

EverBank Financial Corp  
Form 10-K/A  
April 14, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K/A  
(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

EverBank Financial Corp

(Exact name of registrant as specified in its charter)

Delaware

001-35533

52-2024090

(State of incorporation)

(Commission File Number) (I.R.S. Employer Identification No.)

501 Riverside Ave., Jacksonville, FL

32202

(Address of principal executive offices)

(Zip Code)

904-281-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on  
Which Registered

Common Stock, \$.01 Par Value

New York Stock Exchange

Depository Shares, each representing a 1/1,000th of a share of 6.75%

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock, Series A

Securities registered pursuant to Section 12(g) of the Act:

none

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the registrant's outstanding voting common stock held by non-affiliates on June 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter), determined using the per share closing price on that date on the New York Stock Exchange of \$14.86, was approximately \$1,429,369,372.

There was no non-voting common equity of the registrant outstanding on that date.

As of March 28, 2017, there were 127,814,763 shares of common stock outstanding.

Documents Incorporated by Reference

None.

## EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A is being filed by EverBank Financial Corp in order to disclose information required by Items 10, 11, 12, 13 and 14 of Part III, which was previously omitted in reliance on Instruction G to Form 10-K from its Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission (the “SEC”) on February 17, 2017. The Company is not filing its definitive proxy statement for its 2017 annual shareholder meeting within 120 days of the end of its most recent fiscal year as required under Instruction G to Form 10-K in order to incorporate information contained in the definitive proxy statement into the Form 10-K. This Form 10-K/A discloses such information herein. In connection with the filing of this Form 10-K/A and pursuant to the rules of the SEC, we are including with this Form 10-K/A certain new certifications by our principal executive officer and principal financial officer; accordingly, Item 15 of Part IV has also been amended to reflect the filing of these new certifications.

This Form 10-K/A is limited in scope to the items identified above and should be read in conjunction with the Form 10-K and our other filings with the SEC.

The Form 10-K/A does not reflect events occurring after the filing of the Form 10-K or modify or update those disclosures affected by subsequent events. Consequently, all other information is unchanged and reflects the disclosures made at the time of the filing of the Form 10-K.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Robert M. Clements

Director since 1997 (including predecessor companies)

Age: 54

Mr. Clements has served as Chairman of the Board and Chief Executive Officer of EverBank Financial Corp and its predecessor companies since 1997. Mr. Clements joined the EverBank Financial Corp family of companies in 1994. Mr. Clements was previously a Vice President at Merrill Lynch & Co., where he was a member of the firm's leveraged buyout group, Merrill Lynch Capital Partners, Inc. He is a former member of the Federal Reserve Board's Thrift Institutions Advisory Council, and a former director of Fidelity National Financial, Inc., Fidelity National Information Services, Inc., Fortegra Capital and Columbia National Mortgage Corporation. Mr. Clements received a B.A. in Economics from Dartmouth College and an M.B.A. from Harvard Business School.

W. Blake Wilson

Director since 2005

Age: 50

Mr. Wilson has been a director and the President of EverBank Financial Corp since 2005 and has been Chief Operating Officer of EverBank Financial Corp since 2011. From January 2002 to 2011, Mr. Wilson served as our Chief Financial Officer. Mr. Wilson has been involved in the financial services industry since 1989. Prior to joining the Company, Mr. Wilson was the Chief Financial Officer of HomeSide Lending, Inc. and served in various positions there since 1996. He was Vice President of Corporate Finance at Prudential Home Mortgage and also worked for KPMG Peat Marwick's National Mortgage and Structured Finance Group in Washington, D.C. prior to joining HomeSide Lending. Mr. Wilson has also served on various industry advisory boards. Mr. Wilson received a B.A. in Accounting, cum laude, from the University of Utah.

