

# BofI Holding, Inc.

## Investor Presentation

Andy Micheletti  
Executive Vice President and Chief Financial Officer

**September 2014**

# Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). The words "believe," "expect," "anticipate," "estimate," "project," or the negation thereof or similar expressions constitute forward-looking statements within the meaning of the Reform Act. These statements may include, but are not limited to, projections of revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, and financing needs or plans, as well as assumptions relating to these matters. Such



statements involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a discussion of these factors, we refer you to the Company's reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended June 30, 2014. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or by any other person or entity that the objectives and plans of the Company will be achieved. For all forward-looking statements, the Company claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act.

# Q4 Fiscal 2014 Financial Highlights

<b>Q4 2014 vs. Q4 2013</b>	<b>Amount (\$MM or %)</b>	<b>Increase (%)</b>
Asset growth	\$1,312.2	42.5%
Deposit growth	\$949.5	45.4%
Loan portfolio growth	\$1,275.9	56.5%
Loan portfolio origination growth	\$404.1	146.3%
Non-performing assets to total assets	46 bps	-20 bps
Net Income	\$16.0	43.8%
Diluted EPS	\$1.09	39.7%

**Return on Equity: 18.14%**

**Return on Assets: 1.57%**

# Bofl is Consistently Ranked among the Best of the Biggest Thrifts by SNL Financial...

## 2013 The Best of the Biggest Thrifts

**The best of the biggest (part 1)**  
The 100 largest public thrifts by asset size, ranked by financial performance for calendar-year 2013 (1-25)

2013 rank	2012 rank	Company (ticker)	City, state	Score <sup>1</sup>	Total assets (\$M)	ROAA (%)	ROATCE (%)	TBV/share median 3-year growth (%)	Efficiency ratio (%)	NPLs/loans (%)	NCOs/avg. loans (%)
1	1	Bofl Holding Inc. (BOFI)	San Diego, CA	167.418	3,568.3	1.54	17.79	15.36	40.70	0.63	0.03
2	3	Hingham Institution for Savings (HIFS)	Hingham, MA	134.003	1,356.4	1.07	13.52	12.80	37.80	0.83	-0.11
3	2	Dime Community	Brooklyn, NY	126.12	4,021.2	1.16	16.26	10.18	41.64	2.02	0.17

#1

## 2012 The Best of the Biggest Thrifts

**The best of the biggest (part 1)**  
The 100 largest public thrifts by asset size, ranked by financial performance for calendar year 2012 (1-25)

2012 rank	2011 rank	Company (ticker)	City, state	Score <sup>1</sup>	Total assets (\$M)	ROAA (%)	ROATCE (%)	TBV/share median 3-year growth (%)	Efficiency ratio (%)	NPLs/loans (%)	NCOs/avg. loans (%)
1	2	Bofl Holding Inc. (BOFI)	San Diego, CA	154.986	2,874.3	1.44	17.72	14.33	38.05	1.11	0.29
2	1	Malaga Financial Corp. (MLGF)	Palos verdes Estates, CA	142.629	851.1	1.41	13.64	11.60	34.99	0.22	-0.01
3	3	Hingham Institution for Savings (HIFS)	Hingham, MA	138.676	1,205.9	1.15	15.05	12.80	40.62	0.63	0.03
4	4	Dime Community	Brooklyn, NY	126.12	4,021.2	1.16	16.26	10.18	41.64	2.02	0.17
5	5	Investors Bancorp Inc. (MHC) (ISBC)	Short Hills, NJ	87.06	10,701.6	0.78	8.81	7.32	43.21	1.71	0.57
6	34	Meta Financial Group Inc. (CASH)	Sioux Falls, SD	82.364	1,763.3	1.14	16.03	17.83	82.27	2.54	0.29
7	6	Oritani Financial Corp. (ORIT)	Township of Washington, NJ	81.633	2,809.7	1.29	6.73	0.10	37.04	1.56	0.15

#1

## 2011 The Best of the Biggest Thrifts

**The best of the biggest (part 1)**  
The 100 largest public thrifts by asset size, ranked by financial performance for calendar year 2011 (1-25)

2011 Rank	2010 rank	Company (ticker)	City, state	Score <sup>1</sup>	Total assets (\$M)	ROAA (%)	ROATCE (%)	TBV/share median 3-year growth (%)	Efficiency ratio (%)	NPLs/loans (%)	NCOs/avg. loans (%)
1	1	Malaga Financial Corp. (MLGF)	Palos Verdes Estates, CA	144.60	827.2	1.36	14.55	13.20	34.82	0.22	0.00
2	2	Bofl Holding Inc. (BOFI)	San Diego, CA	134.61	2,223.8	1.24	16.09	14.33	42.04	1.20	0.39
3	4	Hingham Institution for Savings (HIFS)	Hingham, MA	132.66	1,327.3	1.14	15.32	11.52	40.11	0.81	0.06
4	5	Dime Community	Brooklyn, NY	126.12	4,021.2	1.16	16.26	10.18	41.64	2.02	0.17
5	3	Investors Bancorp Inc. (MHC) (ISBC)	Short Hills, NJ	87.06	10,701.6	0.78	8.81	7.32	43.21	1.71	0.57
6	10	ESB Financial Corp. (ESBF)	Ellwood City, PA	86.74	1,964.8	0.81	11.26	8.90	53.64	2.04	0.18

#2

# ...and is also a Top Performer among the Broader Universe of All Public Banks and Thrifts

2014 rank	2013 rank		Total assets (\$000)	2013 ROAE (%)	2013 ROAA (%)	Non-interest income/total revenue (%)	Capital ratio (%)	Efficiency ratio (%)	Non-performing loans/total loans (%)
1	79	Central Pacific Financial Corp., Honolulu, HI	\$4,741,198	27.7	3.73	28.96	21.6	74.39	2.47
2	N/A	Palmetto Bancshares, Inc., Greenville, SC	\$1,090,229	26.06	2.53	26.36	15.5	77.24	5.45
3	N/A	First National Community Bancorp, Inc., Dunmore, PA	\$1,003,808	18.72	0.67	17.8	11.6	101.74	0.99
4	4	Bofl Holding, Inc., San Diego, CA	\$3,568,299	17.97	1.6	20.28	15.7	41.12	0.64
5	29	Southside Bancshares, Inc., Tyler, TX	\$3,445,663	16.5	1.22	19.59	21.7	63.62	0.89
6	6	Bank of the Ozarks, Inc., Little Rock, AR	\$4,787,068	15.5	2.04	26.64	17.1	47.71	0.26
7	63	Western Alliance Bancorporation, Phoenix, AZ	\$9,307,095	14.34	1.35	2.79	12.4	55.6	2.45
8	16	First Financial Bankshares, Inc., Abilene, TX	\$5,222,208	13.75	1.64	26.42	17	52.2	1.05
9	11	Hingham Institution for Savings, Hingham, MA	\$1,356,441	13.63	1.06	4.14	13.8	43.26	0.55
10	23	Alerus Financial Corporation, Grand Forks, ND	\$1,380,733	13.58	1.54	63.97	14.3	74.03	0.57

Source: ABA Banking Journal, May 2014

Note: Public banks and thrifts with total assets of \$1-10 billion dollars

# Bofl is a Top Quartile Performer Versus Bank Peer Group

The 95% on ROE means that the Bank outperformed 95% of all Banks. The 12% G&A ranking means that only 12% of Banks spend less on G&A than Bofl. Peer group includes savings banks greater than \$1 billion dollars.

