

BofI Holding, Inc.  
Form DEF 14A  
September 10, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☒ Filed by a party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

BofI Holding, Inc.

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(Name of Registrant as Specified in Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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September 7, 2018

Dear Stockholders:

On behalf of the Board of Directors and management of BofI Holding, Inc. (the “Company”), you are cordially invited to attend the 2018 Annual Meeting of Stockholders of the Company (“Annual Meeting”). The Annual Meeting will be held on Thursday, October 25, 2018 at 2:00 PM, Pacific Time, at our corporate headquarters located at 4350 La Jolla Village Drive, Balboa Training Room, Suite 250, San Diego, California 92122. Directions to the Annual Meeting location are provided at the end of this Proxy Statement.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe in detail the matters to be acted on at the meeting. An important part of the Annual Meeting is the stockholder vote on corporate business items.

Your participation in Company activities is important and we encourage you to attend the meeting in person. Whether or not you plan to attend the meeting, please be sure to complete, sign, date and return the enclosed proxy card in the accompanying postage-paid reply envelope, so that your shares may be voted in accordance with your wishes.

Returning the enclosed proxy will not prevent you from voting in person if you choose to attend the Annual Meeting.

On behalf of the Board of Directors and all of the employees of the Company, we thank you for your continued support.

Sincerely,

Gregory Garrabrants  
President and Chief Executive Officer

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BofI Holding, Inc.  
4350 La Jolla Village Drive, Suite 140  
San Diego, California 92122

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held October 25, 2018

**NOTICE TO THE STOCKHOLDERS OF BOFI HOLDING, INC.**

Notice is hereby given that the 2018 Annual Meeting of Stockholders of BofI Holding, Inc. will be held at our corporate headquarters at 4350 La Jolla Village Drive, Balboa Training Room, Suite 250, San Diego, California 92122, on Thursday, October 25, 2018 at 2:00 PM, Pacific Time, for the following purposes:

- Item 1. To elect three Class II directors, each to hold office for a three-year term and until a successor is elected and qualified;
- Item 2. To approve in a non-binding and advisory vote, the compensation of the Company's Named Executive Officers as disclosed in this proxy statement;
- Item 3. To ratify the selection of BDO USA, LLP as the Company's independent public accounting firm for fiscal year 2019; and
- Item 4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on August 31, 2018, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

We will mail a notice of internet availability of proxy materials – Notice of Annual Meeting of Stockholders – on or before September 12, 2018.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING OF STOCKHOLDERS**

The Notice of Internet Availability of Proxy Materials, Notice of Meeting, Proxy Statement and Annual Report will be available free of charge at [www.envisionreports.com/BOFI](http://www.envisionreports.com/BOFI) as of September 12, 2018.

By order of the Board of Directors,

September 7, 2018    Gregory Garrabrants  
President and Chief Executive Officer

**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU SHOULD COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY. RETURNING THE ENCLOSED PROXY WILL ENSURE THAT YOUR VOTE WILL BE COUNTED AND IT WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU CHOOSE TO ATTEND THE ANNUAL MEETING.**

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BofI Holding, Inc.

4350 La Jolla Village Drive, Suite 140

San Diego, California 92122

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

To Be Held at 2:00 PM Pacific Time, October 25, 2018

**INTRODUCTION**

This Proxy Statement is furnished to you in connection with the solicitation of proxies by the Board of Directors of BofI Holding, Inc., a Delaware corporation (the “Board of Directors” or the “Board” and the “Company” or “BofI”, respectively), for use at the 2018 Annual Meeting of Stockholders, which will be held on Thursday, October 25, 2018, at 2:00 PM, Pacific Time, at our corporate headquarters at 4350 La Jolla Village Drive, Balboa Training Room, Suite 250, San Diego, California 92122, and at any adjournment or postponement thereof (the “Annual Meeting”). The Company will bear the entire cost of preparing, assembling, printing and mailing this Proxy Statement, the accompanying proxy card and any additional material that may be furnished to stockholders. This Proxy Statement and the accompanying proxy card are first being mailed to stockholders on or about September 12, 2018.

**YOUR VOTE IS IMPORTANT. PLEASE VOTE AS SOON AS POSSIBLE ONLINE, BY PHONE OR BY COMPLETING, SIGNING AND DATING THE PROXY CARD ENCLOSED WITH THIS PROXY STATEMENT AND RETURNING IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

Some stockholders may have their shares registered in different names or hold shares in different capacities. For example, a stockholder may have some shares registered in his or her name, individually, and others in his or her capacity as a custodian for minor children or as a trustee of a trust. In that event, you will receive multiple copies of this Proxy Statement and multiple proxy cards. If you want all of your votes to be counted, please be sure to sign, date and return all of those proxy cards.

Who is entitled to vote?

If you were a holder of BofI Holding, Inc. common stock at the close of business on August 31, 2018, the “record date,” either as a stockholder of record or as the beneficial owner of shares held in street name, you may vote at the 2018 Annual Meeting, either in person or by proxy. As of the record date, we had 62,829,318 shares of our common stock outstanding and entitled to be voted. Each share of common stock entitles its holder to one vote.

What does it mean to be a stockholder of record or beneficial holder?

**Stockholder of Record: Shares Registered in Your Name.** If on the record date, your shares were registered directly in your name with the Company’s transfer agent, Computershare, then you are a stockholder of record and you may vote in person at the Annual Meeting, or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by completing your proxy card, by telephone, or through the internet, to ensure your vote is counted.

**Beneficial Holder: Owner of Shares Held in Street Name:** If, on the record date, your shares were held in an account at a broker, bank, or other financial institution (collectively referred herein as “broker”), then you are the beneficial holder of shares held in “street name” and these proxy materials are being forwarded to you by that broker. The broker holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct your broker on how to vote the shares in your account. As a beneficial owner, you are invited to attend the Annual Meeting. However, since you are not a stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker giving you the legal right to vote the shares at the Annual Meeting, as well as satisfy the Annual Meeting admission criteria set out in the Notice.

What is the effect of Broker non-votes?

Under the rules that govern brokers, your broker or other nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon at the Annual Meeting. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. As a result, we encourage you to communicate your voting decisions to your broker before the date of the Annual Meeting to ensure that your vote will be counted. Shares represented by such “broker non-votes” will, however, be counted in determining whether there is a quorum.

What constitutes a quorum?

Our Bylaws require that a quorum – that is, the holders of a majority of all of the shares of our common stock entitled to vote at the Annual Meeting – be present, in person or by proxy, before any business may be transacted at the Annual Meeting

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(other than adjourning the Annual Meeting to a later date to allow time to obtain additional proxies to satisfy the quorum requirement).

How do I vote by proxy before the meeting?

Before the meeting, you may vote your shares in one of the following three ways if your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A.

By Internet at [www.envisionreports.com/BOFI](http://www.envisionreports.com/BOFI);

By telephone from the U.S.A., U.S. territories and Canada any time on a touch tone telephone call toll free 800-652-8683; or

By mail by completing, signing, dating and returning the enclosed proxy card in the postage paid envelope provided. Please refer to the proxy card for further instructions on voting via the Internet and by telephone.

Please follow the directions on your proxy card carefully. If your shares are held in a brokerage account in the name of a broker or other nominee (this is called “street name”), then you are the beneficial owner of the shares and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. You have the right to direct your broker on how to vote the shares in your account, and your ability to vote by telephone or via the Internet depends on the voting procedures used by your broker. You may receive a separate voting instruction form with this proxy statement, or you may need to contact your broker or other nominee to determine whether you will be able to vote electronically using the Internet or telephone.

May I vote my shares in person at the meeting?

Yes. If you are a stockholder of record, you may vote your shares at the meeting if you attend in person, even if you previously submitted a proxy card or voted by Internet or telephone. Please note that if you are a beneficial holder and you wish to vote at the meeting, you will not be permitted to do so unless you first obtain a legal proxy issued in your name from the broker that holds your shares.

How do I vote my shares held in the Company’s 401(k) Plan?

If you hold shares in an account under the Bofl Holding, Inc. 401(k) Plan (the “Plan”), you will receive notification of the Company’s proxy materials availability, including the voting instruction card. You may direct the Plan trustee on how to vote your Plan shares by following the instructions included on the proxy card. Please note that, in order to permit the Plan trustee to tally and vote all the eligible Plan shares, your direction must be completed timely pursuant to the instructions in the proxy card. If you do not provide timely voting direction, the Plan trustee shall vote your Plan shares in the same proportion as the shares for which the Plan trustee received timely voting direction. The proportional voting policy is detailed under the terms of the Plan documents.

How can I revoke my proxy?

If you are a stockholder of record and have sent in your proxy, you may change your vote by revoking your proxy by means of any one of the following actions which, to be effective, must be taken before your proxy is voted at the Annual Meeting:

Sending a written notice to revoke your proxy to Bofl Holding, Inc., 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122, Attention: Corporate Secretary. To be effective, the Company must receive the notice of revocation before the Annual Meeting commences.

Transmitting a proxy by mail at a later date than your prior proxy. To be effective, the Company must receive the later dated proxy before the Annual Meeting commences. If you fail to date or to sign that later proxy, however, it will not be treated as a revocation of an earlier dated proxy.

Attending the Annual Meeting and voting in person or by proxy in a manner different than the instructions contained in your earlier proxy.

If you are a beneficial holder you may submit new voting instructions by contacting your broker. You may also change your vote or revoke your voting instructions in person at the Annual Meeting if you obtain a signed proxy from the broker giving you the right to vote the shares.

How many votes do I have?

Each share is entitled to one vote. In order to vote, you must either designate a proxy to vote on your behalf, or attend the Annual Meeting and vote your shares in person. The Board of Directors requests that you submit your proxy so that your shares will count toward a quorum and be voted at the Annual Meeting.



How will the Board vote my proxy?

A properly executed proxy received by us prior to the Annual Meeting, and not revoked, will be voted as directed by the stockholder on that proxy. If a stockholder provides no specific direction, the shares will be voted as follows:

• FOR the election of the directors nominated by the Board – Item 1;

• FOR the approval, in a non-binding and advisory vote, of the compensation of the Company's Named Executive Officers as disclosed in this proxy statement – Item 2;

• FOR the ratification of the selection of BDO USA, LLP as the Company's independent public accounting firm for fiscal year 2019 – Item 3.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

What vote is required to approve each item?

Proxies marked as abstentions, withheld votes and broker non-votes will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. If a broker indicates on its proxy that it does not have discretionary voting authority to vote shares for which it is the holder of record at the Annual Meeting, such shares cannot be voted by the broker (a "broker non-vote"), although they will be counted in determining whether a quorum is present. Brokers or other nominees who hold shares in "street name" for the beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from the beneficial owner. However, brokers are not allowed to exercise their voting discretion with respect to the election of directors or other "non-routine" proposals without specific instructions from the beneficial owner. Only the ratification of the selection of our auditors is considered to be a "routine" proposal for the purposes of brokers exercising their voting discretion.

**Election of Directors.** Assuming a quorum of the stockholders is present in person or by proxy at the Annual Meeting, a plurality of the votes cast is required for the election of directors. As a result, the three nominees who receive the highest number of votes cast will be elected as Class II directors. Abstentions and broker non-votes will have no effect on the results of the election of directors.

**Non-Binding and Advisory Vote.** The affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on these items will be required for the non-binding and advisory approval of the compensation of the Company's Named Executive. Abstentions will have the same effect as a vote against these proposals. Broker non-votes will have no effect on the results of these proposals.

**Vote for the Ratification of Selection of Independent Registered Public Accounting Firm.** The affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on this item will be required for the ratification of the selection of BDO USA, LLP. Abstentions will have the same effect as a vote against these proposals. Broker non-votes will have no effect on the results of these proposals.

**Other Items.** For each other item, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked "ABSTAIN" with respect to any such matter will not be voted. Because abstentions represent shares entitled to vote on any matter presented for stockholder approval, the effect of an abstention will be the same as a vote against a proposal. Broker non-votes will have no effect on the results of such a proposal.

Can I exercise rights of appraisal or other dissenters' rights?

No. Under Delaware law, holders of our voting stock are not entitled to demand appraisal of their shares or exercise similar rights of dissenters as a result of the approval of any of the proposals to be presented at the annual meeting.

## ITEM 1. ELECTION OF DIRECTORS

### Board Nominees – 2018

The Company's Board is divided into three classes designated as Class I, Class II and Class III (see Corporate Governance, Board of Directors Composition and Independence). There are currently three Class II directors whose terms expire at the 2018 Annual Meeting. The Board of Directors has nominated the three Class II directors named below for election to the Board to hold office for a three-year term expiring at the 2021 Annual Meeting or until a successor is elected and qualified. Unless otherwise instructed, the proxy holders named in the enclosed proxy intend to vote the proxies received by them for the election of these nominees. If, prior to the Annual Meeting, any nominee of the Board of Directors becomes unable to serve as a director, the proxy holders will vote the proxies received by them for the election of a substitute nominee selected by the Board of Directors.

### Vote Required and Recommendation of the Board of Directors

If a quorum is present and voting, the three Class II nominees receiving the highest number of votes will be elected to the Board.

### THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE THREE CLASS II NOMINEES NAMED BELOW.

#### Class II Director Nominees for Terms Ending at the 2021 Annual Meeting of Stockholders

Gregory Garrabrants. Mr. Garrabrants, age 46, has served as President and Chief Executive Officer since October 2007 and as member of the Board of Directors since March 2008. Mr. Garrabrants serves as member of the Credit Committee of the Board of Directors of the Bank.

Mr. Garrabrants brings to the Board more than 21 years of experience in financial services, including service as our Chief Executive Officer since 2007. Mr. Garrabrants also possesses particular strengths with respect to leadership and management skills. Prior to joining BofI Federal Bank, Mr. Garrabrants was a senior vice president and the head of corporate business development at the nation's seventh largest thrift focusing on entry into new business segments, mergers and acquisitions, joint ventures and strategic alliances. Before his senior executive roles at banking institutions, Mr. Garrabrants served the financial services industry as an investment banker, management consultant and attorney for over 15 years. He was an investment banker at Goldman Sachs specializing in advising management and directors on issues such as strategic planning, capital and liquidity management, balance sheet management, asset/liability management, and enhancement of stockholder value. Prior to Goldman Sachs, Mr. Garrabrants served as a management consultant at McKinsey & Company. At McKinsey, Mr. Garrabrants led teams that worked with senior management of money center banks, non-bank financial services companies, insurance companies and asset managers on strategy development, sales force effectiveness, risk management, organizational design and corporate restructuring. Prior to McKinsey, Mr. Garrabrants worked as a summer associate at Skadden, Arps, Slate, Meagher & Flom, Munger, Tolles & Olson, and Morrison & Foerster focusing on corporate and securities law and clerked for the Honorable Steven V. Wilson of the United States District Court for the Central District of California. Prior to graduate school, he began his career at Deloitte Consulting in the financial advisory services and litigation support practices. Mr. Garrabrants earned his Juris Doctorate, magna cum laude, from the Northwestern University School of Law and his Masters of Business Administration, with the highest distinctions, from the Kellogg Graduate School of Management at Northwestern University. He has a Bachelor of Science degree in Industrial and Systems Engineering and a minor in Economics from the University of Southern California where he graduated with high honors. He is a Chartered Financial Analyst and member of the California Bar.

The Company believes Mr. Garrabrants' qualifications to serve on the Board, in addition to those discussed above, include his extensive experience in banking, investment banking, strategic planning and team leadership. The Company believes that his 11 years of service to the Company reflect his skills to attract high quality new customers, build new banking products and services and to develop management teams responsive to current and future business changes.

Paul J. Grinberg. Mr. Grinberg, age 57, has served as member of the Board of Directors since April 2004 and as Chairman of the Board of Directors of the Company since February 2017. Mr. Grinberg serves as Chairman of the Audit Committee of the Board of Directors of the Company and the Bank and as Chairman of the Nominating Committee of the Board of the Directors of the Company. Mr. Grinberg serves as member of the Compensation

Committee.

Mr. Grinberg brings extensive executive management, operational, accounting and financial reporting expertise as President, International and previously as Executive Vice President and Chief Financial Officer of Encore Capital Group, Inc., (NASDAQ: ECPG), a purchaser of charged-off consumer and SME loans, where he has been employed since September 2004. In his current role, Mr. Grinberg has oversight responsibilities over all international operations. In his previous role, Mr. Grinberg had oversight over all accounting, financial reporting, investor relations, capital raising and allocation and tax matters. From May 2003 to January 2005, Mr. Grinberg served as the President and CEO of Brio Consulting Group, Inc., a consulting firm he founded that provided financial strategy and analysis to private-equity and venture-backed companies. From 1997 to 2003, he held the CFO position for private and public companies, including Stellcom, Inc. and TeleSpectrum Worldwide Inc. (NASDAQ: TLSP),

both located in San Diego. He was also a partner and senior member in the Merger and Acquisition Services Group of Deloitte & Touche in New York. Mr. Grinberg's strengths are in executive management, accounting, SEC reporting, raising capital, financial strategy, providing leadership in investor relations, and mergers and acquisitions activities. Mr. Grinberg has extensive experience with high-growth situations, venture/private equity backed companies and public companies. Mr. Grinberg holds a Bachelor of Science degree in accounting from Yeshiva University and a Master of Business Administration degree in Finance from Columbia University's Graduate School of Business. The Company believes Mr. Grinberg's qualifications to serve on the Board, in addition to those discussed above, include his 14 years of experience in banking as a Director of the Company, his nearly 20 years of experience as a public company executive and CFO in the financial services industry, his public accounting experience including public and private company auditing, M&A advisory and his experience analyzing financial strategies for growing businesses.

Uzair Dada. Mr. Dada, age 50, has served as a member of the Board of Directors since January 2015 and serves as Chairman of the Operations and Technology Committee of the Board of Directors of the Bank and serves as member of the Credit Committee of the Board of Directors of the Bank.

Mr. Dada brings to the Board a strong business and financial background focused on technology and marketing. He is the Founder and CEO of Iron Horse Interactive ("IHI"), an award-winning marketing technology and services company serving an array of Fortune 500 companies. Under Mr. Dada's leadership, IHI has introduced a suite of proprietary demand generation solutions and technologies that are widely recognized for their innovation. Mr. Dada led the IHI team to develop atEvent – a first-of-its-kind mobile event solution with full integration – into one of the most widely used marketing automation and CRM platforms. Mr. Dada is a graduate of UC Berkeley and the Kellogg School of Business at Northwestern University.

The Company believes Mr. Dada's qualifications to serve on the Board, in addition to those discussed above, include his valuable online marketing technology and systems integration experience, his IT compliance and auditing experience and his strong business and financial background.

#### Continuing Class I Directors with Terms Ending at the 2020 Annual Meeting of Stockholders

J. Brandon Black. Mr. Black, age 63, has served as a member of the Board of Directors since October 2017 and serves on the ALCO Committee, the Operations and Technology Committee and the Independent Credit Review Committee of the Board of Directors of the Bank.

