

BofI Holding, Inc.
Form 8-K
September 27, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 27, 2006

B of I HOLDING, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-51201
(Commission File Number)

33-0867444
(IRS Employer Identification
Number)

12777 High Bluff Drive, Suite 100, San Diego, CA
(Address of principal executive offices)

92130
(Zip Code)

Registrant's telephone number, including area code: (858) 350-6200

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Edgar Filing: Bofl Holding, Inc. - Form 8-K

“ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

BofI Holding, Inc. (the Registrant) is presenting a slide show at the Wall Street Analyst Forum 's Annual Analyst Conference at the Princeton Club in New York, NY on Wednesday, September 27, 2006 at 10:30 AM. A copy of the information in the slide show is attached below and is incorporated herein by reference. This Form 8-K and the information attached below shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended (Securities Act), or the Exchange Act, except as expressly set forth by specific reference in such a filing. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Registrant that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Registrant or any of its affiliates. The information in the materials is presented as of September 27, 2006, and the Registrant does not assume any obligation to update such information in the future.

Safe Harbor Statement

Statements contained in the slide show presentation that state expectations or predictions about the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act and the Exchange Act. The Registrant's actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include Risk Factors and the other factors appearing in the documents that the Registrant has filed with the Securities and Exchange Commission.

Set forth below, are the presentation materials:

September 2006

Safe Harbor

Statements contained in the slide show presentation that state expectations or predictions about the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act and the Exchange Act. The Registrant's actual results could differ materially from those projected in

such forward-looking statements. Factors that could affect those results include Risk Factors and the other factors appearing in the documents that the Registrant has filed with the Securities and Exchange Commission.

2

Equity Snapshot
Exchange/Symbol:
NASDAQ/BOFI
Price (9/15/2006):
\$6.93
Shares Outstanding:
8.38 M

Market Capitalization:

\$58.10 M

BV Per Share (06/30/06 -
mrq)

\$7.77

Price/Book (9/15/06 price/mrq) :

0.89X

Total Assets (06/30/06 -
mrq):

\$737.84 M

Publicly traded since:

March 15, 2005

Price/Earnings (9/15/06 price/ttm)

20.38X

3

Corporate Overview

To be the premier low-cost operator in the
consumer financial services industry

MISSION STATEMENT

Federally chartered savings bank

Regulated by the Office of Thrift
Supervision

Deposits insured by the Federal
Deposit Insurance Corporation
Bofl Holding, Inc.
Bofl Trust 1
(Trust Preferred)
Bank of
Internet USA
BANK
OF INTERNET USA

4

Investment Highlights

The Internet creates an opportunity for a more efficient banking model

BofI has a unique, low-cost and scalable operating model

Proprietary software and technology

Strong record of growth and profitability

Portfolio of high quality assets nationwide

Attractive valuation

book value

5

Mature Industries Evolving
to Lowest Cost Producers
6

73
62
98
111
99
78
126

221
41
41
44
40
41
58
148
42
45
39
49
52
0
25
50
75
100
125
150
175
200

Dec-02

Dec-03

Dec-04

Dec-05

6 Mo Jun-06

ING Bank, FSB (\$60.9B)

E*Trade Bank (\$36.8B)

Net Bank (\$4.2B)

Bank of Internet (\$0.7B)

7

Comparison of Efficiency Ratios*

Bank

Industry

Average: 56

Source: FDIC, Statistics on Depository Institutions

For Each Calendar Year.

Data does not include holding companies.

* Efficiency ratio = non-interest expense as a percentage of net interest income plus non-interest income

Common-sized income statement comparison

Bofl earnings through lower costs

Income Statement Comparison

Bank of

All S&Ls- Assets

Internet USA (1)

\$100 Mil - \$1 Bil

ING Bank

NetBank

(In basis points on average assets)

Income:

Interest income

494

559

481

581

Interest expense

347

256

365

346

Net interest income

147

303

116

235

Fees and other income

15
121
1
49
 Subtotal - Income
162
424
117
284
Operating overhead:
Personnel
34
160
20
292
Premises & equipment
13
45
8
114
Other G & A
21
88
20
281
Loan loss provision
-2
8
0
18
 Subtotal - Overhead
65
302
48
706
Pre-tax operating earnings
97
122
69
-422
Securities gains
0
9
0
152
Pre-tax earnings
97
131
69
-270

Source: FDIC -
Statistics on Depository Institutions
Six months ended June 30, 2006.

(1) Excludes operating income and expense of BofI Holding, Inc.
Holding company data is also not included in competitor information.

