EverBank's Company-Run Capital Stress Test Results

Results of EverBank's Capital Stress Test for the Period January 1, 2016 through March 31, 2018 under the Hypothetical Severely Adverse Economic Scenario

July 31, 2016

EXECUTIVE SUMMARY

About EverBank

EverBank ("the Bank", "we", "our", or "management") is a federally chartered thrift institution headquartered in Jacksonville, Florida and represents the banking subsidiary of EverBank Financial Corp ("the Company"), a unitary savings and loan holding company incorporated in Delaware. EverBank is a diversified financial services company that provides a wide range of financial products and services to individuals as well as small and mid-size business clients nationwide through scalable, low-cost distribution channels that are connected by technology-driven, centralized platforms which provide operating leverage throughout our business. We market and distribute our banking products and services primarily through our integrated online and mobile financial portal, high-volume financial centers in targeted Florida markets and other national business relationships. The Bank has a suite of asset origination and fee income businesses that individually generate attractive financial returns and collectively leverage our core deposit franchise and client base. We originate, invest in, sell and service residential mortgage loans, equipment loans and leases, and various other consumer and commercial loans, as market conditions warrant. Our deposit franchise fosters strong relationships with a large number of financially sophisticated clients and provides us with a stable and flexible source of low all-in cost funding.

General Background of Stress Testing Requirements

As a federally chartered thrift institution with total consolidated assets of more than $10 billion, EverBank is required to conduct an annual stress test, pursuant to Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act” or "DFAST"), using scenarios (baseline, adverse and severely adverse) provided by its primary regulator the Office of the Comptroller of the Currency ("OCC"). The OCC published, in the Federal Register on October 9, 2012, a final rule (“Stress Test Rule”) implementing the requirements and setting out definitions and rules for scope of application, scenarios, reporting, and disclosure.

In accordance with the aforementioned regulation, EverBank filed, on July 27, 2016, its annual company-run stress test results. This narrative included financial projections for EverBank over the nine quarter test horizon within each of the three economic scenarios provided by the OCC, a description of the types of risks included as part of the stress test and a discussion on the key methodologies and assumptions used within the stress tests. Under the same regulation, EverBank is also required to make public certain results of these stress tests and provide detail on the types of risks included in the stress tests as well as documentation of key methodologies and assumptions. Results within this disclosure provide the financial projections of the Bank (revenues, losses, capital ratios, etc.) for the severely adverse economic scenario. Unless specifically noted, the income statement results herein are aggregated over the nine quarter test horizon beginning January 1, 2016 and ending March 31, 2018; while the balance sheet results are as of March 31, 2018.

Considerations

When reading through the Bank's stress testing results, certain considerations should be taken into account when comparing these stress test results to the Bank's own internally developed forecasts and other peer stress testing results.

- The Dodd-Frank Act states that covered institutions should use capital actions consistent with the specific economic scenarios presented and their current internal business practices. As such, for stress testing purposes, the Bank used its January 2016, Board of Directors approved dividend plan as its base in the baseline and adverse scenarios and adjusted its dividend projections in the severely adverse scenario. Specific dividend payments are discussed in more detail later in this document. In the event a severely adverse economic environment comes to fruition, our capital actions could be different than those assumed for this analysis.
- Results may not be comparable between institutions as differences in the frameworks, processes and methodologies utilized by each institution, as well as differences in product and service offerings and general business strategies, may differ widely.
- The supervisory scenario presented herein does not represent anticipated forecasts of future economic performance and the resulting pro forma results do not represent expected revenues, losses, or capital ratios of the Bank. Rather, as described by the OCC, the stress tests represent "hypothetical scenarios designed to assess the strength and resilience of financial institutions" under various economic environments. The Bank's internally developed capital planning and forecasting process yields significantly different results than those estimated within the severely adverse scenario.
- As required by the Dodd-Frank Act, the stress tests were conducted using financial statement data as of December 31, 2015. Any events or transactions occurring after December 31, 2015 were not included within the stress testing results herein.
- The loan portfolio disclosure herein follows the Bank's internally developed definitions. These definitions may vary from the regulatory defined classifications presented within the Bank's Consolidated Reports of Condition and Income (the “Call Report”) and DFAST submission.