	<b>Bofl Federal Bank</b>	<b>Peer Group</b>	<b>Percentile</b>
ROAA	1.66%	0.75%	92%
Return on equity	18.96%	6.66%	95%
G&A	1.40%	2.66%	12%
Efficiency ratio	31.20%	68.93%	2%

Source: Uniform Bank Performance Report (UBPR) as of 6/30/14

Note: Peer group is all savings banks with assets greater than \$1 billion for quarter ended 6/30/14

# Our Business Model is More Profitable Because Our Costs are Lower

<i>As % of average assets</i>	<b>Bofl<sup>1</sup> (%)</b>	<b>Banks \$1-\$10bn<sup>2</sup> (%)</b>
Net interest income	4.00	3.57
Salaries and benefits	0.71	1.52
Premises and equipment	0.13	0.36
Other non-interest expense	0.54	1.29
<b>Total non-interest expense</b>	<b>1.38</b>	<b>3.17</b>
<b>Core business margin</b>	<b>2.62</b>	<b>0.40</b>

1. Bofl Federal Bank only for the three months ended 6/30/14 - the most recent data on FDIC website "Statistics on Depository Institutions Report"  
Excludes Bofl Holding, Inc. to compare to FDIC data

2. Commercial banks by asset size. FDIC reported for three months ended 6/30/14. Total of 451 institutions \$1-\$10 billion

# Corporate Profile and Vision



## Vision

**We aspire to be the most innovative branchless bank in the United States providing products and services superior to our branch based competitors**

## Key Facts

- \$4.4 billion asset savings and loan holding company<sup>1</sup>
- 14-year operating history, publicly traded on NASDAQ (BOFI) since 2005
- Headquartered in single branch location in San Diego, CA
- 366 employees (\$12.0 million in assets per employee)<sup>1</sup>
- Market Capitalization of \$1.13 billion<sup>2</sup>

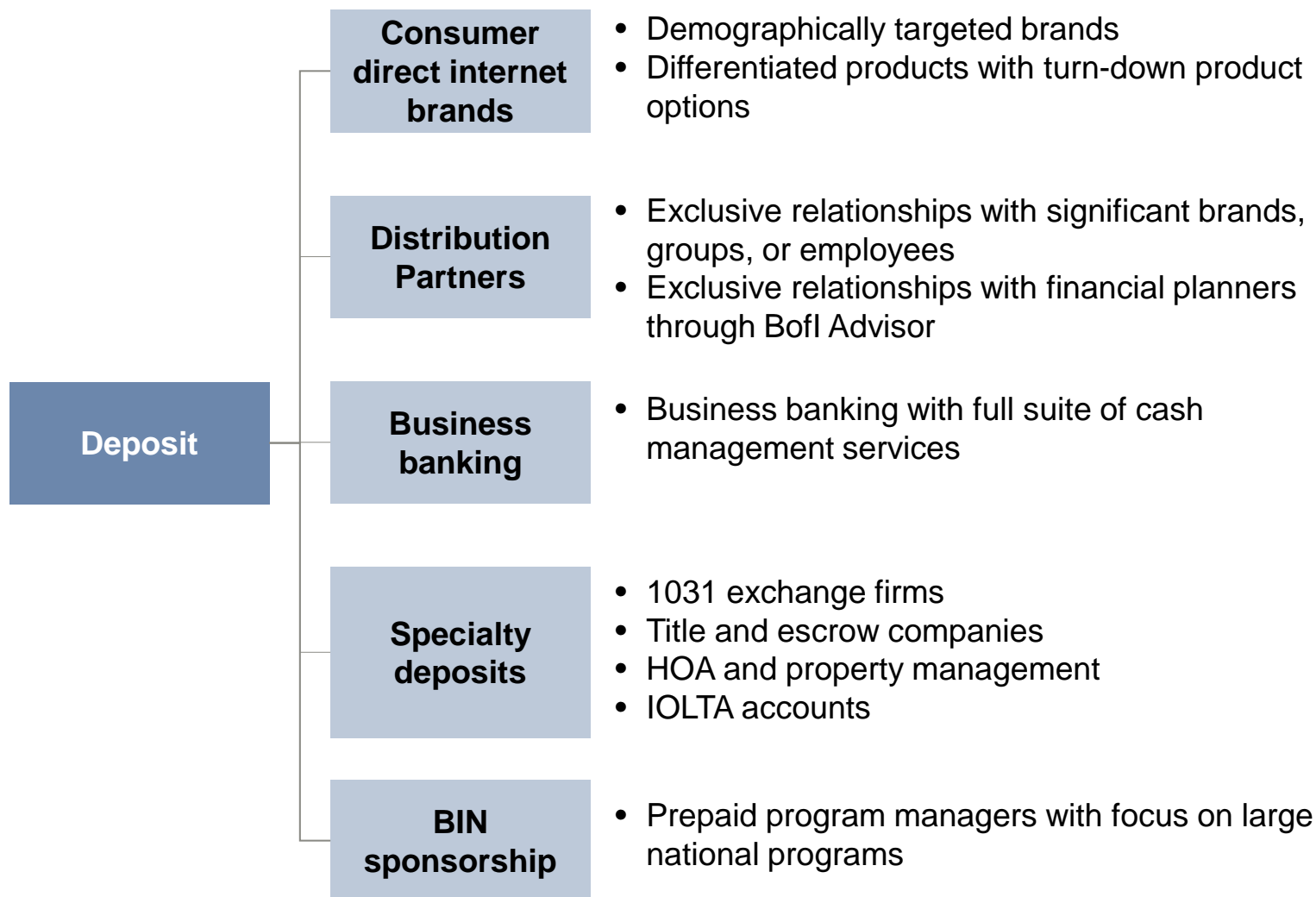
1. As of 6/30/14

2. As of 8/28/14 closing price of \$77.88 per share



# Diversified Branchless Deposit Businesses

## Key Elements



# Distribution Partners

## Focus

## Current Partner

Direct Marketing



Audubon.



Retail



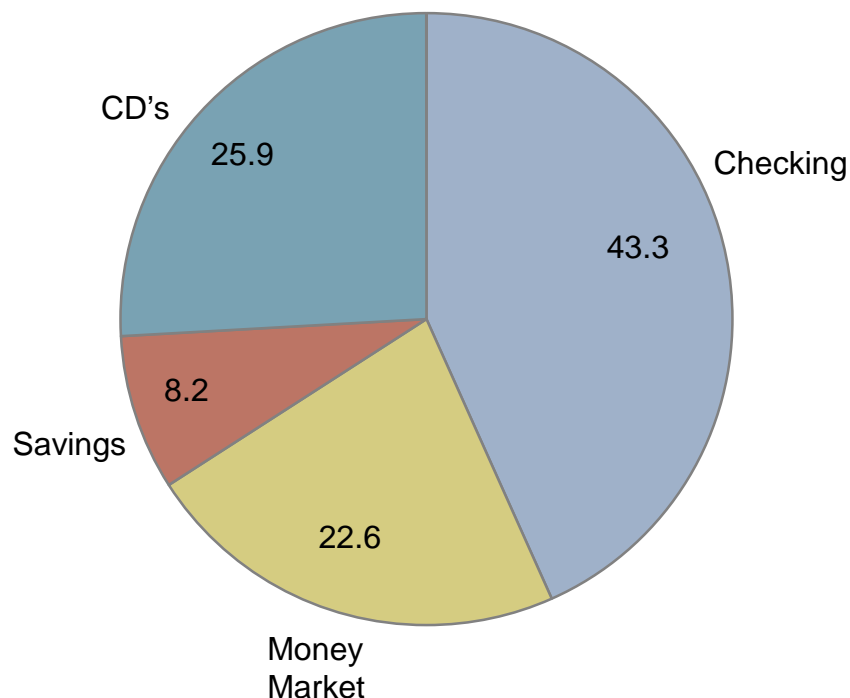
Event-Based Issuance



# Diversified and Improving Deposit Mix Including Rapidly Increasing Business Banking Deposits

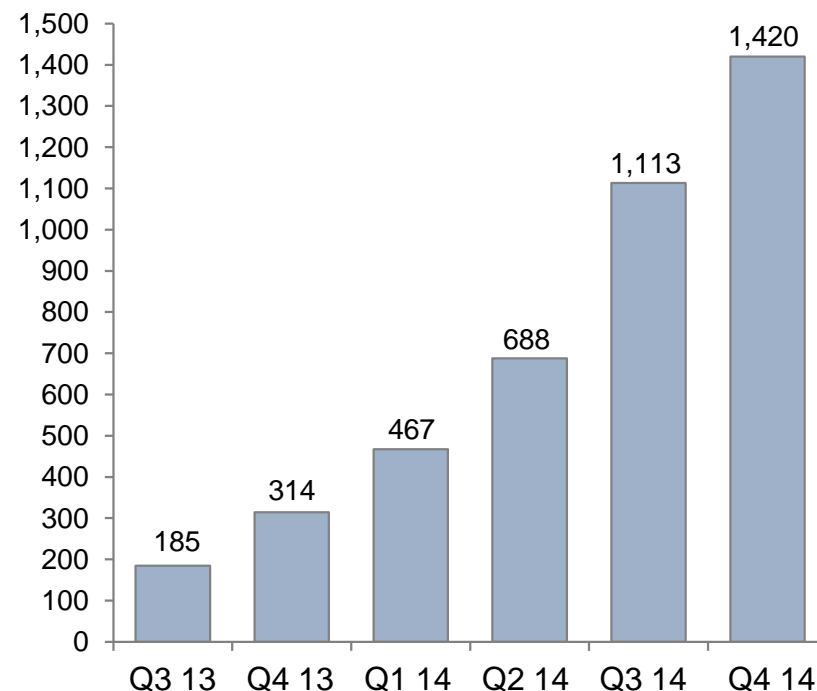
## Diversified Deposit Base

Percent



## Rapid Business Banking Deposit Growth

(\$MM)



