Section 1: 8-K (8-K)

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): July 30, 2019

Axos Financial, Inc.
(Exact name of registrant as specified in its charter)

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 (see General Instruction A.2. below):

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Item 2.02  Results of Operations and Financial Condition

On July 30, 2019, Axos Financial, Inc. (the “Registrant”), parent of Axos Bank, issued a press release announcing its unaudited earnings for the fourth quarter and fiscal year ended June 30, 2019. A copy of the press release and unaudited financial schedules are set forth as Exhibit 99.1 and 99.2 respectively, and are incorporated by reference in this Item 2.02.

Pursuant to General Instruction B.2 of Form 8-K, the information in this Item 2.02 of Form 8-K, including Exhibit 99.1 and 99.2 are being furnished pursuant to Item 2.02 and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise be subject to the liabilities of that section, nor are they incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.1</td>
<td>Press Release of Axos Financial, Inc. dated July 30, 2019</td>
</tr>
<tr>
<td>99.2</td>
<td>Financial Schedules</td>
</tr>
</tbody>
</table>
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.

Axos Financial, Inc.

Date: July 30, 2019

By: /s/ Andrew J. Micheletti
Andrew J. Micheletti
EVP and Chief Financial Officer

Section 2: EX-99.1 (EXHIBIT 99.1)

Axos Financial, Inc. Announces Record Net Income of $155.1 million for Fiscal 2019

Earnings Per Share for the Fourth Quarter of Fiscal 2019 up 13.8% Year-over-Year

SAN DIEGO, CA -- (BUSINESS WIRE) -- July 30, 2019 – Axos Financial, Inc. (NYSE: AX) (“Axos”), parent company of Axos Bank (the “Bank”), today announced unaudited financial results for the fourth fiscal quarter ended June 30, 2019. Net income was $40.6 million, an increase of 9.5% over net income of $37.1 million for the quarter ended June 30, 2018. Earnings attributable to Axos’ common stockholders were $40.6 million or $0.66 per diluted share for the fourth quarter of fiscal 2019, an increase of 9.5% from $37.0 million or $0.58 per diluted share for the fourth quarter ended June 30, 2018.

Adjusted earnings and adjusted earnings per diluted common share (“adjusted EPS”), non-GAAP measures, which excludes non-cash amortization expenses and non-recurring costs related to mergers and acquisitions, and other non-recurring costs increased 11.2% to $42.2 million and increased 15.3% to $0.68, respectively, for the quarter ended June 30, 2019 compared to $37.9 million and $0.59, respectively, for the quarter ended June 30, 2018.

Fourth Quarter Fiscal 2019 Financial Summary:

(Dollars in thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30,</th>
<th></th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td>$ 100,437</td>
<td>$ 87,048</td>
<td>15.4%</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>$ 23,224</td>
<td>$ 16,977</td>
<td>36.8%</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 40,634</td>
<td>$ 37,117</td>
<td>9.5%</td>
</tr>
<tr>
<td>Adjusted Earnings (Non-GAAP)</td>
<td>$ 42,158</td>
<td>$ 37,921</td>
<td>11.2%</td>
</tr>
<tr>
<td>Net income attributable to common stockholders</td>
<td>$ 40,557</td>
<td>$ 37,040</td>
<td>9.5%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$ 0.66</td>
<td>$ 0.58</td>
<td>13.8%</td>
</tr>
<tr>
<td>Adjusted EPS (Non-GAAP)</td>
<td>$ 0.68</td>
<td>$ 0.59</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

For the fiscal year ended June 30, 2019, net income was a record $155.1 million, an increase of 1.8% over net income of $152.4 million for the twelve months ended June 30, 2018. Earnings attributable to Axos’ common stockholders were $154.8 million or $2.48 per diluted share for the twelve months ended June 30, 2019, an increase of 1.8% from $152.1 million or $2.37 per diluted share for the twelve months ended June 30, 2018. Record earnings for the fiscal year ended June 30, 2019 were primarily the result of growth in the Bank’s loan and
lease portfolio, growth in fee income and a reduced income tax rate. Operating expenses increased due to higher levels of loan
originations and deposit activities and expenses from our acquired businesses.

“We ended fiscal 2019 with solid momentum, with ending loan and deposit balances increasing by 12.4% and 15.2% annualized on a
linked quarter basis, respectively” stated Greg Garrabrants, President and Chief Executive Officer of Axos. “This growth reflects the
successful diversification of our lending and deposit franchises. Our efficiency and returns remain best-in-class, with a bank-only efficiency
ratio of 40.51% and consolidated return on assets of 1.51% for the year. The investments we are making in our organic and acquired
businesses position us well for profitable growth.”
“Our net interest margin remains strong, increasing this quarter by 10 basis points year-over-year,” said Andy Micheletti, Executive Vice President and Chief Financial Officer of Axos. “The improvement was driven by strong growth in our C&I lending, commercial banking and specialty deposit balances. We continue to deploy our excess capital in organic investments and opportunistic share repurchases, buying back approximately $8.6 million of common stock in the quarter ended June 30, 2019.”

Other Highlights:

- Total assets reached $11.2 billion, up $1.7 billion or 17.6% compared to June 30, 2018
- Loan and lease portfolio grew by $949.8 million or 11.3% compared to June 30, 2018
- Loan and lease originations for investment for the three months ended June 30, 2019 were $1,501.4 million, up 10.3% compared to the quarter ended June 30, 2018
- Deposits grew by $997.8 million or 12.5% compared to June 30, 2018
- Return on average common stockholders’ equity was 15.49% for the three months ended June 30, 2019
- Asset quality remains strong with total non-performing assets of 0.50% of total assets and non-performing loans and leases equal to 0.51% of total loans at June 30, 2019
- Net interest margin was 3.81%, up 10 basis points from 3.71% for the three months ended June 30, 2018
- Book value increased to $17.47 per share, up 14.6% compared to June 30, 2018

Fourth Quarter Fiscal 2019 Income Statement Summary

During the quarter ended June 30, 2019, Axos earned $40.6 million or $0.66 per diluted share compared to $37.1 million, or $0.58 per diluted share for the quarter ended June 30, 2018. Net interest income increased $13.4 million or 15.4% for the quarter ended June 30, 2019 compared to June 30, 2018, primarily due to the $1,179.3 million growth in average-earning assets.

The loan and lease loss provision was $2.8 million for the quarter ended June 30, 2019 compared to $3.9 million for the quarter ended June 30, 2018. The decrease was primarily due to change in the mix of the loan and lease portfolio.

For the fourth quarter ended June 30, 2019, non-interest income was $23.2 million compared to $17.0 million for the three months ended June 30, 2018. The increase year over year was primarily the result of the addition of broker-dealer fee income of $6.7 million, due to our acquisitions, and an increase in prepayment penalty fee income of $1.0 million, an increase in realized gain on sales of securities of $0.8 million, and an increase in mortgage banking income of $0.4 million, partially offset by a decrease in gain on sale – other of $2.3 million, due to decreased sales of structured settlements and lottery receivables, and decreased banking service fees of $0.4 million.

Non-interest expense or operating costs increased $15.9 million to $65.5 million for the quarter ended June 30, 2019 from $49.7 million for the three months ended June 30, 2018. The increase was mainly a result of an increase in compensation expense of $5.2 million related to staffing added since June 30, 2018 related to the addition of Axos Clearing as well as to support growth of the Bank’s operations. Additional contributors to the increase in operating expenses also include an increase in depreciation and amortization of $2.3 million, primarily due to the amortization of intangibles, an increase in data processing and internet expense of $2.1 million, due to software initiatives and enhancements to the Bank’s core processing system, an increase in in professional services of $2.1 million, primarily due to increased legal and consulting fees, an increase of $1.7 million in broker-dealer clearing charges and an increase in other general and administrative expenses of $1.8 million.