Description of the Severely Adverse Economic Scenario

The severely adverse scenario published by the OCC is characterized by a severe global recession, accompanied by a period of heightened corporate financial stress and negative yields for short-term U.S. Treasury securities. Corporate financial conditions are stressed severely, reflecting mounting credit losses, heightened investor risk aversion, and strained market liquidity conditions. Both residential and commercial real estate values declined throughout the course of the nine quarter test horizon. Mortgage rates over the test horizon drop to 3.2% in the first quarter of 2016 followed by a gradual climb to 4.1% in the first quarter of 2018. As a result of the severe decline in real activity and subdued inflation, short-term treasury rates fall to negative 0.5% by mid-2016 and remain at that level through the end of the scenario while the yield on the 10-Year Treasury falls to about 0.2% in first quarter of 2016, rising gradually thereafter to reach about 0.7% by the end of the recession in early 2017 and about 1.2% by the first quarter of 2018. For the purposes of this scenario, it is assumed that the adjustment to negative short-term interest rates proceeds with no additional financial market disruptions.

The adverse effects felt through asset price degradation are exacerbated by a rapid jump in the unemployment rate. In the severely adverse scenario, unemployment rates increase by 5 percentage points, to 10%, by the middle of 2017 and headline consumer price inflation rises from about 0.2% at an annual rate in the first quarter of 2016 to about 1.4% at an annual rate by the end of the recession. U.S. real gross domestic product ("GDP") begins to decline in the first quarter of 2016 and reaches a trough in the first quarter of 2017 that is 6.25% below the pre-recession peak.

STRESS TESTING METHODOLOGY

EverBank understands that stress testing is an important risk management practice that supports a forward-looking assessment of the Bank's risks and helps to ensure that the Bank has sufficient capital to support its operations through periods of stress, but stress testing alone does not capture the full range of risks, exposures, activities and vulnerabilities to its capital adequacy. As such, a strong framework of internal governance surrounds the Bank's overall capital assessment and adequacy process, including the stress testing framework, and encompasses the Board of Directors, Executive Management, front line Business Unit leadership, and its infrastructure of risk committees. Internal policies and procedures guide the range of capital planning and risk management activities at the Bank.

The Bank's stress test results are estimates of the Bank's performance in the economic environments provided by the OCC. In executing its stress testing process, EverBank utilized a subset of the 16 domestic variables published by the OCC and expanded the scenario economic factors, where necessary, to include more pertinent variables to EverBank's operations. These variables were then converted into estimates utilizing independently validated and back-tested financial models in order to project the interest-earning assets and interest-bearing liability balances for each quarter of the nine quarter test horizon within each of the three scenarios provided by the OCC as well as estimated pre-provision net revenue ("PPNR") (net interest income plus noninterest income less noninterest expense) and credit losses across the nine quarter test horizon. In limited cases where model results were inconsistent with management's expectations for a given scenario, further evaluations were performed to ensure the reasonableness of the stress test results. When such further evaluations indicated the need for adjustment of the estimates derived, the Bank implemented management overlays or adjustments to adapt assumptions or model results to fit more in line with internal benchmarks or management expectations. For the minority of the Bank's assets and liabilities that could not be modeled, management used outputs from the Bank's internal planning and forecast process making qualitative assessments to those outputs as necessary to correlate to the specific economic scenarios. Utilizing the collective results of these dynamic models, estimates could then be made regarding our capital levels and performance over the nine quarter test horizon. Throughout the process, any expansion of key variables or overlay performed on modeled results was subject to review through EverBank's internal governance structure. The output of this methodology provides the basis for the "Results" section of this disclosure.