Mr. Black is currently an operating partner at Clover Crest Partners, a private investment group founded by experienced public and private company chief executive officers and operators to invest in service-based businesses located in the western United States. In 2013, Mr. Black retired as the Chief Executive Officer and Director of Encore Capital Group, Inc. (NASDAQ: ECPG) ("Encore"), one of the largest global companies in the credit management services industry. During his nine years as CEO, Mr. Black was instrumental in growing the business, expanding into new asset classes and geographies and making acquisitions that established Encore as an industry leading debt management and recovery solutions provider. Prior to Encore, Mr. Black worked for First Data Resources and Capital One Financial Corporation, where he led various operating units including credit, customer service, fraud and collections. Mr. Black earned a M.B.A. from the University of Richmond and a bachelor's of business administration degree from The College of William and Mary. Most recently, he co-authored and published a book titled, "Ego Free Leadership: Ending the Unconscious Habits that Hijack Your Business."

The Company believes Mr. Black's qualifications to serve on the Board, in addition to those discussed above, include his experience managing credit risk, fraud and collections for large financial institutions as well as his public company CEO leadership.

John Gary Burke. Mr. Burke, age 73, has served as member of the Board of Directors since October 2005 and serves as Chairman of the Independent Credit Review Committee of the Board of Directors of the Bank and serves as member of the Compensation Committee and the Nominating Committee of the Board of Directors of the Company. Mr. Burke brings extensive leadership and business management skills as President and sole stockholder of Truck World, Inc., a wholesale and retail petroleum marketing company, based in the Youngstown, Ohio area. Truck World, Inc. is a retail jobber for Shell Oil and Marathon Ashland Petroleum. Since founding the company in 1972, Mr. Burke has built, developed, opened and operated convenience stores and truck stops. Additionally, in 1980, Mr. Burke

acquired and operated four pipeline terminals on the Buckeye Pipeline System and became involved with various aspects of distribution, including scheduling, trading and hedging. Mr. Burke served as a director of the Ohio Petroleum Marketing Association for nine years during this time. Mr. Burke is also President and sole stockholder of J. Gary Burke Corporation, a real estate holding company that owns and manages properties in various states. Most recently, J. Gary Burke Corporation processed the entitlements and developed the site improvements for a 40-acre industrial park in Otay Mesa, California. Before serving in the United States Navy as a Naval Aviator from 1968 to 1971, Mr. Burke earned his BSME degree from the University of Miami, Florida.

The Company believes Mr. Burke's qualifications to serve on the Board, in addition to those discussed above, include his experience understanding the needs of small businesses and developing commercial real estate in California and Ohio.

Nicholas A. Mosich. Mr. Mosich, age 63, has served as member of the Board of Directors since May 2009 and as Vice Chairman of the Board of Directors since October 2010. Mr. Mosich serves as Chairman of the ALCO Committee of the Board of Directors of the Bank, serves as member of the Audit Committee of the Board of Directors of the Company and the Bank, and as member of the Credit Committee of the Board of Directors of the Bank.

Mr. Mosich brings to the Board extensive knowledge of the real estate development and investment banking industries acquired through his career as a Managing Member of Ion Capital Partners, LLC/Arroyo Vista Partners, LLC, both discretionary investment funds that acquire land for residential development projects in California. Mr. Mosich also bring 27 years of capital markets and business management experience, most recently as an Executive Vice President and Board Member of The Seidler Companies Incorporated, a NYSE member firm ("Seidler"). While at Seidler, Mr. Mosich was responsible for overseeing its Private Client Service operations and Investment Banking Operations. He was a Managing Director of Seidler's Community Bank Group, active in mergers and acquisitions, raising public and private capital for emerging growth banks including an active role as a co-manager of the BOFI initial public offering. In January of 2001, he merged his predecessor firm, Hagerty Stewart & Associates, Inc., into Seidler. Previously, Mr. Mosich was a partner at McGoodwin James & Company, a venture capital firm headquartered in Costa Mesa. At McGoodwin, he was active in funding later stage venture companies and making private investments in public companies. Mr. Mosich completed his undergraduate degree (cum laude) at the University of Michigan and received a Master of Business Administration degree from Stanford University.

The Company believes Mr. Mosich's qualifications to serve on the Board, in addition to those discussed above, include his experience developing residential real estate in California and providing capital market services to small banks and other businesses.

Continuing Class III Directors with Terms Ending at the 2019 Annual Meeting of Stockholders

James S. Argalas. Mr. Argalas age 47, has served as member of the Board of Directors since August 2011 and serves as member of the Audit Committee of the Board of Directors of the Company and the Bank. Mr. Argalas also serves as member of the ALCO Committee of the Board of Directors of the Bank.

Mr. Argalas brings to the Board extensive experience in the financial and investment sectors. He founded Presidio Union, LLC, a company that specializes in providing financial analysis and corporate advisory services to early stage growth companies and their investors, taking an active role in developing ventures that have the potential to create significant stockholder value. Prior to founding Presidio Union, Mr. Argalas was a Principal at Watershed Asset Management and NM Rothschild, where he was responsible for investments in distressed credit, liquidations, real estate, special situations, and debt and equity investments in Asia-Pacific. Prior to joining Watershed, Mr. Argalas was an Associate Principal with McKinsey & Company and an Associate at Goldman Sachs. Mr. Argalas has a Master of Business Administration degree from Kellogg Graduate School of Management (Northwestern University) with majors in Finance, Entrepreneurship and International Business; in addition, Mr. Argalas holds a Bachelor of Science degree in Engineering from the University of Michigan, and a Bachelor of Science degree in Foreign Service from Georgetown University.

The Company believes Mr. Argalas' qualifications to serve on the Board, in addition to those discussed above, include his experience investing in complex debt securities, real estate and other special investment situations including investments in early stage financial technology ventures.

James J. Court. Mr. Court, age 56, has served as member of the Board of Directors since April 2011 and serves as Chairman of the Compensation Committee of the Board of Directors of the Company and as member of the Operations and Technology Committee and Independent Credit Review Committee of the Board of Directors of the Bank.

Mr. Court brings to the Board an extensive knowledge of the financial services and information technology industries. Mr. Court's prior experience, qualifications and attributes include his most recent position as Chairman and President of First American's Property & Casualty Insurance Group ("First American"). Mr. Court joined First American in 1999 and has previously served in senior management roles including Chief Operating Officer and Chief Information Officer; his responsibilities at First American include overseeing all three Property & Casualty operating units. Prior to joining First American, Mr. Court held information technology and operations positions at MGE UPS Systems and Printronix, Inc. Further, Mr. Court has led successful business and technology transformations in both the financial

services and manufacturing sectors. Mr. Court holds a Master of Business Administration degree from the Graziadio School of Business and Management at Pepperdine University, a Bachelor of Science degree in Information Systems from the University of Redlands, and an Associate degree in Electronic Engineering Technology. Mr. Court also holds the Chartered Property & Casualty Underwriter and Associate in Reinsurance designations.

The Company believes Mr. Court's qualifications to serve on the Board, in addition to those discussed above, include his experience as CEO, COO and CIO for information technology firms as well his insurance industry knowledge, particularly real estate title insurance and property and casualty insurance.

Edward J. Ratinoff. Mr. Ratinoff, age 53, has served as a member of the Board of Directors since April 2010 and serves as Chairman of the Credit Committee of the Board of Directors of the Bank and as a member of the Nominating Committee of the Board of Directors of the Company. Mr. Ratinoff brings to the Board extensive experience in the real estate investment and real estate development industries. Mr. Ratinoff served as Managing Director and Head of Acquisitions for Phoenix Realty Group, an institutional real estate investment firm focused on opportunistic multifamily investments. Mr. Ratinoff oversaw the investment program for two fund vehicles totaling approximately \$400 million in equity, directed acquisition teams in Los Angeles and New York, and was a member of the firm's investment committee. Prior to joining Phoenix Realty Group, Mr. Ratinoff held the position of Managing Director and west coast head for the J.E. Robert Companies. In this role, Mr. Ratinoff was responsible for all equity and debt transactions throughout the western US for the real estate investment funds sponsored by the firm and was a member of the investment committees for both JER Partners and JER Investors Trust. Mr. Ratinoff was also responsible for directing JER's multifamily investment strategy in the US, acquiring 2,300 apartment units in Seattle, Atlanta and Detroit. During his tenure, Mr. Ratinoff led the acquisition of approximately \$1.0 billion in assets representing multiple real estate sectors and geographies. Prior to joining JER, Mr. Ratinoff served as Principal with Fowler Flanagan Partners, where he either led or participated in the acquisition, financing and renovation of approximately 3,000 apartment units in California, Seattle, Arizona, Texas and Missouri. Mr. Ratinoff also held senior positions focusing on real estate investment banking with McDonald Investments, Chase Securities and BT Alex. Brown, executing public and private capital markets transactions for west coast-based real estate companies. Mr. Ratinoff received a Bachelor of Arts degree in Architecture and City Planning from the University of California, Berkeley, and an MBA from the J.L. Kellogg Graduate School of Management at Northwestern University. Mr. Ratinoff has served as a member of the board of directors of MPG Office Trust, Inc. and its successor entity Brookfield DTLA since February 2011.

The Company believes Mr. Ratinoff's qualifications to serve on the Board, in addition to those discussed above, include his experience investing and managing multifamily real estate projects and providing capital markets financing for real estate assets.

There are no family relationships among any of the officers or directors.

#### CORPORATE GOVERNANCE

##### The Role of the Board of Directors

The Board and senior management have adopted governance practices which emphasize stockholder value in accordance with highest standards of integrity. For example, eight of our nine directors (89%) meet the standards for independence set forth in NASDAQ listing requirement, well above the requirement that a majority of the board of directors must be comprised of independent directors. The Code of Conduct for our directors and officers is integrated into our Master Policy on Ethics and Professional Integrity which provides a process to avoid conflicts of interest. The members of the Board of Directors of the Company also are the members of the Board of Directors of the Bank, which accounts for substantially all of the Company's consolidated operating results. The members of the Board of Directors keep informed about our business through discussions with senior management and other officers and managers of the Company and its Bank subsidiary, by reviewing analyses and reports submitted to them by management and outside consultants, and by participating in Board and Board committee meetings.

##### Board of Directors Composition and Independence

The Board of Directors of the Company is authorized to have up to nine members and nine members are currently serving. In accordance with the terms of our Amended Certificate of Incorporation and Bylaws, our Board of Directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms. The members of the classes are as follows:

The Class I directors are Messrs. Black, Burke and Mosich and their terms will expire at the 2020 Annual Meeting of Stockholders;

The Class II directors are Messrs. Dada, Garrabrants and Grinberg and their terms will expire at the 2018 Annual Meeting of Stockholders; and

The Class III directors are Messrs. Argalas, Court and Ratinoff and their terms will expire at the 2019 Annual Meeting of Stockholders.



The authorized number of directors may be changed only by resolution of the Board of Directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. This classification of our Board of Directors may have the effect of delaying or preventing changes in our control or management. Our directors will hold office until their successors have been elected and qualified or until their earlier death, resignation, disqualification or removal for cause by the affirmative vote of the holders of a majority of our outstanding stock entitled to vote on election of directors.

The Board has determined that eight members of the Board meet the definition of “independent director” as the term is defined by applicable NASDAQ rules. Mr. Garrabrants is not an independent director because he is our President and Chief Executive Officer. In reaching these conclusions, the Board considered all relevant facts and circumstances with respect to any direct or indirect relationships between the Company and each of the non-management directors. The Board determined that any relationships that now exist, or that have existed in the past, between the Company and any of the non-management directors have no material effect on their independence.

All of the members of the Audit Committee, Compensation Committee and Nominating Committee of the Board of Directors of the Company are independent directors.

#### Board of Directors Leadership Structure

Currently, Mr. Garrabrants serves as the President and Chief Executive Officer of the Company, while Mr. Grinberg, who is an independent director, serves as the Chairman of the Board of Directors. The Board of Directors believes that this leadership structure best serves the Company at this time because it allows Mr. Garrabrants to focus on the Company’s operations and strategy, while Mr. Grinberg, among his other Board of Directors and committee responsibilities, can provide independent leadership for the Board of Directors, set the agenda for meetings, and enable other directors to raise issues and concerns for consideration by the Board of Directors without immediately involving the President and Chief Executive Officer or other management.

#### The Board of Directors Role in Risk Oversight

The Board of Directors, together with the Audit Committee, the Compensation Committee, and the Nominating Committee and as well as four risk committees that include, the Credit, the Independent Credit Review, the Operations and Technology and the ALCO committees of the Bank, coordinate with each other to provide enterprise-wide oversight of our management and risk management efforts. These committees report regularly to the Board of Directors on risk-related matters and provide the Board of Directors with insight about our management of strategic, credit, interest rate, financial reporting, technology, liquidity, compliance, operational and reputational risks. In addition, at meetings of the Board of Directors and its committees, directors receive regular updates and reports from management regarding risk management practices, including credit quality, financial reporting, internal controls, compliance, legal matters, asset liability and liquidity management, among others. Furthermore, current risk management issues are discussed regularly with the Board of Directors and its committees.

Our Board of Directors is actively involved in oversight and review of the Company’s risk management efforts either directly or through its standing committees. The Company’s management is responsible for assessing and managing risk and communicating risks to the Board. The Enterprise Risk Management (“ERM”) program, led by certain officers of the Company, including Mr. Garrabrants, our President and Chief Executive Officer, with oversight from the Board, identifies and evaluates key business risks within the financial, operational, regulatory and strategic arenas to develop risk monitoring processes and response strategies to transfer, avoid, reduce or accept individual risks as appropriate. The ERM program assists management in determining appropriate risk tolerance levels which balance risk mitigation with opportunities to create stockholder value. ERM program leaders make regular reports to the Board regarding the ERM program’s risk identification, management and mitigation strategy recommendations.

While general oversight responsibility of risks and our ERM program is with the Board of Directors, its standing committees support the Board of Directors by regularly addressing various risks in each committee respective areas of oversight. Specifically, the Audit Committee primarily oversees those risks that may directly or indirectly impact our financial statements, including the areas of financial reporting, internal controls and compliance with public reporting requirements, while the Compensation Committee assists the Board of Directors in fulfilling its risk management oversight responsibilities associated with risks arising from employee compensation policies and practices. Each standing committee provides reports to the Board of Directors at regular meetings concerning the activities of the committee and of the actions taken by the committee since the last Board of Directors regular meeting.

#### Corporate Governance Principles

Our Board of Directors is committed to having sound corporate governance principles to assist in fulfilling the Board’s oversight duties. These principles are essential to maintaining the Company’s integrity in the marketplace. Our Board of Directors has adopted corporate governance guidelines that include a number of the practices and policies under which our Board operates, together with concepts suggested by various authorities in corporate governance and the

requirements under the NASDAQ's listed company rules and the Sarbanes-Oxley Act. Some of the principal subjects covered by our governance guidelines include:

Director Qualifications, which addresses a Board candidate's independence, experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries; his or her understanding of our business and the business environment in which we operate; and the candidate's ability and willingness to devote adequate time and effort to Board responsibilities, taking into account the candidate's employment and other board commitments.

Responsibilities of Directors, including acting in the best interests of all stockholders; maintaining independence; developing and maintaining a sound understanding of our business and the industry in which we operate; preparing for and attending Board and Board committee meetings; and providing active, objective and constructive participation at those meetings.

• Director Access to Management and, as necessary and appropriate, Independent Advisors, including encouraging presentations to the Board from the officers responsible for functional areas of our business.

• Regularly Scheduled Executive Sessions of the Board, without Management. Our governance guidelines also provide for the Audit Committee to meet with the Company's outside auditors separately from management.

#### Board of Directors Meetings and Attendance

Our Board members are encouraged to prepare for and attend all Board of Director and stockholder meetings and the meetings of the Board committees of which they are members. During the 2018 fiscal year, the Board of Directors of the Company and the Bank held a total of eight (8) meetings, respectively. All of our directors attended more than 75 percent of the total of those meetings. All of our directors attended our Annual Meeting of Stockholders held in October 2017. The Company encourages our directors, but does not require them, to attend our Annual Meeting of Stockholders.

#### Code of Business Conduct

We have adopted a Statement of Ethical Principles that is intended as the foundation for the Company's Master Policy on Ethics and Professional Integrity and the Company's Code of Ethics (collectively, the "Codes"). These Codes are critical to achieving our shared vision of an enterprise committed to business excellence and superior individual performance in a character driven meritocracy. A copy of our Statement of Ethical Principles can be found at the Corporate Governance section of our website at [www.bofiholding.com](http://www.bofiholding.com), and will also be made available via written request sent to BofI Holding, Inc., 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122, Attention: Corporate Secretary. A copy of the Code of Ethics will also be made available via written request sent to BofI Holding, Inc., 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122, Attention: Corporate Secretary. We intend to comply with any legally required disclosures of any amendments to the Codes and any waivers of the requirements of the Codes that may be granted to our Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer.

#### Other Governance Matters

In addition to the governance initiatives discussed above, our Chief Executive Officer and Chief Financial Officer have certified our Securities and Exchange Commission ("SEC") filings as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 each quarter since the certification rules became applicable to us. We also have adopted charters for our Board committees in compliance with NASDAQ listed company rules.

You can access our Board committee charters, and other corporate governance materials, news releases and SEC filings, by visiting the Company's website at [www.bofiholding.com](http://www.bofiholding.com).

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has three standing committees: Audit, Compensation and Nominating. The members of the Audit Committee of the Board of Directors of the Company also serve as members of the Audit Committee of the Board of Directors of the Bank and together are referred to herein as the “Audit Committee.” A description of the general functions, composition and number of meetings held by each Committee during 2018 fiscal year is set forth below.

**Audit Committee.** The current members of the Audit Committee are Paul J. Grinberg, Chairman; James S. Argalas, and Nicholas A. Mosich. All of the members of the Audit Committee are independent directors within the meaning of the NASDAQ listed company rules and meet the enhanced independence requirements for audit committee members contained in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Our Board of Directors has determined that Mr. Argalas and Mr. Grinberg meet the definitions of “audit committee financial expert” adopted by the SEC and included in NASDAQ’s rules for listed companies. The Audit Committee has a written charter that specifies its responsibilities, which include oversight of the financial reporting process and system of internal accounting controls of the Company, and appointment and oversight of the independent public accountants engaged to audit the Company’s financial statements. Our Board of Directors, upon the recommendation of the Audit Committee, approved that charter. A copy of our Audit Committee Charter, which complies with applicable NASDAQ rules, is accessible at the Corporate Governance section of our website at [www.bofiholding.com](http://www.bofiholding.com). During fiscal year 2018, the Audit Committee of the Board of Directors of the Company held five (5) meetings and the Audit Committee of the Board of Directors of the Bank held seven (7) meetings. The Audit Committee also meets with our outside auditors and members of management, separately.

