

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)

Delaware

(State or other jurisdiction of
incorporation)

001-37709

(Commission File Number)

33-0867444

(IRS Employer Identification
Number)

4350 La Jolla Village Drive, Suite 140, San Diego, CA

(Address of principal executive offices)

92122

(Zip Code)

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

Not Applicable

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

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

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release of Axos Financial, Inc. dated July 30, 2019
99.2	Financial Schedules

SIGNATURE

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

[\(Back To Top\)](#)

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:

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended June 30,		% Change
	2019	2018	
Net interest income	\$ 100,437	\$ 87,048	15.4%
Non-interest income	\$ 23,224	\$ 16,977	36.8%
Net income	\$ 40,634	\$ 37,117	9.5%
Adjusted Earnings (Non-GAAP) ¹	\$ 42,158	\$ 37,921	11.2%
Net income attributable to common stockholders	\$ 40,557	\$ 37,040	9.5%
Diluted EPS	\$ 0.66	\$ 0.58	13.8%
Adjusted EPS (Non-GAAP) ¹	\$ 0.68	\$ 0.59	15.3%

¹See “Use of Non-GAAP Financial Measures”

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

For the Three Months Ended June 30, 2018				
<i>(Dollars in thousands)</i>	Banking Business	Securities Business	Corporate/Eliminations	Axos Consolidated
Net interest income	\$ 87,875	\$ —	\$ (827)	\$ 87,048
Provision for loan losses	3,900	—	—	3,900
Non-interest income	16,977	—	—	16,977
Non-interest expense	43,458	—	6,215	49,673
Income before taxes	\$ 57,494	\$ —	\$ (7,042)	\$ 50,452

Twelve Months Ended June 30, 2019

<i>(Dollars in thousands)</i>	Banking Business	Securities Business	Corporate/Eliminations	Axos Consolidated
Net interest income	\$ 404,500	\$ 7,564	\$ (3,459)	\$ 408,605
Provision for loan losses	27,350	—	—	27,350
Non-interest income	70,917	12,071	(231)	82,757
Non-interest expense	192,588	34,430	24,188	251,206
Income before taxes	\$ 255,479	\$ (14,795)	\$ (27,878)	\$ 212,806

Twelve Months Ended June 30, 2018

<i>(Dollars in thousands)</i>	Banking Business	Securities Business	Corporate/Eliminations	Axos Consolidated
Net interest income	\$ 371,661	\$ —	\$ (3,167)	\$ 368,494
Provision for loan losses	25,800	—	—	25,800
Non-interest income	70,788	—	153	70,941
Non-interest expense	152,877	—	21,059	173,936
Income before taxes	\$ 263,772	\$ —	\$ (24,073)	\$ 239,699

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:

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
<i>(Dollars in thousands, except per share amounts)</i>	2019	2018	2019	2018
Net income	\$ 40,634	\$ 37,117	\$ 155,131	\$ 152,411
Acquisition-related costs	2,075	1,093	6,714	1,470
Excess FDIC expense	—	—	1,111	—
Other costs	—	—	15,299	—
Income taxes	(551)	(289)	(6,267)	(535)
Adjusted earnings (Non-GAAP)	\$ 42,158	\$ 37,921	\$ 171,988	\$ 153,346
Adjusted EPS (Non-GAAP)	\$ 0.68	\$ 0.59	\$ 2.75	\$ 2.39

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:

	June 30,	
	2019	2018
<i>(Dollars in thousands, except per share amounts)</i>		
Total stockholders' equity	\$ 1,073,050	\$ 960,513
Less: preferred stock	5,063	5,063
Common stockholders' equity	1,067,987	955,450
Less: mortgage servicing rights, carried at fair value	9,784	10,752
Less: goodwill and other intangible assets	134,893	67,788
Tangible common stockholders' equity (Non-GAAP)	\$ 923,310	\$ 876,910
Common shares outstanding at end of period	61,128,817	62,688,064
Tangible book value per common share (Non-GAAP)	\$ 15.10	\$ 13.99

Forward-Looking Safe Harbor Statement

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)