As part of its DFAST submission, the Bank projects dividend payments from the Bank to the Company ("Subsidiary Dividends") in order for the Company to make its necessary dividend payments to holders of the Company's preferred stock and common stock, subordinated debt payments, trust preferred securities payments and holding company expenses. Dividends declared by the Bank and the Company are declared by the Bank's Board of Directors and shall always take into consideration EverBank's goal of maintaining a strong capital and liquidity position throughout the economic cycle. These Subsidiary Dividends are principally paid through the operating earnings of the Bank, which is the Company's principal operating subsidiary. In determining its projected Subsidiary Dividends, the Bank notes regulatory guidance does not prescribe capital actions in the stress test rules for banks and thrifts. As such, for stress testing purposes, the Bank holds constant the projected Subsidiary Dividends from its financial plan and forecast that received approval from the Company's Board of Directors in January 2016. The Bank's interpretation of regulatory guidance allows for changes in the Bank's capital actions in the different stress testing scenarios, so after determining the capital and expense needs of the holding company, which included the payment of subordinated debt and trust preferred interest payments, preferred dividends and ultimately common dividends, the Bank kept the dividend payments at levels set forth in our Plan in the baseline and adverse scenarios. However, in the severely adverse scenario, we maintained our dividend levels at our fourth quarter of 2015 levels throughout the forecast horizon.

See the "Results" section for more information regarding the Bank's key capital ratios and dividend performance.

GENERAL RISK OVERVIEW

When analyzing the types of risks and exposures captured in the stress test scenarios, EverBank classified these risks and exposures in accordance with its internal policies and procedures as detailed below, which uses the OCC's eight categories of risk for bank supervision purposes. Our primary risks are:

- Strategic Risk: Strategic risk is the risk to current or anticipated earnings, capital, or franchise/enterprise value arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.
- Reputational Risk: Reputation risk is an event that could negatively affect EverBank's reputation by undermining client loyalty, employee engagement, public perception, business partner relationships and regulator confidence.
- Credit Risk: Credit risk is the risk to current or anticipated earnings or capital arising from an obligor's failure to meet the terms of any contract with EverBank or otherwise perform as agreed.
- Interest Rate Risk: Interest rate risk is the risk to current or anticipated earnings or capital arising from movements in interest rates. IRR results from the following:
    - Repricing risk: differences between the timing of rate changes and the timing of cash flows;
    - Basis risk: changing rate relationships among different yield curves affecting bank activities;
    - Yield curve risk: changing rate relationships across the spectrum of maturities; and
    - Options risk: interest-related options embedded in bank products.
- Liquidity Risk: Liquidity risk is the risk to EverBank's financial condition or safety and soundness arising from an inability (real or perceived) to meet its expected and unexpected cash flow and collateral needs without adversely affecting either daily operations or the financial condition of EverBank. Liquidity Risk arises from various sources, including but not limited to cash flow and maturity mismatches, market constraints on funding or ability to sell assets (whether planned, strategic, or contingent), and from a range of external contingent events that disrupt normal liquidity management. Effective liquidity management entails the following three elements:
    - Assessing, on an ongoing basis, the current and expected future needs for funds, and ensuring that sufficient funds or access to funds exists to meet those needs at the appropriate time.
    - Providing for an adequate cushion of liquidity with a stock of liquid assets to meet unanticipated cash flow needs that may arise from a continuum of potential adverse circumstances that can range from high-probability/low-severity events that occur in daily operations to low-probability/high-severity events that can occur less frequently but could significantly affect EverBank's safety and soundness.
    - Striking an appropriate balance between the benefits of providing for adequate liquidity to mitigate potential adverse events and the cost of that liquidity.

- Price Risk: Price risk is the risk to current or anticipated earnings or capital arising from changes in the value of either trading portfolios or other obligations that are entered into as part of distributing risk. These portfolios typically are subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk occurs most significantly from market-making, dealing, and position-taking in interest rate, foreign exchange, equity, commodities, and credit markets.
- Operational Risk: Operational risk is the risk arising from inadequate or failed internal processes and systems, employee misconduct and errors, and adverse external events. Operational Risk includes losses from fraud, employees, products, business disruption, system failures, and execution, delivery and process management.
- Compliance Risk: Compliance risk is the risk of violating, or of technically failing to conform to laws, rules, regulations, prescribed practices, or internal policies and procedures.

These risks are assessed and controlled by management through various decisions and actions in accordance with the Bank's risk appetite. The Bank's risk appetite provides management with guidance for both managing and maintaining the Bank’s risk exposure in various economic situations. The risk appetite is integral to the Bank’s risk philosophy and influences the Bank’s risk management culture. Management places the utmost importance on integrity and ethical values, which is demonstrated when balancing risks and financial rewards as part of the strategic planning process.