Joseph D. Hinkel

Director since 2011

Age: 68

Mr. Hinkel is a retired CPA with 36 years of experience at major public accounting firms. From June 2002 to October 2006, he was a Managing Director of KPMG, LLP. Prior to working at KPMG, he was employed by Arthur Andersen LLP from 1971 to 2002, and served as a partner from 1983 to 2002. Subsequent to leaving public accounting, Mr. Hinkel consulted with a number of organizations through 2014. Mr. Hinkel served as a director of Dayton Superior Corporation from 2007 to 2009. He received a B.S. in Business Administration from the University of Dayton in 1971 and practiced as a certified public accountant from 1973 until 2009.

Merrick R. Kleeman

Director since 2009

Age: 53

Mr. Kleeman is a founding partner of Wheelock Street Capital, L.L.C., a real estate private equity firm formed in 2008 to pursue a value oriented investment strategy. Prior to forming Wheelock Street Capital, Mr. Kleeman spent over 15 years working at Starwood Capital Group, where he served as Senior Managing Director and Head of Acquisitions. Mr. Kleeman led the acquisition of Westin Hotels & Resorts, National and American Golf, Le Meridien Hotels & Resorts in collaboration with Starwood Hotels, and the formation of Troon Golf and Starwood Land Ventures. Mr. Kleeman serves on the board of trustees of The Waterside School in Stamford, Connecticut, on the board of the Norwalk Open Door Shelter and on Dartmouth College's Presidential Leadership Council. Mr. Kleeman received a B.A. from Dartmouth College and an M.B.A. from Harvard Business School, where he was a Baker Scholar.

W. Radford Lovett, II

Director since 2004 (including predecessor companies)

Age: 57

Mr. Lovett is Managing Director and co-founding partner of Lovett Miller & Co., a Florida-based venture capital and private equity firm that invests in privately held companies primarily in the southeastern United States. Mr. Lovett has also served as founder, Chairman and Chief Executive Officer of two successful growth companies, TowerCom

Development, LP, a developer of wireless communication infrastructure, and TowerCom Limited, a developer of broadcast communication towers. Mr. Lovett has served as a director of over 20 private companies, and currently serves on the board of directors of five private companies. Prior to co-founding Lovett Miller & Co., Mr. Lovett served as the President of Southcoast Capital Corporation, a Jacksonville-based holding company that invests in private companies, public companies and real estate. In addition, Mr. Lovett is currently a member of the Board of Trustees for the University of North Florida and formerly served as President of the Foundation Board and Co-Chairman of the University of North Florida's Capital Campaign. He is also a former Chairman of the Youth Crisis Center and the Jacksonville Jaguars Honor Rows Program. Mr. Lovett received a B.A. from Harvard College.

Arrington H. Mixon

Director since 2013

Age: 56

Since 2011, Ms. Mixon has served as a Senior Program Officer and Advisory Board Member for The Leon Levine Foundation and Portfolio Manager for L&L Management, Inc., a North Carolina corporation. Prior to working with The Leon Levine Foundation and L&L Management, Ms. Mixon was an executive with Bank of America Corporation from 1982 through 2009. While with Bank of America, Ms. Mixon served in various positions including as an executive in Enterprise Credit Risk, an executive in Global Portfolio Strategies, the Managing Director of European Global

Markets, the Managing Director of Loan Syndications, and as a vice-president in a loan production office. Ms. Mixon received a B.A. in Economics, magna cum laude, from the University of Virginia and a Masters in Finance from the Kellogg Graduate School of Management, Northwestern University.

Robert J. Mylod, Jr.

Director since 2001 (including predecessor companies)

Age: 50

Mr. Mylod is the Managing Partner of Annox Capital Management, a private investment firm that he founded in 2013. From 1999 to 2011, Mr. Mylod held several roles at priceline.com, including Vice Chairman, Head of Worldwide Strategy and Planning, and Chief Financial Officer. Prior to joining priceline.com, Mr. Mylod was a Principal at Stonington Partners, a private equity investment firm. Prior to Stonington Partners, Mr. Mylod was an associate with Merrill Lynch Capital Partners, the merchant banking division of Merrill Lynch & Co. Mr. Mylod is a member of the board of directors of several privately held companies in which Annox Capital Management or its affiliates are a principal investor. Mr. Mylod received an A.B. in English from the University of Michigan and an M.B.A. from the University of Chicago Graduate School of Business.