# of accounts

921    1481    1,979    2,087    2,341    2,801

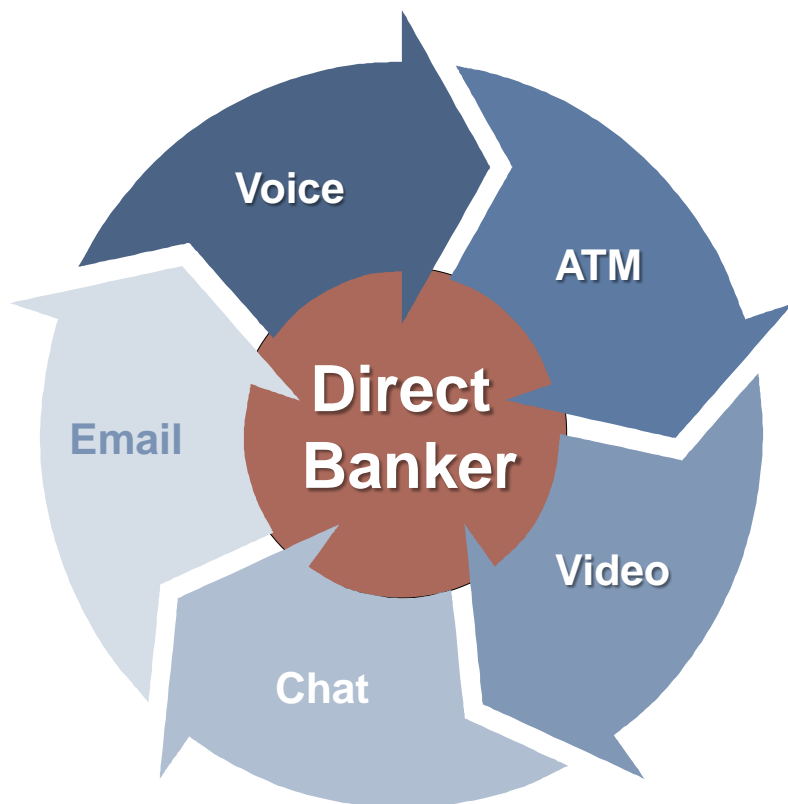
Note: 100% of deposits equals \$3,041.5 MM as of 6/30/14

# Key Areas of Growth

Key Growth Areas	Growth <sup>1</sup> : 6/2013 - 6/2014
Checking balance	330%
MMS balance	58%
Savings balance	- 7%
CD balance	- 51%
Transaction account balance	194%

1. Growth is shown for core deposits

# Bofl's Vision for Multi-Channel Customer Service and Transactions

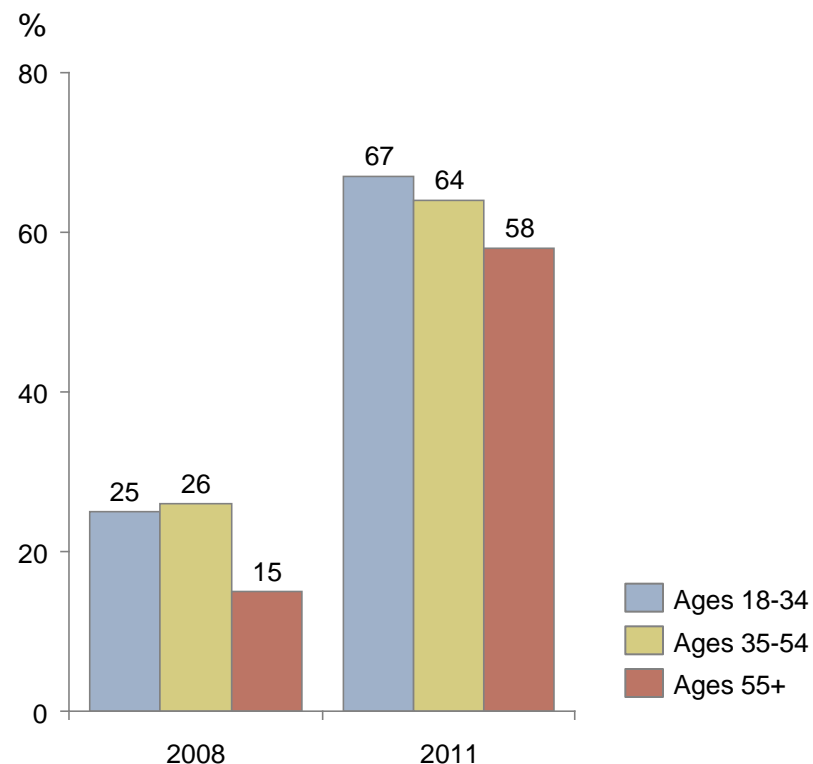


- Aggressive outbound
  - segmented call lists based upon behavioral segmentation (e.g., usage)
- Utilization of third party and internal data
- Coordinated multi-channel marketing
- Utilize third party infrastructure (e.g., ATMs to deposit cash and reload networks)
- Incorporate personalized elements (video, chat) into direct banker interactions
- Mobile and Remote RDC through iPhone and Android applications

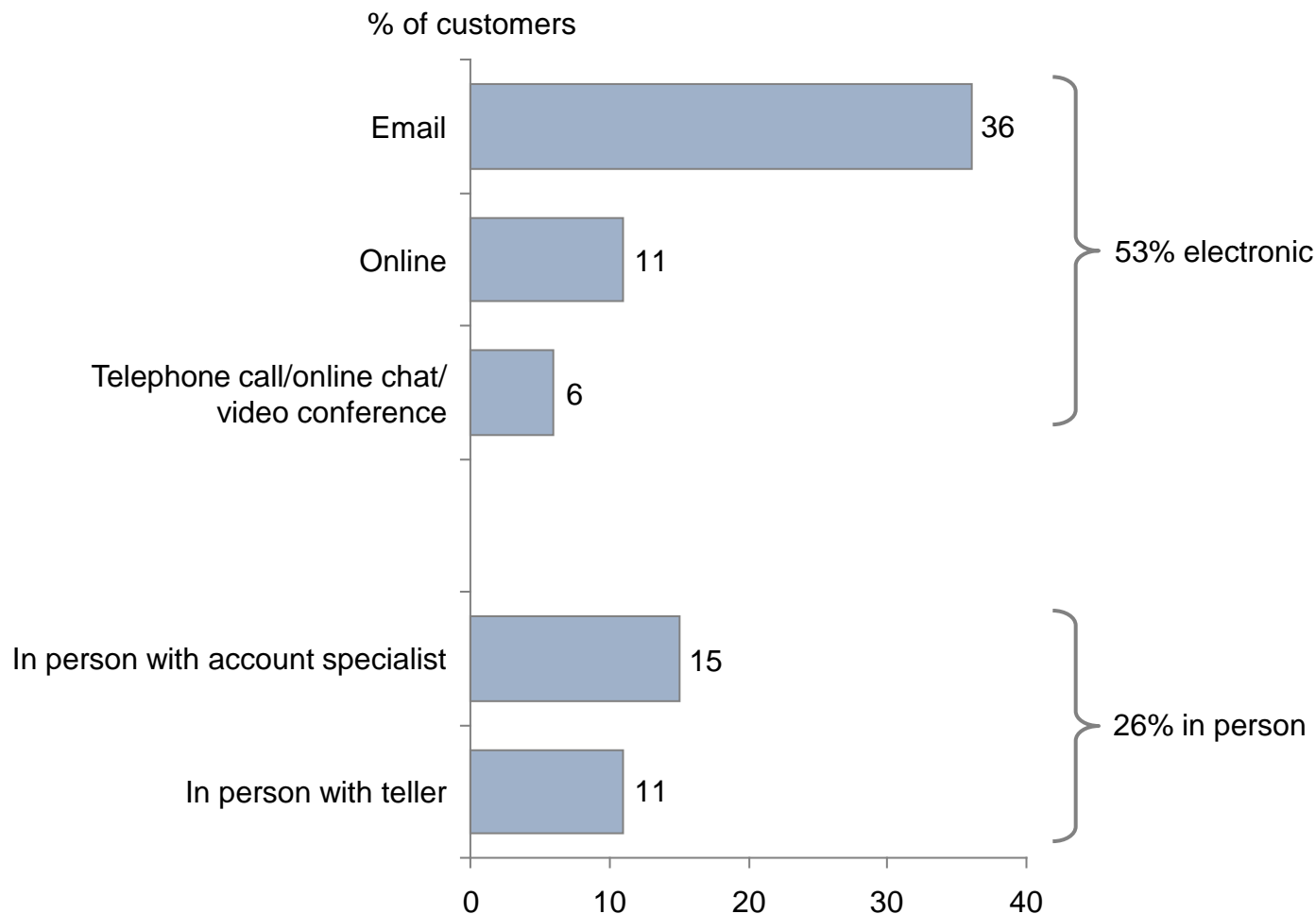
# The Tipping Point for Consumer and Business Banking Customers