RESULTS FOR THE SEVERELY ADVERSE SCENARIO

EverBank’s stress test results section provides information on how the Bank would perform in the most severely adverse of economic environments. Management believes this forward-looking assessment is consistent with the Bank’s performance during the recent financial crisis and is reflective of the Bank’s sound business model, loan and lease underwriting guidelines, and risk management structure.

Projected Income Statement Results

As shown in the table below, for the nine quarter test horizon the Bank estimated cumulative pro forma income before taxes in the severely adverse scenario of $74 million.

Projected Key Metrics	
(in millions)	
Net interest income	$ 1,506
Noninterest income (1)	389
Noninterest expense	(1,331)
Pre-provision net revenue	564
Provision for loan and lease losses	(490)
Income before income taxes	$ 74

(1) Non-interest income includes $64.5 million of impairment on the Bank's mortgage servicing rights ("MSR") portfolio.

Pre-Provision Net Revenue

The Bank's estimated PPNR is a combination of net interest income, noninterest income, and noninterest expense. Net interest income remains relatively flat over the nine quarter test horizon due to the narrowing of net interest spreads. In addition to this challenging rate environment, loan demand was weakened in this scenario by a struggling economy over the first half of the test horizon, which resulted in lower loan originations for commercial and commercial real estate and equipment financing receivables as demand in these areas slowed and the Bank turned to lower yielding, more risk-averse assets such as loans guaranteed by government agencies, which further depress net interest income. Finally, as a result of high unemployment and increased market volatility, the Bank's outstanding loan portfolio experienced weakened credit quality characterized by increased charge-offs and nonaccrual loans resulting in a reduction of interest income, which further degraded the Bank's modeled net interest income.

Noninterest income falls early in 2016 due to a decline in the gain on sale of loans and mortgage servicing rights as well as an increase in impairment related to the Bank's mortgage servicing rights. This reduction can be attributed to lower mortgage origination and refinance volumes, which are the product of the scenario specific rate environment and overall weak economic activity prevalent in the severely adverse scenario. In addition, the Bank estimated that the underlying economics of the scenario would lead to higher defaults and delinquencies on the residential loans encompassed in the Bank’s servicing portfolio, which would result in greater servicing costs and a higher likelihood of impairment further contributing to the noted volatility. Noninterest expense, however, gradually declines from 2016 through the end of the test horizon, as a result of lower variable expenses associated with its mortgage production business due to lower origination and refinance volumes.

Provision for Loan and Lease Losses

The Bank estimated cumulative provision for loan and lease losses for the nine quarter test horizon under the severely adverse scenario of $490.3 million.

As shown in the table below, during the test horizon loan losses (net charge-offs) consume a modest portion of the Bank's capital. These losses are due to a substantial weakening in the overall economy and a prolonged recession resulting in dramatic declines in residential asset prices, commercial real estate prices and increases in the unemployment rate. Decreases in asset prices have an inverse relationship to charge-offs as the loan's underlying collateral has reduced in value since loan origination, which increases loss severity upon borrower default. These negative factors contribute to the need for a larger allowance for loan and lease losses balance ("ALLL") resulting in additional provision for loan and lease losses to be taken, which has a negative impact on the Bank's capital.

Projected Charge Offs ("C/O") and Ending ALLL by Type of Loan

(in millions)	9 Qtr C/O Sum	Ending ALLL March 31, 2018
Residential mortgages	$ 109	$ 110
Commercial and commercial real estate	117	96
Equipment financing receivables	76	25
Other consumer	21	15
Total	$ 323	$ 246

Capital Ratio Results

The Bank's capital estimates were derived from quarterly pro forma financial statements generated through the stress test projection process. The change in equity capital each quarter reflected the after tax net income (loss) estimate for that quarter adjusted for the capital actions assumed to be taken during that quarter. The resulting equity capital balance for each quarter was adjusted for certain regulatory deductions defined by U.S. regulatory capital rules, such as goodwill and other comprehensive income ("OCI"), to arrive at estimated regulatory capital. The pro forma balance sheet was risk weighted from one quarter to the next to account for changes in the overall balance sheet size and mix and for changes in off-balance sheet exposures. The resulting regulatory capital and risk-weighted asset estimates were used to generate pro forma quarterly capital ratios.