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

	At or for the Three Months Ended		At or for the Fiscal year ending	
	June 30,		June 30,	
<i>(Dollars in thousands, except per share data)</i>	2019	2018	2019	2018
Selected Income Statement Data:				
Interest and dividend income	\$ 141,643	\$ 118,898	\$ 564,887	\$ 475,074
Interest expense	41,206	31,850	156,282	106,580
Net interest income	100,437	87,048	408,605	368,494
Provision for loan losses	2,800	3,900	27,350	25,800
Net interest income after provision for loan losses	97,637	83,148	381,255	342,694
Non-interest income	23,224	16,977	82,757	70,941
Non-interest expense	65,536	49,673	251,206	173,936
Income before income tax expense	55,325	50,452	212,806	239,699
Income tax expense	14,691	13,335	57,675	87,288
Net income	\$ 40,634	\$ 37,117	\$ 155,131	\$ 152,411
Net income attributable to common stock	\$ 40,557	\$ 37,040	\$ 154,822	\$ 152,102
Per Share Data:				
Net income:				
Basic	\$ 0.66	\$ 0.59	\$ 2.50	\$ 2.41
Diluted	\$ 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:				
Basic	61,201,994	62,648,464	61,898,447	63,136,232
Diluted	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 spread ¹	3.39%	3.34%	3.66%	3.79%
Net interest margin ²	3.81%	3.71%	4.07%	4.11%
Net interest margin ² - 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 to total loans and leases held				

for investment at end of period	0.60%	0.58%	0.60%	0.58%
Allowance for loan and lease losses to non-performing loans and leases	117.84%	157.40%	117.84%	157.40%

¹ Interest rate spread represents the difference between the annualized weighted average yield on interest-earning assets and the annualized weighted average rate paid on interest-bearing liabilities

² Net interest margin represents annualized net interest income as a percentage of average interest-earning assets

[\(Back To Top\)](#)

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)	At June 30,	
	2019	2018
ASSETS		
Cash and due from banks	\$ 511,125	\$ 622,750
Cash segregated for regulatory purposes	346,143	—
Federal funds sold	100	100
Total cash and cash equivalents	857,368	622,850
Securities - available for sale	227,513	180,305
Stock of regulatory agencies, at cost	20,276	17,250
Loans held for sale, carried at fair value	33,260	35,077
Loans held for sale, carried at lower of cost or fair value	4,800	2,686
Loans and leases—net of allowance of \$57,085 as of June 2019 and \$49,151 as of June 2018	9,382,124	8,432,289
Mortgage servicing rights, carried at fair value	9,784	10,752
Other real estate owned and repossessed vehicles	7,485	9,591
Securities borrowed	144,706	—
Customer, broker-dealer and clearing receivables	203,192	—
Goodwill and other intangible assets—net	134,893	67,788
Other assets	194,837	160,916
TOTAL ASSETS	\$ 11,220,238	\$ 9,539,504
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	198,356	—
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
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)

Retained earnings	826,170	671,348
Treasury stock, at cost; 5,435,105 shares as of June 2019 and 3,107,996 shares as of June 2018	(148,810)	(82,458)
Total stockholders' equity	1,073,050	960,513
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 11,220,238	\$ 9,539,504

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(Dollars in thousands, except earnings per share)</i>	For the Quarters Ended June 30,	
	2019	2018
INTEREST AND DIVIDEND INCOME:		
Loans and leases, including fees	\$ 128,268	\$ 111,481
Securities borrowed and customer receivables	4,776	—
Investments	8,599	7,417
Total interest and dividend income	141,643	118,898
INTEREST EXPENSE:		
Deposits	32,695	22,689
Advances from the Federal Home Loan Bank	5,986	8,243
Securities loaned	376	—
Other borrowings	2,149	918
Total interest expense	41,206	31,850
Net interest income	100,437	87,048
Provision for loan and lease losses	2,800	3,900
Net interest income, after provision for loan and lease losses	97,637	83,148
NON-INTEREST INCOME:		
Realized gain (loss) on sale of securities	842	—
Prepayment penalty fee income	1,774	754
Gain on sale - other	549	2,846
Mortgage banking income	2,308	1,903
Broker-dealer fee income	6,701	—
Banking and service fees	11,050	11,474
Total non-interest income	23,224	16,977
NON-INTEREST EXPENSE:		
Salaries and related costs	33,909	28,665
Data processing and internet	7,358	5,209
Advertising and promotional	3,445	4,408
Depreciation and amortization	5,123	2,855
Broker-dealer clearing charges	1,727	—
Occupancy and equipment	2,588	1,602
Professional services	3,427	1,326
FDIC and regulatory fees	2,418	1,522
Real estate owned and repossessed vehicles	8	309
General and administrative expense	5,533	3,777
Total non-interest expense	65,536	49,673
INCOME BEFORE INCOME TAXES	55,325	50,452
INCOME TAXES	14,691	13,335
NET INCOME	\$ 40,634	\$ 37,117
NET INCOME ATTRIBUTABLE TO COMMON STOCK	\$ 40,557	\$ 37,040
COMPREHENSIVE INCOME	\$ 41,168	\$ 37,645
Basic earnings per share	\$ 0.66	\$ 0.59
Diluted earnings per share	\$ 0.66	\$ 0.58