- Consumers are disenchanted with traditional banks
- Cost structure of business and consumer accounts are significant concerns
- Technology has removed final barriers to branchless banking (remote deposit capture, reload networks, enhanced ATMs for depositing of cash)
- Ubiquity of mobile and smartphones
- Consumers can feel connection and relationship via electronic media (phone, video, chat, social)

## Internet Banking/ New Preferred Method

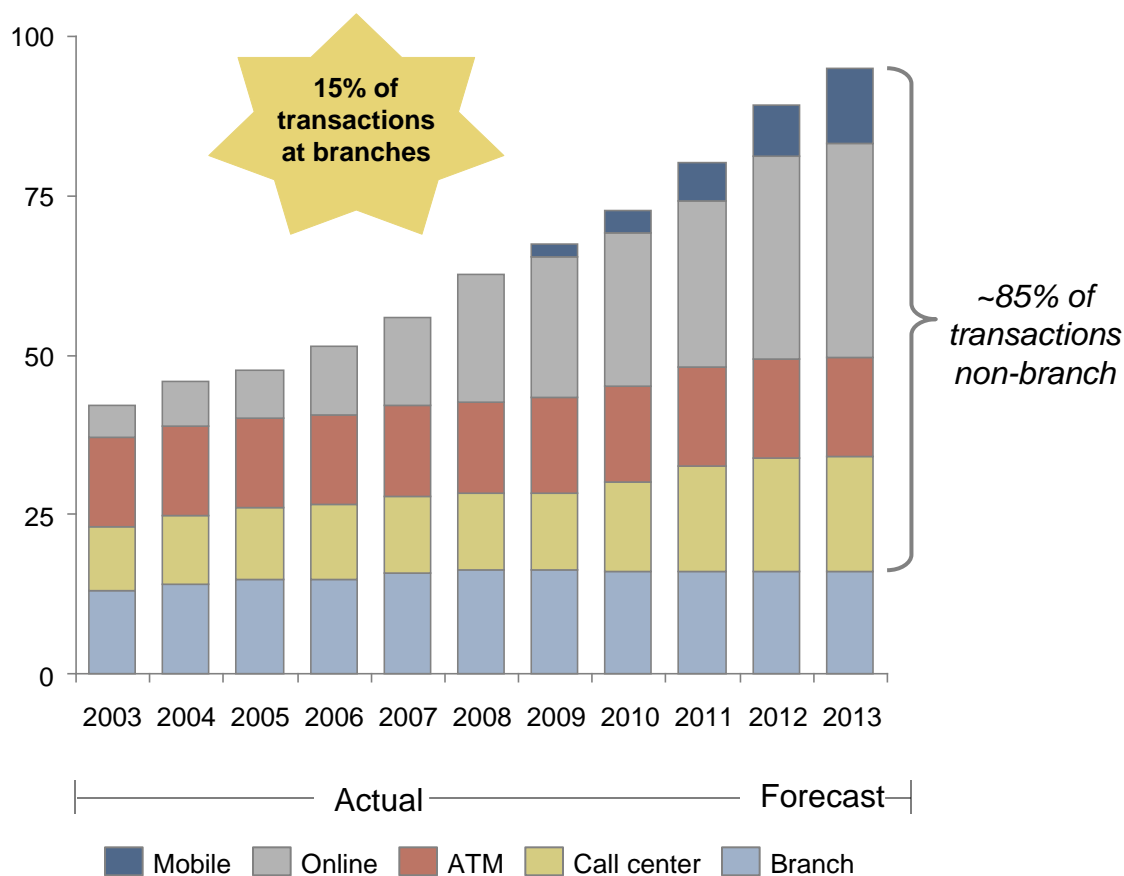


# Customers Prefer to Become Aware of Financial Products and Services Through Electronic Channels

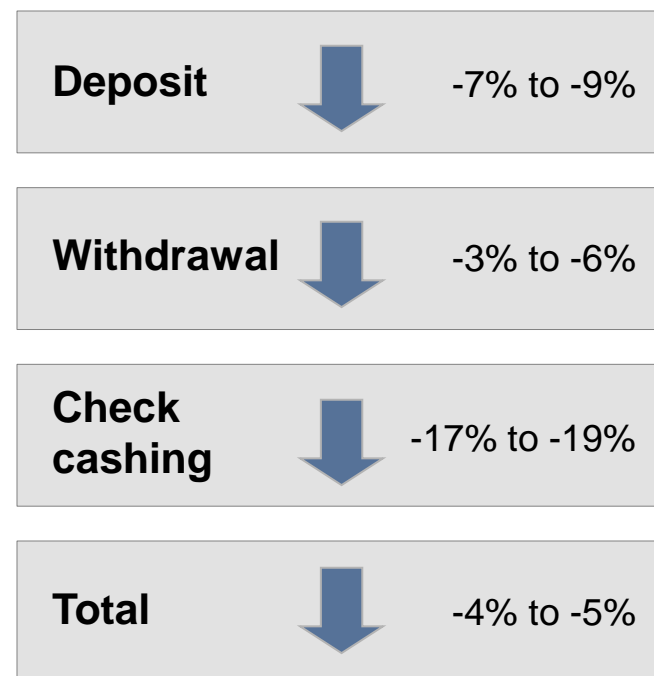


# Branch Transaction Activity Migrating to Mobile/Online Channels

## U.S. Banking Transactions by Channel (Billions)<sup>1</sup>



## U.S. Branch Transaction Activity<sup>2</sup> (average annual change – 2008-11)



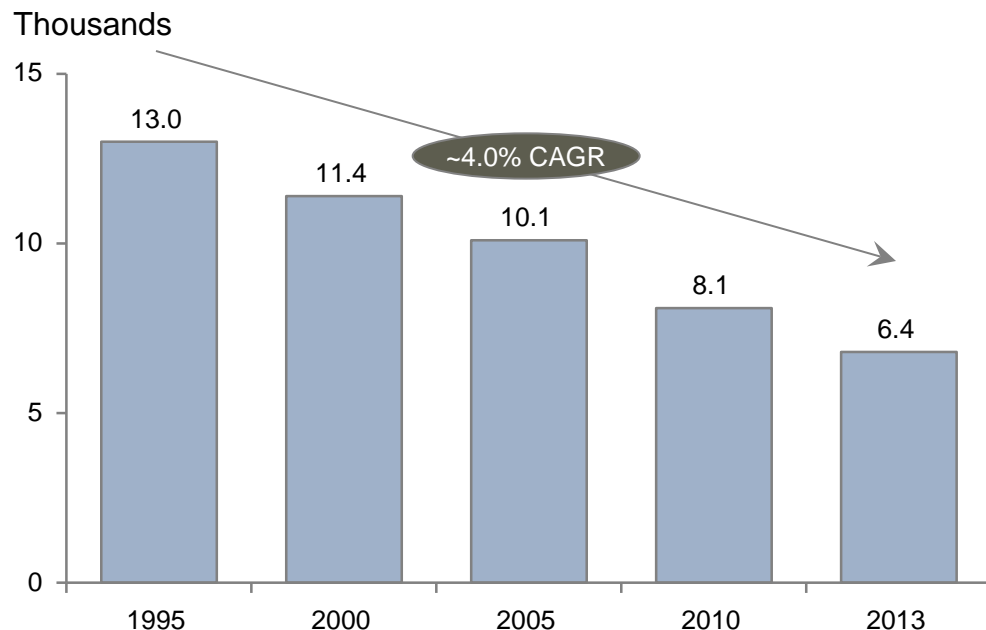