Russell B. Newton, III

Director since 2009

Age: 63

Mr. Newton is the Chairman and Chief Executive Officer of Timucuan Asset Management, Inc., or Timucuan, a privately owned investment management firm. Mr. Newton has been responsible for directing the investment activities of the Newton family since 1981. In 1988, Mr. Newton formed Timucuan to provide asset management services to those outside the Newton family. Mr. Newton also controls the general partner of The Timucuan Fund, L.P., which he formed in 1990, and Timucuan Opportunity Fund, L.P., which he launched in October 2001. Prior to 1981, Mr. Newton was employed as a public accountant by Peat Marwick Mitchell & Company. Mr. Newton received a B.A. from Bowdoin College and attended the Graduate School of Business Administration, New York University.

William Sanford

Director since 2006

Age: 57

Mr. Sanford is a director and the Vice President Corporate Development of Lipari Foods, Inc. Mr. Sanford was the Interim Chief Executive Officer of Fairway Group Holdings Corp from 2014 to 2015, and joined Fairway in 2008, serving as the President, Chief Financial Officer and Chief Administrative Officer. From 1998 through 2008, he was with Interline Brands, Inc., a Jacksonville, Florida-based distributor and direct marketer of building maintenance products where he served as President, Chief Operating Officer and Secretary and previously as Chief Financial Officer. Mr. Sanford has worked in the wholesale distribution industry since 1984 and has held senior executive positions with Airgas, Inc. and MSC Industrial Direct. Mr. Sanford received a B.S. from Vanderbilt University.

Richard P. Schifter

Director since 2010

Age: 64

Mr. Schifter is a senior advisor to TPG Capital, a global private investment firm. Mr. Schifter was a partner at TPG from 1994 to 2013. Prior to joining TPG Capital, Mr. Schifter was a partner at the law firm of Arnold & Porter LLP in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. Mr. Schifter joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter currently serves on the Boards of Directors of LPL Financial Holdings, Inc., Direct General Corporation and American Airlines Group and on the Board of Overseers of the University of Pennsylvania Law School. Mr. Schifter is also a member of the board of directors of the Youth, I.N.C. (Improving Non-profits for Children). Mr. Schifter received a B.A. with distinction from George Washington University and a J.D., cum laude, from the University of Pennsylvania Law School.

Scott M. Stuart

Director since 2008

Age: 57

Mr. Stuart is co-founder of Sageview Capital L.P., a private equity investment firm. Prior to co-founding Sageview Capital L.P. in 2006, Mr. Stuart worked for the global private equity firm Kohlberg Kravis Roberts & Co., L.P., or KKR, from 1986 to 2005. Mr. Stuart became a partner of KKR in 1994 and served on KKR's investment committee from 2000 until 2005. From 2000 until his departure in 2005, Mr. Stuart was responsible for KKR's industry groups in the utilities and consumer products sectors. Prior to joining KKR in 1986, Mr. Stuart worked from 1981 to 1984 in the Mergers and Acquisitions Department at Lehman Brothers Kuhn Loeb, Inc. Mr. Stuart served as a director of the Sealy Corporation from April 2004 through April 2009. Mr. Stuart is Sageview's designated member of our Board, pursuant to the terms of the Transfer and Governance Agreement described in "Board Composition-Board Rights of Arena, Lovett Miller and Sageview" below. Mr. Stuart received a B.A. from Dartmouth College and an M.B.A. from Stanford University.

Steven J. Fischer

Age: 46

Mr. Fischer has served as Senior Executive Vice President and Chief Financial Officer of EverBank Financial Corp since 2015, and was the Executive Vice President and Chief Financial Officer from 2011 to 2015. Prior to joining the Company, Mr. Fischer was a partner in the Florida/Puerto Rico practice of Deloitte & Touche LLP since 2004, having joined Deloitte in 1992. He has over 18 years of public accounting experience and has provided advisory, attest and consulting services to clients primarily in the financial services industry. Mr. Fischer received a B.S. in Accounting and Finance from Florida State University and is a certified public accountant in Florida and Georgia.