Our effective tax rate was 26.55% for the three months ended June 30, 2019 compared to 26.43% for the three months ended June 30, 2018.
Full Year Fiscal 2019 Highlights

- Net income reached a record $155.1 million, an increase of 1.8% compared to the fiscal year ended June 30, 2018
- Loan and lease originations and purchases for investment for the fiscal year ended June 30, 2019 were $6,945.3 million, up 17.3% compared to the year ended June 30, 2018
- Net interest margin for the Banking Business was level at 4.14% for the fiscal years ended June 30, 2019 and 2018, respectively
- Efficiency was 40.51% for the banking business segment compared to 34.55% for the fiscal year ended June 30, 2019
- Return on average assets remained strong at 1.51% for the fiscal year ended June 30, 2019
- Axos was named a top five performing large thrift in the U.S. for the eleventh consecutive year by SNL Financial/S&P Global Market Intelligence

Balance Sheet Summary

Axos’ total assets increased $1,680.7 million, or 17.6%, to $11,220.2 million, as of June 30, 2019, up from $9,539.5 million at June 30, 2018. The loan and lease portfolio increased $949.8 million on a net basis, primarily from portfolio loan and lease originations and purchases of $6,945.3 million less principal repayments and other adjustments of $5,995.5 million. Investment securities increased $47.2 million primarily due to purchases partially offset by sales and repayments. Total liabilities increased by $1,568.2 million, or 18.3%, to $10,147.2 million at June 30, 2019, up from $8,579.0 million at June 30, 2018. The increase in total liabilities resulted primarily from growth in deposits of $997.8 million. Stockholders’ equity increased by $112.5 million, or 11.7%, to $1,073.1 million at June 30, 2019 from $960.5 million at June 30, 2018. The increase was primarily the result of $155.1 million in net income and $13.5 million of vesting and issuance of RSUs and stock-based compensation expense, partially offset by $56.4 million of stock repurchases, $0.6 million unrealized gain in other comprehensive income, net of tax, and $0.3 million of dividends declared on preferred stock.

The Bank’s Tier 1 core capital to adjusted average assets ratio was 9.21% at June 30, 2019.

Conference Call

A conference call and webcast will be held on Tuesday, July 30, 2019 at 5:00 PM Eastern / 2:00 PM Pacific. Analysts and investors may dial in and participate in the question/answer session. To access the call, please dial: 877-407-8293. The conference call will be webcast live and may be accessed at Axos’ website, http://www.axosfinancial.com. For those unable to listen to the live broadcast, a replay will be available until August 30, 2019, at Axos’ website and telephonically by dialing toll-free number 877-660-6853, passcode 13692331.

About Axos Financial, Inc. and subsidiaries

The condensed consolidated financial statements include the accounts of Axos Financial, Inc. (“Axos”) and its wholly owned subsidiaries, Axos Bank (the “Bank”) and Axos Nevada Holding, LLC (“Axos Nevada Holding” and collectively, the “Company”). Axos Nevada Holding wholly owns its subsidiary Axos Securities, LLC, which wholly owns subsidiaries Axos Clearing, LLC, a clearing broker dealer, Axos Invest, Inc. (doing business as “WiseBanyan”), a registered investment advisor, and WiseBanyan Securities LLC, an introducing broker dealer. With approximately $11.2 billion in assets, Axos Bank provides consumer and business banking products through its low-cost distribution channels and affinity partners. Axos Clearing LLC and WiseBanyan, provide comprehensive securities clearing services to introducing broker-dealers and registered investment advisor correspondents and digital investment advisory services to retail investors, respectively. Axos Financial, Inc.’s common stock is listed on the NYSE under the symbol “AX” and is a component of the Russell 2000® Index and the S&P SmallCap 600® Index. For more information on Axos Bank, please visit axosbank.com.

SEGMENT REPORTING

The Company determines reportable segments based on the services offered, the significance of the services offered, the significance of those services to the Company’s financial condition and operating results
and management’s regular review of the operating results of those services. The Company operates through two operating segments: Banking Business and Securities Business.

The Banking Business includes a broad range of banking services including online banking, concierge banking, prepaid card services, and mortgage, vehicle and unsecured lending through online and telephonic distribution channels to serve the needs of consumer and small businesses nationally. In addition, the Banking Business focuses on providing deposit products nationwide to industry verticals (e.g., Title and Escrow), cash management products to a variety of businesses, and commercial & industrial and commercial real estate lending to clients. The Banking Business also includes a bankruptcy trustee and fiduciary service that provides specialized software and consulting services to Chapter 7 bankruptcy and non-Chapter 7 trustees and fiduciaries.

The Securities Business includes the Clearing Broker-Dealer, Registered Investment Advisor, and Introducing Broker-Dealer lines of businesses. These lines of business offer products independently to their own customers as well as to Banking Business clients. The products offered by the lines of business in the Securities Business primarily generate net interest and non-banking service fee income.

Segment results are determined based upon the management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around the organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions or in accordance with generally accepted accounting principles.

The Company evaluates performance and allocates resources based on profit or loss from operations. All costs, except certain corporate administration costs and related income taxes, have been allocated to the reportable segments. Therefore, combined amounts agree to the consolidated totals.

In order to reconcile the two segments to the consolidated totals, the Company includes parent-only activities and intercompany eliminations. The following tables present the operating results of the segments:

For the Three Months Ended June 30, 2019

(Dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Banking Business</th>
<th>Securities Business</th>
<th>Corporate/Eliminations</th>
<th>Axos Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>$96,936</td>
<td>$4,614</td>
<td>$(1,113)</td>
<td>$100,437</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>2,800</td>
<td>—</td>
<td>—</td>
<td>2,800</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>16,454</td>
<td>7,001</td>
<td>(231)</td>
<td>23,224</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>49,001</td>
<td>11,152</td>
<td>5,383</td>
<td>65,536</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>$61,589</td>
<td>$463</td>
<td>$(6,727)</td>
<td>$55,325</td>
</tr>
</tbody>
</table>

For the Three Months Ended June 30, 2018

(Dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Banking Business</th>
<th>Securities Business</th>
<th>Corporate/Eliminations</th>
<th>Axos Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>$87,875</td>
<td>—</td>
<td>$(827)</td>
<td>$87,048</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>3,900</td>
<td>—</td>
<td>—</td>
<td>3,900</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>16,977</td>
<td>—</td>
<td>—</td>
<td>16,977</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>43,458</td>
<td>—</td>
<td>6,215</td>
<td>49,673</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>$57,494</td>
<td>—</td>
<td>$(7,042)</td>
<td>$50,452</td>
</tr>
</tbody>
</table>
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 adjusted earnings, adjusted earnings per common share, and 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 net income without the after-tax impact of non-recurring acquisition-related costs, and excess FDIC expense, and other costs (unusual or non-recurring charges), (“adjusted earnings”), a non-GAAP financial measure. Excess FDIC expense is defined as the higher insurance costs associated with increased levels of short-term brokered deposits in anticipation of the acquisition of deposits from Nationwide Bank. Other costs are due to a $15.3 million bad debt expense related to a correspondent customer of our clearing broker-dealer. Adjusted earnings per diluted common share (“adjusted EPS”), a non-GAAP financial measure, is calculated by dividing non-GAAP adjusted earnings by the average number of diluted common shares outstanding during the period. We believe the non-GAAP measures of adjusted earnings and adjusted EPS provide useful information about the Bank’s operating performance. Excluding the non-recurring acquisition related costs, excessive FDIC expense, and other costs provides investors with an understanding of Axos’ core business.
Below is a reconciliation of net income to adjusted earnings and adjusted EPS (Non-GAAP) for the periods shown:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30,</th>
<th>Twelve Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Net income</td>
<td>$40,634</td>
<td>$37,117</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>2,075</td>
<td>1,093</td>
</tr>
<tr>
<td>Excess FDIC expense</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(551)</td>
<td>(289)</td>
</tr>
<tr>
<td>Adjusted earnings (Non-GAAP)</td>
<td>$42,158</td>
<td>$37,921</td>
</tr>
<tr>
<td>Adjusted EPS (Non-GAAP)</td>
<td>$0.68</td>
<td>$0.59</td>
</tr>
</tbody>
</table>