**Compensation Committee.** The Compensation Committee is comprised of the following directors, all of whom are independent (as defined in the applicable NASDAQ listed company rules): James J. Court, Chairman; John Gary Burke, and Paul J. Grinberg. The Compensation Committee assists the Board in discharging its responsibilities relating to compensation of the Company’s directors and executive officers. The Compensation Committee reviews and approves the salaries and establishes incentive compensation and other benefit plans. Our Board of Directors has approved a charter setting forth the role and responsibilities of the Compensation Committee. A copy of that charter, which complies with applicable NASDAQ rules, is accessible at the Corporate Governance section of our website at [www.bofiholding.com](http://www.bofiholding.com). The Compensation Committee held six (6) meetings during fiscal 2018.

**Nominating Committee.** The members of the Nominating Committee during fiscal 2018 were Paul J. Grinberg, Chairman, John Gary Burke, and Edward J. Ratinoff. The Committee assists the Board in selecting nominees for election to the Board, in assessing the performance of the Board and in monitoring the composition of the Board. Each member of the Nominating Committee meets the “independent director” requirements within the meaning of the NASDAQ listed company rules. The Board has adopted a charter setting forth the responsibilities of the Nominating Committee. A copy of that charter, which complies with applicable NASDAQ rules, is accessible at the Corporate Governance section of our website at [www.bofiholding.com](http://www.bofiholding.com). During fiscal year 2018, the Nominating Committee of the Board of Directors of the Company held three (3) meetings.

**The Director Nominating Process.** In identifying new Board candidates, the Nominating Committee seeks recommendations from existing board members and executive officers. The Committee also has the authority to engage an executive search firm and other advisors, as it deems appropriate, to assist it identifying qualified candidates for the Board.

In determining whether to nominate each of the director nominees, the Committee considers the following: Relevant Industry Experience, including banking, financial services, technology services, real estate, insurance and trust services. The Committee considers his or her understanding of our business and the business environment in which we operate; and the candidate’s ability and willingness to devote adequate time and effort to Board responsibilities, taking into account the candidate’s employment and other board commitments.

• Public Company Experience, including experience serving on other public company boards, investor relations, familiarity with regulations, etc.

• Expertise in Technology, including backgrounds in information systems, financial systems, IT controls and software integrations.

• Financial Acumen, which addresses a Board candidate's ability to make independent analytical inquiries about financial matters related to our business and the business environment in which we operate.

• Leadership Experience, including experience as a CEO, CFO COO or other senior level position motivating employees, customers, stockholders, etc.

• Legal and Compliance Experience, including experience with bank regulations, compliance, litigation and contract provisions.

Diversity of Expertise and Experience, in information technology, finance, accounting, real estate, banking, marketing and other required skill sets depending upon the Company's strategy.

The Nominating Committee conducts a comprehensive review of the activities and associations of each candidate to ensure that there are no legal impediments, conflict of interests or other considerations that might hinder or prevent service on the Board. In making its selection, the Nominating Committee bears in mind that the foremost responsibility of a director of a Company is to represent the interests of the stockholders as a whole. The Nominating Committee will consider candidates proposed by stockholders upon timely written notice to the Corporate Secretary. Any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at an annual meeting of stockholders only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Corporate Secretary not later than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting.

## PRINCIPAL HOLDERS OF COMMON STOCK

The following table discloses information regarding beneficial ownership of the Company's common stock by the only entities known by us to have owned more than 5% of the 62,829,318 outstanding shares of our common stock on dates indicated in the footnotes below. Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Shares Outstanding
BlackRock, Inc. <sup>1</sup> 55 East 52nd Street New York, NY 10055	7,929,330	12.62 %
Vanguard <sup>2</sup> 100 Vanguard Blvd. Malvern, PA 19355	6,472,774	10.30 %
Don R. Hankey <sup>3</sup> c/o Hankey Group 4751 Wilshire Blvd, Suite 110 Los Angeles, CA 90010	3,607,392	5.74 %

<sup>1</sup> Based on Schedule 13G/A filed with the SEC on January 19, 2018.

<sup>2</sup> Based on Schedule 13G/A filed with the SEC on July 10, 2018.

<sup>3</sup> Based on Schedule 13D filed with the SEC on November 14, 2012.



## SECURITY OWNERSHIP OF DIRECTORS AND NAMED EXECUTIVE OFFICERS

Set forth below is certain information, as of the record date regarding the shares of the Company's common stock that were owned, beneficially, by (i) each director, (ii) each of the current executive officers of the Company who are named in the Summary Compensation Table (the "Named Executive Officers"), and (iii) all of the current directors and Named Executive Officers as a group. Included in the common stock column below are restricted stock units that vest within 60 days after the record date. The percentage of outstanding shares of our common stock is based upon outstanding shares at the record date. Except as indicated in the footnotes to the table below, each person has sole voting and investment power with respect to the shares he or she beneficially owns. Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. The address of each director and officer is c/o Bofl Holding, Inc., 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122.

Name	Beneficial Ownership of Common Stock		
	Number of Shares <sup>1</sup>	Percent of Outstanding Shares	
John Gary Burke <sup>2</sup>	1,817,856	2.89	%
Gregory Garrabrants <sup>3</sup>	1,295,745	2.06	%
Andrew J. Micheletti <sup>4</sup>	521,357	*	
Paul J. Grinberg <sup>5</sup>	94,698	*	
Nicholas A. Mosich <sup>6</sup>	88,088	*	
Eshel Bar-Adon <sup>7</sup>	83,865	*	
James S. Argalas <sup>8</sup>	53,394	*	
James J. Court <sup>9</sup>	32,834	*	
Edward J. Ratnoff <sup>10</sup>	33,578	*	
Brian Swanson <sup>11</sup>	23,399	*	
Thomas Constantine <sup>12</sup>	13,191	*	
Uzair Dada <sup>13</sup>	9,424	*	
J. Brandon Black <sup>14</sup>	1,264	*	

All current directors and executive officers as a group (13 persons) 4,068,693 6.48 %

\* Less than one percent.

<sup>1</sup> All fractional shares have been rounded to the closest whole share.

Mr. Burke is a director. Mr. Burke's beneficial ownership includes 1,397,453 shares in The Burke Revocable

<sup>2</sup> Declaration of Trust Dtd Apr 04 1997 and 71,572 shares in the Burke Revocable Declaration Of Trust Dtd April 1997.

<sup>3</sup> Mr. Garrabrants is the President, Chief Executive Officer and a director. Mr. Garrabrants' beneficial ownership includes 170,680 shares held in a Trust, for the benefit of his children and 1,045 shares held in his 401(k).

<sup>4</sup> Mr. Micheletti is the Chief Financial Officer. Mr. Micheletti's beneficial ownership includes 1,237 shares held in his 401(k).

<sup>5</sup> Mr. Grinberg is a director.

<sup>6</sup> Mr. Mosich is a director.

<sup>7</sup> Mr. Bar-Adon is a Named Executive Officer. Mr. Bar-Adon's beneficial ownership includes 1,211 shares held in his 401(k).

<sup>8</sup> Mr. Argalas is a director.

<sup>9</sup> Mr. Court is a director. Mr. Court's beneficial ownership includes 1,200 shares held by his spouse.

<sup>10</sup> Mr. Ratnoff is a director.

<sup>11</sup> Mr. Swanson is a Named Executive Officer. Mr. Swanson's beneficial ownership includes 1,022 shares held in his 401(k).

<sup>12</sup>

Mr. Constantine is a Named Executive Officer. Mr. Constantine's beneficial ownership includes 737 shares held in his 401(k).

<sup>13</sup> Mr. Dada is a director.

<sup>14</sup> Mr. Black is a director.

## COMPENSATION OF NON-EMPLOYEE DIRECTORS

The Board of Directors of the Company, acting upon a recommendation from our Compensation Committee, annually determines the compensation of the non-employee directors for their service in the Board and its committees. In establishing non-employee director compensation, the Board and the Compensation Committee are guided by the following goals:

• Compensation should consist of a combination of cash and equity awards that are designed to fairly pay the non-employee directors for work required for a company of our size and scope;

• Compensation should align the non-employee directors' interests with the long-term interests of stockholders; and

• Compensation should assist with attracting and retaining qualified non-employee directors.

The Company does not pay director compensation to directors who are also our employees. Below are the elements of compensation paid to non-employee directors for their service on our Boards and committees of our Boards:

## Cash Compensation

Company non-employee directors receive the following annual cash payments:

Role	Non-employee director	Premium	Total
Chairman <sup>1</sup>	\$ 36,000	\$ 60,000	\$ 96,000
Vice-chairman <sup>2</sup>	36,000	24,000	60,000
Chairman of the Audit Committee <sup>3</sup>	36,000	24,000	60,000
Chairman of the Compensation Committee <sup>4</sup>	36,000	12,000	48,000
Other non-employee directors	36,000	—	36,000

<sup>1</sup> For the Chairman role, a premium is paid as compensation for additional responsibilities. Mr. Grinberg receives this premium.

<sup>2</sup> For the Vice-chairman role, a premium is paid as compensation for additional responsibilities. Mr. Mosich receives this premium.

For the Chairman of the Audit Committee role, a premium is paid as compensation for additional responsibilities.

<sup>3</sup> Mr. Argalas received this premium until he ceased to be the Chairman of the Audit Committee in December 2017. Mr. Grinberg receives this premium since his appointment as Chairman of the Audit Committee.

<sup>4</sup> For the Chairman of the Compensation Committee role, a premium is paid as compensation for additional responsibilities. Mr. Grinberg received this premium until he ceased to be the Chairman of the Compensation Committee in December 2017. Mr. Court receives this premium since his appointment as Chairman of the Compensation Committee.

During fiscal 2018, the Company did not provide perquisites to any non-employee director in an amount that is reportable under applicable SEC rules and regulations. All non-employee directors are entitled to reimbursement for parking, travel and accommodation expenses incurred in connection with attendance at Board and Board committee meetings.

## Equity Compensation

Each non-employee director is eligible for an annual grant of restricted stock units issued from our 2014 Stock Incentive Plan, as recommended by our Compensation Committee. The amounts of the annual non-employee director awards are discretionary from year-to-year. The restricted stock units that the Company awards to non-employee directors vests over three years, one-third each anniversary of the date of grant.

Company non-employee directors receive each year the following grant of restricted stock units:

Role	Grants of Restricted Stock Units		
	Non-employee director	Premium	Amount
Chairman <sup>1</sup>	8,000	14,000	22,000
Vice-chairman <sup>2</sup>	8,000	2,200	10,200
Chairman of the Audit Committee <sup>3</sup>	8,000	2,200	10,200
Chairman of the Compensation Committee <sup>4</sup>	8,000	800	8,800
Other non-employee directors	8,000	—	8,000

<sup>1</sup> For the Chairman role, a premium is paid as compensation for additional responsibilities. Mr. Grinberg receives this premium.

<sup>2</sup> For the Vice-chairman role, a premium is paid as compensation for additional responsibilities. Mr. Mosich receives this premium.

For the Chairman of the Audit Committee role, a premium is paid as compensation for additional responsibilities.

<sup>3</sup> Mr. Argalas received this premium until he ceased to be the Chairman of the Audit Committee in December 2017. Mr. Grinberg receives this premium since his appointment as Chairman of the Audit Committee.

<sup>4</sup> For the Chairman of the Compensation Committee role, a premium is paid as compensation for additional responsibilities. Mr. Grinberg received this premium until he ceased to be the Chairman of the Compensation Committee in December 2017. Mr. Court receives this premium since his appointment as Chairman of the Compensation Committee.

As of September 5, 2018, the Compensation Committee of the Board of Directors of the Company had granted 83,200 restricted stock units to the non-employee directors. The grant of the fiscal year 2019 restricted stock units as equity compensation has a value of \$36.24 per unit consistent with the grant date's closing price and vest over three years, one-third on each anniversary date of the grant.

In accordance with applicable SEC rules and regulations, the following table reports all compensation the Company paid to non-employee directors during fiscal 2018:

#### Non-employee Director Compensation in Fiscal 2018

Name	Fees Earned or Paid in Cash <sup>1</sup>	Stock Awards <sup>2</sup>	Option Awards	Non-Equity Incentive Plan Compensation	Changes in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
James S. Argalas <sup>3</sup>	\$ 48,000	\$ 273,156	\$ —	—\$	—\$	—\$	—\$321,156
J. Brandon Black	24,000	100,010	—	—	—	—	124,010
John Gary Burke	36,000	214,240	—	—	—	—	250,240
James J. Court <sup>4</sup>	42,000	214,240	—	—	—	—	256,240
Uzair Dada	36,000	214,240	—	—	—	—	250,240
Paul J. Grinberg <sup>5</sup>	114,000	610,584	—	—	—	—	724,584
Nicholas A. Mosich	60,000	273,156	—	—	—	—	333,156
Edward J. Ratinoff	36,000	214,240	—	—	—	—	250,240

<sup>1</sup> The amounts in this column represent the annual cash fees paid to our non-employee directors for service during fiscal 2018.

<sup>2</sup> The stock awards included for each non-employee director above consists of Restricted Stock Units. The value for each of these awards is its grant date fair value calculated by multiplying the number of units subject to the award by the NASDAQ closing price per share on the date such award was granted. The table below shows the award number

of units, the grant date, the per-unit fair value, and the total grant date fair value for the stock awards shown.

<sup>3</sup> Mr. Argalas ceased to be the Chairman of the Audit Committee in January 2018.

<sup>4</sup> Mr. Court was appointed Chairman of the Compensation Committee in January 2018.

<sup>5</sup> Mr. Grinberg was appointed Chairman of the Audit Committee in January 2018 and ceased to be the Chairman of the Compensation Committee in January 2018.

## Grants of Plan-Based Awards in 2018

The table below shows all plan-based awards that the Company made to non-employee directors during fiscal 2018:

Name	Fiscal Year	Grant Date	Non-equity Incentive Plan	Restricted Stock Units ("RSUs")	Awards: Number of Shares Underlying Option	Base Price of RSUs (per Unit)	Grant Date Fair Value of RSUs
James S. Argalas	2018	8/17/2017	—	10,200	—	26.78	\$ 273,156
J. Brandon Black <sup>1</sup>	2018	10/30/2017	—	3,794	—	26.36	100,010
John Gary Burke	2018	8/17/2017	—	8,000	—	26.78	214,240
James J. Court	2018	8/17/2017	—	8,000	—	26.78	214,240
Uzair Dada	2018	8/17/2017	—	8,000	—	26.78	214,240
Paul J. Grinberg	2018	8/17/2017	—	22,800	—	26.78	610,584
Nicholas A. Mosich	2018	8/17/2017	—	10,200	—	26.78	273,156
Edward J. Ratinoff	2018	8/17/2017	—	8,000	—	26.78	214,240

<sup>1</sup> Mr. Black was appointed to the Board of Directors in October 2017 and received a one-time initial grant of RSUs.

## Outstanding Equity Awards at the end of Fiscal 2018

This table shows the equity awards that have been previously awarded to each of the non-employee directors and which remained outstanding as of June 30, 2018, all of which consist of restricted stock units:

Name	Restricted Stock Unit Awards		
	Number of		Market Value of Restricted Stock Units That Have Not Vested <sup>2</sup>
	Restricted	Date of Grant <sup>1</sup>	
	Stock Units That Have Not Vested		
James S. Argalas	2,667	08/26/2015	\$ 109,107
	5,334	09/08/2016	218,214
	10,200	08/17/2017	417,282
J. Brandon Black	3,794	10/30/2017	155,213
John Gary Burke	2,667	08/26/2015	109,107
	5,334	09/08/2016	218,214
	8,000	08/17/2017	327,280
James J. Court	2,667	08/26/2015	109,107
	5,334	09/08/2016	218,214
	8,000	08/17/2017	327,280
Uzair Dada	2,667	08/26/2015	109,107
	5,334	09/08/2016	218,214
	8,000	08/17/2017	327,280
Paul J. Grinberg	3,667	08/26/2015	150,017
	7,334	09/08/2016	300,034
	22,800	08/17/2017	932,748
Nicholas A. Mosich	3,400	08/26/2015	139,094
	6,800	09/08/2016	278,188
	10,200	08/17/2017	417,282
Edward J. Ratinoff	2,667	08/26/2015	109,107
	5,334	09/08/2016	218,214
	8,000	08/17/2017	327,280

Grants from 2015 and 2017 vest in one-third increments on each of the first three anniversaries of the date of grant.

<sup>1</sup> Grants from 2016 vest in one-third increments on each of the first three anniversaries of the filing of the fiscal 2016 Annual Report on Form 10-K on August 24th.

<sup>2</sup> The values contained in this column were calculated by multiplying the number of RSUs by \$40.91, which was the closing price of the Company's common stock reported on the NASDAQ on June 30, 2018.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Executive Officers

Biographical information for BofI's named executive officers ("NEOs") is set forth in the following table below as of September 7, 2018.

Name	Age	Position
Gregory Garrabrants	46	President and Chief Executive Officer
Andrew J. Micheletti	61	Executive Vice President, Chief Financial Officer
Eshel Bar-Adon	63	Executive Vice President, Specialty Finance and Chief Legal Officer
Brian Swanson	38	Executive Vice President, Chief Lending Officer
Thomas Constantine	56	Executive Vice President, Chief Credit Officer

Mr. Garrabrants has served as the President and Chief Executive Officer of BofI Holding, Inc. and BofI Federal Bank since October 2007. Mr. Garrabrants' background and experience prior to joining the Company are discussed above under Item 1. Election of Directors.

Mr. Micheletti has served as the Executive Vice President and Chief Financial Officer of BofI Holding, Inc. and BofI Federal Bank since April 2001. Prior to joining the Bank, Mr. Micheletti was Vice President – Finance for TeleSpectrum Worldwide Inc., an international provider of outsourced telephone and Internet services and a Managing Director, Chief Financial Officer of LPL Financial, an independent contractor securities broker-dealer.

Mr. Bar-Adon has served as the Executive Vice President, Specialty Finance and Chief Legal Officer of BofI Holding, Inc. and BofI Federal Bank since January 2011. Prior to joining the Bank, Mr. Bar-Adon served as Executive Vice President and Chief Legal Officer of a leading specialty finance firm, Seneca One Finance, Inc. During his tenure, he served as Acting President and was a member of the company's Executive Committee.

Mr. Swanson has served as the Executive Vice President, Chief Lending Officer of BofI Federal Bank since August 2013. Prior to joining the Bank in February 2010, Mr. Swanson was a Vice President with Bank of America, piloting its dedicated purchase Call Center in Orange County, California. Mr. Swanson began his career as a Retail Loan Officer with e-Loan.