Francis X. Ervin, Jr.

Age: 55

Mr. Ervin has served as Executive Vice President and Chief Risk Officer of EverBank Financial Corp since September 2014. From September 2013 through August 2014, Mr. Ervin served as our Senior Vice President and Chief Auditor. Prior to joining the Company, from 2006 through 2013, Mr. Ervin held a variety of senior positions with Bank of America Corporation, including Senior Risk Executive and Senior Audit Director. From 2004 through 2006 he was the Managing Director and Chief Financial Officer of various divisions and subsidiaries of Wachovia Securities, Inc. From 1992 through 2004, Mr. Ervin held a variety of senior financial officer positions with Merrill Lynch & Co., including Chief Financial Officer of the Merrill Lynch U.S. Banks and Merrill Lynch Credit Corporation. From 1985 through 1992 he worked as a Senior Audit Manager, specializing in financial services for PricewaterhouseCoopers. Mr. Ervin received a B.S. in Accountancy from Villanova University and is a certified public accountant.

James R. Hubbard

Age: 58

Mr. Hubbard has served as Executive Vice President, General Counsel and Secretary of EverBank Financial Corp since August 2015. Prior to joining EverBank, Mr. Hubbard was SVP and Chief Legal Officer of Fifth Third Bancorp and served in various positions there since 1992. Prior to joining Fifth Third Bancorp, Mr. Hubbard was with the law firms of Kaye Scholer LLP and Frost Brown Todd LLC. Mr. Hubbard received a B.A. from Colgate University and received a J.D. from the University of Cincinnati College of Law.

John S. Surface

Age: 45

Mr. Surface has served as Senior Executive Vice President - Corporate Development of EverBank Financial Corp since 2015. From 2004 to 2015 he served as Executive Vice President - Corporate Development. Mr. Surface manages the Company's business development, partnership and mergers and acquisitions activities. He has been with the Company for 18 years and served previously as Vice President of Asset Management for the EverBank Financial Corp family of companies. In addition, he previously worked as an Associate at TSG Equity Partners, a venture capital investment firm. Mr. Surface has served on various nonprofit housing boards, including HabiJax and LISC Jacksonville, and serves on the Williams School Board of Advisors for Washington and Lee University. Mr. Surface received a B.S. in Business Management, magna cum laude and Phi Beta Kappa, from Washington and Lee University and an M.B.A. from Harvard Business School.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's executive officers, directors and persons who own more than 10% of a registered class of the Company's equity securities, if any, to file reports of ownership and changes in ownership of the Company's stock with the SEC. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms filed.

Based solely on a review of the forms filed during or with respect to fiscal year 2016 and written representations from the reporting persons, the Company believes that its executive officers and directors filed all required reports with the SEC on a timely basis.

#### Code of Business Conduct and Ethics

The Board has adopted a code of business conduct and ethics that applies to all of the Company's officers and employees and a code of conduct for the directors. The code of business conduct and ethics for the Company's officers and employees and the code of conduct for directors is available at [www.about.everbank](http://www.about.everbank) under the Corporate Governance section of the Investor Relations tab. Any amendments to the code, or any waivers of its requirements, will be disclosed on the Company's website.

Code of Ethics for Principal Executive and Senior Financial Officers



The Board has adopted a code of ethics that applies to the Company's principal executive and senior financial officers. The code of ethics for the Company's principal executive and senior financial officers is available at <https://about.everbank> under the Governance section of the Investor Relations tab. Any amendments to the code, or any waivers of its requirements, will be disclosed on the Company's website.

#### Corporate Governance Guidelines

The Board has adopted our Corporate Governance Guidelines to assist the Board in the exercise of its fiduciary duties and responsibilities and to promote the effective functioning of the Board and its committees. The Company's Corporate Governance Guidelines are available at <https://about.everbank> under the Governance section of the Investor Relations tab. Any amendments to the guidelines will be disclosed on the Company's website.