1. Source: Tower Group; McKinsey & Co., Novantas.

2. Represents the average annual change measured in 2008-2011



# Branch Traffic has Declined Approximately 4.0% per Year for an Aggregated Decline of 51% Over the Last 16 Years

**Average Branch Monthly Volume – Teller Transactions**



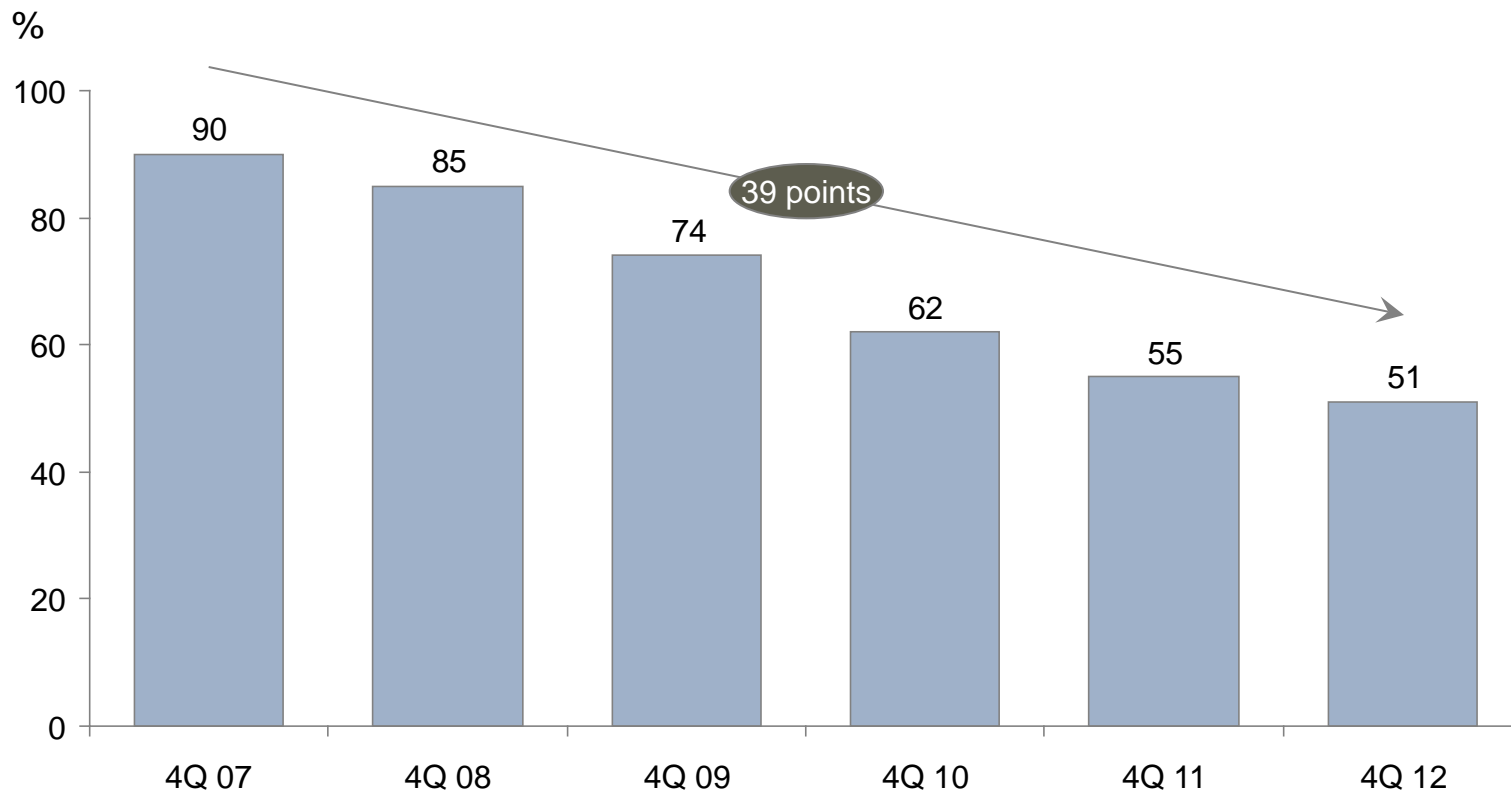
*"Branch foot-traffic is plummeting and branches are largely idle, except for the activities of the employees"*

*"Check writing declines 6-10% per year"*

– Bob Meara, Analyst, Celent

# The Rollout of Remote Deposit Capture has had an Immediate Impact – Chase Example

% of Consumer Deposits Through Tellers<sup>1</sup>

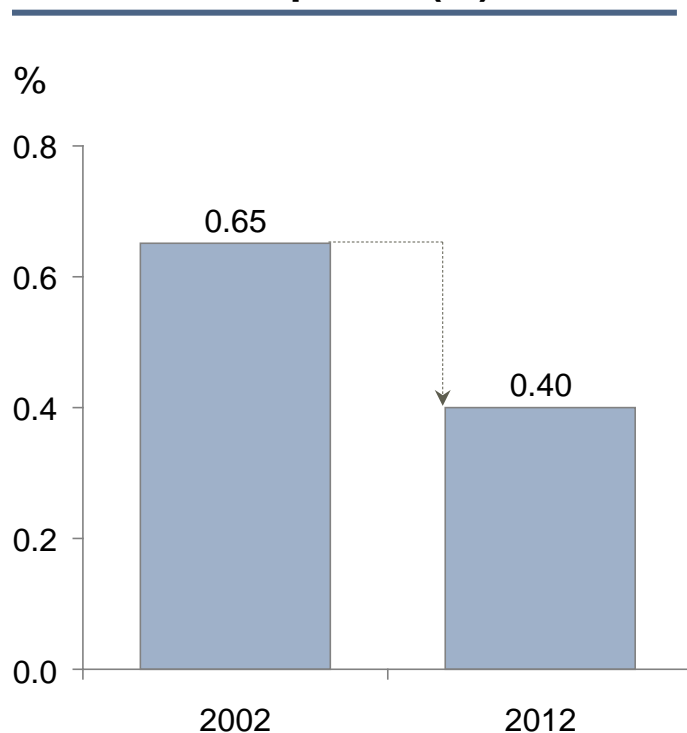


1. Chase data includes non-Chase ATMs

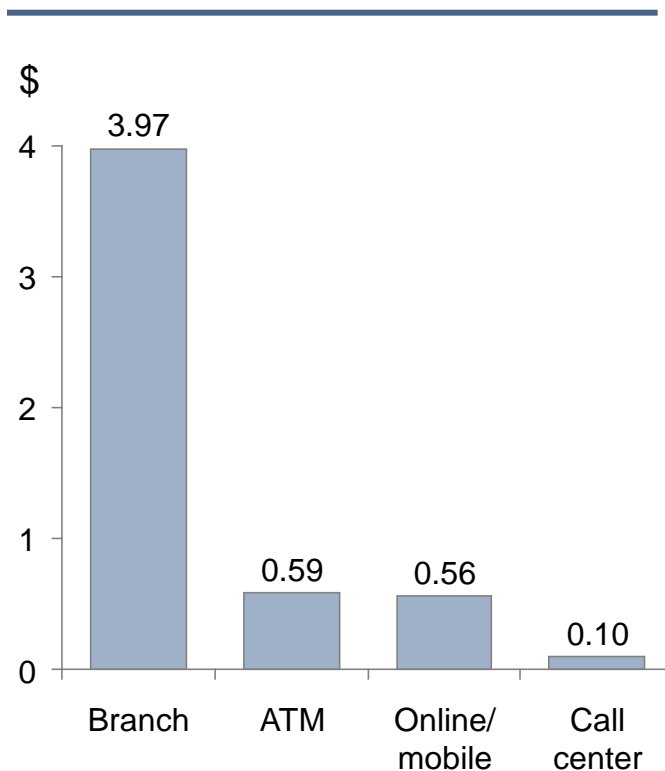
Source: Gordon Smith, "Consumer & Community Banking" 2/26/13, J.P. Morgan & Chase, SNL Financial