Mr. Constantine joined BofI Federal Bank in August 2010, as Chief Credit Officer. Previously, Mr. Constantine has served as a senior examiner with the Office of Thrift Supervision, as a commercial real estate loan officer for George Elkins Mortgage Banking Company and as an executive officer at First Bank of Beverly Hills, where he assumed positions of increasing responsibility, including Portfolio Manager, Chief Lending Officer, and finally Chief Credit Officer.

#### Compensation Discussion & Analysis

The following Compensation Discussion and Analysis ("CD&A") of compensation arrangements of our NEOs for fiscal year 2018, should be read together with the compensation tables and related disclosures set forth below. The discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. This Compensation Discussion & Analysis also explains how the compensation of our NEOs aligns with the interests of our stockholders, and is intended to provide perspective on the compensation information contained in the tables that follow this discussion. The Compensation Committee of the Board of Directors of the Company is responsible for assisting the Board of Directors in determining and maintaining the Company's compensation programs consistent with the objectives set forth below. The Compensation Committee makes recommendations to the Board of Directors of the Company to establish all the forms of compensation, including the base salary, bonus, and both the value of the equity award and the mix of equity vehicles for the Company's NEOs.





## Record Setting Company Performance

### Fiscal Year 2018 Financial Results and Operating Highlights

The Company achieved another year of record earnings with year-over-year earnings growth of 13.1%, year-over-year asset growth of 12.2% and a year-over-year return on equity of greater than 17%. The Company was recognized by S&P Global Market Intelligence as the second-best performing thrift in calendar 2017 capping a decade of top-five performances in the S&P's top performing thrift ranking. The Company ranked first in return on average assets and second in percentage growth of tangible book value per common share in the S&P Global Market Intelligence report. Bofl also was recognized as the second highest performing bank with \$5 to \$50 billion in assets by Bank Director's 2017 Bank Performance Scorecard, our third consecutive year in the top five.

Over the last decade the Company has achieved a compound annual earnings per common share growth rate of 35.3% resulting in average annual share total return to stockholders of 36.3%.

The following graph compares the total return of our common stock ("TRS") over the last ten fiscal years, starting June 30, 2008 through June 30, 2018, with that of (i) the companies included in the total return for the U.S. NASDAQ Index, and (ii) the banks included in the total return for the ABA NASDAQ Community Bank Index ("ABAQ"). The graph assumes \$100 was invested in BOFI common stock, in U.S. NASDAQ Composite Total Return Index (ticker: XCOMP) and in ABAQ Total Return Index (ticker: XABQ) on June 30, 2008. The indexes assume reinvestment of dividends.

The Company continues to show increases in net income, revenue, diluted earnings per common share (“EPS”) and tangible book value per common share (non-GAAP) as reflected in the graphs below.

This performance continues the Company’s historical trend of ongoing improved performance, with eight consecutive years of year-over-year increases in net income and earnings per common share, dating to 2011. In addition, the Company has achieved strong five-year compound annual growth rates (“CAGR”) in several key areas, including:

- 5-Year CAGR of Net Income: 30.5%
- 5-Year CAGR of Revenue: 27.7%
- 5-Year CAGR of Earnings Per Diluted Common Share: 26.9%
- 5-Year CAGR of Tangible Book Value Per Common Share (non-GAAP): 23.9%
- 5-Year CAGR of Deposits: 30.7%
- 5-Year CAGR of Loans: 30.2%

### Guiding Principles and Compensation Practices

Our executive compensation program is designed to attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for Bofl's success in dynamic and competitive markets. We design our executive compensation program to be driven by performance, rewarding our executives for creating value for stockholders. We have a pay-for-performance philosophy for executive compensation based on the following principles:

**Performance Expectations.** We have clear performance expectations of our executive team, and the design of our executive compensation program reflects these expectations. Our Compensation Committee sets forth the performance expectations for our CEO and our CEO sets forth the performance expectations for the rest of our executive team. Each executive officer's performance is evaluated on a regular basis against pre-defined and documented performance objectives. Each executive officer must demonstrate exceptional personal performance in order to remain part of the executive team. We believe that individuals who underperform should either be removed from the executive team with their compensation adjusted accordingly, or be dismissed from the Company. A substantial portion of each executive's pay is performance-based compensation that is variable based on the Company or business unit's annual and long-term operating performance and long-term stockholder returns.

**Emphasis on Long-Term Equity Incentives.** Our executive compensation program emphasizes long-term stockholder value creation by compensating executives with restricted stock units ("RSUs") that are earned based upon performance criteria in a particular year and then vested on a time-based vesting basis over three-years for NEOs other than the CEO and four years for the CEO. The Compensation Committee believes that performance-based requirements for grants of RSUs, which then vest on a time-based vesting schedule are the most effective way to attract and retain a talented executive team and align executives' interests with those of stockholders. As a result, our executive compensation program is weighted considerably toward long-term equity awards rather than cash compensation and our executives generally hold significant unvested RSUs at any particular time. This practice is intended to create a substantial retention incentive, encourage our executives to focus on the Company's long-term success, and align executive interests with the long-term interests of our stockholders.

**Competitive With Industry Peers.** We believe that total compensation packages for our executive officers should be sufficiently competitive with industry peer companies to enable the Company to attract and retain top executive talent, while also being consistent with the Company's objective of maintaining a competitive and efficient cost structure while focusing on aligning executive compensation to company performance and delivering stockholder value. Compensation should be commensurate with the role, scope and complexity of each executive's position relative to other executives and employees. The Company's compensation programs reflect its position as a leading technology oriented banking

company in the highly competitive, dynamic and consolidating financial services industry recognizing that the Company competes for executive talent with commercial banks, investment banks, financial technology start-ups, and technology companies.

#### Fiscal 2018 Compensation Program and Pay Decisions

Fiscal 2018 was another outstanding financial performance year for the Company, as we exceeded our financial objectives and ranked among the top percentile of our industry peers in terms of return on equity, return on assets, and loan growth. Our 2018 executive compensation awards reflected both financial and operational results that our Board of Directors determined critical to our long term strategic objectives. The connection between our performance results and named executive officer compensation awards continues to be at the forefront of the Compensation Committee's decision-making. In addition to financial performance, the Compensation Committee also takes into account risk management practices within the organization, including the results of federal and state regulatory examinations and internal control matters that may arise from internal and independent audits throughout the year.

In making pay decisions, the Compensation Committee reviews Company, peer and individual performance as well as the results of market data prepared by the Compensation Committee's independent compensation consultant. The Compensation Committee's executive compensation decisions for the CEO and the CFO are determined by binding written agreements as described below. For NEOs, other than the CEO or the CFO, the Compensation Committee receives input from the Chief Executive Officer and reviews peer data and utilizes its business judgment to determine compensation.

Below is a summary of our 2018 compensation programs with respect to the compensation of our NEOs:

#### Compensation Programs

The key components of our fiscal 2018 executive compensation program for all named executive officers consists of a base salary, a short-term performance-based cash incentive, a long-term performance based restricted stock unit incentive, and a 401(k) plan. The Compensation Committee reviews and determines executive compensation for the CEO and CFO at the end of the fiscal year and awards cash and share-based bonuses for other executives semi-annually.

The following table summarizes the primary elements of the Company's direct compensation arrangements and how such elements support the Company's other compensation objectives in the short and long terms:

#### Elements of Direct Compensation

Element	Character	How Compensation Objectives Are Met
Base Salary	Short Term	Helps ensure that compensation is commensurate with the role, scope and complexity of each executive's position relative to other executives and employees.
Annual Non-Equity Incentive Plan Compensation (Cash Bonus)	Short Term	Varies based on the Company attaining annual performance measures that are aligned with the business strategy and stockholders' interests.
Long-Term Incentive Compensation (Restricted Stock Units)	Long Term	Varies based on long-term total stockholder return ("TSR") and promotes stockholders' interests.
Benefits and Perquisites	Short Term	Establishes limited perquisites in line with market practice that include health and welfare insurance coverage and 401(k) plan benefits on the same basis as our general employee population.

#### Long-Term Equity Incentive Compensation

The Company designed its 2014 Stock Incentive Plan (the "2014 Plan") with a focus on aligning NEO incentives with long-term stockholder value. Restricted stock unit awards are used by the Company to create a long-term incentive program.

The restricted stock unit awards granted under the 2014 Plan are awarded to NEOs based on achievement of performance objectives and then generally vest over three years, one-third on each one-year anniversary of the award. Mr. Garrabrants' awards currently vest over four years, one-fourth at the end of each fiscal year.

Compensation Practices. We follow sound compensation practices to support our guiding principles.

#### What We Do

**Pay For Performance** – A significant percentage of direct compensation is based upon measurable performance goals.

**Independent Compensation Consultant** – Our Compensation Committee retained an independent compensation consultant, which performs no services for the Company other than providing guidance to the Compensation Committee on the CEO's compensation.

**Risk Management** – We prohibit short sales, transactions in derivatives of the Company's securities, including hedging transactions.

**Performance-Based, Long-Term Equity** – We emphasize long-term equity awards in our pay mix.

**At-Will Employment** – We employ our executive officers at will.

**Responsible Use of Equity** – We manage our equity award program responsibly, legally awarding only approximately 0.38% of weighted average diluted shares in 2018.

#### What We Don't Do

**No Tax Gross Ups** – We do not offer gross-ups of related excise taxes.

**Special Perquisites** – We do not provide executive perquisites that are not available to other employees generally.

**Re-Pricing or Repurchase of Underwater Equity Awards** – Unless our stockholders approve, we do not permit the repricing or repurchase of underwater stock options or stock appreciation rights.

**Pension or Other Special Benefits** – We do not provide pensions or supplemental executive retirement, health, or insurance benefits.

**No "Single Trigger" Severance Payments or equity vesting on Change In Control** - Our employment agreements do not have "single-trigger" cash severance payments resulting solely from the occurrence of a change of control.

#### Stockholder and Proxy Feedback

Our annual say-on-pay vote is one of our opportunities to receive feedback from stockholders regarding our executive compensation program. We were disappointed to receive 45.8% support for our advisory say-on-pay proposal at our 2017 Annual Meeting of Stockholders. We actively sought feedback from stockholders to better understand what motivated their votes and what actions we could take to address their concerns about our executive compensation program. Our Compensation Committee considered the vote result and the feedback we received as it evaluated the compensation opportunities provided to our executive officers. The Company had already entered into a revised five-year legally binding employment agreement on July 1, 2017 for the Chief Executive Officer changing many of the elements criticized by the stockholder advisory firm's report issued in September of 2017 that focused on elements of the CEO's prior employment agreement.

We have discussions with our stockholders on an ongoing basis regarding various corporate governance topics, including executive compensation. Our Chairman, Chief Executive Officer, Chief Financial Officer, and Head of Investor Relations met or hold discussions with stockholders. We have met with substantially all of the top fifty actively managed institutional stockholders generally representing upward of 70% of total stock ownership.

We pursue multiple avenues for stockholder engagement, including in-person and teleconference meetings with our stockholders, participating at various conferences, and issuing periodic reports on our activities. We attended 14 investor conferences and completed six non-deal roadshows in the calendar year 2017. According to the BNY Mellon 2017 Global Trends In Investor Relations report and the IR Magazine Roadshow Report 2017 the average small capitalization company participates in 12.5 investor conferences and non-deal roadshows and the average mid-cap company participates in 15.3 conferences and non-deal roadshows. Our stockholder engagement efforts is in line with these benchmarks.

At these meetings or in these discussions, our stockholders were provided the opportunity to discuss executive compensation and other governance issues with the Company. With respect to executive compensation and the low support for our advisory say-on-pay proposal, the primary responses received were:

say-on-pay vote decisions generally follow stockholder advisory recommendations without significant independent review by the investment arms of our investors, but, despite this, those stockholder advisory recommendations should be carefully reviewed and considered



compensation plans that are grandfathered under Internal Revenue Code Section 162(m) should remain in place given their tax efficiency and not be “materially modified” in order to maximize the tax deductibility of executive compensation for as long a timeframe as possible

stockholders significantly valued the level of insider ownership, particularly that of our Chief Executive Officer, who holds (directly or through family trusts) over sixty times his base salary in shares of the Company’s stock

tying compensation specifically to share price performance versus banking industry performance under the revised agreement was a desirable component of a performance based plan

In response to the stockholder feedback we engaged in conversations with a prominent stockholder advisory firm. We believe the CEO’s revised employment agreement, entered into prior to the November 2, 2017 tax grandfathering cut-off date addresses many of the advisory service’s concerns raised regarding the CEO’s prior employment agreement. The Company is committed to continuing its engagement with our stockholders on executive compensation matters to understand their views concerning our executive compensation philosophy, policies and practices.

Consistent with the preference of our stockholders, as reflected in the advisory vote on the frequency of say-on-pay votes conducted at our 2017 Annual Meeting of Stockholders, our Board of Directors believes it is appropriate to conduct annual stockholder non-binding advisory votes regarding our executive compensation programs. Although the Company is bound by existing formulaic contractual arrangements with the CEO and the CFO, the Compensation Committee will continue to consider stockholder feedback and the results of say-on-pay votes when making future decisions with regard to new contractual relationships and the compensation of executives whose compensation is not governed by long-term agreements.

A more detailed description of the CEO's new employment agreement is provided below. This tables provide a summary of the modifications made in fiscal 2018 including changes made in our Chief Executive Officer's new employment agreement ("New Agreement") and certain Company policies:

2017 Proxy Advisory Issues

Compensation Program Change for 2018

- Additional disclosure provided for CEO base salary and below market base salary from 2011-2017 with no salary increase and a fixed \$375,000 base salary for six years

Base salary increase in FY2018

- 2011-2017 base salary of \$375,000 was the lowest in the Peer Group

- 2018 base salary set at eighth percentile of the Peer Group (92% of peers have higher salary)

- New Agreement base salary has five-year term with no adjustments during subsequent years of the New Agreement

- Short-term incentive target ("STI") set higher than 75th percentile Company Peer Group performance (75th percentile three-year average return on equity of peer group = 14.3%)

Increase in Annual short-term incentive in FY2018 from 75 percent to 150 percent of base salary

- Total cash compensation set at 56% of peer group

- Baseline benchmark required for payout is 15% return on equity (less than 5% of U.S. exchange listed public banks achieved 15% three-year average return on equity)

- Negative carry forward modifier increases multi-year downside risk

- Long-term incentive (equity award) goal change annually based upon relative performance of the Company's share price versus the XABQ Index

- XABQ Index is the most broadly representative stock index of the community bank industry, includes more than 350 banks with a market capitalization exceeding \$200 billion

Long-term incentive (equity awards) lack goal rigor due to unchanged annual goals

- The Company's share price must equal the performance of the XABQ Index for 100% target payout to occur

- If the Company's Annual Stockholder Return is lower than the XABQ Index, the Chief Executive Officer's Target Share Award is reduced by this calculation and carried into the subsequent year

- The multi-year negative carry-forward feature of the plan presents an additional equity grant hurdle requirement if Company underperforms index in a material way

- Annual goals change based upon change in XABQ index performance

- Long-Term Incentive Annual Performance Measurement Period contains multi-year negative carryforward component in the event of Company index underperformance

Long-Term Incentive Annual Performance Measurement Period

- In the event that the Company's Annual Stockholder Return is lower than the XABQ Index, the CEO's Target Award is reduced by this calculation and any negative values carry forward and reduce any potential equity grants in all future years

- Annual performance periods with negative accumulation allows future equity awards to be reduced or eliminated if performance lags

STI significant discretion applied

	<ul style="list-style-type: none"><li>- The New Agreement provides for no discretionary application</li><li>- The Individual Factor is the only non-quantitative factor, but is non-discretionary factor based on pre-set specific non-financial management objectives (“MBOs”) in advance of each fiscal year</li><li>- The Compensation Committee sets MBOs that are significant to the long-term success of the Company</li><li>- Pre-set MBOs account for 100% of the Individual Factor</li><li>- The Individual Factor is a small component of Total Compensation which is otherwise highly formulaic</li><li>- The CEO holds sixty times his current salary in stock of the Company</li><li>- The Individual Factor includes a regulatory and audit performance MBO</li><li>- The New Agreement provides multi-year targets such that underperformance in any one year carries forward to all future contract years</li></ul>
Lack of Risk Mitigators	
Increasing gap between total CEO pay and the median total CEO pay of company peers	<ul style="list-style-type: none"><li>- Base salary – 8th percentile of Peer Group</li><li>- Total Cash Compensation (Base Salary + Target Bonus) – 56th percentile of Peer Group</li><li>- Total Pay at Target – 65% of Peer Group</li><li>- Goal rigor significantly above peers</li><li>- Significantly greater downside risk in plan than Peer Group</li></ul>

FY2018 New

Employment  
Agreement

Board Rationale

No Excise Tax Gross  
Up

- No executive of the Company, including the CEO, has a tax gross up in any employment agreement and no excise tax gross up is provided in any Company policy

Anti-Pledging /

Anti-Hedging Policy

- The Company has disclosed a robust anti-hedging policy, prohibits short sales, transactions in derivatives of Bofl's securities, and hedging transactions

- Long-term contractual agreements preserve tax deductibility under grandfathering tax rules

- CEO's long-term contractual agreement removes ability to lower rigorous performance

Long-term contractual  
agreements

targets and preserve multi-year performance metrics

- Long-term contractual agreements align stockholders with CEO resulting in CEO focus on long-term value creating strategic goals

- Reward based upon long-term share price aligns CEO to long-term value creation

- 2018 grant Monte Carlo valuation accounts for all equity grants under New Agreement for the next five years

- Five-year grant disclosed this year in Summary Compensation table resulting in large accounting value in year one of contract

Restricted Equity Grant

- Equity award is reduced, and can result in a negative award value that is carried forward to offset potential future years' awards, if Company's TRS does not meet or exceed XABQ index each year of New Agreement

- Number of shares granted under ASC 710 Monte-Carlo calculation as of July 1, 2017 contract date for five years is 596,259 (average of 119,251 shares annually)

- Prior employment agreement historic average totaled 262,400 shares per year

- All contractual equity awards in new contract are forward looking and depend upon Company's future TRS to XABQ index

- Formulaic relative TRS measurement period began on July 1, 2017 the date of the New Agreement

Goal Rigor

- STI target set higher than 75th percentile Company Peer Group performance (75th percentile three-year average return on equity of peer group = 14.3%)

- Total cash compensation set at 56% of peer group

- Baseline benchmark required for payout of STI is 15% return on equity (less than 5% of U.S. exchange listed public bank's achieved 15% three-year average return on equity)

- Negative carry forward modifier increases multiyear downside risk for both equity award and STI

Fiscal 2018 Peer Group

The Compensation Committee reviews compensation practices and program design at peer companies to inform its decision-making process so it can set total compensation levels that it believes are commensurate with Bofl's peers and its performance. The Compensation Committee reviews compensation components at peer companies, including salaries and target bonus levels comparing them to specific market percentiles. The Compensation Committee believes that, in general, that performance targets should be set above peer company performance targets (e.g., higher return on equity targets, higher growth targets), and that executives should bear greater multi-year downside from poor performance and greater multi-year upside benefit from strong performance.