8

Outsource core banking
system

Proprietary CRM and
fraud control

No legacy systems
Building Blocks for
Successful Execution
COST EFFECTIVE PROCESS

Assembly-line simplicity

Streamlined deposit &
loan approval

Real-time customer
information
SCALABLE TECHNOLOGY

Superior risk management

Quality underwriting

Intelligent product
selection
EXPERIENCED MANAGEMENT

Self-service design

Efficient automation

Minimal manual
intervention
AUTOMATED SERVICE

9

Annual Net Interest Income vs
Noninterest Expense

| | | |
|-----------|-----------|-----------|
| \$218,000 | | |
| \$273,000 | \$405,000 | \$609,000 |
| \$738,000 | | |
| 2002 | | |
| 2003 | | |

2004

2005

2006

Assets in Thousands

Net Interest

Income (in 000s)

Noninterest Expense

EXCLUDING SALARY & WAGES

10

For the Fiscal Years Ended June 30

\$1,000

\$2,000

\$3,000

\$4,000

\$5,000

\$6,000

\$7,000

\$8,000

\$9,000

\$10,000

\$0
\$5
\$10
\$15
\$20
\$25
\$30

Demonstrated Scalability

Assets per Employee at Fiscal Year End

(At Year Ends June 30, and at December 31, 2005)

(full-time equivalent employees)

(Dollars in millions)

Source: FDIC

14 Employees

\$0 Assets

25 Employees

\$738M Assets

20 Employees

\$273M Assets

2001 2002 2003

2004 2005 2006

Bank Industry Average = \$6.9 million

11

Consumer Focused
Product Strategy
Internet search-
consumer direct:
Google, Bankrate, etc.
Demographic-specific websites:
Senior Bank Site

launched January 2006

My RV Bank

launched August 2006

Banco

de Internet

to be implemented

New initiative -

marketing through affiliates / social networking:

Adding senior executive position

Obtained regulatory approval for unique compensation plan

12

6,367
9,569
13,653
19,827
22,468
0
10,000

20,000

2002

2003

2004

2005

2006

Total Number of Deposit Accounts

Strong Track Record of Growth

13

*

* At each fiscal year end June 30.

\$217.6
\$273.5
\$405.0
\$609.5
\$737.8
\$0
\$200

\$400

\$600

\$800

\$1,000

2002

2003

2004

2005

2006

Total Assets

(\$ in millions)

Strong Track Record of Growth

14

* At each fiscal year end June 30.

*

\$3,497
\$5,088
\$6,530
\$8,969
\$9,955
\$0
\$2,000

\$4,000
\$6,000
\$8,000
\$10,000

2002
2003
2004
2005
2006

Net Interest Income

(\$ in thousands)

Strong Track Record of Growth

15

* For each fiscal year ended June 30.

*

\$1,020
\$1,730
\$2,175
\$2,869
\$3,266
\$-
\$1,000

\$2,000

\$3,000

\$4,000

2002

2003

2004

2005

2006

Net Income

(\$ in thousands)

Strong Track Record of Growth

16

*

* For each fiscal year ended June 30.

Multifamily mortgages
62%
Single family mortgage
17%
Commercial real estate loans
2%
Mortgage-backed securities

19%

FNMA, FHLMC, GNMA

Investment in High Quality Assets

19%

17%

62%

2%

Investments by Type

June 30, 2006

17

4%
5%
36%
8%
10%
5%
6%

7%

19%

California - Southern

California - Northern

Washington

Colorado

Arizona

Texas

Oregon

Florida

All other states

Geographic Breakdown

Mortgage Loans

As of June 30, 2006

18

History of Quality Assets
Since inception through June
30, 2006, BOFI has had no
mortgage-loan:
Write-offs
Foreclosure sales
Restructurings

No subprime
lending or risky
mortgage-backed securities.

Loan portfolio is supported by
exceptional LTVs

Allowance for Loan Losses

\$0

\$500

\$1,000

\$1,500

Jun-02

Jun-03

Jun-04

Jun-05

Jun-06

0.24%

0.26%

0.28%

0.30%

0.32%

0.34%

Allowance for loan loss

Allowance as % of gross loans

Ave Loan to Value (LTV) by Mortgage Type

June 30, 2006

52%

47%

50%

60%

62%

46%

38%

51%

0%

10%

20%

30%

40%

50%

60%

70%

Single Family

Multifamily

Commercial

Total

Average

Median

19

Liability Growth by Type
(\$ in Millions)
(At June 30, 2006)
\$0
\$100
\$200
\$300

\$400

\$500

\$600

2001

2002

2003

2004

2005

2006

(\$000)

Checking and savings

Time deposits

Advances from FHLB

Stable Deposit Base,

Managed Interest Rate Risk

More than 22,000 online deposit
customers

36% of accounts are checking and
savings

80% of all checking and savings
accounts opened between July 1,
2004 and June 30, 2006 are still open

88% of all Senior checking accounts
opened between July 1, 2004 and
June 30, 2006 are still open

FHLB Advances -

Principally used as a

hedging vehicle

use fixed rate advances

to help match maturities of hybrid-arm
loan re-pricing.