# Bank Deposit Revenue Sources have been Significantly Reduced and Cost per Branch Transaction is 40 Times that of a Call Center

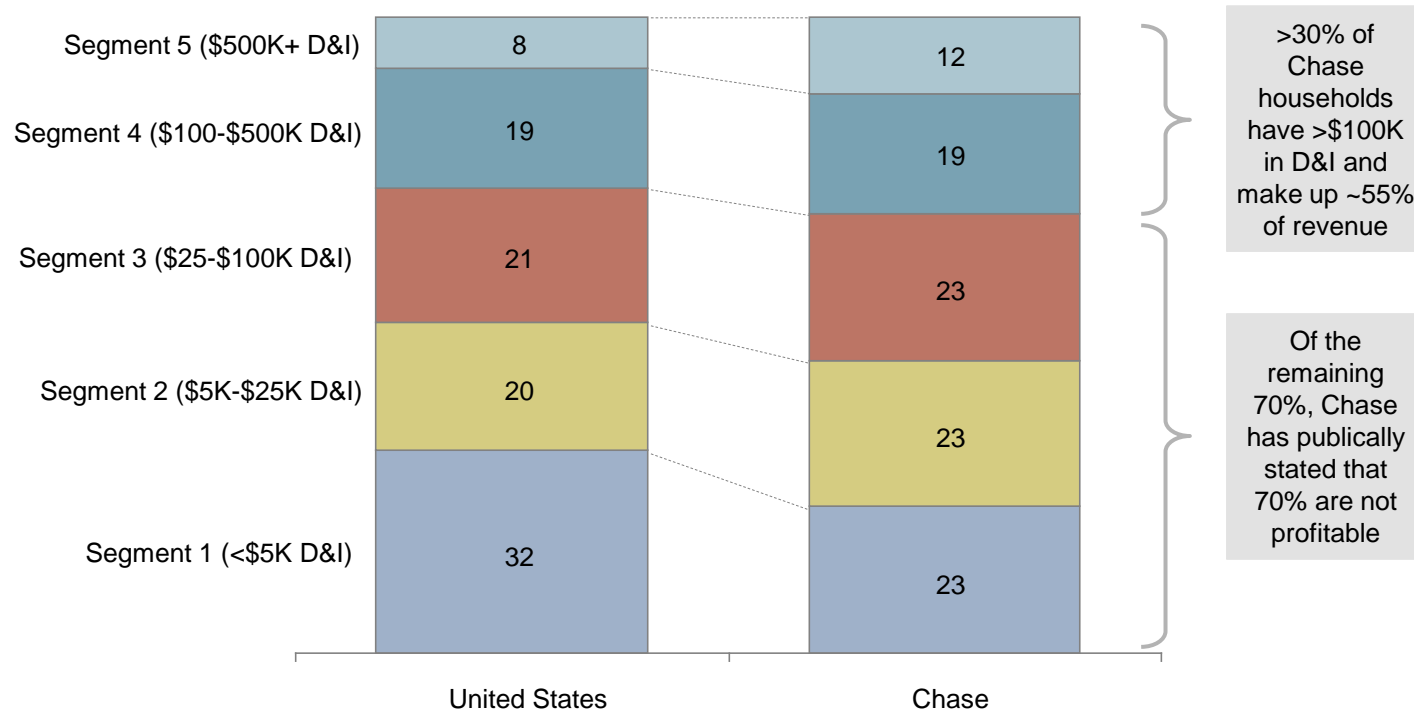
### Service Charges/Total Deposits (%)