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) as of the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>$1,073,050</td>
</tr>
<tr>
<td>Less: preferred stock</td>
<td>5,063</td>
</tr>
<tr>
<td>Common stockholders’ equity</td>
<td>1,067,987</td>
</tr>
<tr>
<td>Less: mortgage servicing rights, carried at fair value</td>
<td>9,784</td>
</tr>
<tr>
<td>Less: goodwill and other intangible assets</td>
<td>134,893</td>
</tr>
<tr>
<td>Tangible common stockholders’ equity (Non-GAAP)</td>
<td>$923,310</td>
</tr>
<tr>
<td>Common shares outstanding at end of period</td>
<td>61,128,817</td>
</tr>
<tr>
<td>Tangible book value per common share (Non-GAAP)</td>
<td>$15.10</td>
</tr>
</tbody>
</table>
This press release contains forward-looking statements that involve risks and uncertainties, including without limitation statements relating to Axos' financial prospects and other projections of its performance and asset quality, Axos' ability to continue to grow profitably and increase its business, Axos' ability to successfully integrate its recent acquisitions and realize the anticipated benefits of the transactions, Axos' ability to continue to diversify its lending and deposit franchises, the outcome and effects of pending class action litigation filed against the Company, Axos' ability to continue deploying excess capital in organic investments and share repurchases, and the anticipated timing and financial performance of our other offerings, initiatives and acquisitions. These forward-looking statements are made on the basis of the views and assumptions of management regarding future events and performance as of the date of this press release. Actual results and the timing of events could differ materially from those expressed or implied in such forward-looking statements as a result of risks and uncertainties, including without limitation changes in interest rates, inflation, government regulation, general economic conditions, conditions in the real estate markets in which we operate and other factors beyond our control. These and other risks and uncertainties detailed in Axos' periodic reports filed with the Securities and Exchange Commission could cause actual results to differ materially from those expressed or implied in any forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement, and Axos undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this press release.

Investor Relations Contact:
Johnny Lai, CFA
VP, Corporate Development & Investor Relations
858-649-2218
jlai@axosfinancial.com
The following tables set forth certain selected financial data concerning the periods indicated:

**AXOS FINANCIAL, INC. AND SUBSIDIARIES**

**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

*(Unaudited – dollars in thousands)*

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selected Balance Sheet Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$11,220,238</td>
<td>$9,539,504</td>
<td>$8,501,680</td>
</tr>
<tr>
<td>Loans and leases—net of allowance for loan and lease losses</td>
<td>9,382,124</td>
<td>8,432,289</td>
<td>7,374,493</td>
</tr>
<tr>
<td>Loans held for sale, at fair value</td>
<td>33,260</td>
<td>35,077</td>
<td>18,738</td>
</tr>
<tr>
<td>Loans held for sale, lower of cost or fair value</td>
<td>4,800</td>
<td>2,686</td>
<td>6,669</td>
</tr>
<tr>
<td>Allowance for loan and lease losses</td>
<td>57,085</td>
<td>49,151</td>
<td>40,832</td>
</tr>
<tr>
<td>Securities—trading</td>
<td>—</td>
<td>—</td>
<td>8,327</td>
</tr>
<tr>
<td>Securities—available-for-sale</td>
<td>227,513</td>
<td>180,305</td>
<td>264,470</td>
</tr>
<tr>
<td>Securities borrowed</td>
<td>144,706</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Customer, broker-dealer and clearing receivables</td>
<td>203,192</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total deposits</td>
<td>8,983,173</td>
<td>7,985,350</td>
<td>6,899,507</td>
</tr>
<tr>
<td>Securities sold under agreements to repurchase</td>
<td>—</td>
<td>—</td>
<td>20,000</td>
</tr>
<tr>
<td>Advances from the FHLB</td>
<td>458,500</td>
<td>457,000</td>
<td>640,000</td>
</tr>
<tr>
<td>Borrowings, subordinated notes and debentures</td>
<td>168,929</td>
<td>54,552</td>
<td>54,463</td>
</tr>
<tr>
<td>Securities loaned</td>
<td>198,356</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Customer, broker-dealer and clearing payables</td>
<td>238,604</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>1,073,050</td>
<td>960,513</td>
<td>834,247</td>
</tr>
</tbody>
</table>

| **Capital Ratios:** |               |               |               |
| Equity to assets at end of period | 9.56%         | 10.07%        | 9.81%         |
| Axos Financial, Inc: |               |               |               |
| Tier 1 leverage (core) capital to adjusted average assets | 8.75%         | 9.45%         | 9.95%         |
| Common equity tier 1 capital (to risk-weighted assets) | 11.43%        | 13.27%        | 14.66%        |
| Tier 1 capital (to risk-weighted assets) | 11.49%        | 13.34%        | 14.75%        |
| Total capital (to risk-weighted assets) | 12.91%        | 14.84%        | 16.38%        |
| Axos Bank: |               |               |               |
| Tier 1 leverage (core) capital to adjusted average assets | 9.21%         | 8.88%         | 9.60%         |
| Common equity tier 1 capital (to risk-weighted assets) | 12.14%        | 12.53%        | 14.25%        |
| Tier 1 capital (to risk-weighted assets) | 12.14%        | 12.53%        | 14.25%        |
| Total capital (to risk-weighted assets) | 12.89%        | 13.27%        | 14.97%        |
| Axos Clearing, LLC: |               |               |               |
| Net capital | $25,027        | N/A           | N/A           |
| Excess capital | $21,199        | N/A           | N/A           |
| Net capital as a percentage of aggregate debit items | 13.08%        | N/A           | N/A           |
| Net capital in excess of 5% aggregate debit items | $15,458       | N/A           | N/A           |
## AXOS FINANCIAL, INC. AND SUBSIDIARIES

### SELECTED CONSOLIDATED FINANCIAL INFORMATION

*Unaudited – dollars in thousands, except per share data*

<table>
<thead>
<tr>
<th>Period</th>
<th>At or for the Three Months Ended</th>
<th>At or for the Fiscal year ending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>June 30, 2018</td>
</tr>
<tr>
<td><strong>Selected Income Statement Data:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>$141,643</td>
<td>$118,898</td>
</tr>
<tr>
<td>Interest expense</td>
<td>41,206</td>
<td>31,850</td>
</tr>
<tr>
<td>Net interest income</td>
<td>100,437</td>
<td>87,048</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>2,800</td>
<td>3,900</td>
</tr>
<tr>
<td>Net interest income after provision for loan losses</td>
<td>97,637</td>
<td>83,148</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>23,224</td>
<td>16,977</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>65,536</td>
<td>49,673</td>
</tr>
<tr>
<td>Income before income tax expense</td>
<td>55,325</td>
<td>50,452</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>14,691</td>
<td>13,335</td>
</tr>
<tr>
<td>Net income</td>
<td>$40,634</td>
<td>$37,117</td>
</tr>
<tr>
<td>Net income attributable to common stock</td>
<td>$40,557</td>
<td>$37,040</td>
</tr>
</tbody>
</table>

| **Per Share Data:**       |                                  |                                  |
| Basic Net income         | $0.66                            | $0.59                            | $2.50                            | $2.37                            |
| Diluted Net income       | $0.66                            | $0.58                            | $2.48                            | $2.37                            |
| Book value per common share | $17.47                           | $15.24                           | $17.47                           | $15.24                           |
| Tangible book value per common share (Non-GAAP) | $15.10                           | $13.99                           | $15.10                           | $13.99                           |
| Adjusted earnings per common share (Non-GAAP) | $0.68                            | $0.59                            | $2.75                            | $2.39                            |

| **Weighted average number of shares outstanding:** |                                  |                                  |
| Diluted shares outstanding | 61,634,848                       | 63,873,816                       | 62,382,065                       | 64,147,220                       |
| Common shares outstanding at end of period | 61,128,817                       | 62,688,064                       | 61,128,817                       | 62,688,064                       |
| Common shares issued at end of period | 66,563,922                       | 65,796,060                       | 66,563,922                       | 65,796,060                       |