The Regulatory Capital Ratio table below provides information regarding the beginning, ending, and minimum capital ratios observed by EverBank throughout the test horizon under Basel III requirements and compares these ratios to the level defined as "well capitalized" under the Prompt Corrective Action regulations.

Regulatory Capital Ratios

	Actual	Stressed Capital Ratios		Well Capitalized
	4Q15	1Q18	Minimum	1Q18
Common Equity Tier 1 Risk-Based Capital Ratio (1)	12.0%	11.3%	10.5%	6.5%
Tier 1 Risk-Based Capital Ratio	12.0%	11.3%	10.5%	8.0%
Tier 1 Leverage Ratio	8.1%	7.7%	7.1%	5.0%
Total Risk-Based Capital Ratio	12.4%	12.6%	11.7%	10.0%

The Bank's regulatory capital ratios excluding the total risk-based capital ratio, in the severely adverse scenario, remain below levels exhibited at December 31, 2015 throughout the test horizon which can be primarily attributed to the degradation in the Bank's Tier 1 Capital and Total Risk-Based Capital. This degradation of capital is driven by the after tax net losses incurred throughout the test horizon as previously discussed in the "Projected Income Statement Results" section. The total risk-based capital ratio is the only ratio that increased compared to December 31, 2015 as risk-weighted assets experienced a more pronounced decline than total capital as the contraction of the balance sheet is exacerbated by a shift in both asset mix and credit quality, which impacts the distribution of assets among the various risk weightings.

Despite the declining trend in each of these capital ratios, EverBank never breaches any of its regulatory required minimum capital ratios or its more stringent internal guidelines maintaining the "well capitalized" designation throughout the nine quarter test horizon. As a result of this capital performance, the Bank is able to maintain its projected dividend payments in the modeled scenario without adjustment.

Changes in our capital levels in the severely adverse scenario are primarily driven by PPNR and net charge-offs. The table below provides information on the Bank's sources and uses of capital over the nine quarter testing horizon.

Sources and Uses of Capital

(in millions)		
Tier 1 Capital (December 31, 2015)	$ 2,048	12.0%
PPNR	564	3.3%
Net C/O's	(323)	(1.9)%
Change in ALLL	(167)	(1.0)%
Dividends Paid	(114)	(0.7)%
Net Operating Loss ("NOL")/MSR Disallowance	19	0.1%
Income Taxes/Other	(28)	(0.2)%
Change in Risk Weighted Assets	—	(0.3)%
Tier 1 Capital (March 31, 2018)	$ 1,999	11.3%

CONCLUSION

EverBank understands that stress testing is an important risk management practice that supports a forward-looking assessment of the Bank's risks and helps to ensure that the Bank has sufficient capital to support its operations through periods of stress. In preparing its stress test, the Bank projected revenue, expenses, provision for loan and lease losses, and capital ratios under the severely adverse scenario using models and methodologies prescribed by the rules or instructions published by the OCC. In each of the scenarios and periods modeled, the Bank was able to maintain capital performance above both regulatory minimum standards as well as more rigorous internal standards. As a result, management believes that the result of these activities is a reasonable representation of how management would operate under the prescribed scenario and exhibits the strength of the Bank's existing capital structure and how this capital structure could support business operations in a range of economic environments.

FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including projections of financial condition, results of operations, plans, objectives, future performance or business under a hypothetical supervisory severely adverse scenario that incorporates a set of assumed economic and financial conditions provided by the OCC. These statements may address issues that involve significant risks, uncertainties, estimates, expectations, and assumptions made by management. The projections are not intended to be a forecast of expected future economic or financial conditions or a forecast of EverBank's expected future financial results or condition and actual results may differ materially from current projections and will be influenced by actual economic and financial conditions and various other factors as described in EverBank's periodic and current reports filed with the Securities and Exchange Commission which are available at www.sec.gov. EverBank undertakes no obligation to revise these statements following the date of this release. The statements contained in this disclosure are based on facts and circumstances as understood by management on the date of this disclosure, which may change in the future. Except as required by law, EverBank disclaims any obligation to update any statements or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events, developments, determinations or understandings.