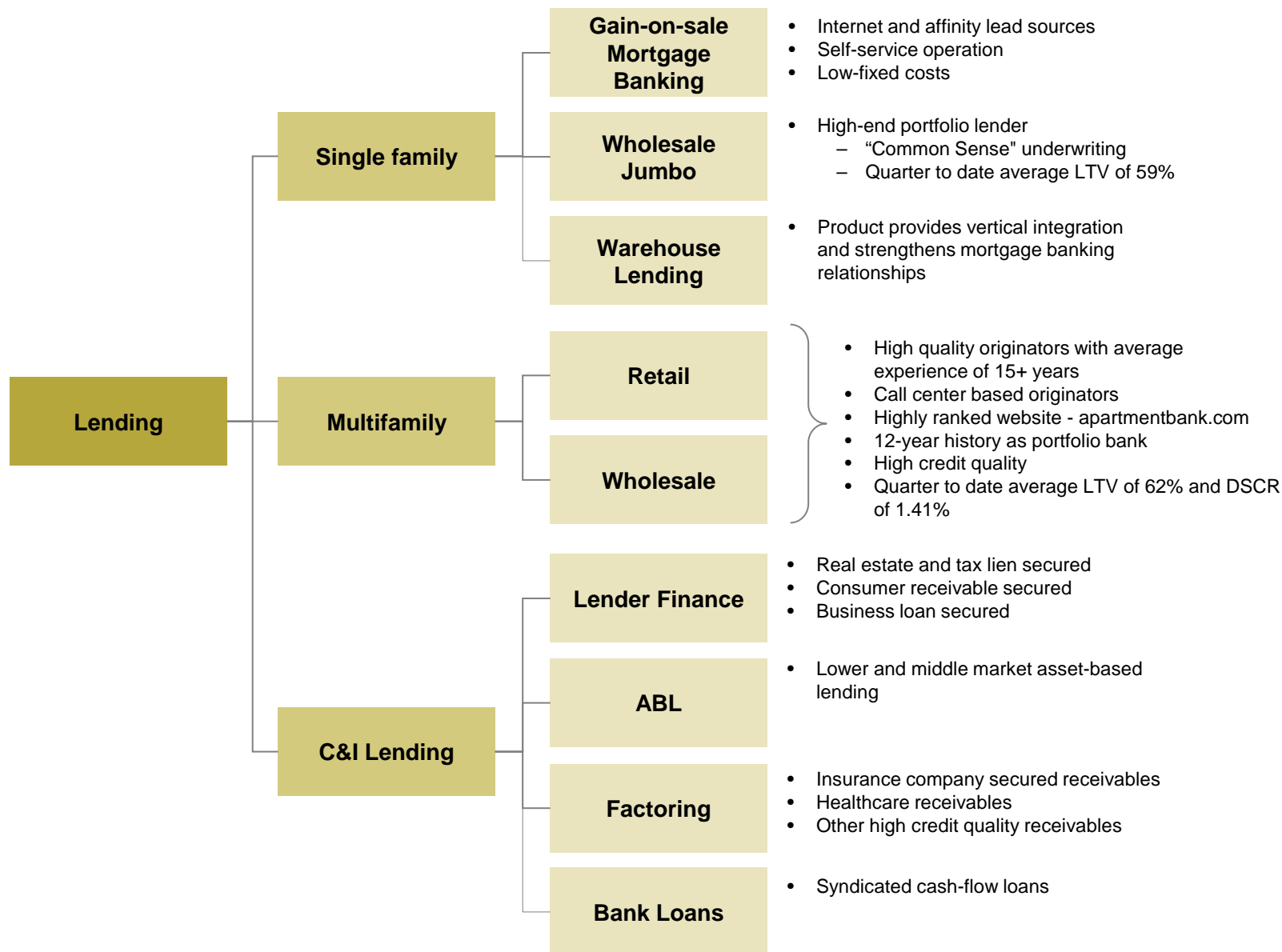
### Cost Per Transaction



# Branch Banks Cannot Cost-Effectively Serve Most Customers

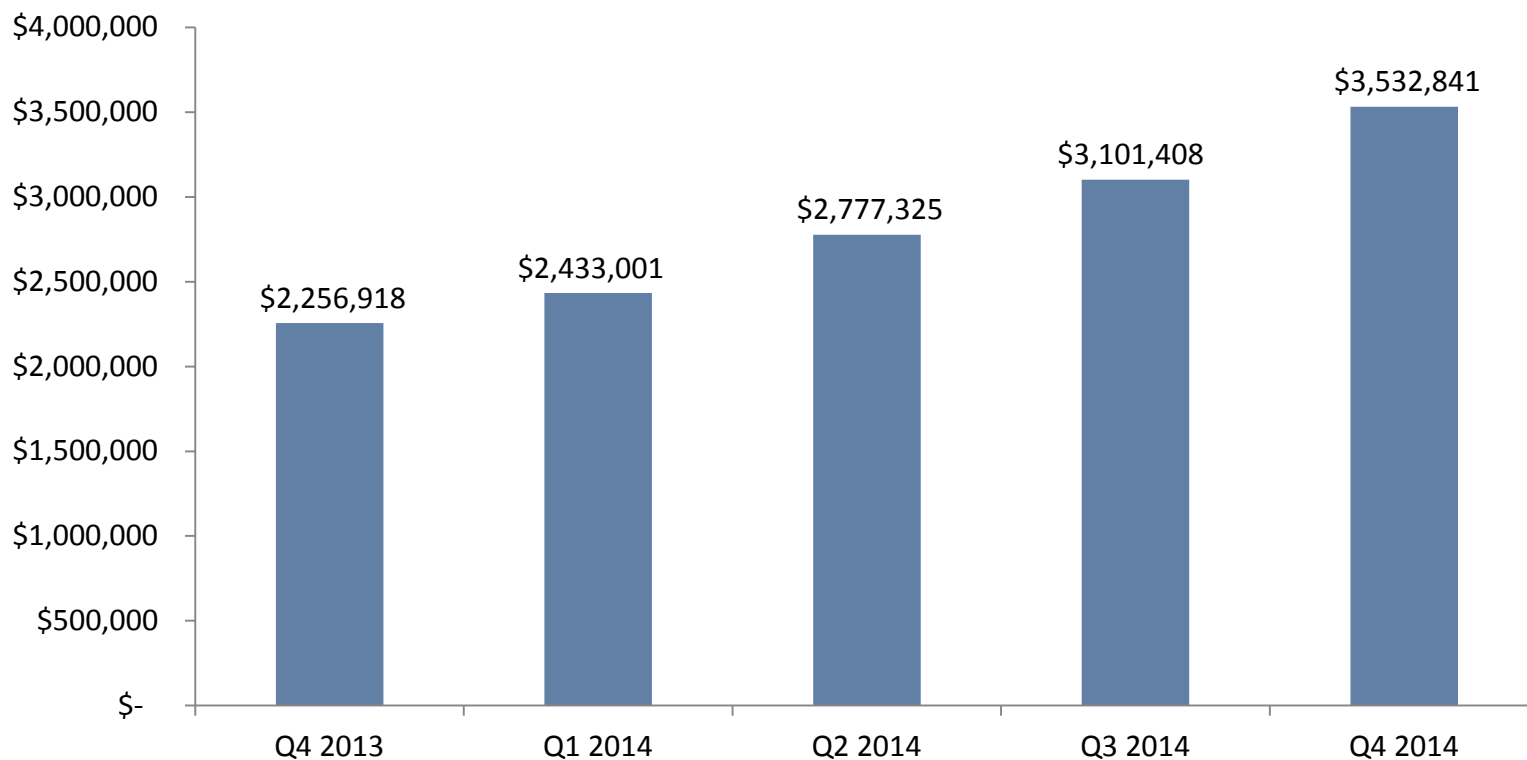


# Primary Business – Lending



# Our Asset Growth has been Driven by Strong and Profitable Organic Loan Production

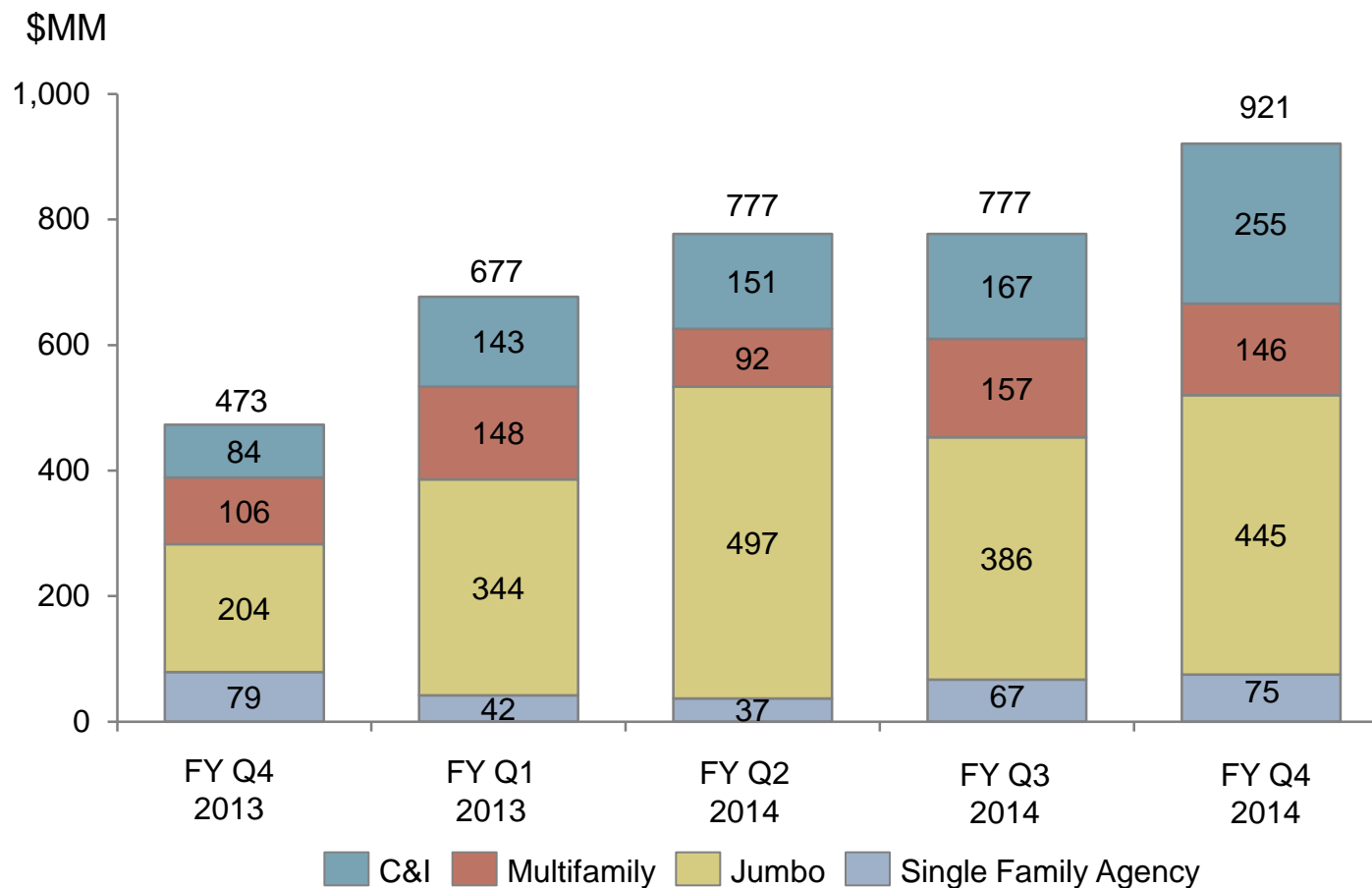
Loan Portfolio – End of Last Five Quarters (\$ in Thousands)