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(Dollars in thousands, except earnings per share)</i>	Year Ended June 30,		
	2019	2018	2017
INTEREST AND DIVIDEND INCOME:			
Loans and leases, including fees	\$ 525,317	\$ 446,991	\$ 358,849
Securities borrowed and customer receivables	8,746	—	—
Investments	30,824	28,083	28,437
Total interest and dividend income	564,887	475,074	387,286
INTEREST EXPENSE:			
Deposits	117,080	79,851	56,494
Advances from the Federal Home Loan Bank	32,834	22,848	12,403
Securities loaned	748	—	—
Other borrowings	5,620	3,881	5,162
Total interest expense	156,282	106,580	74,059
Net interest income	408,605	368,494	313,227
Provision for loan and lease losses	27,350	25,800	11,061
Net interest income, after provision for loan and lease losses	381,255	342,694	302,166
NON-INTEREST INCOME:			
Realized gain (loss) on sale of securities	709	(18)	3,920
Other-than-temporary loss on securities:			
Total impairment losses	(1,666)	(6,271)	(10,937)
Loss (gain) recognized in other comprehensive income	845	6,115	8,973
Net impairment loss recognized in earnings	(821)	(156)	(1,964)
Fair value gain (loss) on trading securities	—	—	743
Total unrealized loss on securities	(821)	(156)	(1,221)
Prepayment penalty fee income	5,851	3,862	4,574
Gain on sale - other	6,160	5,734	4,487
Mortgage banking income	5,267	13,755	14,284
Broker-dealer fee income	11,737	—	—
Banking and service fees	53,854	47,764	42,088
Total non-interest income	82,757	70,941	68,132
NON-INTEREST EXPENSE:			
Salaries and related costs	127,433	100,975	81,821
Data processing and internet	24,150	17,400	13,323
Advertising and promotional	14,710	15,500	9,367
Depreciation and amortization	16,471	8,574	6,094
Occupancy and equipment	8,571	6,063	5,612
Broker-dealer clearing charges	2,822	—	—
Professional services	11,916	5,280	4,980
FDIC and regulatory fees	9,005	4,860	4,330
Real estate owned and repossessed vehicles	913	260	498
General and administrative expense	35,215	15,024	11,580
Total non-interest expense	251,206	173,936	137,605
INCOME BEFORE INCOME TAXES	212,806	239,699	232,693
INCOME TAXES	57,675	87,288	97,953
NET INCOME	\$ 155,131	\$ 152,411	\$ 134,740
NET INCOME ATTRIBUTABLE TO COMMON STOCK	\$ 154,822	\$ 152,102	\$ 134,431
COMPREHENSIVE INCOME	\$ 155,760	\$ 151,311	\$ 142,531
Basic earnings per share	\$ 2.50	\$ 2.41	\$ 2.11
Diluted earnings per share	\$ 2.48	\$ 2.37	\$ 2.10

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<i>(Dollars in thousands)</i>	Year Ended June 30,		
	2019	2018	2017
NET INCOME	\$ 155,131	\$ 152,411	\$ 134,740
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.	1,741	(5,493)	5,218
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.	(594)	4,197	4,957
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.	(518)	196	(2,384)
Other comprehensive income (loss)	\$ 629	\$ (1,100)	\$ 7,791
Comprehensive income	\$ 155,760	\$ 151,311	\$ 142,531