| **Performance Ratios and Other Data:**          |                                  |                                  |
| Loan and lease originations for investment     | $1,501,357                       | $1,361,597                       | $6,934,259                       | $5,922,801                       |
| Loan originations for sale                     | $270,905                         | $288,832                         | $1,471,906                       | $1,564,165                       |
| Loan and lease purchases                       | $—                               | $—                               | $11,009                          | $—                               |
| Return on average assets                       | 1.49%                            | 1.56%                            | 1.51%                            | 1.68%                            |
| Return on average common stockholders’ equity  | 15.49%                           | 15.67%                           | 15.40%                           | 17.05%                           |
| Interest rate spread1                          | 3.39%                            | 3.34%                            | 3.66%                            | 3.79%                            |
| Net interest margin2                           | 3.81%                            | 3.71%                            | 4.07%                            | 4.11%                            |
| Net interest margin2 - Banking Business Segment only | 3.87%                            | 3.75%                            | 4.14%                            | 4.14%                            |
| Efficiency ratio                               | 53.00%                           | 47.75%                           | 51.12%                           | 39.58%                           |
| Efficiency ratio - Banking Business Segment only | 43.21%                           | 41.45%                           | 40.51%                           | 34.55%                           |

| **Asset Quality Ratios:**                      |                                  |                                  |
| Net annualized charge-offs to average loans and leases | 0.65%                            | 0.70%                            | 0.19%                            | 0.19%                            |
| Non-performing loans and leases to total loans and leases | 0.51%                            | 0.37%                            | 0.51%                            | 0.37%                            |
| Non-performing assets to total assets          | 0.50%                            | 0.43%                            | 0.50%                            | 0.43%                            |
| Allowance for loan and lease losses held      |                                  |                                  |                                  |                                  |
Section 3: EX-99.2 (EXHIBIT 99.2)

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in thousands, except par and stated value)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and due from banks</td>
<td>$511,125</td>
<td>$622,750</td>
</tr>
<tr>
<td>Cash segregated for regulatory purposes</td>
<td>346,143</td>
<td>—</td>
</tr>
<tr>
<td>Federal funds sold</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>857,368</td>
<td>622,850</td>
</tr>
<tr>
<td>Securities - available for sale</td>
<td>227,513</td>
<td>180,305</td>
</tr>
<tr>
<td>Stock of regulatory agencies, at cost</td>
<td>20,276</td>
<td>17,250</td>
</tr>
<tr>
<td>Loans held for sale, carried at fair value</td>
<td>33,260</td>
<td>35,077</td>
</tr>
<tr>
<td>Loans held for sale, carried at lower of cost or fair value</td>
<td>4,800</td>
<td>2,686</td>
</tr>
<tr>
<td>Loans and leases—net of allowance of $57,085 as of June 2019 and $49,151 as of June 2018</td>
<td>9,382,124</td>
<td>8,432,289</td>
</tr>
<tr>
<td>Mortgage servicing rights, carried at fair value</td>
<td>9,784</td>
<td>10,752</td>
</tr>
<tr>
<td>Other real estate owned and repossessed vehicles</td>
<td>7,485</td>
<td>9,591</td>
</tr>
<tr>
<td>Securities borrowed</td>
<td>144,706</td>
<td>—</td>
</tr>
<tr>
<td>Customer, broker-dealer and clearing receivables</td>
<td>203,192</td>
<td>—</td>
</tr>
<tr>
<td>Goodwill and other intangible assets—net</td>
<td>134,893</td>
<td>67,788</td>
</tr>
<tr>
<td>Other assets</td>
<td>194,837</td>
<td>160,916</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$11,220,238</td>
<td>$9,539,504</td>
</tr>
</tbody>
</table>

| LIABILITIES AND STOCKHOLDERS’ EQUITY | | |
| Deposits: | | |
| Non-interest bearing | $1,441,930 | $1,015,355 |
| Interest bearing | 7,541,243 | 6,969,995 |
| Total deposits | 8,983,173 | 7,985,350 |
| Advances from the Federal Home Loan Bank | 458,500 | 457,000 |
| Borrowings, subordinated notes and debentures | 168,929 | 54,552 |
| Securities loaned | 198,929 | — |
| Customer, broker-dealer and clearing payables | 238,604 | — |
| Accounts payable and accrued liabilities and other liabilities | 99,626 | 82,089 |
| **Total liabilities** | 10,147,188 | 8,578,991 |

<p>| STOCKHOLDERS’ EQUITY: | | |
| Preferred stock—$0.01 par value; 1,000,000 shares authorized; | | |
| Series A—$10,000 stated value and liquidation preference per share; 515 shares issued and outstanding as of June 2019 and June 2018 | 5,063 | 5,063 |
| Common stock—$0.01 par value; 150,000,000 shares authorized, 66,563,922 shares issued and 61,128,817 shares outstanding as of June 2019, 65,796,060 shares issued and 62,688,064 shares outstanding as of June 2018 | 666 | 658 |
| Additional paid-in capital | 389,945 | 366,515 |
| Accumulated other comprehensive income (loss)—net of tax | 16 | (613) |</p>
<table>
<thead>
<tr>
<th>Retained earnings</th>
<th>826,170</th>
<th>671,348</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock, at cost; 5,435,105 shares as of June 2019 and 3,107,996 shares as of June 2018</td>
<td>(148,810)</td>
<td>(82,458)</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>1,073,050</td>
<td>960,513</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY</td>
<td>$ 11,220,238</td>
<td>$ 9,539,504</td>
</tr>
</tbody>
</table>
### AXOS FINANCIAL, INC. AND SUBSIDIARIES
### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)  
For the Quarters Ended June 30,  

