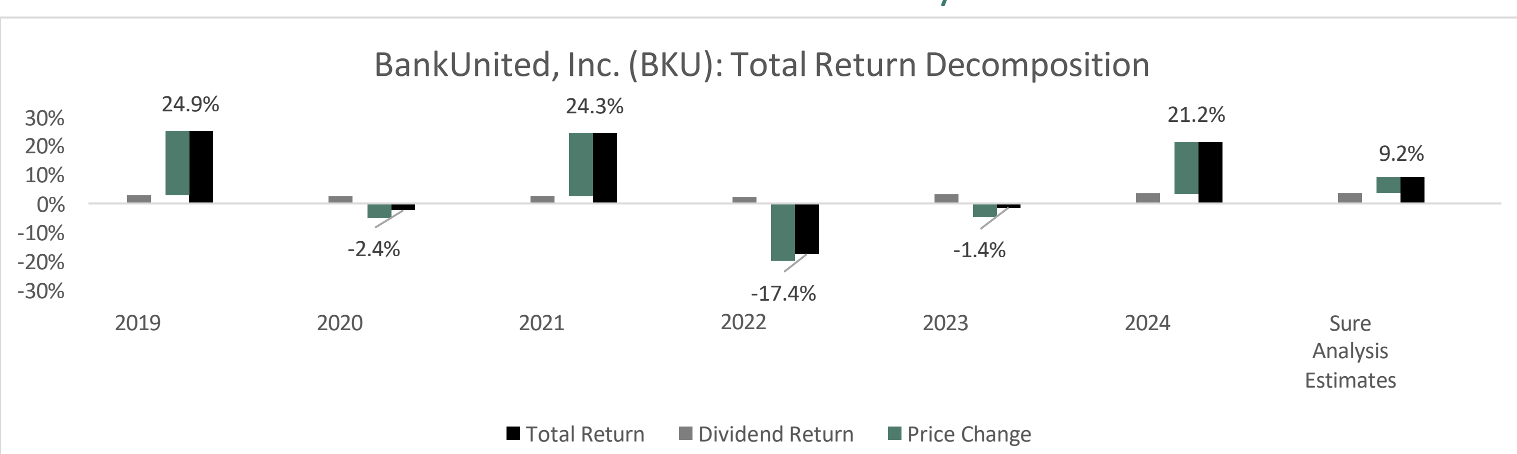
BKU's status as a leading regional bank with financial solutions tailored to customers attracts new customers and helps it retain existing customers. The company's strategic focus hinges on strengthening its commercial banking presence, serving middle-market businesses, professional service firms, and healthcare entities.

BKU's credit quality is somewhat deteriorating but remains reasonably decent, with the non-performing assets to total assets ratio sitting at 1.08% as of June 30th, 2025. That was a 32-basis-point worsening on a sequential basis. Still, the company's CET1 ratio to close out Q2 2025 was unchanged at 12.2%. BKU's dividend payout ratio is also on course to be in the high-30% to low-40% range for 2025. This should give it room to extend its six-year dividend growth streak for the foreseeable future.

Final Thoughts & Recommendation

BKU's 3.1% dividend yield, 7.0% annual diluted EPS growth prospects, and 0.6% annual valuation multiple downside potential could generate 9.2% annual total returns through 2030. We continue to think that there are other regional banks of similar quality available for better values that offer higher total return potential. That's why we're reiterating our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	848	977	1,108	1,182	900	885	930	991	961	1,013
SG&A Exp.	334	401	436	536	252	239	262	284	347	352
D&A Exp.	43	56	62	64	72	73	79	78	74	
Net Profit	252	226	614	325	313	198	415	285	179	232
Net Margin	29.7%	23.1%	55.4%	27.5%	34.8%	22.4%	44.6%	28.8%	18.6%	22.9%
Free Cash Flow	32	220	219	634	572	845	1,189	1,294	657	
Income Tax	45	110	(210)	91	91	52	34	90	58	84

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	23,883	27,880	30,347	32,164	32,871	35,010	35,815	37,027	35,762	35,242
Cash & Equivalents	268	448	195	382	215	398	315	573	588	491
Goodwill & Int.	78	78	78	78	78	78	78	78	78	78
Total Liabilities	21,640	25,462	27,321	29,240	29,891	32,027	32,778	34,591	33,184	32,427
Long-Term Debt	4,401	5,632	5,165	5,190	4,876	3,813	2,596	6,113	5,797	3,639
Total Equity	2,244	2,418	3,026	2,924	2,981	2,983	3,038	2,436	2,578	2,814
LTD/E Ratio	1.96	2.33	1.71	1.78	1.64	1.28	0.85	2.51	2.25	1.29

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.2%	0.9%	2.1%	1.0%	1.0%	0.6%	1.2%	0.8%	0.5%	0.7%
Return on Equity	11.7%	9.7%	22.6%	10.9%	10.6%	6.6%	13.8%	10.4%	7.1%	8.6%
ROIC	4.2%	3.1%	7.6%	4.0%	3.9%	2.7%	6.7%	4.0%	2.1%	3.1%
Shares Out.	103	104	106	104	96	92	90	79	74	74
Revenue/Share	8.23	9.42	10.47	11.36	9.41	9.65	10.29	12.57	13.07	13.70
FCF/Share	0.31	2.12	2.07	6.09	5.98	9.21	13.15	16.42	8.94	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.