



*BOFI Acquires Trustee and Fiduciary Services
Business from Epiq*

April 4, 2018



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

Financial Highlights	
Deposit \$	\$1 billion +
Deposit Cost	0 – 35 basis points
Fee Income	\$10 million - Year 1
EPS Accretion	Year 1 – 1% Normalized* - 5%
Efficiency Ratio¹	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

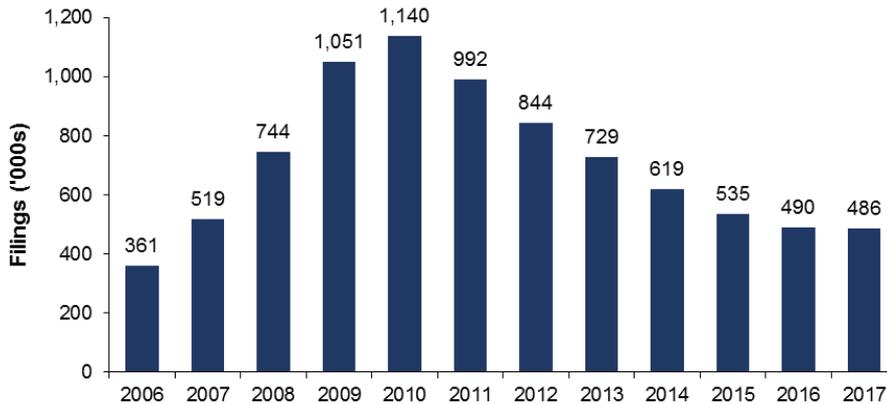
Financial Rationale

- 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

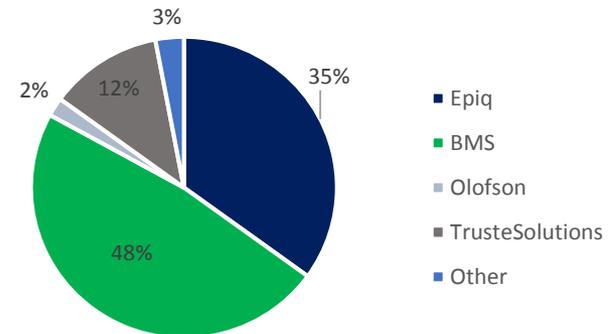
- Chapter 7 trustees are referred to as “panel trustees” because they are appointed by the Dept. of Justice’s Executive Office for U.S. Trustees (EOUST) to a panel in each judicial district.
- There are currently ~1,100 Panel Trustees and 120 U.S. Trustees and Assistant Trustees
- According to the Administrative 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

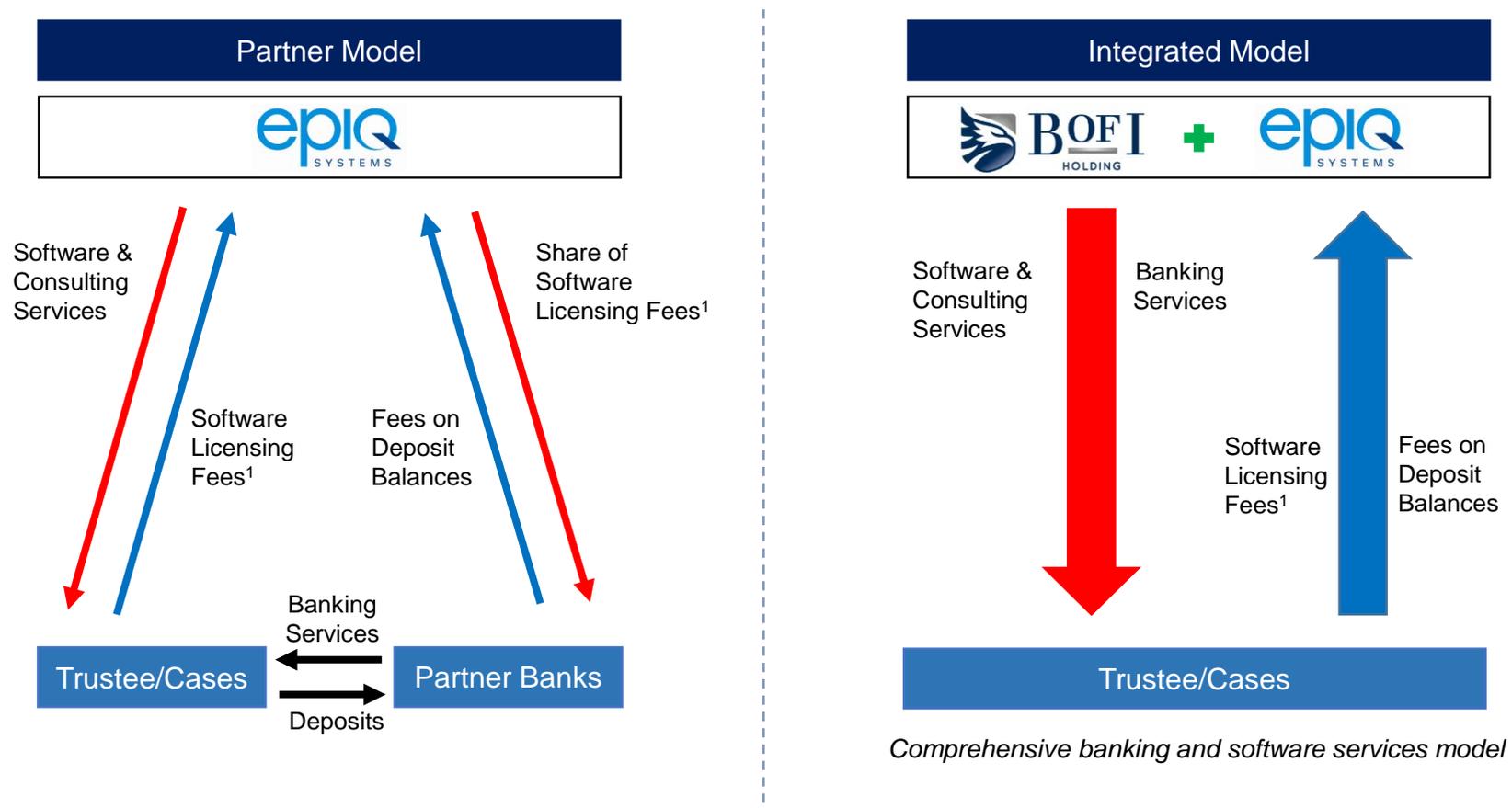
+ Liquidating Trusts

+ 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.