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

<i>(Dollars in thousands)</i>	Preferred Stock		Common Stock				Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Tax	Treasury Stock	Total
	Shares	Amount	Number of Shares			Amount					
			Issued	Treasury	Outstanding						
Balance as of June 30, 2016	515	\$ 5,063	64,513,494	(1,294,102)	63,219,392	\$ 645	\$ 331,156	\$384,815	\$ (7,304)	\$ (30,785)	\$ 683,590
Net income	—	—	—	—	—	—	—	134,740	—	—	134,740
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	7,791	—	7,791
Cash dividends on preferred stock	—	—	—	—	—	—	—	(309)	—	—	(309)
Stock-based compensation expense and restricted stock unit vesting	—	—	602,438	(285,586)	316,852	6	14,961	—	—	(6,532)	8,435
Balance as of June 30, 2017	515	\$ 5,063	65,115,932	(1,579,688)	63,536,244	\$ 651	\$ 346,117	\$519,246	\$ 487	\$ (37,317)	\$ 834,247
Net income	—	—	—	—	—	—	—	152,411	—	—	152,411
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(1,100)	—	(1,100)
Cash dividends on preferred stock	—	—	—	—	—	—	—	(309)	—	—	(309)
Issuance of common stock	—	—	—	(1,233,491)	(1,233,491)	—	—	—	—	(35,183)	(35,183)
Stock-based compensation expense and restricted stock unit vesting	—	—	680,128	(294,817)	385,311	7	20,398	—	—	(9,958)	10,447
Balance as of June 30, 2018	515	\$ 5,063	65,796,060	(3,107,996)	62,688,064	\$ 658	\$ 366,515	\$671,348	\$ (613)	\$ (82,458)	\$ 960,513
Net income	—	—	—	—	—	—	—	155,131	—	—	155,131
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	629	—	629
Cash dividends on preferred stock	—	—	—	—	—	—	—	(309)	—	—	(309)
Purchase of treasury stock	—	—	—	(2,009,352)	(2,009,352)	—	—	—	—	(56,437)	(56,437)
Stock-based compensation expense and restricted stock unit vesting	—	—	767,862	(317,757)	450,105	8	23,430	—	—	(9,915)	13,523
Balance as of June 30, 2019	515	\$ 5,063	66,563,922	(5,435,105)	61,128,817	\$ 666	\$ 389,945	\$826,170	\$ 16	\$(148,810)	\$1,073,050

AXOS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(Dollars in thousands)</i>	Year Ended June 30,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 155,131	\$ 152,411	\$ 134,740
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Accretion of discounts on securities	(264)	(624)	(2,766)
Net accretion of discounts on loans and leases	(30,176)	(29,381)	(4,859)
Amortization of borrowing costs	208	208	208
Stock-based compensation expense	23,439	20,399	14,535
Valuation of financial instruments carried at fair value	—	—	(743)
Net gain on sale of investment securities	(709)	18	(3,920)
Impairment charge on securities	821	156	1,964
Provision for loan and lease losses	27,350	25,800	11,061
Broker-dealer reserve for bad debt	15,298	—	—
Deferred income taxes	(8,686)	17,034	(2,220)
Origination of loans held for sale	(1,471,906)	(1,564,165)	(1,375,443)
Unrealized (gain) loss on loans held for sale	(252)	(253)	222
Gain on sales of loans held for sale	(11,427)	(19,489)	(18,771)
Proceeds from sale of loans held for sale	1,481,911	1,576,353	1,433,068
Change in fair value of mortgage servicing rights	3,362	83	(31)
(Gain) loss on sale of other real estate and foreclosed assets	(283)	(258)	(42)
Depreciation and amortization	16,471	8,574	6,094
Net changes in assets and liabilities which provide (use) cash:			
Accrued interest receivable	(12,300)	(6,082)	4,511
Securities borrowed	13,192	—	—
Customer, broker-dealer and clearing receivables	13,684	—	—
Other assets	(15,264)	(40,988)	807
Securities loaned	(4,685)	—	—
Customer, broker-dealer and clearing payables	(1,506)	—	—
Accrued interest payable	1,129	469	(383)
Accounts payable and accrued liabilities	9,883	27,650	466
Net cash provided by (used) in operating activities	\$ 204,421	\$ 167,915	\$ 198,498
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)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits	\$ 997,823	\$ 1,085,843	\$ 855,456