#### Stockholder Nominations for Election to the Board

There have been no changes in the procedures by which the Company's security holders may recommend nominees to the Board.

#### Audit Committee

Committee Chair: Joseph D. Hinkel

Additional Committee Members: Arrington H. Mixon, Russell B. Newton, III

Meetings Held in 2016: 6

Primary Responsibilities:

Responsibilities	Description
Controls	Reviewing the adequacy and effectiveness of the Company's accounting and internal controls and procedures, including the responsibilities, budget, compensation and staffing of the Company's internal audit function.
Management Review	Reviewing with management the Company's administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies.
Internal Audit	Direct supervision of the Company's internal audit group.
Compliance	Reviewing and discussing with the Company's independent auditors and management the Company's compliance with the applicable regulatory requirements.
Investigations	Investigating matters brought to its attention within the scope of its duties and engaging independent counsel and other advisors as the Audit Committee deems necessary.
Financial Statements	Reviewing the Company's annual and quarterly financial statements prior to their filing and prior to the release of earnings, and reviewing the independent auditor's audit report for inclusion in the Annual Report on Form 10-K, and recommending to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.
Reports	Preparing the Audit Committee report required by SEC rules to be included in the Annual Report on Form 10-K.
Independent Auditors	Determining the compensation of, and reviewing the performance of, the independent auditors, appointing or terminating the independent auditors and considering and approving, in advance, any services proposed to be performed by the independent auditors.
Independent Auditor Report	Reviewing an annual report from the independent auditors describing: (i) the independent auditors' internal quality-control review; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the past five years, with respect to one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company.
Complaints and Submissions	Establishing procedures for: (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and (iii) the review, and if necessary investigations of material incidents reported through the Company's employee incident response system.
Other	Handling such other matters that are specifically delegated to the Audit Committee by the Board from time to time.

Committee Independence

Rule 10A-3 promulgated by the SEC under the Exchange Act and Section 303A.07 of the NYSE Listed Company Manual require our Audit Committee to be comprised entirely of independent directors. The Board has affirmatively determined that each of the current and incoming members of the Audit Committee will meet the definition of "independent director" under Section 303A.02 of the NYSE Listed Company Manual and for purposes of serving on an Audit Committee under applicable SEC rules.

Financial Expertise

The Board has determined that each member of the Audit Committee has sufficient knowledge in financial and auditing matters to serve on the Audit Committee. In addition, the Board has determined that Mr. Hinkel is qualified to serve as an "audit committee financial expert" under applicable SEC rules.

Committee Charter

The Audit Committee operates pursuant to a written charter, which is available on the Company's website at [www.about.everbank](http://www.about.everbank) under the Governance section of the Investor Relations tab.

Item 11. Executive Compensation

## COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis, or CD&A, we provide an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies with respect to our executives, and the material factors that we considered in making those decisions. Following this CD&A, you will find a series of tables containing specific data about the compensation earned or paid in 2016 to the following individuals, to whom we refer as our “Named Executive Officers”:

Name	Title
Robert M. Clements	Chairman of the Board and Chief Executive Officer
W. Blake Wilson	President and Chief Operating Officer
John S. Surface	Senior Executive Vice President, Corporate Development
Steven J. Fischer	Senior Executive Vice President and Chief Financial Officer
Francis X. Ervin, Jr.	Executive Vice President and Chief Risk Officer

## Executive Summary

### Compensation Philosophy

Our compensation program is designed to attract and retain the top level of our management, whom we refer to as Executive Management, of the caliber and experience necessary to ensure our success, directly link pay to our performance, and create long-term value for our stockholders. This philosophy is reflected in the following guiding design principles:

Category	Description
Align Pay with Performance and Reinforce Business and Growth Strategies	We have structured our compensation program so that a significant percentage of each executive's total compensation is "at risk" based on our corporate performance and, in certain cases, individual performance. Our compensation program is designed to reward desired performance and individual contributions, in each case, that promote our business and growth strategies.
Balance Short-and Long-Term Incentives	In order to both further align the interests of our executives with our stockholders and promote increased stock ownership levels among our executives, we strive to provide a balanced mix of short-term incentive awards, such as annual cash incentive awards, and long-term equity incentive awards, such as stock options, time-based and performance-based restricted stock units.
Provide Competitive Compensation	In order to attract and retain qualified talent, we endeavor to maintain compensation levels that are competitive with our peers. To this end, we reviewed a comparative analysis of our executive compensation practices against the practices of a peer group comprised of companies similar to us in both growth strategy and business demographics.
Balance Risk and Return	Our compensation program integrates certain risk mitigation features designed to balance risk and financial results in a manner that does not encourage executives to expose us to imprudent risks.

## 2016 Highlights

Operating, financial and strategic highlights for 2016 included the following:

### Operating Performance and Financial Highlights<sup>(1)</sup>

Metric	Performance
Total Assets	Asset growth to \$27.8 billion as of December 31, 2016, an increase of 5% year over year.
Loans Held for Investment	Loans held for investment of \$23.6 billion at December 31, 2016, an increase of 6% year over year.
Total Deposits	Deposit growth to \$19.6 billion as of December 31, 2016, an increase of 8% year over year. Deposit increases were driven by continued inflows of new consumer and commercial deposits.
Return on Equity and Adjusted Return on Equity	Achieved a GAAP return on equity, or ROE, of 7.72% and an adjusted ROE, of 10.07% for 2016.
Tangible Common Equity Per Share	Tangible common equity per common share of \$14.31 at December 31, 2016, an increase of 7% year over year.
Credit Quality	Adjusted non-performing assets as a percentage of total assets were 0.70% as of December 31, 2016.
Capital Ratios	Consolidated common equity Tier 1 ratio of 10.5% and a bank Tier 1 leverage ratio of 8.0% as of December 31, 2016.

(1) Certain operating performance metrics are non-GAAP financial measures. For a more detailed discussion of these items, including a discussion of why we believe these items are meaningful and a reconciliation of each of these items to the most directly comparable GAAP, financial measure, see pages 34-36 of our annual report on Form 10-K filed with the SEC.

## Announcement of Transaction with TIAA

On August 7, 2016, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Teachers Insurance and Annuity Association of America, a New York stock life insurance company (“TIAA”), TCT Holdings, Inc., a Delaware corporation and wholly owned subsidiary of TIAA (“TCT Holdings”), and Dolphin Sub Corporation, a Delaware corporation and wholly owned subsidiary of TCT Holdings (“Merger Sub”). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company, with the Company as the surviving entity (the “Merger”). TCT Holdings will (subject to TIAA’s right under the Merger Agreement to elect not to do so), in connection with the Merger, merge with and into such surviving entity (the “Holdco Merger”). Immediately following the Holdco Merger (or, if TIAA elects not to consummate the Holdco Merger, immediately following the Merger), TIAA-CREF Trust Company, FSB, a federal savings association and wholly owned bank subsidiary of TIAA, will merge with and into EverBank, a federal savings association and wholly owned subsidiary of the Company, with EverBank as the surviving bank (the “Bank Merger”). The Merger Agreement was unanimously approved by the Board of Directors of each of the Company, TIAA, TCT Holdings and Merger Sub. Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), (1) holders of the Company’s common stock, par value \$0.01 per share (the “Company Common Stock”), will have the right to receive \$19.50 in cash without interest (the “Merger Consideration”) for each share of Company Common Stock, and (2) holders of the Company’s Series A 6.75% Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (the “Company Preferred Stock”), will have the right to receive the liquidation preference of \$25,000 plus accrued and unpaid dividends on a share of Company Preferred Stock since the last dividend payment date for the Company Preferred Stock to but excluding the date on which the Effective Time occurs less any dividends declared but unpaid, if any, through the Effective Time, in cash without interest.

