



*BOFI Acquires Trustee and Fiduciary Services  
Business from Epiq*

April 4, 2018



# Cautionary Note on 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 (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, 2017. 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*

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## Trustee and Fiduciary Services Group Overview

- The trustee and fiduciary services group being acquired by BOFI is a leading provider of software and consulting services to Chapter 7 bankruptcy trustees and fiduciaries in the U.S. Trustees and fiduciaries use Epiq's software to administer and manage Chapter 7 bankruptcy and non-7 cases in adherence to all relevant rules and regulations.

Deal Highlights	
<b>Seller</b>	Epiq
<b>Business</b>	Bankruptcy Trustee and Fiduciary Software and Services
<b>Assets Acquired</b>	Software, IP, Contracts and Personnel
<b>Primary Location</b>	Kansas City, KS
<b>Number of Employees</b>	43
<b>Year Began in Industry</b>	1994
<b>Transaction Close Date</b>	4/4/2018

Financial Highlights	
<b>Deposit \$</b>	\$1 billion +
<b>Deposit Cost</b>	0 – 35 basis points
<b>Fee Income</b>	\$10 million - Year 1
<b>EPS Accretion</b>	Year 1 – 1% Normalized* - 5%
<b>Efficiency Ratio<sup>1</sup></b>	Year 1 - 65% Normalized* - < 30%

\* Achieving normalized EPS accretion and efficiency ratio depends on timing of deposit transfer from bank partners.

## Strategic Rationale

- Adds source of core deposits in a new commercial deposit vertical
- Immediately makes BOFI the second largest player in Chapter 7 bankruptcy and fiduciary services markets
- Adds a countercyclical business at/near the bottom of the cycle
- Enhances software development capability and tech-enabled services model
- Owning software within a bank provides significant economic advantage vs. standalone software companies and bank partnership models

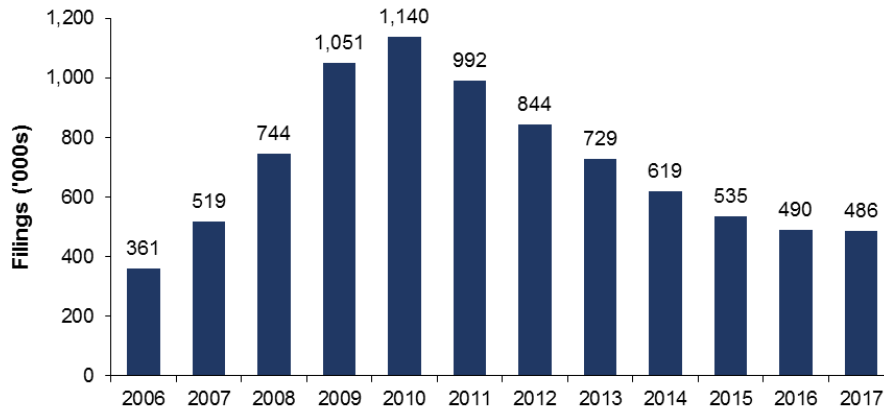
## Financial Rationale

- Reduces cost of funds and increases core deposits on an absolute and percentage basis
- BOFI is acquiring core deposits at a significant discount
- Adds recurring, high-margin fee income
- Immediately accretive to earnings and EPS
- Low customer acquisition and operating costs

## Competitive Dynamics

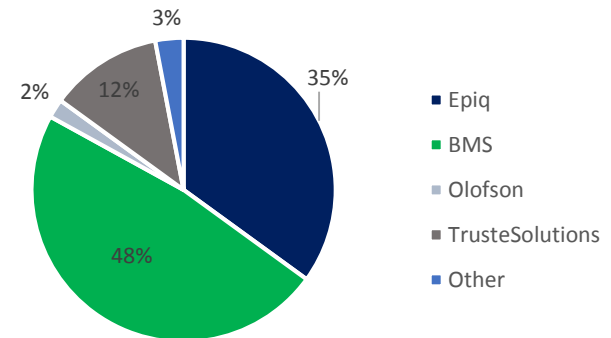
- Chapter 7 trustees are referred to as “panel trustees” because they are appointed by the Dept. of Justice’s Executive Office for U.S. Trustees (EOUST) to a panel in each judicial district.
- There are currently ~1,100 Panel Trustees and 120 U.S. Trustees and Assistant Trustees
- According to the Administrative Office of the U.S. Courts, Chapter 7 filings accounted for ~ 61% of all bankruptcy filings in 2017. Cases typically take several years to complete.
- Chapter 7 bankruptcy market is dominated by four software providers – Epiq, BMS, TrusteSolutions, IQ7
- High-touch, service-oriented business model: high switching costs due to trustees’ familiarity with a specific software for case management and client reporting.