Repayment of the Federal Home Loan Bank term advances	(147,500)	(30,000)	(95,000)
Net (repayment) proceeds of Federal Home Loan Bank other advances	149,000	(153,000)	8,000
Net (repayment) proceeds of other borrowings	21,700	(20,000)	(15,000)
Tax payments related to settlement of restricted stock units	(9,916)	(9,952)	(6,532)
Repurchase of treasury stock	(56,437)	(35,183)	—
Tax benefit from exercise of common stock options and vesting of restricted stock grants	—	—	432
Cash dividends paid on preferred stock	(232)	(309)	(309)
Net proceeds from issuance of subordinated notes	7,400	—	—
Net cash provided by financing activities	\$ 961,838	\$ 837,399	\$ 747,047
NET CHANGE IN CASH AND CASH EQUIVALENTS	234,518	(20,691)	156,814
CASH AND CASH EQUIVALENTS—Beginning of year	622,850	643,541	486,727
CASH AND CASH EQUIVALENTS—End of year	\$ 857,368	\$ 622,850	\$ 643,541
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid on deposits and borrowed funds	\$ 152,756	\$ 106,112	\$ 74,442
Income taxes paid	\$ 64,117	\$ 79,628	\$ 102,482
Transfers from loans and leases held for investment to loans held for sale	\$ 106,911	\$ 31,207	\$ 2,935
Loans held for investment sold, cash not received	\$ —	\$ 17,742	\$ —
Securities transferred from held-to-maturity to available for sale portfolio	\$ —	\$ —	\$ 194,153
Preferred stock dividends declared but not paid	\$ 77	\$ —	\$ —

LOANS AND LEASES

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

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

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.

SECURITIES

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:

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	June 30, 2019			
	Available for sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mortgage-backed securities (RMBS):				
U.S agencies ¹	\$ 9,486	\$ 179	\$ (79)	\$ 9,586
Non-agency ²	13,489	226	(690)	13,025
Total mortgage-backed securities	22,975	405	(769)	22,611
Other debt securities:				
U.S. agencies ¹	1,682	3	—	1,685
Municipal	21,974	16	(828)	21,162
Non-agency	179,976	2,088	(9)	182,055
Total other debt securities	203,632	2,107	(837)	204,902
Total debt securities	\$ 226,607	\$ 2,512	\$ (1,606)	\$ 227,513

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	June 30, 2018			
	Available for sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mortgage-backed securities (RMBS):				
U.S agencies ¹	\$ 13,102	\$ 152	\$ (328)	\$ 12,926
Non-agency ²	19,384	116	(2,057)	17,443
Total mortgage-backed securities	32,486	268	(2,385)	30,369
Other debt securities:				
Municipal	20,953	2	(743)	20,212
Non-agency	127,558	2,267	(101)	129,724
Total other debt securities	148,511	2,269	(844)	149,936
Total debt securities	\$ 180,997	\$ 2,537	\$ (3,229)	\$ 180,305

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:

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	June 30, 2019		June 30, 2018	
	Amount	Rate ¹	Amount	Rate ¹
Non-interest bearing	\$ 1,441,930	—%	\$ 1,015,355	—%
Interest bearing:				
Demand	2,709,014	2.06%	2,519,845	1.60%
Savings	2,466,214	1.48%	2,482,430	1.31%
Total interest-bearing demand and savings	5,175,228	1.78%	5,002,275	1.46%
Time deposits:				
\$250 and under	1,866,811	2.47%	1,837,274	2.34%
Greater than \$250	499,204	2.27%	130,446	2.05%
Total time deposits	2,366,015	2.43%	1,967,720	2.32%
Total interest bearing ²	7,541,243	1.99%	6,969,995	1.70%
Total deposits	\$ 8,983,173	1.67%	\$ 7,985,350	1.48%