The 2018 fiscal year peer group selected by the Compensation Committee with the advice of the independent compensation consultant (the "Peer Group") consisted of thirteen publicly-traded banks within the same industry and having the same eight digit GICS classification as the Company, with median assets of \$9.8 billion, as of December 31, 2016, and an asset size range from \$4.9 billion to \$18.9 billion. The thirteen banks comprising the Peer Group consist of the following:

Bank of California (BANC)	Home Bancshares (HOMB)
Bank of Hawaii Corporation (BOH)	Opus Bank (OPB)
Bank of the Ozarks (OZK)	Trustco Bank Corp / NY (TRST)
CVB Financial Corp (CVBF)	United Community Banks (UCBI)
Eagle Bancorp (EGBN)	Washington Federal (WAFD)
FCB Financial Holdings (FCB)	Western Alliance Bancorporation (WAL)
First Financial Bankshares (FFIN)	

The Peer Group has been developed and used to benchmark the compensation of our executives as discussed in more detail below.

#### Chief Executive Officer

The Chief Executive Officer's compensation plan is based upon peer analysis and rigorous forward-looking performance metrics. Although the Compensation Committee recognizes the value of the Chief Executive Officer's capabilities, diversity of skill sets, quality of education and work experience, and history of success, the Compensation Committee relies on forward looking performance criteria and peer analysis to determine compensation. The Chief Executive Officer's compensation plan has a lower

level of fixed compensation than comparable peers and highly variable cash and restricted stock compensation components that are payable only upon strong overall financial performance of the Company in the fiscal year.

Mr. Garrabrants became the Chief Executive Officer (CEO) of the Company on October 23, 2007. Since October 23, 2007, BofI's market capitalization has increased from approximately \$60 million to \$2.56 billion as of June 30, 2018 representing an annual compounded return of 42%. During the same time period the compound annual growth rate in earnings per common share was approximately 37%. The total return to stockholders achieved by the Company during Mr. Garrabrants' tenure as CEO has significantly exceeded the Russell 2000<sup>®</sup> Index, the S&P 500<sup>®</sup>, the NASDAQ Composite and the XABQ (NASDAQ Community Bank Total Return Index)<sup>1</sup>. The table below provides total stockholder returns through the end of fiscal year 2018.

**Total Stockholder Returns Over the History of Our CEO's Employment Through Fiscal 2018:**

Measurement Period	BofI	Russell 2000 <sup>®</sup> Index	S&P 500 <sup>®</sup>	NASDAQ Composite	XABQ <sup>1</sup>
Since Appointment On 10/23/2007	2,211%	101%	79%	202%	84%
7/1/2007 - 6/30/2017	1,210%	70%	61%	163%	54%
7/1/2012 - 6/30/2017	380%	77%	78%	123%	130%
Fiscal Year 2017	34%	23%	15%	28%	37%
Fiscal Year 2018	72%	16%	12%	24%	11%

<sup>1</sup>. XABQ includes banks and thrifts or their holding companies listed on The NASDAQ Stock Market as selected by the American Bankers Association.

**Development of CEO's New Agreement**

The Compensation Committee engaged an independent compensation consultant Mr. Kevin J. Murphy (the "Compensation Consultant") to assist in the development of a new contract for Mr. Garrabrants. Mr. Murphy's biography states that he is an internationally known expert on executive compensation, and is the author of more than forty articles, cases, books, or book chapters relating to compensation and incentives in organizations.

Mr. Murphy assisted the Compensation Committee in the development of a new five-year contract, which was entered into by Mr. Garrabrants and BofI, effective as of June 30, 2017 (the "New Agreement"), which amends and restates the Amended Employment Agreement, dated May 26, 2011, between the Company and Mr. Garrabrants. Under the terms of the New Agreement, Mr. Garrabrants will continue to be employed for a term ending on June 30, 2022, with an automatic annual renewal unless prior notice of non-renewal is provided.

The Compensation Committee analyzed whether the work of the Compensation Consultant has raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to the Company by the Compensation Consultant; (ii) the amount of fees from the Company paid to the Compensation Consultant as a percentage of the firm's total revenue; (iii) the Compensation Consultant's policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Compensation Consultant or the individual compensation advisors employed by the firm with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and (vi) any stock of the Company owned by the Compensation Consultant or the individual compensation advisors employed by the firm. The Compensation Committee has determined based on its analysis of the above factors, that the work of the Compensation Consultant and the individual compensation advisors employed by the Compensation Consultant as compensation consultants to the Company has not created a conflict of interest.

The Compensation Consultant's executive compensation assessment included (i) an analysis showing how the compensation paid to the Company's Chief Executive Officer compared to compensation paid to chief executive officers of the Peer Group companies, (ii) a comparison of the Company's financial performance against the financial performance of the Peer Group companies (based on 2016 year-end financial results), and (iii) an analysis of peer annual incentive plan payouts and a review of incentive plan design best practices and typical payout opportunity levels. Compensation amounts used for the Peer Group were based on amounts reported for calendar year 2016, as reflected in each company's proxy statement filed in 2017. The Compensation Committee considered the Compensation Consultant's executive compensation assessment, including the executive compensation levels of the 2016 Peer Group companies, as a market comparison prior to approving the terms of the New Agreement.

To appropriately measure the CEO's compensation relative to the Company's peers, the Compensation Committee, with assistance from the Compensation Consultant, identified the Peer Group – high performing banks across the nation with asset size, business model, complexity, location, and / or a composite performance ranking as comparable as possible to BofI. The composite performance ranking looked at the Peer's sustained performance over time using asset-growth percentages, return on common equity, earnings per share growth and total stockholder return that were more closely comparable to the Company's performance than the average exchange listed publicly trade bank and could reasonably be expected to compete with the Company

for management talent. As of December 31, 2016, the 50th percentile peer had approximately \$9.81 billion in assets and a market capitalization of approximately \$2.39 billion. The selected Peer Group was higher performing than the average 812 exchange-traded banks tracked by SNL Financial Global Market Intelligence. The Peer Group 50th percentile return on equity over the prior 3 years was 12.6%. The average three year return on equity for all 812 exchange-traded banks was 7.84% (equally weighted average) and 8.73% (market weighted average).

The Company's performance compared to the Peer Group, based on 2016 year-end results and as of June 30, 2016 (which was the most recent available quarter numbers prior to the New Agreement) was generally above the 75th percentile for the reviewed performance indicators. Specifically:

• Bofl's return on average equity over the prior three and five year periods was the highest of the Peer Group

• Bofl's return on average assets over the prior three and five year periods was in the 86th and 73rd percentiles, respectively, of the Peer Group

• Bofl's asset growth over the prior three and five year periods was in the 85th percentile of the Peer Group

• Bofl's efficiency ratio was in the 9th percentile of the Peer Group (meaning that Bofl was more efficient, as measured by the efficiency ratio, than 91% of the Peer Group)

• Bofl's prior three year earnings per common share growth was the highest of the Peer Group

Following the Compensation Committee's selection of the Peer Group and assessment of the Company's financial performance with respect to the Peer Group, the Compensation Consultant conducted an executive compensation assessment in June 2017 utilizing 2016 data, gleaned from the proxy statements filed by the Peer Group to assist the Compensation Committee with its executive compensation decisions related to the three components of the CEO's compensation: a base salary, an annual target cash bonus, and a long term annual restricted stock unit award.

#### CEO Base Salary

The Chief Executive Officer's base salary was set at \$700,000, the 8th percentile of the Peer Group (meaning that 92% of the Peer Group CEO's had a higher base salary), for fiscal year 2018 and all future contract years in the New Agreement, unless increased at the sole discretion of the Compensation Committee. The Compensation Committee concluded that the CEO's base salary for fiscal year 2019 should not be increased. Over the eleven years that Mr. Garrabrants has been the CEO, his salary has been set at the time of the execution of his multi-year employment agreements and he has not received a base salary increase during the term of these employment agreements.

#### CEO Short-Term Cash Incentive Compensation

In the New Agreement, the Chief Executive Officer's base salary plus Annual Target Cash Bonus was set at the 56th percentile of the Peer Group. The CEO's Annual Target Cash Bonus is equal to 150% of base salary for the term of the New Agreement ( $\$700,000 \times 150\% = \$1,050,000$ ). The short-term cash incentive is set in accordance with the following formula:

Annual Cash Bonus (\$) = Annual Target Cash Bonus  $\times$  (Individual Factor) + 2% (After-Tax Net Income - Target Net Income)

Target Net Income = Monthly Average Common Equity Over the Fiscal Year  $\times$  15%

#### Fiscal Year 2018 Calculation

• After-Tax Net Income was \$152,411,000

• 2018 Fiscal Year Return on Average Equity = 17.05%

• Average Common Equity was \$892,271,161

• Target Net Income =  $\$892,271,161 \times 15\% = \$133,840,674$

2018 Fiscal Year Annual Cash Bonus (\$) =  $\$1,050,000 \times (1) + 2\% (\$152,411,000 - \$133,840,674) = \$1,421,407$

If the Company fails to achieve a 15% return on average common equity, the cash bonus will be reduced in accordance with the Annual Cash Bonus Formula. In the event that the return on equity is sufficiently below the 15% target in any fiscal year, the annual target cash bonus will be reduced to zero, and any negative amount calculated by the formula is carried forward and reduces any potential future cash bonus payment that may become payable in a subsequent fiscal year. For example, solely for hypothetical illustrative purposes, if the Company had fiscal year 2019 net income of \$0, monthly average common equity over fiscal 2019 of \$1 billion, and assuming the individual factor is 1.0, then the incentive compensation would be calculated as follows:



Non-Equity Incentive Compensation =  $(\$1,050,000) \times (1.0) + 2\% (\$0 - 15\% \times \$1,000,000,000) = \$1,050,000 - \$3,000,000 = (\$1,950,000)$

Under the above hypothetical illustrative example, no annual cash bonus would be payable to the CEO for fiscal year 2019. If the Annual Cash Bonus Formula results in a negative dollar amount, as it is in the hypothetical illustrative example above, no incentive compensation payments would be made and future incentive compensation amounts would be reduced until any future positive incentive compensation amounts accumulate to exceed the aggregate cumulative negative incentive compensation amount resulting from the Annual Cash Bonus Formula in past years. The cumulative negative incentive compensation is capped at \$2.1 million and, for the avoidance of doubt, such negative incentive compensation amount is not subject to recoupment in the event the CEO is no longer employed by the Company at the time the next annual bonus would otherwise be payable.

The plan was designed in this manner to make it inherently based on long-run Company performance and provide no incentives to shift earnings unproductively across fiscal years or fiscal quarters, due to the cumulative negative incentive compensation impact. The target return on average common equity is fixed at 15%, and is not adjusted based on prior-year performance or negotiated operating budgets. The fixed return on common equity target mitigates incentives to take strategic actions to influence subsequent targets. In addition, the amount of net income required to reach the 15% return on common equity target grows with the book value of the Company's equity, providing assurances to stockholders that above-target incentive compensation amounts are only realized after achieving superior returns on the equity invested in the Company.

The \$1,421,407 bonus was paid to the CEO in September 2018 upon the issuance of the fiscal 2018 audited financial statements with an unqualified audit opinion.

#### Rationale For 15% Return on Equity Goal

According to the performance criteria set by the Compensation Committee, in order for the CEO to earn the full annual target cash bonus, the Company must achieve an annual return on average common equity equal to at least 15%. In order to set the 15% goal, the Compensation Committee evaluated return on equity rates for 812 exchange-traded banks tracked by SNL Financial Global Market Intelligence. Of the 812 exchange-traded banks tracked by SNL Financial Global Market Intelligence, the average three year return on equity was 7.84% (equally weighted average) and 8.73% (market weighted average). Of these 812 banks, only 26 (3.2%) achieved three-year (2014-2016) average returns on equity of 15%. Of these 26 banks that had three-year average return on equity of 15%, only three had a market capitalization over \$1 billion as of December 31, 2016 and only two had a market capitalization over \$2 billion. The Board believes that industry performance data demonstrates that this 15% return on equity target is a highly rigorous performance metric achieved by few public banks in any one year and even fewer consistently at the Company's size. The Compensation Committee set the annual target bonus slightly above the peer group average (at 56% rather than 50%) because the New Agreement's baseline return on equity target to reach the annual target bonus is set at approximate the 97th percentile of all exchange-traded banks so that the target cash bonus would be paid only for exceptional performance.

The Peer Group average return on common equity in calendar year 2015 was 11.39% and for calendar year 2016 was 10.93%. Only two of the 13 companies in the Peer Group reached 15% return on average common equity in the 2016 calendar year and one peer reached 15% return on average common equity in both calendar year 2015 and 2016.

To illustrate numerically the goal rigor of the 15% return on equity target, if the Company's performance was equal to the average market weighted exchange traded bank's three-year average return on equity of 8.73%, the cash bonus would be eliminated for the fiscal year. Additionally, a negative balance would be carried forward into future years of \$68,565 that would then be deducted from any future cash bonus award under the contract.

#### Cash Bonus Incentive Calculation At 8.73% Market Average Return on Equity of 812 Exchange Listed Banks

Non-Equity Incentive Compensation =  $(\$1,050,000) \times (1.0) + 2\% ((8.73\% - 15\%) \times \$891,991,000) = \$1,050,000 - \$1,118,565 = -\$68,565$

The return on equity that would result in zero bonus under the plan and no negative carry-forward in future years is approximately 9.1%, which exceeds the return on equity of more than 70% of the 812 exchange listed banks reviewed. The Individual Factor

The individual factor allows the Compensation Committee to determine specific non-financial management objectives (“MBOs”) that are not reflected in realized net income. The individual factor is determined based upon predetermined goals set by the Compensation Committee and discussed with the CEO prior to the fiscal year and can range from .8 to 1.2 with 1.0 representing satisfactory achievement of all objectives, but may range from .8 (failure to achieve objectives) to a maximum of 1.2 (exceeds satisfactory achievement of all objectives). With respect to performance against the MBOs, the members of our Compensation Committee evaluated the CEO’s performance against the MBOs. The evaluation included an analysis of Mr. Garrabrants’ performance against all of his individual MBOs, which included, but were not limited to: achievement of satisfactory results from audits, regulatory examinations, and other risk-reviews, capturing meaningful new business relationships, successfully completing acquisitions of other companies, launch and improvement of software platforms, enhancing the executive team, and

creating new business units. After conducting a thorough review of Mr. Garrabrants' performance against the MBOs, the Compensation Committee determined that Mr. Garrabrants' MBO performance had been achieved at target and set the individual factor for performance equal to 1 for Fiscal Year 2018. Mr. Garrabrants' 2018 accomplishments include, but are not limited to:

- obtaining exclusivity and executing effectively on H&R Block's Refund Advance Program;
- successfully launching the Bank's proprietary consumer enrollment and online banking system;
- expanding the executive management team;
- gaining entry into the Chapter 7 bankruptcy trustee business;
- developing a comprehensive rebranding plan and;
- refining and executing on the Company's revised business strategy.

#### CEO Restricted Stock Unit Award

The annual restricted stock unit award is a long-term incentive also designed to provide a risk-balanced approach to executive compensation. Once earned based on achievement of pre-determined performance targets, the restricted stock units granted to the Chief Executive Officer vest over four years, one-fourth at the end of each calendar year, encouraging actions which improve the long-term growth in the Company's common stock price and discouraging excessive risk taking. Restricted stock unit awards to the CEO pursuant to the New Agreement are based on the Company's total return to stockholders ("TRS") above or below the XABQ banking index ("bank index performance"). As a result, the CEO is not rewarded for external market factors that increase stock returns across the banking sector, and is also not (overly) penalized for market factors decreasing sector-wide returns. The XABQ Index is a total return index that includes reinvestment of all cash distributions of the ABAQ index members on the ex-date. The ABAQ index is the index most closely populated with companies that resemble the bank's competition and trade on the NASDAQ.

The CEO's prior employment agreement, dated May 26, 2011, provided for restricted stock units to be awarded based upon the Company's average return on equity and increase in asset growth over the fiscal year and cash compensation to be awarded based upon increase in earnings per share, return on assets, and asset growth over the fiscal year. Historically, the Company's high return on equity and strong asset growth were correlated with annual total return to stockholders significantly exceeding relevant benchmarks. However, in 2015 and for part of 2016, the Company's share price declined despite strong increases in net income and high returns on average equity resulting in equity awards under the prior agreement that did not reflect the underlying performance of the Company's share price. As a result, after receiving feedback from stockholders and the proxy advisory services indicating that the CEO compensation was based upon financial metrics, which were quite strong, while share price declined, the Compensation Consultant recommended in the New Agreement that the Compensation Committee revise the formula for the CEO's restricted stock unit award to include a measurement of the Company's TRS above or below the bank index performance as the measure of performance for the purpose of awarding long-term share based compensation. The Compensation Consultant recommended the establishment of a baseline equity award amount, based upon analysis of the Peer Group, for Company TRS equal to the bank index performance. The Compensation Committee chose relative TRS as a straightforward and objective metric for Bofl's stockholders to evaluate Bofl's performance against the bank index performance and to align the interest of our CEO with the interests of stockholders. The Chief Executive Officer's target equity award was set such that total target compensation – including the sum of the base salary, target cash bonus, and the target equity grant – would approximate the 65th percentile of total compensation for CEOs in the Peer Group. The Compensation Consultant recommended setting target total compensation above the peer-group median because of the higher return on equity hurdle requirement to reach target cash awards, the significant greater formulaic multi-year downside risk present in the New Agreement vs. Peer Group compensation plans, and the long-term nature of the New Agreement. Historically, the Compensation Committee has not made any adjustments to the CEO's compensation over the contract term despite upward adjustments of Peer Group compensation over the terms of the CEO's contract.