<table>
<thead>
<tr>
<th>(Dollars in thousands, except earnings per share)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTEREST AND DIVIDEND INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and leases, including fees</td>
<td>$128,268</td>
<td>$111,481</td>
</tr>
<tr>
<td>Securities borrowed and customer receivables</td>
<td>$4,776</td>
<td>—</td>
</tr>
<tr>
<td>Investments</td>
<td>$8,599</td>
<td>$7,417</td>
</tr>
<tr>
<td><strong>Total interest and dividend income</strong></td>
<td>$141,643</td>
<td>$118,898</td>
</tr>
<tr>
<td><strong>INTEREST EXPENSE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>$32,695</td>
<td>$22,689</td>
</tr>
<tr>
<td>Advances from the Federal Home Loan Bank</td>
<td>$5,986</td>
<td>$8,243</td>
</tr>
<tr>
<td>Securities loaned</td>
<td>$376</td>
<td>—</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>$2,149</td>
<td>$918</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>$41,206</td>
<td>$31,850</td>
</tr>
<tr>
<td>Net interest income</td>
<td>$100,437</td>
<td>$87,048</td>
</tr>
<tr>
<td>Provision for loan and lease losses</td>
<td>$2,800</td>
<td>$3,900</td>
</tr>
<tr>
<td>Net interest income, after provision for loan and lease losses</td>
<td>$97,637</td>
<td>$83,148</td>
</tr>
<tr>
<td><strong>NON-INTEREST INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gain (loss) on sale of securities</td>
<td>$842</td>
<td>—</td>
</tr>
<tr>
<td>Prepayment penalty fee income</td>
<td>$1,774</td>
<td>$754</td>
</tr>
<tr>
<td>Gain on sale - other</td>
<td>$549</td>
<td>$2,846</td>
</tr>
<tr>
<td>Mortgage banking income</td>
<td>$2,308</td>
<td>$1,903</td>
</tr>
<tr>
<td>Broker-dealer fee income</td>
<td>$6,701</td>
<td>—</td>
</tr>
<tr>
<td>Banking and service fees</td>
<td>$11,050</td>
<td>$11,474</td>
</tr>
<tr>
<td><strong>Total non-interest income</strong></td>
<td>$23,224</td>
<td>$16,977</td>
</tr>
<tr>
<td><strong>NON-INTEREST EXPENSE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related costs</td>
<td>$33,909</td>
<td>$28,665</td>
</tr>
<tr>
<td>Data processing and internet</td>
<td>$7,358</td>
<td>$5,209</td>
</tr>
<tr>
<td>Advertising and promotional</td>
<td>$3,445</td>
<td>$4,408</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$5,123</td>
<td>$2,855</td>
</tr>
<tr>
<td>Broker-dealer clearing charges</td>
<td>$1,727</td>
<td>—</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>$2,588</td>
<td>$1,602</td>
</tr>
<tr>
<td>Professional services</td>
<td>$3,427</td>
<td>$1,326</td>
</tr>
<tr>
<td>FDIC and regulatory fees</td>
<td>$2,418</td>
<td>$1,522</td>
</tr>
<tr>
<td>Real estate owned and repossessed vehicles</td>
<td>$8</td>
<td>$309</td>
</tr>
<tr>
<td>General and administrative expense</td>
<td>$5,533</td>
<td>$3,777</td>
</tr>
<tr>
<td><strong>Total non-interest expense</strong></td>
<td>$65,536</td>
<td>$49,673</td>
</tr>
<tr>
<td><strong>INCOME BEFORE INCOME TAXES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INCOME TAXES</strong></td>
<td>$14,691</td>
<td>$13,335</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$40,634</td>
<td>$37,117</td>
</tr>
<tr>
<td><strong>NET INCOME ATTRIBUTABLE TO COMMON STOCK</strong></td>
<td>$40,557</td>
<td>$37,040</td>
</tr>
<tr>
<td><strong>COMPREHENSIVE INCOME</strong></td>
<td>$41,168</td>
<td>$37,645</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$0.66</td>
<td>$0.59</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$0.66</td>
<td>$0.58</td>
</tr>
<tr>
<td>(Dollars in thousands, except earnings per share)</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>INTEREST AND DIVIDEND INCOME:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and leases, including fees</td>
<td>$525,317</td>
<td>$446,991</td>
</tr>
<tr>
<td>Securities borrowed and customer receivables</td>
<td>8,746</td>
<td>—</td>
</tr>
<tr>
<td>Investments</td>
<td>30,824</td>
<td>28,083</td>
</tr>
<tr>
<td><strong>Total interest and dividend income</strong></td>
<td>564,887</td>
<td>475,074</td>
</tr>
<tr>
<td>INTEREST EXPENSE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>117,080</td>
<td>79,851</td>
</tr>
<tr>
<td>Advances from the Federal Home Loan Bank</td>
<td>32,834</td>
<td>22,848</td>
</tr>
<tr>
<td>Securities loaned</td>
<td>748</td>
<td>—</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>5,620</td>
<td>3,881</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>156,282</td>
<td>106,580</td>
</tr>
<tr>
<td>Net interest income</td>
<td>408,605</td>
<td>368,494</td>
</tr>
<tr>
<td>Provision for loan and lease losses</td>
<td>27,350</td>
<td>25,800</td>
</tr>
<tr>
<td><strong>Net interest income, after provision for loan and lease losses</strong></td>
<td>381,255</td>
<td>342,694</td>
</tr>
<tr>
<td>NON-INTEREST INCOME:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gain (loss) on sale of securities</td>
<td>709</td>
<td>(18)</td>
</tr>
<tr>
<td>Other-than-temporary loss on securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total impairment losses</strong></td>
<td>(1,666)</td>
<td>(6,271)</td>
</tr>
<tr>
<td>Loss (gain) recognized in other comprehensive income</td>
<td>845</td>
<td>6,115</td>
</tr>
<tr>
<td>Net impairment loss recognized in earnings</td>
<td>(821)</td>
<td>(156)</td>
</tr>
<tr>
<td>Fair value gain (loss) on trading securities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total unrealized loss on securities</strong></td>
<td>(821)</td>
<td>(156)</td>
</tr>
<tr>
<td>Prepayment penalty fee income</td>
<td>5,851</td>
<td>3,862</td>
</tr>
<tr>
<td>Gain on sale - other</td>
<td>6,160</td>
<td>5,734</td>
</tr>
<tr>
<td>Mortgage banking income</td>
<td>5,267</td>
<td>13,755</td>
</tr>
<tr>
<td>Broker-dealer fee income</td>
<td>11,737</td>
<td>—</td>
</tr>
<tr>
<td>Banking and service fees</td>
<td>53,854</td>
<td>47,764</td>
</tr>
<tr>
<td><strong>Total non-interest income</strong></td>
<td>82,757</td>
<td>70,941</td>
</tr>
<tr>
<td>NON-INTEREST EXPENSE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related costs</td>
<td>127,433</td>
<td>100,975</td>
</tr>
<tr>
<td>Data processing and internet</td>
<td>24,150</td>
<td>17,400</td>
</tr>
<tr>
<td>Advertising and promotional</td>
<td>14,710</td>
<td>15,500</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>16,471</td>
<td>8,574</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>8,571</td>
<td>6,063</td>
</tr>
<tr>
<td>Broker-dealer clearing charges</td>
<td>2,822</td>
<td>—</td>
</tr>
<tr>
<td>Professional services</td>
<td>11,916</td>
<td>5,280</td>
</tr>
<tr>
<td>FDIC and regulatory fees</td>
<td>9,005</td>
<td>4,860</td>
</tr>
<tr>
<td>Real estate owned and repossessed vehicles</td>
<td>913</td>
<td>260</td>
</tr>
<tr>
<td>General and administrative expense</td>
<td>35,215</td>
<td>15,024</td>
</tr>
<tr>
<td><strong>Total non-interest expense</strong></td>
<td>251,206</td>
<td>173,936</td>
</tr>
<tr>
<td>INCOME BEFORE INCOME TAXES</td>
<td>212,806</td>
<td>239,699</td>
</tr>
<tr>
<td>INCOME TAXES</td>
<td>57,675</td>
<td>87,288</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$155,131</td>
<td>$152,411</td>
</tr>
<tr>
<td><strong>NET INCOME ATTRIBUTABLE TO COMMON STOCK</strong></td>
<td>$154,822</td>
<td>$152,102</td>
</tr>
<tr>
<td><strong>COMPREHENSIVE INCOME</strong></td>
<td>$155,760</td>
<td>$151,311</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$2.50</td>
<td>$2.41</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$2.48</td>
<td>$2.37</td>
</tr>
</tbody>
</table>
AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INCOME</td>
<td>$ 155,131</td>
<td>$ 152,411</td>
<td>$ 134,740</td>
</tr>
<tr>
<td>Net unrealized gain (loss) from available-for-sale securities, net of tax expense (benefit) of $562, $(2,449), and $3,363 for the years ended June 30, 2019, 2018 and 2017, respectively.</td>
<td>1,741</td>
<td>(5,493)</td>
<td>5,218</td>
</tr>
<tr>
<td>Other-than-temporary impairment on securities recognized in other comprehensive income, net of tax expense (benefit) of $(251), $1,918 and $3,195 for the years ended June 30, 2019, 2018 and 2017, respectively.</td>
<td>(594)</td>
<td>4,197</td>
<td>4,957</td>
</tr>
<tr>
<td>Reclassification of net (gain) loss from available-for-sale securities included in income, net of tax expense (benefit) of $191, $(104) and $1,536 for the years ended June 30, 2019, 2018 and 2017, respectively.</td>
<td>(518)</td>
<td>196</td>
<td>(2,384)</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>$ 629</td>
<td>$ (1,100)</td>
<td>$ 7,791</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$ 155,760</td>
<td>$ 151,311</td>
<td>$ 142,531</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>Common Stock</td>
<td>Accumulated Other Comprehensive Income (Loss), Net of Income Tax</td>
<td>Treasury Stock</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------</td>
<td>---------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>(Dollars in thousands)</td>
<td>Shares</td>
<td>Amount</td>
<td>Number of Shares</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$5,063</td>
<td>64,513,494</td>
<td>(1,294,102)</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends on preferred stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based compensation expense and restricted stock unit vesting</td>
<td>—</td>
<td>—</td>
<td>602,438</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$5,063</td>
<td>65,115,932</td>
<td>(1,579,688)</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends on preferred stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based compensation expense and restricted stock unit vesting</td>
<td>—</td>
<td>—</td>
<td>680,128</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>$5,063</td>
<td>65,796,060</td>
<td>(3,107,996)</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends on preferred stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based compensation expense and restricted stock unit vesting</td>
<td>—</td>
<td>—</td>
<td>767,862</td>
</tr>
<tr>
<td>Balance as of June 30, 2019</td>
<td>$5,063</td>
<td>66,563,922</td>
<td>(5,435,105)</td>
</tr>
</tbody>
</table>