In addition, subject to the terms and conditions of the Merger Agreement, at the Effective Time: (1) each outstanding option to purchase shares of Company Common Stock granted by the Company will fully vest and be converted automatically into the right to receive an amount in cash without interest equal to the product of (x) the number of shares of Company Common Stock subject to such option, multiplied by (y) the

excess, if any, of the Merger Consideration over the exercise price per share of such option; (2) each outstanding restricted stock unit subject only to service-based vesting conditions granted by the Company will fully vest and be converted automatically into the right to receive an amount in cash without interest equal to the product of (x) the number of shares of Company Common Stock subject to such unit, multiplied by (y) the Merger Consideration; and (3) each outstanding restricted stock unit subject to performance-based vesting conditions granted by the Company will fully vest and be converted automatically into the right to receive an amount in cash without interest equal to the product of (x) the number of shares of Company Common Stock subject to such unit based on target performance, multiplied by (y) the Merger Consideration.

At the Effective Time, Mr. Clements will retire as the Company's Chairman and Chief Executive Officer, but has agreed to serve as a member of the resulting bank's board of directors. At the Effective Time, Mr. Wilson will serve the President and Chief Executive Officer of the resulting bank, and will serve as a director of the resulting bank. Mr. Surface will leave the Company at the Effective Time to pursue new opportunities. Mr. Fischer will serve as Chief Financial Officer of the resulting bank and Mr. Ervin will serve as Chief Risk Officer of the resulting bank.

The Merger Agreement provides that the component of our Named Executive Officers' 2016 annual cash bonuses that is based on our adjusted ROE will be paid at the greater of actual or target performance, with the component of such bonus tied to other financial or non-financial performance metrics determined based on actual performance. In respect of fiscal year 2016, we achieved an adjusted ROE of 10.07%, which exceeded the target performance goal of an adjusted ROE of 10.0%. As a result, the portion of annual cash bonuses for our Named Executive Officers tied to adjusted ROE will be paid out based on our 2016 actual performance. For information concerning how we define adjusted ROE, see the section entitled "Annual Cash Bonuses" below and for information concerning how we calculated adjusted ROE with respect to the 2016 fiscal year, see the table entitled "Calculation of Adjusted ROE for 2016" below. Each of Messrs. Wilson, Surface, Fischer and Ervin entered into letter agreements with TCT Holdings (each, a "letter agreement" and collectively, the "letter agreements") which provide for a cash transaction award payable in equal portions on the 18 and 24 month anniversaries of the Effective Time, provided each Named Executive Officer is employed by the resulting bank or an affiliate thereof on each such measurement date. Pursuant to the terms of the letter agreements, there can be no double payment of amounts under the letter agreements and their respective employment agreements, as these executives may be eligible to receive payment of the cash transaction awards or the severance amounts described below, but not both.

#### Elements of Our Compensation Program

Base salary, annual cash bonuses and long-term incentive stock awards comprise the total direct compensation for our Named Executive Officers. We believe these components allow us to retain our talented executives and align with short-term and long-term stockholder value. The table below provides a summary of the components of total direct compensation for 2016.

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Element	What the Element Rewards	Purpose and Key Features	Performance Based
Base Salary	Scope of leadership responsibilities Expected future performance Corporate Performance	Provide a steady source of income to the executives  Encourage and reward achievement of short-term performance objectives	No
Annual Cash Bonuses	Achievement of absolute ROE targets (in 2016, 10.0% ROE to achieve 100% of target annual cash bonus)  Individual Performance  In the case of Mr. Ervin, also the achievement of individual performance objectives	Bonuses for each Named Executive Officer, other than Mr. Ervin, are based solely on corporate performance (achievement of absolute ROE targets)  Bonus for Mr. Ervin based on a combination of corporate and individual performance goals  Payouts are not guaranteed, and no payouts are made if performance thresholds are not achieved  Align executives' interests with those of our stockholders	Yes, tied to our operating performance
Long-Term Equity Incentive Awards	Appreciation in the value of our common stock	Combination of time-based and performance-based restricted stock units provides for a balanced long-term equity incentive program  Time-based restricted stock units (RSU's) promote executive retention because these awards "cliff" vest 100% on the third anniversary of the award, provided the Named Executive Officer remains employed by us on such date  Performance-based restricted stock units (PU's) promote executive retention and align with stockholder interests because these awards vest pro-rata on each of the first, second and third anniversary of the award, provided certain total shareholder return performance hurdles are achieved  Dividends or dividend equivalents are not paid on time-based or performance-based restricted stock units	Yes, tied to the appreciation of our stock price