The CEO's target equity award was determined based on the beginning market capitalization of the Company prior to the beginning of each fiscal year of the New Agreement in accordance with the following table:

Beginning Market Capitalization	Target Equity Award
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<\$2.0 Billion Market Cap	\$2,500,000
\$2.0 Billion - \$2.5 Billion Market Cap	\$3,000,000
\$2.5 Billion - \$3.5 Billion Market Cap	\$3,500,000
\$3.5 Billion or More Market Cap	\$4,000,000

This target equity grant is increased or decreased by relative over-performance or underperformance of the Company's stock vs the bank index performance in accordance with the following formula (the "Equity Award Formula"):

Equity Award (Shares) = (Equity Award (\$)) ÷ (Beginning Stock Price)

Equity Award (\$) = (Target Award (\$)) × (Individual factor) + 2% (Company's TRS - XABQ Index Return) × (Beginning Market Cap)

In the event that the Company's TRS in any calendar year is lower than the percentage return of the bank index, the Equity Award Formula reduces the value of the baseline equity grant by an amount that could eliminate the CEO's equity award entirely or result in the equity award value being a negative number. If the CEO's equity award value determined under the Equity Award Formula is a negative number in any fiscal year, it will reduce the value of the baseline equity award, if any, in subsequent fiscal years. In the event that the calculated value of an equity award is negative, the baseline equity award for the fiscal year is reduced to zero and the negative value is carried forward to be utilized as a baseline for the subsequent fiscal year's determination of the CEO's restricted stock unit award. However, any such negative equity award value amount is not subject to clawback or recoupment from prior years' awards in the event the CEO is no longer employed by the Company at the time the next annual incentive award would otherwise be payable. By reducing the baseline equity award value in subsequent fiscal years, no equity award will be made for the calculation year unless the Company's TRS in the subsequent year or years is sufficiently in excess of the bank index performance to compensate fully for any prior year's deficit.

The New Agreement measures the relative TRS for the fiscal year based on the change in Bofl's share price during that period, taking into account any dividends paid either by Bofl or the index, which is assumed to be reinvested in the applicable company. A 20-day trading average period is used to determine the beginning price of Bofl's shares to mitigate the impact on the annual relative TRS of one-day or short-term stock price fluctuations.

The Beginning Stock Price is the average daily stock price in the final month of the prior fiscal year, which mitigates incentives to manipulate prior year-end stock prices and mitigates the impact of one-day or short-term stock price fluctuations. Beginning Market Cap is calculated by multiplying the number of shares outstanding at the end of the prior fiscal year by the Beginning Stock Price. The Target Equity Award is determined by the table described above and will adjust up or down in accordance with the beginning market capitalization of the Company. The Individual Factor is the same as the individual factor used in the non-equity incentive compensation plan described above. The Company's Annual Stockholder Return includes reinvested dividends and the XABQ Index Return is the annual return of the ABAQ Index including reinvested dividends.

If the Company's annual stockholder return is lower than the XABQ Index, the Chief Executive Officer's Target Award is reduced by this calculation. If the Equity Award is negative in any year, future equity awards are reduced or eliminated until the cumulative negative value is compensated by outperformance of the Company's share price vs. the XABQ Index. For example, and solely for hypothetical illustrative purposes, if the Company had a target equity award of \$3,500,000 in fiscal year 2019, an individual factor of 1.0, a 10% annual return compared to the XABQ Index of 20%, a beginning share price of \$30 and a beginning market cap of \$2.5 billion, the CEO's equity award for fiscal 2019 would be calculated as follows:

Equity Award (\$) = (\$3,500,000 × 1.0) + 2% (10% - 20%) × (\$2,500,000,000) = \$3,500,000 - \$5,000,000 = (\$1,500,000)

Equity Award (Shares) = (\$1,500,000) ÷ \$30 = (50,000) shares

In the example above, no equity award would be granted, and the negative value associated with 50,000 shares (negative \$1,500,000) would reduce any future positive equity awards. The Compensative Committee believes that the symmetric upside rewards and downside penalties associated with the Restricted Stock Unit Award Formula – coupled with the reliance on relative performance vs. the Peer Group – provides much stronger incentives to create stockholder value than more typical plans that provide awards during unprofitable years and fail to carry forward negative performance over a multiyear period.

The Compensation Committee adopted the methodology in the New Agreement in order to link long-term compensation more closely to TSR, reward performance relative to the Peer Group, discourage risk taking due to the long-term formulaic negative carry forward, adjust current share awards in the event of the Company's share price underperformance, and encourage long-term investments that will result in the market recognizing long-term value

creation rather than simply annual increases in earnings. RSU grants in any fiscal year are limited to 480,000 shares. If the Equity Award calculated under the Equity Award Formula exceeds the maximum grant of 480,000 shares, the CEO will receive a cash payment in Performance Units equal to the value on the date of the award between the number of shares calculated pursuant to the Equity Award Formula and the value of 480,000 shares (based on the Beginning Stock Price). The Performance Units “if any” will vest and be paid over a minimum of four years (subject to a maximum annual payment of \$3,000,000).

## Impact of New Agreement on CEO Restricted Stock Award Grant Date

The New Agreement became effective on July 1, 2017. While the restricted stock units the Company became obligated to grant the CEO under the New Agreement as of July 1, 2017 will not be granted to the CEO until September 2018 and the subsequent four years (with the final grant in August 2022 vesting through August 2026 so long as the CEO remains employed by the Company and the other requirements for vesting of the grants under the New Agreement are satisfied), the five separate grants required to be issued under the New Agreement are treated for accounting purposes as if they were all granted on July 1, 2017. Specifically, in accordance with ASC 718, in July 2017 an estimate of all five years of equity awards was made using Monte Carlo simulation to generate estimated future prices of the Company's stock, estimated future Company TSR and estimated future total returns on the XABQ index. With these outputs, the Company estimated the future number of restricted stock units and values and spread the value across the future vesting periods using a grading method to determine grant-date expense attributable to future years.

The results of these calculations produced the following estimates for all five years of the New Agreement:

Year	Award Value	RSUs
2018	\$4,944,258	157,793
2019	4,267,953	125,562
2020	3,922,239	110,252
2021	3,737,838	102,874
2022	3,628,236	99,778
Total	\$20,500,524	596,259

The Company graded the award expense as required under ASC 718 across the service periods and the four-year vesting periods. As a result, the Company will recognize the five-year \$20.5 million estimate as compensation expense to be amortized over each of the following nine years for the RSU portion of the New Agreement as follows:

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
\$4,432,540	\$4,432,540	\$3,815,508	\$3,046,823	\$2,225,920	\$1,382,306	\$734,128	\$330,974	\$100,784

The information appearing in this section "Impact of New Agreement on CEO Restricted Stock Award Grant Date" and the tables above shall not be deemed a substitute for the information set forth in the Summary Compensation Table and other tables included below, which are presented in compliance with Item 402 of Regulation S-K. Given the accounting treatment under ASC 718, the entire estimated value of the restricted stock unit awards of \$20,500,524 to be awarded over the five-year agreement and vested over a nine-year period appears as one grant in the Summary Compensation Table.

## Total Stockholder Return For Fiscal Year 2018

Measurement Period	Bofl	Russell 2000® Index	S&P 500®	NASDAQ Composite	XABQ
Fiscal Year 2018	72 %	16 %	12 %	24 %	11 %

At the conclusion of fiscal year 2018, the Company's TSR of 72% substantially exceeded the 11% total return of the XABQ index. In fact, based on its beginning market capitalization of \$1.46 billion, Bofl stockholders realized a gain of nearly \$900 million above what they would have realized if they had invested a similar amount in the XABQ index. Under the New Agreement, the CEO receives an equity award based on 2% of this relative stock price appreciation, resulting in a formula-based award of 480,000 restricted stock units in fiscal year 2018 and a fiscal year 2019 grant of Performance Units equal to \$14.9 million vested over five years and paid in cash on the last day of the fiscal year and paid in amounts of \$3.0 million at the end of years one through four and \$2.9 million at the end of year five. In accordance with ASC 718, the RSU compensation expense for fiscal year 2018 and future years reflect only the estimated compensation expense computed in July 2017 at the grant date as discussed in detail above.



#### Chief Financial Officer

**Base Salary and Cash Bonus** – The Chief Executive Officer recommends and the Compensation Committee approves the establishment of the Chief Financial Officer’s base salary at \$245,000 and a target cash bonus of 100% of base salary for fiscal year 2018. There were no predetermined or mathematical weightings for the Chief Financial Officer’s base salary or cash bonus; rather, the Compensation Committee and Chief Executive Officer considered the overall performance of the Chief Financial Officer. Based on their evaluation, the Compensation Committee and Chief Executive Officer used their judgment in making compensation determinations for the Chief Financial Officer and determined the cash bonus to be \$300,000 based on overall performance of the Company and the Chief Financial Officer in fiscal year 2018.

**Annual Restricted Stock Unit Award** – The annual restricted stock unit award is a long-term incentive designed to provide a risk-balanced approach to compensation. The restricted stock units granted to the Chief Financial Officer for fiscal year 2018 vest over three years encouraging actions which improve the long-term growth in the Company’s common stock price and discouraging excessive short-term risk. The fiscal year 2018 restricted stock unit award has a maximum of 60,000 shares and a minimum of zero shares depending upon the Company’s annual return on common stockholders’ equity. The stock compensation level was selected based upon comparison to stock compensation paid to other chief financial officers in the Peer Group and is determined by a binding written agreement between the CFO and the Company. The Chief Financial Officer’s contractual award is based upon a range of annual return on common equity between 7% and 25%. For fiscal year 2018, the Chief Financial Officer was awarded 33,000 restricted stock units in September 2018 based upon an annual return on common stockholders’ equity in fiscal year 2018 of 17.05%.

#### Other Named Executive Officers

With regard to the compensation paid to each Named Executive Officer other than the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer is authorized to evaluate and review the performance of each Named Executive Officer (other than himself and the Chief Financial Officer) and establish their compensation packages with consideration for regional and industry standards. In determining compensation awarded to the other Named Executive Officers for fiscal year 2018, the Compensation Committee and Chief Executive Officer performed a global review of both overall and relative individual Named Executive Officer performance, peer bank NEO compensation levels, business unit performance and corporate performance. There were no predetermined or mathematical weightings; rather, the Compensation Committee and Chief Executive Officer considered the overall performance of each executive, including consideration of unplanned events and issues emerging during the fiscal year. Based on their evaluation, the Compensation Committee and Chief Executive Officer used their judgment in making compensation determinations for each of the other Named Executive Officers. As a general rule, bonuses for the other Named Executive Officers are targeted between 100% and 200% of base salary in cash and stock compensation. In undertaking the compensation determinations, the Chief Executive Officer conducts the following steps on an annual basis:

- evaluate employee performance against specified business objectives;
- review business performance targets and objectives; and
- sets base salary levels, and amounts and targets for incentive cash bonus plan.

#### CEO Pay Ratio

Rules of the Securities and Exchange Commission require most publicly traded companies to provide information regarding the relationship of the median annual total compensation of our employees, other than our Chief Executive Officer, to the annual total compensation of Mr. Garrabrants, our Chief Executive Officer.

We identified the median employee by calculating the total compensation of all persons excluding the CEO who were employed by us as of June 30, 2018, including full time and part time employees. We considered regular pay for salaried and hourly employees, overtime, equity compensation and taxable cash benefits, including cash incentive payments, and referral fee income, for the fiscal year ended June 30, 2018 as reflected by our internal payroll records. We made annualizing adjustments to the compensation of full time employees who joined us mid-year.

We then ranked the fiscal 2018 compensation received by all of the employees in our employee population other than our CEO to determine our median employee. Once we identified our median employee, we calculated such employee’s annual total compensation in the same manner as our named executive officers’ compensation is determined for

purposes of the Summary Compensation Table.

Based on this methodology, we determined that:

- The annual total compensation of our median employee was \$86,536.
- The annual total compensation of Mr. Garrabrants, our Chief Executive Officer, was \$26,975,924.
- The ratio of Mr. Garrabrants' total compensation for 2018 to that of the median employee was 312 to 1.

Due to the required disclosure in the Summary Compensation Table for the CEO's RSU grant under the New Agreement, the above ratio uses five years of RSU expense for the CEO compared to only one for the median employee. If the CEO's actual RSU expense for fiscal 2018 under the New Agreement were used, the ratio would be 126 to 1.

This ratio is significantly impacted by the determination that the Summary Compensation Table should include, in accordance with ASC 718, in July 2017 an estimate of all five years of equity awards over the CEO's five-year employment agreement. Readers should note that because different companies may determine their median employee based on different factors and using different adjustments, assumptions or exclusions, our pay ratio may not be comparable to the pay ratio disclosed by other companies.

#### Potential Payments Upon Termination or Change in Control

A change in control may be in the best interest of our common stockholders. We believe it is appropriate to align the compensation of the Chief Executive Officer and the Chief Financial Officer with the benefits of our stockholders. Since their long-term stock compensation is designed to be significant and such compensation vests in future years, we provide them with accelerated vesting of restricted stock units and cash compensation in certain situations where we believe a change in control of the Company and (or) terminating them is in the best interest of the common stockholders. Generally, such compensation is not significant to the Chief Executive Officer or the Chief Financial Officer if such termination is the result of material failures in the performance of their duties as generally described in their employment contracts.

#### Summary Compensation Table

The following table shows all compensation earned and equity incentives awarded during fiscal year 2018 and the last two fiscal years for our Chief Executive Officer, Chief Financial Officer, and the other three most highly compensated executive officers. All individuals listed in the following table are referred to in this Proxy Statement as the "Named Executive Officers."

Name	Year <sup>1</sup>	Salary <sup>2</sup>	Non-Equity Incentive Plan Compensation <sup>3</sup>	Bonus <sup>4</sup>	Stock Awards <sup>5</sup>	All Other Compensation <sup>6</sup>	Total
Gregory Garrabrants	2018	\$700,000	\$ 1,421,407	\$ —	\$24,740,524	\$ 113,993	\$26,975,924
	2017	375,000	253,125	—	6,024,960	9,000	6,662,085
	2016	375,000	365,625	—	8,468,640	9,250	9,218,515
Andrew J. Micheletti	2018	245,000	300,000	—	1,192,500	10,800	1,748,300
	2017	235,000	250,000	—	940,400	10,600	1,436,000
	2016	231,000	200,000	—	1,338,863	10,600	1,780,463
Eshel Bar-Adon	2018	275,000	—	310,000	355,040	11,050	951,090
	2017	265,000	—	290,000	335,035	10,850	900,885
	2016	250,000	—	255,000	140,018	10,800	655,818
Brian Swanson	2018	255,000	—	315,000	420,019	9,000	999,019
	2017	240,000	—	300,000	390,012	9,000	939,012
	2016	235,000	—	275,000	185,063	9,000	704,063
Thomas Constantine	2018	250,000	—	250,000	285,011	10,850	795,861
	2017	245,000	—	230,000	260,033	5,800	740,833
	2016	235,000	—	190,000	115,054	4,050	544,104

Fiscal year in which salary and non-equity incentives and bonuses were earned. For stock awards, the fiscal year of the accounting grant date. For Mr. Garrabrants, two awards were made in fiscal 2018, one under his prior contract and one five-year award under his New Agreement as discussed above.

Salary earned during the fiscal year.

Payments for Non-Equity Incentive Plans were earned in accordance with the employment contracts of the CEO and CFO.

Bonus earned during the fiscal years listed.

Aggregate value of restricted stock awards based upon the performance year and calculated in accordance with ASC 710 and 718. The actual value at the end of the vesting period may be significantly higher or lower than the value presented depending upon the market value of the common stock at that time and, in the case of the CEO, the number of restricted stock shares will be higher or lower than the grant date estimated future value, based upon the TSR actually measured in future fiscal years.

On September 5, 2018 the Board of Directors of the Company, based upon the actual measurement of TSR of the Company for fiscal 2018 under the New Agreement, made an award of 480,000 restricted stock units to Mr. Garrabrants which vests in one-fourth increments on each of the first four fiscal year-ends following the date of grant. The value of the stock award for fiscal 2018 included in the table above, \$24.7 million, includes two awards, \$4.2 million related to Mr. Garrabrants' prior contract and \$20.5 million for the new contract based upon the estimated issuance of RSUs over the five year period as of July 1, 2017 resulting in expense allocation across all service and vesting years in accordance with ASC 718 and is not based upon the 480,000 RSU award. The total of the compensation expense of \$20.5 million will be recognized in the income statement over fiscal years 2018 through 2026 (as discussed previously). Subsequent to fiscal 2018, on September 5, 2018 the Compensation Committee of the Board of Directors of the Company, based upon the actual measurement of TSR of the Company for fiscal 2018 under the New Agreement and the 2014 Stock Plan, made an award of 14,852,022 Performance Units ("PU") to Mr. Garrabrants which vests over five years up to \$3.0 million per year. The value of the PU award for fiscal 2018 is not included in the table above as it was granted in fiscal 2019, totals \$14.9 million and will be expensed equally over the five year vesting period.

This column represents the amount of all compensation paid to the Named Executive Officers that is not reported in any other column of the table. For fiscal 2018 the amount for Mr. Garrabrants represents legal fees paid on his behalf. All other amounts are 401(k) matching contributions.

## Grants of Plan-Based Awards in 2018

The table below shows all plan-based awards that the Company made during fiscal 2018 to the Named Executive Officers:

Name	Grant Date	Estimated Possible Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units <sup>1</sup>	Closing Price of Stock on Date of Grant <sup>2</sup>	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)			
Gregory Garrabrants	08/24/17	\$ —	\$ —	\$ —	—	—	—	160,000	\$26.5000	\$4,240,000
	07/01/17	—	—	—	—	—	—	596,259	34.3819	20,500,517
Andrew J. Micheletti	08/24/17	—	—	—	—	—	—	45,000	26.5000	1,192,500
Eshel Bar-Adon	07/12/17	—	—	—	—	—	—	7,357	23.7900	175,023
	01/30/18	—	—	—	—	—	—	6,268	28.7200	180,017
Brian Swanson	07/12/17	—	—	—	—	—	—	8,828	23.7900	210,018
	01/30/18	—	—	—	—	—	—	7,312	28.7200	210,001
Thomas Constantine	07/12/17	—	—	—	—	—	—	5,885	23.7900	140,004
	01/30/18	—	—	—	—	—	—	5,049	28.7200	145,007

Restricted stock units for Mr. Garrabrants vest in one-fourth increments on each of the first four fiscal year-ends

<sup>1</sup> following the date of grant, for all others, vesting is in one-third increments on each of the first three anniversaries of the date of grant.

The July 1, 2017 award to Mr. Garrabrants consists of five years of estimated RSU awards totaling 596,259 RSUs at an average price of \$34.38 determined through Monte Carlo simulation in accordance with ASC 718. The grant-date estimate of RSUs to be issued and their estimated total fair value of \$20.5 million (shown above) is the sum of the estimated for each fiscal 2018 through 2022. For fiscal 2018, the actual calculated award was limited to 480,000

<sup>2</sup> RSUs, however the fair value for compensation expense purposes under ASC 718 reflects the original estimate for fiscal 2018 made at the grant date. In the event the calculated Annual Restricted Stock Unit Award value exceeds an award of 480,000 shares, the excess value vests and is expensed over four years or more, up to \$3.0 million each year, paid in cash at the end of each year, upon the completion of continued service as Performance Units (“PU”) issued under the Company’s 2014 Stock Incentive Plan. The excess value to be granted as a PU in fiscal 2019 is \$14.9 million vesting and expensed over five years.