## Annual U.S. Chapter 7 Filings



Source: US Bankruptcy Courts

## Chapter 7 Market Share \*



## Additional Market Opportunities

+ Receiverships

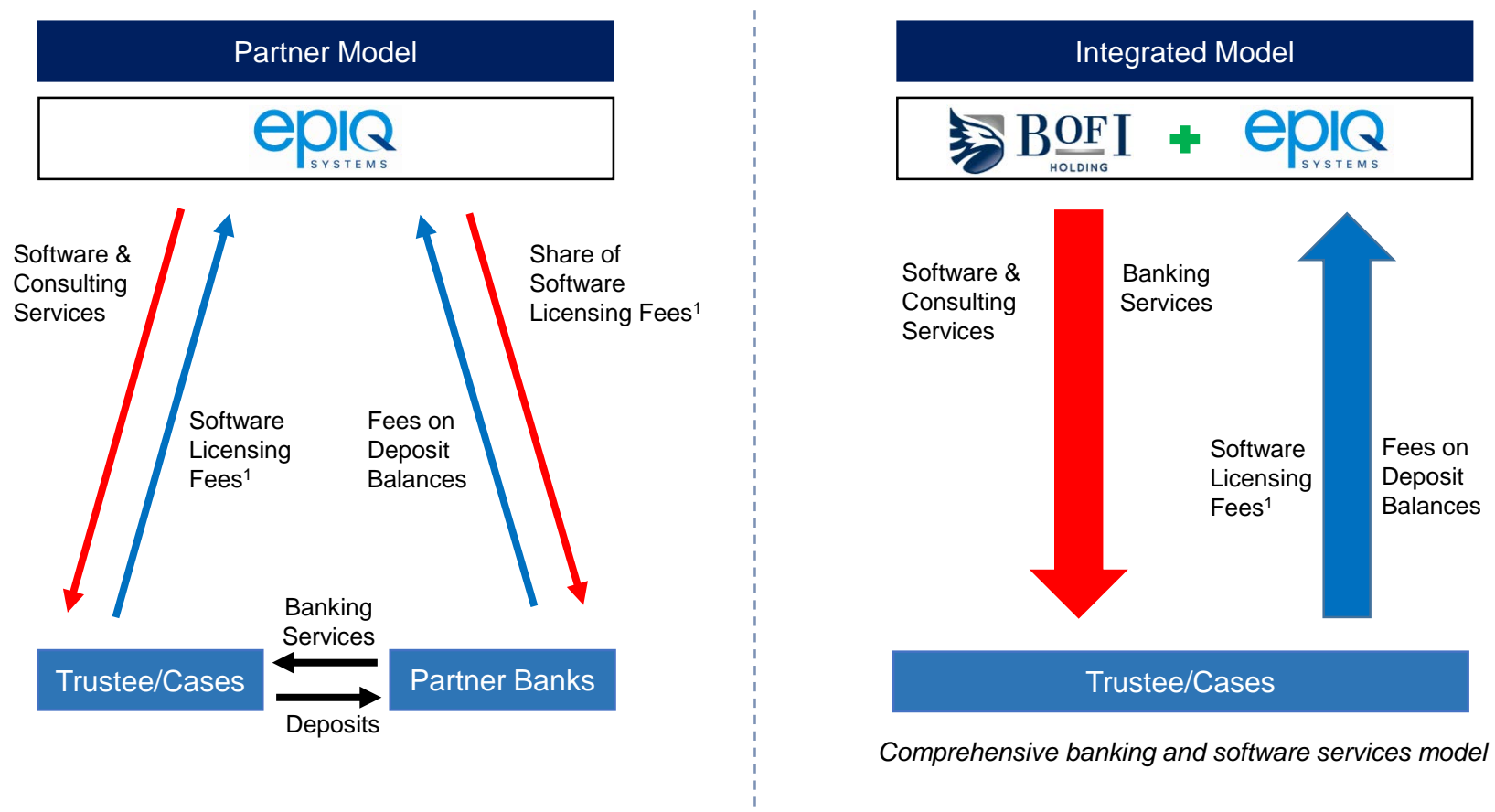
+ Liquidating Trusts

+ Fiduciaries

+ Litigation Trusts

# BOFI Trustee and Fiduciary Services Business Model

- Software provider receives fees from partner banks determined by outstanding deposit balances
- BOFI can provide a differentiated, single-point-of-service + software model to trustees and fiduciaries
  - will maximize economics based on comparison of integrated vs. partner models



**Notes:**

1. Software fees on certain deposit types and balances.