S-5
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 155,131</td>
<td>$ 152,411</td>
<td>$ 134,740</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accretion of discounts on securities</td>
<td>(264)</td>
<td>(624)</td>
<td>(2,766)</td>
</tr>
<tr>
<td>Net accretion of discounts on loans and leases</td>
<td>(30,176)</td>
<td>(29,381)</td>
<td>(4,859)</td>
</tr>
<tr>
<td>Amortization of borrowing costs</td>
<td>208</td>
<td>208</td>
<td>208</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>23,439</td>
<td>20,399</td>
<td>14,535</td>
</tr>
<tr>
<td>Valuation of financial instruments carried at fair value</td>
<td>—</td>
<td>—</td>
<td>(743)</td>
</tr>
<tr>
<td>Net gain on sale of investment securities</td>
<td>(709)</td>
<td>18</td>
<td>(3,920)</td>
</tr>
<tr>
<td>Impairment charge on securities</td>
<td>821</td>
<td>156</td>
<td>1,964</td>
</tr>
<tr>
<td>Broker-dealer reserve for bad debt</td>
<td>15,298</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(8,686)</td>
<td>17,034</td>
<td>(2,220)</td>
</tr>
<tr>
<td>Origination of loans held for sale</td>
<td>(1,471,906)</td>
<td>(1,564,165)</td>
<td>(1,375,443)</td>
</tr>
<tr>
<td>Unrealized (gain) loss on loans held for sale</td>
<td>(252)</td>
<td>(253)</td>
<td>222</td>
</tr>
<tr>
<td>Gain on sales of loans held for sale</td>
<td>(11,427)</td>
<td>(19,489)</td>
<td>(18,771)</td>
</tr>
<tr>
<td>Proceeds from sale of loans held for sale</td>
<td>1,481,911</td>
<td>1,576,353</td>
<td>1,433,068</td>
</tr>
<tr>
<td>Change in fair value of mortgage servicing rights</td>
<td>3,362</td>
<td>83</td>
<td>(31)</td>
</tr>
<tr>
<td>(Gain) loss on sale of other real estate and foreclosed assets</td>
<td>(283)</td>
<td>(258)</td>
<td>(42)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>16,471</td>
<td>8,574</td>
<td>6,094</td>
</tr>
<tr>
<td>Net changes in assets and liabilities which provide (use) cash:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>(12,300)</td>
<td>(6,082)</td>
<td>4,511</td>
</tr>
<tr>
<td>Securities borrowed</td>
<td>13,192</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Customer, broker-dealer and clearing receivables</td>
<td>13,684</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other assets</td>
<td>(15,264)</td>
<td>(40,988)</td>
<td>807</td>
</tr>
<tr>
<td>Securities loaned</td>
<td>(4,685)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Customer, broker-dealer and clearing payables</td>
<td>(1,506)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>1,129</td>
<td>469</td>
<td>(383)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>9,883</td>
<td>27,650</td>
<td>466</td>
</tr>
<tr>
<td>Net cash provided by (used) in operating activities</td>
<td>$ 204,421</td>
<td>$ 167,915</td>
<td>$ 198,498</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |        |         |         |
| Purchases of investment securities | (146,886) | (100,503) | (249,909) |
| Proceeds from sales of securities | 15,863  | 52,714  | 161,048 |
| Proceeds from repayment of securities | 93,779  | 139,338 | 307,456 |
| Purchase of stock of regulatory agencies | (204,206) | (33,966) | (66,294) |
| Proceeds from redemption of stock of regulatory agencies | 203,611 | 79,923  | 60,210  |
| Origination of loans and leases held for investment | (6,756,832) | (5,895,902) | (4,068,990) |
| Proceeds from sale of loans and leases held for investment | 119,881 | 20,719  | 31,918  |
| Origination of mortgage warehouse loans, net | (126,491) | (26,899) | (113,711) |
| Proceeds from sales of other real estate owned and repossessed assets | 2,202  | 1,832   | 367     |
| Cash paid for deposit acquisition | (14,747) | —      | —       |
| Cash paid for acquisition | —      | (70,002) | —       |
| Acquisition of business activity, net of cash paid | 67,343  | —      | —       |
| Purchases of loans and leases, net of discounts and premiums | (11,525) | —      | (269,886) |
| Principal repayments on loans and leases | 5,846,349 | 4,818,558 | 3,427,818 |
| Purchases of furniture, equipment and software | (20,082) | (11,817) | (8,758) |
| Net cash used in investing activities | $ (931,741) | $ (1,026,005) | $ (788,731) |

<p>| <strong>CASH FLOWS FROM FINANCING ACTIVITIES:</strong> |        |         |         |
| Net increase in deposits | $ 997,823 | $ 1,085,843 | $ 855,456 |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of the Federal Home Loan Bank term advances</td>
<td>(147,500)</td>
<td>(30,000)</td>
<td>(95,000)</td>
</tr>
<tr>
<td>Net (repayment) proceeds of Federal Home Loan Bank other advances</td>
<td>149,000</td>
<td>(153,000)</td>
<td>8,000</td>
</tr>
<tr>
<td>Net (repayment) proceeds of other borrowings</td>
<td>21,700</td>
<td>(20,000)</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Tax payments related to settlement of restricted stock units</td>
<td>(9,916)</td>
<td>(9,952)</td>
<td>(6,532)</td>
</tr>
<tr>
<td>Repurchase of treasury stock</td>
<td>(56,437)</td>
<td>(35,183)</td>
<td>—</td>
</tr>
<tr>
<td>Tax benefit from exercise of common stock options and vesting of restricted stock grants</td>
<td>—</td>
<td>—</td>
<td>432</td>
</tr>
<tr>
<td>Cash dividends paid on preferred stock</td>
<td>(232)</td>
<td>(309)</td>
<td>(309)</td>
</tr>
<tr>
<td>Net proceeds from issuance of subordinated notes</td>
<td>7,400</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>$ 961,838</td>
<td>$ 837,399</td>
<td>$ 747,047</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH AND CASH EQUIVALENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS—Beginning of year</td>
<td>622,850</td>
<td>643,541</td>
<td>486,727</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS—End of year</td>
<td>$ 857,368</td>
<td>$ 622,850</td>
<td>$ 643,541</td>
</tr>
<tr>
<td><strong>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid on deposits and borrowed funds</td>
<td>$ 152,756</td>
<td>$ 106,112</td>
<td>$ 74,442</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>$ 64,117</td>
<td>$ 79,628</td>
<td>$ 102,482</td>
</tr>
<tr>
<td>Transfers from loans and leases held for investment to loans held for sale</td>
<td>$ 106,911</td>
<td>$ 31,207</td>
<td>$ 2,935</td>
</tr>
<tr>
<td>Loans held for investment sold, cash not received</td>
<td>$ —</td>
<td>$ 17,742</td>
<td>—</td>
</tr>
<tr>
<td>Securities transferred from held-to-maturity to available for sale portfolio</td>
<td>$ —</td>
<td>$ —</td>
<td>$ 194,153</td>
</tr>
<tr>
<td>Preferred stock dividends declared but not paid</td>
<td>$ 77</td>
<td>$ —</td>
<td>—</td>
</tr>
</tbody>
</table>
LOANS AND LEASES