## Outstanding Equity Awards at the end of Fiscal 2018

This table shows the equity awards that have been previously awarded to each of the Named Executive Officers and which remained outstanding as of June 30, 2018, all of which consist of restricted stock units:

Name	Restricted Stock Unit Awards		Market Value of Restricted Stock Units That Have Not Vested <sup>2</sup>
	Number of Restricted Stock Units That Have Not Vested	Date of Grant <sup>1</sup>	
Gregory Garrabrants	72,000	08/28/15	\$ 2,945,520
	144,000	08/26/16	5,891,040
	120,000	08/24/17	4,909,200
	157,793	07/01/17	6,455,312
Andrew J. Micheletti	15,000	08/28/15	613,650
	30,000	08/26/16	1,227,300
	45,000	08/24/17	1,840,950
Eshel Bar-Adon	2,334	10/30/15	95,484
	6,184	08/10/16	252,987
	4,181	01/17/17	171,045
	7,357	07/12/17	300,975
Brian Swanson	6,268	01/30/18	256,424
	3,084	10/30/15	126,166
	7,344	08/10/16	300,443
	4,778	01/17/17	195,468
	8,828	07/12/17	361,153
Thomas Constantine	7,312	01/30/18	299,134
	1,918	10/30/15	78,465
	4,638	08/10/16	189,741
	3,345	01/17/17	136,844
	5,885	07/12/17	240,755
	5,049	01/30/18	206,555

Restricted stock units for Mr. Garrabrants vest in one-fourth increments on each of the first four fiscal year-ends

<sup>1</sup> following the date of grant, for all others, vesting is in one-third increments on each of the first three anniversaries of the date of grant.

The values contained in this column were calculated by multiplying the number of shares by \$40.91, which was the closing price of the Company's common stock reported on the NASDAQ on June 30, 2018. Share amounts have been presented to reflect the four-for-one forward split of the Company's common stock effected in the form of a

<sup>2</sup> stock dividend that was distributed on November 17, 2015. For Mr. Garrabrants' restricted stock unit grants the actual number of restricted stock units may be higher or lower than the grant date estimated future value, based upon the TSR actually measured in future fiscal years and the value at the end of the vesting period may be significantly higher or lower than the value presented depending upon the market value of the common stock at that time.

## Vested Restricted Stock in Fiscal Year 2018

This table shows the restricted stock that vested for each Named Executive Officer during fiscal year 2018:

Name	Restricted Stock Unit Awards	
	Number of Shares	Value Realized on Vesting
	Acquired on Vesting	
Gregory Garrabrants <sup>1</sup>	256,000	\$ 10,472,960
Andrew J. Micheletti <sup>2</sup>	45,000	1,189,500
Brian Swanson <sup>3</sup>	17,057	506,509
Thomas Constantine <sup>4</sup>	10,213	304,261
Eshel Bar-Adon <sup>5</sup>	11,390	338,092

<sup>1</sup> Mr. Garrabrants chose to net settle his shares upon vesting, selling back to the Company 134,784 shares of the 256,000 vested shares to cover his income tax withholding.

<sup>2</sup> Mr. Micheletti chose to net settle his shares upon vesting, selling back to the Company 24,846 shares of the 45,000 vested shares to cover his income tax withholding.

<sup>3</sup> Mr. Swanson chose to net settle his shares upon vesting, selling back to the Company 6,555 shares of the 17,057 vested shares to cover his income tax withholding.

<sup>4</sup> Mr. Constantine chose to net settle his shares upon vesting, selling back to the Company 2,795 shares of the 7,445 vested shares to cover his income tax withholding.

<sup>5</sup> Mr. Bar-Adon chose to net settle his shares upon vesting, selling back to the Company 3,964 shares of the 11,390 vested shares to cover his income tax withholding.

## Potential Payments Upon Termination or Change in Control

This section discusses the incremental compensation that would be payable by the Company in the event of a change-in-control of the Company or a termination of employment of certain Named Executive Officers with the Company for various described reasons, sometimes referred to in this section as a “triggering event.” In accordance with applicable SEC rules the following discussion assumes that the triggering event in question – death, disability, change in control or termination – occurred on June 30, 2018. With respect to calculations based on the Company’s stock price, we used \$40.91, which was the reported closing price of one share of the Company’s common stock on NASDAQ on June 30, 2018.

Pursuant to applicable SEC rules, the analysis contained in this section does not consider or include payments made to a Named Executive Officer with respect to contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms, or operation in favor of executive officers of the Company, such as employee group term life insurance. In addition, in connection with any actual termination of employment, the Company may determine to enter into an agreement or to establish an arrangement providing additional benefits or amounts, or altering the terms of benefits provided upon the events discussed below, any actual amounts paid or distributed may be higher or lower than reported below. Factors that could affect these amounts include, for example, the timing during the year of any event and the Company’s stock price.

The Company believes that severance protections can play a valuable role in attracting and retaining key executive officers. The Compensation Committee evaluates the level of severance benefits consistent with competitive practices. The following is a general discussion of the primary categories of triggering events which apply to certain of the Company’s Named Executive Officers.

## Death or Disability

In the event of the death of the Chief Executive Officer, his beneficiary or estate shall be entitled to receive (i) the immediate vesting, to the extent not otherwise vested, of all equity incentive awards including restricted stock unit awards granted to him, (ii) his cash incentive award for the period in which death occurs, prorated to the date of death, and (iii) accrued salary. For the avoidance of doubt, the Chief Executive Officer’s beneficiary or estate shall not be entitled to any restricted stock units set forth in the New Agreement which had not been granted prior to the date of

death.

Upon the Chief Executive Officer's receipt of a notice of termination for disability, he shall receive, (i) the immediate vesting, to the extent not otherwise vested, of all equity incentive awards including restricted stock unit awards granted to him, (ii) his cash incentive award for the period in which termination occurs, prorated to the date of termination, (iii) if approved by Company, his annual restricted stock unit award required to be issued pursuant to the New Agreement for the period in which the termination date occurs, prorated to the termination date, and (vi) accrued salary.

In the event of the death of the Chief Financial Officer, his beneficiary or estate shall receive a payment of a death benefit of three times the executive's then-current annual salary. In the event of the death or disability of the Chief Financial Officer, his



beneficiaries, his estate or he shall receive his cash bonus for the year prorated to the date of death or disability. All unvested stock options, restricted stock or RSU grants at the date of death or disability shall fully vest and options may be exercised by his beneficiaries, his estate or him for a period of up to twelve (12) months after the date of death or disability.

#### Termination of Employment by the Company

For the Chief Executive Officer, in the event his employment is terminated by Company without cause, or he resigns his employment for good reason, within a period of 90 days after the occurrence of the event giving rise to good reason, he shall be entitled to (i) the immediate vesting, to the extent not otherwise vested, of all equity incentive awards including RSU awards granted to him, pursuant to the New Agreement prior to the date his employment is terminated, (ii) his Target Annual Cash Incentive Award for the period in which such termination occurs, prorated to the Termination Date, and (iii) payment of an amount equal to two times his then-current base salary.

In addition, upon the Chief Executive Officer's receipt from the Company of a notice of termination without cause or Company's receipt from him of a notice of termination for good reason, he shall receive, at the option of the Company, either his annual restricted stock unit award computed pursuant to his New Agreement or an equivalent amount of cash payable in a lump-sum.

For the Chief Financial Officer, in the event his employment is terminated by the Company without cause, he shall be entitled to (i) a severance payment equal to his then-current base monthly salary multiplied by twelve (12) and paid either as a lump-sum or in monthly installments, at the discretion of the Board of Directors; (ii) accelerated vesting of all unvested portions of equity awards including RSUs; and (iii) continuation of group medical insurance benefits to the earlier of the end of the 12-month severance period or the executive's commencement of work for a new employer that provides group medical insurance.

For the Chief Legal Officer, in the event his employment is terminated by the Company without cause, he shall be entitled to (i) a severance payment equal to his then-current bi-weekly salary paid for 12 months from the date of termination; and (ii) accelerated vesting of all unvested portions of stock option and restricted stock awards, subject to his execution of a release in customary form.

For the Chief Credit Officer, in the event his employment is terminated by the Company without cause, he shall be entitled to (i) a severance payment equal to his then-current bi-weekly salary paid for 12 months from the date of termination; and (ii) accelerated vesting of all unvested portions of stock option and restricted stock awards, subject to his execution of a release in customary form.

#### Termination by Company with "Cause" or by the Executive for any Reason

"Cause" is generally defined in the executive's employment agreement to include (i) failure of the executive to perform duties in a satisfactory manner, after notice thereof; (ii) conviction of illegal activity which materially adversely affects the Company's or the Bank's reputation or which evidences the executive's lack of ability to perform duties; (iii) certain crimes or dishonesty, fraud, etc. which causes termination of insurance coverage under blanket bond; or (iv) acts or omissions of the executive resulting in actions by government bank regulators to close or take the Bank or to issue a cease and desist order to remove the executive from office.

In the event the Chief Executive Officer is terminated with "cause" or in the event that he terminates his employment for any reason, his payments will generally be (i) all accrued but unpaid base salary as of the termination date and (ii) any other benefits already vested as of the termination date under any of his applicable equity compensation, pension, cash incentive compensation, or similar plans in which he participated immediately prior to termination. In the event the Chief Executive Officer resigns without good reason, he shall be entitled to payment of his Target Annual Cash Incentive Award earned for the period prior to resignation but unpaid at the time of resignation.

In the event the Chief Financial Officer is terminated with "cause" or in the event that he terminates his employment for any reason, his payments will generally be limited to (i) all accrued but unpaid base salary as of the termination date and (ii) any other benefits already vested as of the termination date under any of his applicable equity compensation, pension, cash incentive compensation and other compensation earned subject to prorate calculations as of the termination date.

Upon a Change-in-Control of the Company

A change in control ("CIC") generally defined in the executive's employment agreement to mean a change in the ownership or control of 50% of the voting stock of the Company, whether by sale, merger or reorganization, or the ownership or control of all or substantially all of the assets are sold or transferred to a person who did not own or control the assets of the Company prior to such transaction. The exact definition varies depending upon the terms of agreement with each Named Executive Officer.

If the employment of the Chief Executive Officer is terminated during the term of the New Agreement, and within one year before or within one year after a CIC, the Company or the Company's successor terminates the Chief Executive Officer other than for cause, death or disability or the Chief Executive Officer terminates his employment for good reason, in either case, a "Change in Control Termination," then:

(i) The Company shall pay him in a single severance payment as soon as practicable after the termination, but in no event later than thirty (30) days thereafter, an amount in cash equal to three times the sum of (a) his then-current base salary and (b) his Target Annual Cash Award as in effect on the termination date and minus any Accumulated Amount, plus

(ii) any unvested equity incentive award including restricted stock unit awards previously granted pursuant to the New Agreement, shall become immediately and fully vested

(iii) any Target Annual Cash Award earned from the prior year, but not paid at termination, shall be paid to him; and

(iv) a prorated grant of the Annual Restricted Stock Award or the equivalent in cash shall be issued or paid to him.

If a CIC occurs and the Chief Executive Officer is terminated one year prior to the CIC other than for "cause", and if such termination of employment or event was at the request, suggestion or initiative of a third party who has taken steps reasonably calculated to effect a CIC, then his termination shall be deemed to be a Change in Control

Termination and upon occurrence of the CIC, the Chief Executive Officer shall be entitled to receive the payments as described above.

If the Chief Lending Officer is terminated by the Company or its successor other than for cause, within two (2) years of a CIC, the Company shall (i) make a lump-sum payment of an amount equal to two times his then-current annual salary within 30 days of termination; (ii) immediately vest as of the termination date all unvested equity incentive awards; and (iii) continuation of group medical insurance benefits to the earlier of the end of the 12-month severance period or the executive's commencement of work for a new employer that provides group medical insurance.

For all Named Executive Officers, the Company's 2014 Plan (the "Plan") provide that as of the consummation of a "corporate transaction," all outstanding unvested stock options and unvested shares of restricted stock would generally receive accelerated vesting, but only to the extent that such awards are not assumed by the Company or substituted by the acquiring company with all existing terms and conditions, including vesting terms, remaining in effect. For this purpose, "corporate transaction" is generally defined in the Plan as an acquisition of the Company by merger, consolidation, asset acquisition or stock purchase, which is generally the same as a CIC.

The following tables summarize the approximate value of termination payments and benefits that certain Named Executive Officers would have received if their employment had been terminated on June 30, 2018 under the circumstances specified or if there were a Change in Control on June 30, 2018:

Gregory Garrabrants – Chief Executive Officer

Type of Benefit <sup>1</sup>	Termination After Change-in-Control <sup>5, 6</sup>					Termination by Company for Reason or by Executive with Good Reason
	A Death	A Disability	B Termination before a Change- in-Control by Company without Cause	C Upon a Change-in- Control <sup>5</sup>	D Termination by Company for Reason or by Executive with Good Reason	E Termination by Any Executive without Good Reason
Cash Severance <sup>2</sup>	\$1,421,407	1,421,407	\$2,853,053	\$—	\$3,538,033	\$—
Restricted Stock Unit Vesting <sup>3</sup>	26,915,638	26,519,638	26,519,638	26,519,638	—	—
280G Tax Gross Up <sup>4</sup>	—	—	—	—	—	—
Total Value Upon Event	\$28,337,045	27,941,045	\$29,372,691	\$26,519,638	\$3,538,033	\$—
Total Value Upon CIC and Termination Events in Column D (Column C+D)					\$30,057,671	
Total Value Upon CIC and Termination Event in Column E (Column C+E)						\$26,519,638

<sup>1</sup> This change in control table is based on Mr. Garrabrants Second Amended and Restated Employment Agreement dated June 30, 2017.

Mr. Garrabrants' employment agreement provides for a lump sum cash payment in the amount of two times his annual salary plus one times his target bonus, in the event the Company terminates his employment, without cause, prior to a change-in-control; or three times his annual salary plus three times his target bonus if within one year following a change-in-control, our successor terminates his employment for any reason or by Mr. Garrabrants for good reason. He is also entitled his annual cash incentive award. Column D includes an additional amount equal to three times the amount of the annual target cash incentive award.

The value of restricted stock unit vesting was calculated by multiplying the number of unvested shares by the stock price at grant under the previous employment contract, consisting of 72,000 by \$29.41, 144,000 by \$20.92, 120,000 by \$26.50, plus under the New Agreement for the RSUs the remaining allocated expense for fiscal 2018 of \$3.4 million and the value of the PUs of \$14.9 million.

Mr. Garrabrants' employment agreement provides that if any Company payments made upon termination after a change-in-control of the Company constitutes a "parachute payment" under Section 280G of the Internal Revenue Code, the Company would not make a gross-up payment to Mr. Garrabrants. The Company is required to adjust the parachute payment downward, if such a decrease will increase the net after-tax payment to Mr. Garrabrants. No such adjustment downward has been made in the numbers above.

These columns assume the vesting of all unvested stock options and restricted stock units accelerated on the consummation of the change-in-control as provided in the Company's Plans and there was no assumption or substitution of unvested stock options and restricted stock by the acquirer.

For a change-in-control and subsequent termination of Mr. Garrabrants' employment, he would have received the  
<sup>6</sup> "Total Value Upon Event" specified in the table in column C plus the "Total Value Upon Event" in either column D or column E, depending upon the circumstances of his termination.

Andrew J. Micheletti – Chief Financial Officer

Type of Benefit	A  Death or Disability	B  Termination before a Change- in-Control by Company without Cause	C  Upon a Change-in- Control <sup>3</sup>	Termination After Change-in-Control <sup>3, 4</sup>	
				D Reason or by Executive with Good Reason	E Termination by Company for Any Executive without Good Reason
Cash Severance <sup>1</sup>	\$808,500	\$ 318,500	\$—	\$318,500	\$ —
Restricted Stock Unit Vesting <sup>2</sup>	2,635,707	2,635,707	2,635,707	—	—
Total Value Upon Event	\$3,444,207	\$ 2,954,207	\$2,635,707	\$318,500	\$ —
Total Value Upon CIC and Termination Events in Column D (Column C+D)				\$2,954,207	
Total Value Upon CIC and Termination Event in Column E (Column C+E)					\$ 2,635,707

Mr. Micheletti's employment agreement provides for a lump sum cash payment in the amount of three times his<sup>1</sup> annual salary, in the event of death and one times his annual salary if the Company terminates his employment. He is also entitled to a prorated annual cash incentive award.

The value of restricted stock unit vesting was calculated by multiplying the number of unvested shares of 15,000 by<sup>2</sup> \$29.75, less \$376,593 already expensed, unvested shares of 30,000 by \$20.92, less \$266,515 already expensed, unvested shares of 45,000 by \$26.50, less \$337,603 already expensed and unvested shares of 45,000 by \$40.91, the Company's stock price at June 30, 2018.

<sup>3</sup> These columns assume that the vesting of stock options and restricted stock units accelerated on the consummation of the change-in-control. This assumes that the acquiring company does not assume such awards.

For a change-in-control and subsequent termination of Mr. Micheletti's employment, he would have received the<sup>4</sup> "Total Value Upon Event" specified in the table in column C plus the "Total Value Upon Event" in either column D or column E, depending upon the circumstances of his termination.

Eshel Bar-Adon – Chief Legal Officer

Type of Benefit	A	B	C	Termination After Change-in-Control <sup>3, 4</sup>	
				D	E
	Death or Disability	Termination before a Change- in-Control by Company without Cause	Upon a Change-in- Control <sup>3</sup>	Reason or by Executive with Good Reason	Termination by Company for Any Reason Executive without Good Reason
Cash Severance <sup>1</sup>	\$—	\$ 275,000	\$—	\$275,000	\$—
Restricted Stock Unit Vesting <sup>2</sup>	435,993	435,993	435,993	—	—
Total Value Upon Event	\$435,993	\$ 710,993	\$435,993	\$275,000	\$—
Total Value Upon CIC and Termination Events in Column D (Column C+D)				\$710,993	
Total Value Upon CIC and Termination Event in Column E (Column C+E)					\$ 435,993

Mr. Bar-Adon's employment agreement provides for a lump sum cash payment in the amount of one times his annual salary if the Company terminates his employment, without cause, prior to or after a change-in-control, by our successor after a change-in-control.

The value of restricted stock unit vesting was calculated by multiplying the number of unvested shares of 2,334 by \$20.00, less \$31,081 already expensed, unvested shares of 6,184 by \$17.25, less \$47,364 already expensed, unvested shares of 4,181 by \$27.91, less \$26,209 already expensed, unvested shares of 7,357 by \$23.79, less \$56,415 already expensed, and unvested shares of 6,268 by \$28.72, less \$28,048 already expensed.

These columns assume that the vesting of stock options and restricted stock units accelerated on the consummation of the change-in-control. This assumes that the acquirer does not assume such awards.

For a change-in-control and subsequent termination of Mr. Bar-Adon's employment, he would have received the "Total Value Upon Event" specified in the table in column C plus the "Total Value Upon Event" in either column D or column E, depending upon the circumstances of his termination.