Average Loan to Value	Average Loan to Value				
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
<b>Multifamily</b>	55%	55%	55%	55%	55%
<b>Single family</b>	55%	56%	55%	56%	57%

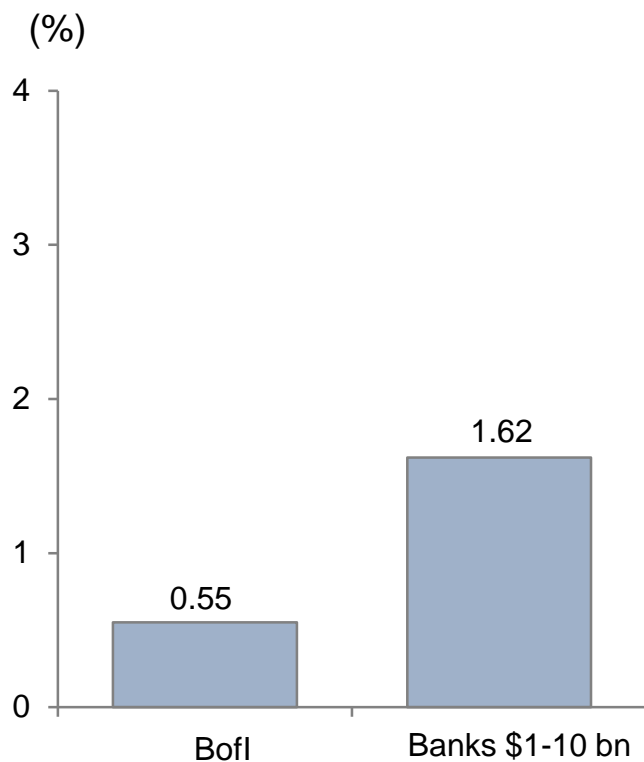
# Total Loan Pipeline at Record High

Loan Pipeline – Last Four Quarters and current

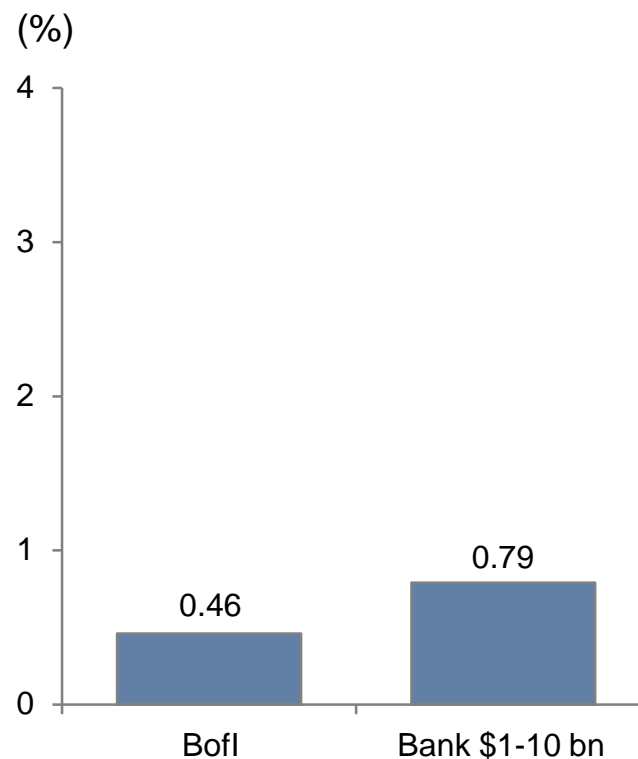


# Best-in-Class Asset Quality

**Non-current (30 days+) loans to total loans<sup>1</sup>**



**Assets in non-accrual to total assets<sup>1</sup>**

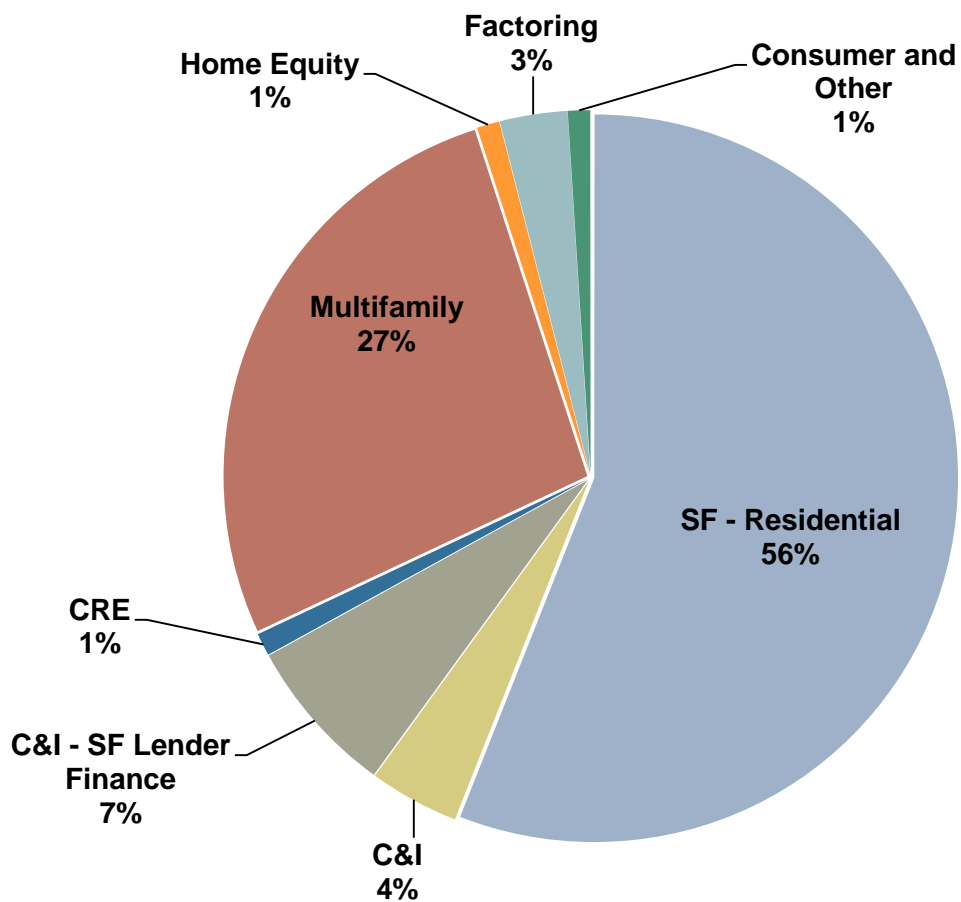


1. As reported in FDIC SDI report at 6/30/14. Total of 451 institutions included in the \$1-\$10 billion group



# Loan Diversity – June 30, 2014

## Loan Portfolio<sup>1</sup> 100% = \$3,593 Million



1. Gross loans before premiums, discounts and allowances

## Summary of H&R Block Transaction

- Estimated annualized revenue of \$26 million dollars with pre-tax profit of \$19-22 million dollars
- \$450-550 million dollars of deposits between 11 and 15 basis points of cost
  - 300,000 IRA accounts
  - Over 3 million Emerald Card accounts
- No deposit premium or purchase price
- Subject to regulatory approval

# Investment Summary



Full service branchless banking platform with structural cost advantages vs. traditional banks



Superior growth and ROE relative to large and small competitors



Solid track record of allocating capital to businesses with best risk-adjusted returns



New business initiatives will generate incremental growth in customers, loans and profits



Robust risk management systems and culture has resulted in lower credit, counterparty and regulatory risks

## Contact Information

**Greg Garrabrants, President and CEO**  
**Andy Micheletti, EVP/CFO**

Bofl Holding, Inc.  
investors@bofi.com  
www.bofiholding.com

**Johnny Lai, VP Corporate Development and  
Investor Relations**

Phone: 858.649.2218 ext. 1609  
Mobile: 858.245.1442  
jlai@bofifederalbank.com