The following table sets forth the composition of the loan and lease portfolio as of the dates indicated:

<table>
<thead>
<tr>
<th>(Unaudited)</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Dollars in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single family real estate secured:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage</td>
<td>$4,278,822</td>
<td>$4,198,941</td>
</tr>
<tr>
<td>Home equity</td>
<td>2,258</td>
<td>2,306</td>
</tr>
<tr>
<td>Warehouse and other¹</td>
<td>820,559</td>
<td>412,085</td>
</tr>
<tr>
<td>Multifamily real estate secured</td>
<td>1,948,513</td>
<td>1,800,919</td>
</tr>
<tr>
<td>Commercial real estate secured</td>
<td>326,154</td>
<td>220,379</td>
</tr>
<tr>
<td>Auto and RV secured</td>
<td>290,894</td>
<td>213,522</td>
</tr>
<tr>
<td>Factoring</td>
<td>93,091</td>
<td>169,885</td>
</tr>
<tr>
<td>Commercial &amp; Industrial</td>
<td>1,653,314</td>
<td>1,481,051</td>
</tr>
<tr>
<td>Other</td>
<td>35,705</td>
<td>18,598</td>
</tr>
<tr>
<td><strong>Total gross loans and leases</strong></td>
<td>$9,449,310</td>
<td>$8,517,686</td>
</tr>
<tr>
<td>Allowance for loan and lease losses</td>
<td>(57,085)</td>
<td>(49,151)</td>
</tr>
<tr>
<td>Unaccrued discounts and loan and lease fees</td>
<td>(10,101)</td>
<td>(36,246)</td>
</tr>
<tr>
<td><strong>Total net loans and leases</strong></td>
<td>$9,382,124</td>
<td>$8,432,289</td>
</tr>
</tbody>
</table>

1. The balance of single family warehouse loans was $301,999 at June 30, 2019 and $175,508 at June 30, 2018. The remainder of the balance was attributable to commercial specialty and lender finance loans secured by single family real estate.
The amortized cost, carrying amount and fair value for the major categories of trading and available for sale securities at June 30, 2019 and June 30, 2018 were:

### June 30, 2019

<table>
<thead>
<tr>
<th>(Unaudited) (Dollars in thousands)</th>
<th>Available for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortized Cost</td>
</tr>
<tr>
<td>Mortgage-backed securities (RMBS):</td>
<td></td>
</tr>
<tr>
<td>U.S agencies¹</td>
<td>$ 9,486</td>
</tr>
<tr>
<td>Non-agency</td>
<td>13,489</td>
</tr>
<tr>
<td>Total mortgage-backed securities</td>
<td>22,975</td>
</tr>
<tr>
<td>Other debt securities:</td>
<td></td>
</tr>
<tr>
<td>U.S. agencies¹</td>
<td>1,682</td>
</tr>
<tr>
<td>Municipal</td>
<td>21,974</td>
</tr>
<tr>
<td>Non-agency</td>
<td>179,976</td>
</tr>
<tr>
<td>Total other debt securities</td>
<td>203,632</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>$ 226,607</td>
</tr>
</tbody>
</table>

### June 30, 2018

<table>
<thead>
<tr>
<th>(Unaudited) (Dollars in thousands)</th>
<th>Available for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortized Cost</td>
</tr>
<tr>
<td>Mortgage-backed securities (RMBS):</td>
<td></td>
</tr>
<tr>
<td>U.S agencies¹</td>
<td>$ 13,102</td>
</tr>
<tr>
<td>Non-agency</td>
<td>19,384</td>
</tr>
<tr>
<td>Total mortgage-backed securities</td>
<td>32,486</td>
</tr>
<tr>
<td>Other debt securities:</td>
<td></td>
</tr>
<tr>
<td>Municipal</td>
<td>20,953</td>
</tr>
<tr>
<td>Non-agency</td>
<td>127,558</td>
</tr>
<tr>
<td>Total other debt securities</td>
<td>148,511</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>$ 180,997</td>
</tr>
</tbody>
</table>

¹ U.S. government-backed or government sponsored enterprises including Fannie Mae, Freddie Mac and Ginnie Mae.

² Private sponsors of securities collateralized primarily by pools of 1-4 family residential first mortgages. Primarily super senior securities secured by prime, Alt-A or pay-option ARM mortgages.
DEPOSITS

The following table sets forth the composition of the deposit portfolio as of the dates indicated:

(1) Based on weighted-average stated interest rates at end of period.

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Rate¹</td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td>$1,441,930</td>
<td>—%</td>
</tr>
<tr>
<td>Interest bearing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>2,709,014</td>
<td>2.06%</td>
</tr>
<tr>
<td>Savings</td>
<td>2,466,214</td>
<td>1.48%</td>
</tr>
<tr>
<td>Total interest-bearing demand and savings</td>
<td>5,175,228</td>
<td>1.78%</td>
</tr>
<tr>
<td>Time deposits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$250 and under</td>
<td>1,866,811</td>
<td>2.47%</td>
</tr>
<tr>
<td>Greater than $250</td>
<td>499,204</td>
<td>2.27%</td>
</tr>
<tr>
<td>Total time deposits</td>
<td>2,366,015</td>
<td>2.43%</td>
</tr>
<tr>
<td>Total interest-bearing</td>
<td>7,541,243</td>
<td>1.99%</td>
</tr>
<tr>
<td>Total deposits</td>
<td>$8,983,173</td>
<td>1.67%</td>
</tr>
</tbody>
</table>

1. Based on weighted-average stated interest rates at end of period.

2. The total interest-bearing includes brokered deposits of $1,124.0 million and $2,055.9 million as of June 30, 2019 and June 30, 2018, respectively, of which $796.7 million and $1,692.8 million, respectively, are time deposits classified as $250 and under.

The number of deposit accounts at the end of each of the last five fiscal years is set forth below:

At June 30,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest-bearing, prepaid and other</td>
<td>3,743,334</td>
<td>3,535,904</td>
<td>3,113,128</td>
<td>1,816,266</td>
<td>553,245</td>
</tr>
<tr>
<td>Checking and savings accounts</td>
<td>311,067</td>
<td>270,082</td>
<td>274,962</td>
<td>292,012</td>
<td>31,461</td>
</tr>
<tr>
<td>Time deposits</td>
<td>23,447</td>
<td>2,309</td>
<td>2,748</td>
<td>4,807</td>
<td>5,515</td>
</tr>
<tr>
<td>Total number of deposit accounts</td>
<td>4,077,848</td>
<td>3,808,295</td>
<td>3,390,838</td>
<td>2,113,085</td>
<td>590,221</td>
</tr>
</tbody>
</table>
AVERAGE BALANCES, NET INTEREST INCOME, YIELDS EARNED AND RATES PAID