Brian Swanson – Chief Lending Officer

Type of Benefit	A	B	C	Termination After Change-in-Control <sup>3, 4</sup>	
				D	E
	Death or Disability	Termination before a Change- in-Control by Company without Cause	Upon a Change-in- Control <sup>3</sup>	Reason or by Executive with Good Reason	Termination by Company for Any Executive without Good Reason
Cash Severance <sup>1</sup>	\$—	\$	—\$—	\$510,000	\$—
Restricted Stock Unit Vesting <sup>2</sup>	514,081	—	514,081	—	—
Total Value Upon Event	\$514,081	\$	—\$514,081	\$510,000	\$—
Total Value Upon CIC and Termination Events in Column D (Column C+D)				\$1,024,081	
Total Value Upon CIC and Termination Event in Column E (Column C+E)					\$ 514,081

Mr. Swanson’s employment agreement provides for a lump sum cash payment in the amount of two times his annual salary if the Company terminates his employment, without cause, after a change-in-control, by our successor after a change-in-control.

The value of restricted stock unit vesting was calculated by multiplying the number of unvested shares of 3,084 by \$20.00, less \$41,069 already expensed, unvested shares of 7,344 by \$17.25, less \$56,227 already expensed, unvested shares of 4,778 by \$27.91, less \$29,959 already expensed, unvested shares of 8,828 by \$23.79, less \$67,689 already expensed, and unvested shares of 7,312 by \$28.72, less \$32,720 already expensed.

These columns assume that the vesting of stock options and restricted stock units accelerated on the consummation of the change-in-control. This assumes that the acquirer does not assume such awards.

For a change-in-control and subsequent termination of Mr. Swanson’s employment, he would have received the “Total Value Upon Event” specified in the table in column C plus the “Total Value Upon Event” in either column D or column E, depending upon the circumstances of his termination.



Thomas Constantine – Chief Credit Officer

Type of Benefit	A Death or Disability	B Termination before a Change- in-Control by Company without Cause	C Upon a Change-in- Control <sup>3</sup>	Termination After Change-in-Control <sup>3, 4</sup>	
				D Reason or by Executive with Good Reason	E Termination by Company for Any Reason Executive without Good Reason
Cash Severance <sup>1</sup>	\$—	\$ 250,000	\$—	\$250,000	\$—
Restricted Stock Unit Vesting <sup>2</sup>	347,008	347,008	347,008	—	—
Total Value Upon Event	\$347,008	\$ 597,008	\$ 347,008	\$250,000	\$—
Total Value Upon CIC and Termination Events in Column D (Column C+D)				\$597,008	
Total Value Upon CIC and Termination Event in Column E (Column C+E)					\$ 347,008

Mr. Constantine’s employment agreement provides for a lump sum cash payment in the amount of one times his<sup>1</sup> annual salary if the Company terminates his employment, without cause, prior to or after a change-in-control, by our successor after a change-in-control.

The value of restricted stock unit vesting was calculated by multiplying the number of unvested shares of 1,918 by<sup>2</sup> \$20.00, less \$25,542 already expensed, unvested shares of 4,638 by \$17.25, less \$35,509 already expensed, unvested shares of 3,345 by \$27.91, less \$20,968 already expensed, unvested shares of 5,885 by \$23.79, less \$45,118 already expensed, and unvested shares of 5,049 by \$28.72, less \$22,597 already expensed.

<sup>3</sup> These columns assume that the vesting of stock options and restricted stock units accelerated on the consummation of the change-in-control. This assumes that the acquirer does not assume such awards.

For a change-in-control and subsequent termination of Mr. Constantine’s employment, he would have received the<sup>4</sup> “Total Value Upon Event” specified in the table in column C plus the “Total Value Upon Event” in either column D or column E, depending upon the circumstances of his termination.

#### Compensation Committee Interlocks and Insider Participation

Members of the Compensation Committee. The members of the Compensation Committee for fiscal 2018 were James J. Court, its Chairman, John Gary Burke and Paul J. Grinberg (Mr. Grinberg was Chairman of the Compensation Committee until December 2017). Each of the Compensation Committee members was determined by the Board of Directors to be independent within the meaning of that term in the NASDAQ’s listed company rules.

No Interlocks. No executive officer of the Company served on the board of directors or compensation committee of any entity that has one or more executive officers serving as members of the Company’s Board of Directors or Compensation Committee.

#### REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with Company management. Based upon such review and discussions, the Compensation Committee recommended to the Board of Directors of the Company that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted,

The Compensation Committee of the Board of Directors

James J. Court, Chairman

John Gary Burke  
Paul J. Grinberg

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## RELATED TRANSACTIONS AND OTHER MATTERS

### Related Party Transaction Policy and Procedures

Pursuant to the Company's written Master Policy on Ethics and Professional Integrity (the "Master Policy") and in accordance with the provisions covering Transactions with Related Persons and Certain Control Persons (the "Policy"), the Company reports related-party transactions. The Policy applies to certain transactions over \$120,000 involving any related parties, which includes our officers, directors and director nominees, and members of their immediate families. The Policy also applies to certain transactions with Company stockholders who own more than 5% of the Company's stock. In determining whether to approve or ratify a related party transaction, the Company's Designated Officer under its Master Policy or the Board of Directors, as appropriate under the applicable written Company policy, will take into account our Master Policy and other applicable written Company policies, which consider applicable rules and the material facts of the transaction, including whether it is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, whether a conflict of interest exists, and the extent of the related party's interest in the transaction. Under the Master Policy, certain transactions, including the Bank's providing ordinary banking products and services on standard terms available to any person meeting the eligibility requirements, are considered pre-approved. The Bank also offers an employee loan program available to all directors, officers and employees on a non-discriminatory basis under which each eligible borrower may obtain home loans for terms of 9 years to 30 years at interest rates that are below market rates on loans made to persons unaffiliated with the Bank and the Company.

### Transactions with Our Directors

In the ordinary course of its business and subject to applicable banking regulations, the Bank makes loans to and engages in other banking transactions with its directors, officers and employees and their associates. Other than loans pursuant to our widely available employee loan program, such loans and other banking transactions are generally made on the same terms as those prevailing at the time for comparable transactions with persons of comparable creditworthiness that have no affiliation with the Company or the Bank. Loans are made only to persons affiliated with the Company and the Bank if they do not involve more than the normal risk of collectibility of loans made to non-affiliated persons and if they do not present any other unfavorable features. As discussed above, the Bank offers an employee loan program available to all directors, officers and employees on a non-discriminatory basis under which each eligible borrower may obtain home loans for terms of 9 years to 30 years at interest rates that are below market rates on loans made to persons unaffiliated with the Bank and the Company. Loans to all directors, executive officers and employees who elected to participate in this program totaled approximately \$41.4 million at June 30, 2018. All loans to directors, executive officers and employees were performing in accordance with their terms at June 30, 2018. Loans to directors, principal officers, and their affiliates totaled \$9.0 million at June 30, 2018. Total principal payments on related party loans to directors, principal officers, and their affiliates were \$0.3 million.

## SECTION 16(a) BENEFICIAL OWNERSHIP

### REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, and the related rules and regulations, our directors and executive officers are required to file reports of their ownership, and any changes in that ownership, with the SEC. Based solely on our review of the copies of such forms and certifications furnished to us, except for Mr. Burke, one of our directors, who filed a late Statement of Change in Beneficial Ownership on Form 4 on December 18, 2017 in connection with one transaction, we believe that all of our directors and executive officers complied with all Section 16(a) filing requirements applicable to them during the 2018 fiscal year.

## USE OF NON-GAAP FINANCIAL MEASURES

In addition to the results presented in accordance with GAAP, this report includes non-GAAP financial measures such as tangible book value per common share. Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. Readers should be aware of these limitations and should be cautious as to their use of such measures. Although we believe the non-GAAP financial measures disclosed in this report enhance investors' understanding of our business and performance, these non-GAAP measures should not be considered in isolation, or as a substitute for GAAP basis financial measures.

We define book value adjusted for goodwill and other intangible assets as tangible book value ("tangible book value"), a non-GAAP financial measure. Tangible book value is calculated using common stockholders' equity minus mortgage servicing rights, goodwill and other intangible assets. Tangible book value per common share, a non-GAAP financial measure, is calculated by dividing tangible book value by the common shares outstanding at the end of the period. We believe tangible book value per common share is useful in evaluating the Company's capital strength, financial condition, and ability to manage potential losses.

Below is a reconciliation of total stockholders' equity to tangible book value (Non-GAAP):

(Dollars in thousands, except per share amounts)	At the Fiscal Years Ended June 30,				
	2018	2017	2016	2015	2014
Total stockholders' equity	\$960,513	\$ 834,247	\$ 683,590	\$ 533,526	\$ 370,778
Less: preferred stock	5,063	5,063	5,063	5,063	5,063
Common stockholders' equity	955,450	829,184	678,527	528,463	365,715
Less: mortgage servicing rights, carried at fair value	10,752	7,200	3,943	2,098	562
Less: goodwill and other intangible assets	67,788	—	—	—	—
Tangible book value (Non-GAAP)	\$876,910	\$ 821,984	\$ 674,584	\$ 526,365	\$ 365,153
Common shares outstanding at end of period	62,688,064	63,536,244	63,219,392	62,075,004	57,807,600
Tangible book value per common share (Non-GAAP)	\$ 13.99	\$ 12.94	\$ 10.67	\$ 8.48	\$ 6.32

## COMPANY STOCK PERFORMANCE

The following graph compares the total return of our common stock over the last five fiscal years, starting June 30, 2013 through June 30, 2018, with that of (i) the companies included in the total return for the U.S. NASDAQ Index, and (ii) the banks included in the total return for the ABA NASDAQ Community Bank Index (“ABAQ”).

The graph assumes \$100 was invested in BOFI common stock, in U.S. NASDAQ Composite Total Return Index (ticker: XCOMP) and in ABAQ Total Return Index (ticker: XABQ) on June 30, 2013. The indexes assume reinvestment of dividends.

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Bofl	\$100.00	\$160.30	\$230.63	\$154.54	\$206.98	\$356.98
NASDAQ	100.00	131.17	150.10	147.58	189.34	234.02
XABQ	100.00	121.18	136.90	135.95	186.46	207.00

## ITEM 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Company's compensation policies and decisions are designed to promote the Company's business strategies and the interest of its stockholders by providing incentive needed to attract, motivate and retain key executives who are critical to our long-term success as a financial institution.

Stockholders are urged to read the "Compensation Discussion and Analysis" section of this Proxy Statement, which discusses how our compensation design and practices reflect our compensation philosophy. The Compensation Committee and the Board of Directors believe that its compensation design and practices are effective in implementing the Company's strategic goals and business strategies.

We are asking our stockholders for a non-binding and advisory vote to approve the compensation of our Named Executive Officers under Section 14A of the Securities Exchange Act of 1934. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on the compensation of the Named Executive Officers. Based upon the voting results of our stockholders last year, the Company elected to hold the say on pay vote again this year. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the compensation practices described in this Proxy Statement. Accordingly, the Board of Directors recommends that you vote in favor of the following resolution: "RESOLVED, that the stockholders of BofI Holding, Inc. approve, in a non-binding and advisory basis, the compensation of its Named Executive Officers as disclosed in the Proxy Statement for the 2018 Annual Meeting, including the Summary Compensation Table and the Compensation Discussion and Analysis set forth in such Proxy Statement and other related tables and disclosures."

As this is an advisory vote, the result will not be binding on the Company, the Board of Directors or the Compensation Committee, although the Compensation Committee will consider the outcome of the vote when evaluating the compensation program. Proxies submitted without direction pursuant to this solicitation will be voted "FOR" the approval of the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL, IN A NON-BINDING AND ADVISORY STOCKHOLDER VOTE, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

**ITEM 3. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We are asking our stockholders to ratify the selection of BDO USA, LLP (“BDO”) as the Company’s independent registered public accounting firm for fiscal year 2019. If the stockholders fail to ratify the selection, the Audit Committee will reconsider its selection of BDO. The Audit Committee may, without stockholder approval, reconsider its selection of BDO.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE SELECTION OF BDO USA, LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**  
**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

BDO serves as the Company’s independent auditor and has conducted the audit of the Company’s consolidated financial statements for the fiscal year ended June 30, 2018. The Audit Committee’s Charter provides that the Audit Committee must pre-approve services to be performed by the Company’s independent registered public accounting firm. The Audit Committee approved the engagement of BDO to serve as the Company’s independent auditor to conduct the audit of the Company’s consolidated financial statements for the fiscal year ended June 30, 2018. A representative of BDO will be present at the Annual Meeting, with the opportunity to make a statement if so desired, and will be available to respond to appropriate questions submitted to the Secretary of the Company in advance of the Annual Meeting.

The following table contains information regarding the aggregate fees charged to the Company by BDO for audit services rendered in connection with the audited consolidated financial statements and reports for the 2018 fiscal year.

Nature of Services	Fees Charged	
	2018	2017
Audit fees <sup>1</sup>	\$ 497,800	\$ 481,362
Audit-related fees <sup>2</sup>	—	—
Tax fees <sup>3</sup>	—	—
	\$ 497,800	\$ 481,362

Audit Fees consist of fees billed and unbilled and expenses for professional services rendered for the audit of the Company’s consolidated annual financial statements, review of interim consolidated financial statements included in quarterly reports and services closely related to the audit and that in many cases could only be performed by the independent registered public accounting firm.

Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements and are not reported under “Audit Fees.”

Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee is composed of three directors. All of the members of the Audit Committee have been found by the Board of Directors to be both independent and financially literate as required by the listing standards of the NASDAQ. In addition, the Board has determined that Mr. Argalas and Mr. Grinberg are each an Audit Committee Financial Expert under the rules of the SEC. The Audit Committee operates under a written charter adopted by the Board of Directors.

The purpose of the Audit Committee is to assist the Board of Directors in its general oversight of the Company. The primary responsibilities of the Audit Committee are to oversee and monitor the integrity of the Company's financial reporting process, financial statements and systems of internal controls; the Company's compliance with legal and regulatory requirements; the independent auditor's qualifications, independence and performance; and the performance of the Company's internal audit function. The Audit Committee is responsible for the selection, retention, supervision and termination of (i) the general auditor, including reviewing the adequacy of the authority, responsibilities and functions of the Company's internal audit department, and (ii) the independent auditor, including resolving disagreements between management and the independent auditor. The general auditor and the independent auditor report directly to the Audit Committee.

The Audit Committee is not responsible for conducting reviews of auditing or accounting procedures. Management has primary responsibility for preparing the Company's financial statements and for the Company's financial reporting process. The Company's independent auditor is responsible for auditing and reporting on the conformity of the Company's consolidated financial statements to accounting principles generally accepted in the United States, management's assessment of the effectiveness of the Company's internal control over financial reporting and the effectiveness of the Company's internal control over financial reporting. The Audit Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the independent auditor on the basis of the information it receives, discussions with the independent auditor and the experience of the Audit Committee's members in business, financial and accounting matters.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited consolidated financial statements with management;
2. The Audit Committee has discussed with the independent auditor the matters required to be discussed by the rules of the Public Company Accounting Oversight Board No. 1301, "Communications with Audit Committees";
3. The Audit Committee has received the written disclosures and the letter from the independent auditor and has discussed with the independent auditor the independent auditor's independence; and
4. Based on the review and discussions referred to in paragraphs one through three above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for filing with the SEC.

Respectfully submitted,  
The Audit Committee of the Board of Directors  
Paul J. Grinberg, Chairman  
James S. Argalas  
Nicholas A. Mosich



## ANNUAL REPORT TO STOCKHOLDERS

The Annual Report to Stockholders, including Form 10-K for the Company for the fiscal year ended June 30, 2018 will be available concurrently with this Proxy Statement on September 12, 2018 to all stockholders of record as of August 31, 2018 at [www.envisionreports.com/BOFI](http://www.envisionreports.com/BOFI). The Annual Report is not to be regarded as proxy soliciting material or as a communication by means of which any solicitation is to be made. ADDITIONAL COPIES OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WILL BE PROVIDED (WITHOUT EXHIBITS) TO STOCKHOLDERS WITHOUT CHARGE UPON WRITTEN REQUEST TO BOFI HOLDING, INC., 4350 LA JOLLA VILLAGE DRIVE, SUITE 140, SAN DIEGO, CALIFORNIA 92122, ATTENTION: CORPORATE SECRETARY. This Proxy Statement and our Annual Report on Form 10-K for the year ended June 30, 2018, are also available at our website, [www.bofiholding.com](http://www.bofiholding.com) and from the SEC at its website, [www.sec.gov](http://www.sec.gov).

## STOCKHOLDER PROPOSALS FOR 2019 ANNUAL MEETING

Under SEC Rule 14a-8, any stockholder desiring to submit a proposal for inclusion in our proxy materials for our 2019 Annual Meeting of Stockholders must provide the Company with a written copy of that proposal by no later than 120 days before the first anniversary of the release of Company's proxy materials for the 2018 Annual Meeting. However, if the date of our Annual Meeting in 2019 changes by more than 30 days from the date on which our 2018 Annual Meeting is held, then the deadline would be a reasonable time before we begin to print and mail our proxy materials for our 2019 Annual Meeting. Matters pertaining to such proposals, including the number and length thereof, eligibility of persons entitled to have such proposals included and other aspects are governed by the Securities Exchange Act of 1934, and the rules of the SEC thereunder and other laws and regulations to which interested stockholders should refer.

Our Corporate Secretary must receive timely stockholder proposals or nominations in writing at the executive offices of the Company at Bofl Holding, Inc., 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122, Attention: Corporate Secretary.

## OTHER MATTERS

We are not aware of any other matters to come before the meeting. If any other matter not mentioned in this Proxy Statement is brought before the meeting, the proxy holders named in the enclosed Proxy will have discretionary authority to vote all proxies with respect thereto in accordance with their judgment.

By Order of the Board of Directors,

Gregory Garrabrants  
President and Chief Executive Officer

September 7, 2018





D I R E C T I O N S

BOFI HOLDING, INC.

ANNUAL MEETING OF STOCKHOLDERS

October 25, 2018, 2:00 PM

4350 La Jolla Village Drive

Balboa Training Room – Suite 250

San Diego, California 92122

Please park in the Visitor Parking structure. Your parking ticket will be validated at the Annual Meeting registration table.

From the South

Take I-805 North

Exit Miramar Road/La Jolla Village Dr.

Go West onto La Jolla Village Dr.

Turn Right onto Genesee Ave.

Turn Right onto Executive Square

Follow driveway up and veer left, into the Visitor Parking structure.

From the North

Take I-805 South

Exit Miramar Road/La Jolla Village Dr.

Go West onto La Jolla Village Dr.

Turn Right onto Genesee Ave.

Turn Right onto Executive Square

Follow driveway up and veer left, into the Visitor Parking structure.