Total Target Compensation Percentages

The graphs immediately below show the mix of compensation elements targeted to be paid for 2016 to Mr. Clements and to the other Named Executive Officers averaged together. In calculating these percentages, we included: (i) 2016 base salaries for Mr. Clements and the other Named Executive Officers; (ii) target bonus amounts that would have

been payable in 2017 to Mr. Clements and the other Named Executive Officers for services performed in 2016, assuming a 100% payout of the annual cash bonuses; and (iii) the grant date value of the long-term equity incentive awards granted in 2016 to Mr. Clements and the other Named Executive Officers. We consider the value of the long-term equity incentive awards to be “variable” because the value of time-based restricted stock units aligns with changes in stock price and the performance-based restricted stock units only have value if the Company achieves specified performance goals related to total shareholder return over one-, two and three -year performance periods, with an opportunity for full vesting based on three-year performance.



## 2016 Named Executive Officer Compensation and Corporate Performance

Our compensation practices for Executive Management, including the Named Executive Officers, are designed to align a substantial portion of pay to our annual financial and operational results and to the long-term financial interests of the stockholders. This section illustrates the relationship between pay and how we measure performance.

## Summary of Compensation Disclosed in the Summary Compensation Table

The table below shows the 2016 base salary, annual cash bonus award earned and long-term equity incentive grant value for each of our Named Executive Officers. The table is not a substitute for, and should be read together with the Summary Compensation Table which presents 2016 compensation for our Named Executive Officers in accordance with Securities and Exchange Commission disclosure rules and includes additional compensation elements and other important information.

Name	Base Salary	Annual Cash Bonus	Long-Term Equity Incentive Awards (\$) <sup>(1)</sup>		
			Time-Based Restricted Stock Units	Performance-Based Restricted Stock Units	Total
Robert M. Clements	\$775,000	\$1,216,750	\$650,000	\$199,041	\$2,840,791
W. Blake Wilson	675,000	1,059,750	600,000	183,730	2,518,480
John S. Surface	415,000	347,493	187,500	57,416	1,007,409
Steven J. Fischer	415,000	347,493	187,500	57,416	1,007,409
Francis X. Ervin, Jr.	337,000	240,674	125,000	38,277	740,951

The long-term equity incentive awards granted in March 2016 to our Named Executive Officers consist of time-based restricted stock units and performance-based restricted stock units. Holders of the performance-based restricted stock units may earn between 0% and 200% of their target award based on the achievement of goals related to total shareholder return over three successive rolling performance periods (1 year, 2 years and 3 years), with an opportunity for full vesting based on three-year performance. The dollar values in the above table, as determined in accordance with FASB ASC Topic 718, represent the grant date fair value of the time-based restricted stock units and performance-based restricted stock units, assuming achievement of target performance levels (100%).

## Annual Cash Bonus

In 2016, our Named Executive Officers were eligible for annual cash bonus payments based on achievement of ROE goals on an absolute basis. In the case of Mr. Ervin, his annual cash bonus payment was also based on achievement of individual performance goals. The split between corporate performance goals and individual performance goals for Mr. Ervin is identified below under the section entitled “Annual Cash Bonuses” below.

When calculating ROE for purposes of the annual cash bonus, the Compensation Committee reserves the right to adjust the Company’s reported net income (presented in accordance with accounting principles generally accepted in the United States of America, or GAAP) to ensure that we fairly compensate our Named Executive Officers for our actual performance and not as a result of one-time unusual items and events. These adjustments generally account for significant unusual and/or nonrecurring items and other factors that are determined to be appropriate by the Compensation Committee. For this reason, we refer to ROE as “adjusted ROE.”