Mix of Funding

(\$ in millions)

June 30, 2006

\$129.8

\$65.0

\$228.2

\$236.2

Time deposits- less

\$100k

Time deposits-

\$100k+

Checking and
savings accounts

Advances from

FHLB

20

Capital Structure

Initial Public Offering -

March 2005

Added \$31.3 million in equity and 3,052,174 common shares; 36%
of total shares outstanding of 8,561,725

Provides capital to grow bank

Dividends

No dividends paid on common shares

\$5.2 million in convertible preferred with 6% dividend

Stock Options

Under FASB 123R start expensing stock options effective 7/1/05.

Operating results for fiscal 2006 included \$409,000, of stock option expense, a reduction 3 cents per fully diluted share for fiscal 2006

Stock Buyback

Re-purchased 163,500 shares during fiscal 2006 at average price of \$8.10 per share.

21

Banking Environment Challenges

Maintain Net Interest Margin

Until the flat yield curve reverses, Bofl net interest margins will narrow with asset growth.

Bofl s

low cost structure, compared to traditional banks of similar asset size,

allows profit with a smaller net interest margin and better opportunity to
deploy excess capital

Move into consumer lending to generate additional interest income

Risk Premiums and Competition for Mortgage Loans

Many mortgage lenders have relaxed credit standards

BofI's low overhead loan origination structure reduces pressure to originate
loans for portfolio and promotes selective purchases of whole

loans and MBS

Real Estate Bubble? BofI Reduces Risk by:

No subprime lending

Low loan to value and geographic diversification

22

Selected Annual Financial Data
and BOFI Goals
For or At the Year Ended
YoY
% Chg
2005
2006

(fav /-unfav)

Goals(2)

Net Income (000s)

2,869

\$

3,266

\$

14%

Diluted Earnings Per Share

0.40

\$

0.34

\$

-15%

Return on Avg Common Stockholders' Equity

6.73%

4.56%

-32%

10.00%

Efficiency Ratio (1)

48.05%

51.20%

-7%

40.00%

Total Assets (000s)

609,508

\$

737,835

\$

21%

\$ 1 Billion

Loans Held For Investment (000s)

486,872

\$

533,641

\$

10%

Total Deposits (000s)

361,051

\$

424,204

\$

17%

Book Value Per Common Share

7.47

\$

7.77

\$

4%

(1) Non-interest expense divided by the sum of net interest income and non-interest income.

(2) Rates are annualized.
June 30,
23

Growth Strategy

Build Bank Size and Efficiency

Use IPO capital to grow to \$1 billion

Improve efficiency ratio to 40% or lower

Improve ROE to 10% or greater

Expand Products Capabilities

Home Equity Loans

Launched online originations in late July 2006.

Move from seven states to about 50 states by November.

Auto

/

Recreational

Vehicle

Loans

to

be

announced

Build Affiliate Relationships for Deposit, Loans and Fee Income

Mortgage Lending

Opportunistic purchases

Establish relationships with other mortgage lenders for non-portfolio

product

24

Home Equity Loan Snap Shot
25

Offering Top Rates to Most Credit Worthy Customers

Sample of \$1.8 million in originations, weighted average:

Balance = \$95,000

1
st
Mortgage =\$313,000

Combined Loan to Value= 60%

FICO= 757
High of 802 and low of 672

Debt to Income= 41%

Average Rate = 7.28%

Compares Favorably to 5.18% Loan Portfolio Yield
for Fiscal 2006

Website Re-fresh
26

Reorganizing for Better Navigation
November 2006

Experienced Management Team

Gary Lewis Evans

President and CEO

30 + years management experience in commercial and savings banking

Andrew Micheletti

Vice President and CFO

25 + years experience in financial management, accounting and

auditing

Michael J. Berengolts

VP and Chief Technology Officer

10 + years experience in technology and information systems management

27

Investment Highlights

28

The Internet creates an opportunity for a more efficient banking model

BofI has a unique, low-cost and scalable operating model

Proprietary software and technology

Strong record of growth and profitability
Portfolio of high quality assets nationwide
Attractive valuation
book value

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

B of I HOLDING, INC.

Date: September 27, 2006

By: /s/ Gary Lewis Evans
Gary Lewis Evans

President and Chief Executive Officer