The following table presents information regarding (i) average balances; (ii) the total amount of interest income from interest-earning assets and the weighted average yields on such assets; (iii) the total amount of interest expense on interest-bearing liabilities and the weighted average rates paid on such liabilities; (iv) net interest income; (v) interest rate spread; and (vi) net interest margin:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and leases</td>
<td>$9,234,461</td>
<td></td>
<td>$128,268</td>
<td>5.56%</td>
<td>$8,278,746</td>
<td></td>
<td>$111,481</td>
<td>5.39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-earning deposits in other financial institutions</td>
<td>710,703</td>
<td></td>
<td>4,333</td>
<td>2.44%</td>
<td>860,052</td>
<td></td>
<td>3,788</td>
<td>1.76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>226,523</td>
<td></td>
<td>3,778</td>
<td>6.67%</td>
<td>180,843</td>
<td></td>
<td>2,681</td>
<td>5.93%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities borrowed and margin lending</td>
<td>350,413</td>
<td></td>
<td>4,776</td>
<td>5.45%</td>
<td>—</td>
<td></td>
<td>—</td>
<td>—%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock of the regulatory agencies, at cost</td>
<td>31,054</td>
<td></td>
<td>488</td>
<td>6.29%</td>
<td>54,176</td>
<td></td>
<td>948</td>
<td>7.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total interest-earning assets</td>
<td>10,553,154</td>
<td></td>
<td>141,643</td>
<td>5.37%</td>
<td>9,373,817</td>
<td></td>
<td>118,898</td>
<td>5.07%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest-earning assets</td>
<td>325,078</td>
<td></td>
<td></td>
<td></td>
<td>145,478</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$10,878,232</td>
<td></td>
<td></td>
<td></td>
<td>$9,519,295</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Stockholders’ Equity:</th>
<th>2019</th>
<th></th>
<th>Average Balance</th>
<th>Interest Income / Expense</th>
<th>Average Yields Earned / Rates Paid</th>
<th>2018</th>
<th></th>
<th>Average Balance</th>
<th>Interest Income / Expense</th>
<th>Average Yields Earned / Rates Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing demand and savings</td>
<td>$4,119,350</td>
<td></td>
<td>$16,921</td>
<td>1.64%</td>
<td>$4,406,649</td>
<td></td>
<td>$14,867</td>
<td>1.35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time deposits</td>
<td>2,625,852</td>
<td></td>
<td>15,774</td>
<td>2.40%</td>
<td>1,220,332</td>
<td></td>
<td>7,822</td>
<td>2.56%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities loaned</td>
<td>478,196</td>
<td></td>
<td>376</td>
<td>0.31%</td>
<td>—</td>
<td></td>
<td>—</td>
<td>—%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances from the FHLB</td>
<td>963,062</td>
<td></td>
<td>5,986</td>
<td>2.49%</td>
<td>1,676,439</td>
<td></td>
<td>8,243</td>
<td>1.97%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings, subordinated notes and debentures</td>
<td>154,749</td>
<td></td>
<td>2,149</td>
<td>5.55%</td>
<td>54,571</td>
<td></td>
<td>918</td>
<td>6.73%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total interest-bearing liabilities</td>
<td>8,341,209</td>
<td></td>
<td>41,206</td>
<td>1.98%</td>
<td>7,357,991</td>
<td></td>
<td>31,850</td>
<td>1.73%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest-bearing demand deposits</td>
<td>1,385,750</td>
<td></td>
<td></td>
<td></td>
<td>1,138,226</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-interest-bearing liabilities</td>
<td>98,741</td>
<td></td>
<td></td>
<td></td>
<td>72,693</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>1,052,532</td>
<td></td>
<td></td>
<td></td>
<td>950,385</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$10,878,232</td>
<td></td>
<td></td>
<td></td>
<td>$9,519,295</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td></td>
<td>$100,437</td>
<td></td>
<td></td>
<td></td>
<td>$87,048</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate spread</td>
<td></td>
<td></td>
<td>3.39%</td>
<td></td>
<td></td>
<td></td>
<td>3.34%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest margin</td>
<td></td>
<td></td>
<td>3.81%</td>
<td></td>
<td></td>
<td></td>
<td>3.71%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Annualized.
2. Average balances are obtained from daily data.
3. Loans include loans held for sale, loan premiums and unearned fees.
4. Interest income includes reductions for amortization of loan and investment securities premiums and earnings from accretion of discounts and loan fees. Loan fee income is not significant. Also, includes $28.4 million and $29.1 million as of June 30, 2019 and 2018 three-month periods respectively, of Community Reinvestment Act loans which are taxed at a reduced rate.
5. Interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate paid on interest-bearing liabilities.
6. Net interest margin represents net interest income as a percentage of average interest-earning assets.
AVERAGE BALANCES, NET INTEREST INCOME, YIELDS EARNED AND RATES PAID

The following tables set forth, for the periods indicated, information regarding (i) average balances; (ii) the total amount of interest income from interest-earning assets and the weighted average yields on such assets; (iii) the total amount of interest expense on interest-bearing liabilities and the weighted average rates paid on such liabilities; (iv) net interest income; (v) interest rate spread; and (vi) net interest margin:

![Table](image-url)
AVERAGE BALANCES, NET INTEREST INCOME, YIELDS EARNED AND RATES PAID

BANKING BUSINESS

The following table presents our Banking segment’s information regarding (i) average balances; (ii) the total amount of interest income from interest-earning assets and the weighted average yields on such assets; (iii) the total amount of interest expense on interest-bearing liabilities and the weighted average rates paid on such liabilities; (iv) net interest income; (v) interest rate spread; and (vi) net interest margin for the three months ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and leases(^1),(^4)</td>
<td>$ 9,234,449</td>
<td>$ 8,278,725</td>
</tr>
<tr>
<td>Interest-earning deposits in other financial institutions</td>
<td>524,403</td>
<td>860,052</td>
</tr>
<tr>
<td>Investment securities(^4)</td>
<td>224,828</td>
<td>180,843</td>
</tr>
<tr>
<td>Stock of the regulatory agencies, at cost</td>
<td>28,414</td>
<td>54,176</td>
</tr>
<tr>
<td>Total interest-earning assets</td>
<td>10,012,094</td>
<td>9,373,796</td>
</tr>
<tr>
<td>Non-interest-earning assets</td>
<td>188,959</td>
<td>137,014</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 10,201,053</td>
<td>$ 9,510,810</td>
</tr>
<tr>
<td><strong>Liabilities and Stockholders’ Equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing demand and savings</td>
<td>$ 4,143,734</td>
<td>$ 4,448,942</td>
</tr>
<tr>
<td>Time deposits</td>
<td>2,625,852</td>
<td>1,220,332</td>
</tr>
<tr>
<td>Advances from the FHLB</td>
<td>963,062</td>
<td>1,676,439</td>
</tr>
<tr>
<td>Borrowings, subordinated notes and debentures</td>
<td>22</td>
<td>68</td>
</tr>
<tr>
<td>Total interest-bearing liabilities</td>
<td>7,732,670</td>
<td>7,345,781</td>
</tr>
<tr>
<td>Non-interest-bearing demand deposits</td>
<td>1,389,998</td>
<td>1,143,704</td>
</tr>
<tr>
<td>Other non-interest-bearing liabilities</td>
<td>70,848</td>
<td>70,349</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>1,007,537</td>
<td>950,976</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>$ 10,201,053</td>
<td>$ 9,510,810</td>
</tr>
<tr>
<td>Interest rate spread(^5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest margin(^6)</td>
<td>3.42%</td>
<td>3.38%</td>
</tr>
</tbody>
</table>

\(^1\) Average balances are obtained from daily data.
\(^2\) Annualized.
\(^3\) Loans and leases include loans held for sale, loan premiums and unearned fees.
\(^4\) Interest income includes reductions for amortization of loan and investment securities premiums and earnings from accretion of discounts and loan fees. Loan fee income is not significant. Also, includes $28.4 million and $29.1 million as of June 30, 2019 and 2018 three-month periods respectively, of Community Reinvestment Act loans which are taxed at a reduced rate.
\(^5\) Interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate paid on interest-bearing liabilities.
\(^6\) Net interest margin represents annualized net interest income as a percentage of average interest-earning assets.
SECURITIES BUSINESS

The following table sets forth certain selected information concerning the Securities Business segment:

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>Three months ended June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation as a % of net revenue</td>
<td>35.0%</td>
</tr>
<tr>
<td>FDIC insured program balances at banks (end of period)</td>
<td>$341,576</td>
</tr>
<tr>
<td>Customer margin balances (end of period)</td>
<td>$189,193</td>
</tr>
<tr>
<td>Customer funds on deposit, including short credits (end of period)</td>
<td>$206,469</td>
</tr>
</tbody>
</table>

Clearing:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tickets</td>
<td>595,962</td>
</tr>
<tr>
<td>Correspondents (end of period)</td>
<td>62</td>
</tr>
</tbody>
</table>

Securities lending:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-earning assets – stock borrowed (end of period)</td>
<td>$144,706</td>
</tr>
<tr>
<td>Interest-bearing liabilities – stock loaned (end of period)</td>
<td>$198,356</td>
</tr>
</tbody>
</table>