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,				
	2019	2018	2017	2016	2015
Non-interest-bearing, prepaid and other	3,743,334	3,535,904	3,113,128	1,816,266	553,245
Checking and savings accounts	311,067	270,082	274,962	292,012	31,461
Time deposits	23,447	2,309	2,748	4,807	5,515
Total number of deposit accounts	4,077,848	3,808,295	3,390,838	2,113,085	590,221

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:

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	For the three months ended June 30,					
	2019			2018		
	Average Balance ²	Interest Income / Expense	Average Yields Earned / Rates Paid ¹	Average Balance ²	Interest Income / Expense	Average Yields Earned / Rates Paid ¹
Assets:						
Loans and leases ^{3,4}	\$ 9,234,461	\$ 128,268	5.56%	\$ 8,278,746	\$ 111,481	5.39%
Interest-earning deposits in other financial institutions	710,703	4,333	2.44%	860,052	3,788	1.76%
Investment securities ⁴	226,523	3,778	6.67%	180,843	2,681	5.93%
Securities borrowed and margin lending	350,413	4,776	5.45%	—	—	—%
Stock of the regulatory agencies, at cost	31,054	488	6.29%	54,176	948	7.00%
Total interest-earning assets	10,553,154	141,643	5.37%	9,373,817	118,898	5.07%
Non-interest-earning assets	325,078			145,478		
Total assets	\$ 10,878,232			\$ 9,519,295		
Liabilities and Stockholders' Equity:						
Interest-bearing demand and savings	\$ 4,119,350	\$ 16,921	1.64%	\$ 4,406,649	\$ 14,867	1.35%
Time deposits	2,625,852	15,774	2.40%	1,220,332	7,822	2.56%
Securities loaned	478,196	376	0.31%	—	—	—%
Advances from the FHLB	963,062	5,986	2.49%	1,676,439	8,243	1.97%
Borrowings, subordinated notes and debentures	154,749	2,149	5.55%	54,571	918	6.73%
Total interest-bearing liabilities	8,341,209	41,206	1.98%	7,357,991	31,850	1.73%
Non-interest-bearing demand deposits	1,385,750			1,138,226		
Other non-interest-bearing liabilities	98,741			72,693		
Stockholders' equity	1,052,532			950,385		
Total liabilities and stockholders' equity	\$ 10,878,232			\$ 9,519,295		
Net interest income		\$ 100,437			\$ 87,048	
Interest rate spread ⁵			3.39%			3.34%
Net interest margin ⁶			3.81%			3.71%

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:

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	For the Fiscal Years Ended June 30,								
	2019			2018			2017		
	Average Balance ¹	Interest Income / Expense	Average Yields Earned / Rates Paid	Average Balance ¹	Interest Income / Expense	Average Yields Earned / Rates Paid	Average Balance ¹	Interest Income / Expense	Average Yields Earned / Rates Paid
Assets:									
Loans and leases ^{2,3}	\$ 8,974,820	\$ 525,317	5.85%	\$7,893,072	\$ 446,991	5.66%	\$ 6,819,102	\$ 358,849	5.26%
Interest-earning deposits in other financial institutions	631,228	13,495	2.14%	807,348	12,450	1.54%	658,580	5,204	0.79%
Investment securities ³	210,189	13,943	6.63%	209,434	11,335	5.41%	393,334	16,889	4.29%
Securities borrowed and margin lending	173,829	8,746	5.03%	—	—	—%	—	—	—%
Stock of the regulatory agencies, at cost	41,078	3,386	8.24%	61,222	4,298	7.02%	55,577	6,344	11.41%
Total interest-earning assets	10,031,144	564,887	5.63%	8,971,076	475,074	5.30%	7,926,593	387,286	4.89%
Non-interest-earning assets	234,993			100,380			116,545		
Total assets	\$ 10,266,137			\$9,071,456			\$ 8,043,138		
Liabilities and Stockholders' Equity:									
Interest-bearing demand and savings	\$ 3,906,833	\$ 61,391	1.57%	\$4,706,238	\$ 54,013	1.15%	\$ 4,619,769	\$ 34,556	0.75%
Time deposits	2,322,039	55,689	2.40%	990,635	25,838	2.61%	941,919	21,938	2.33%
Securities loaned	221,469	748	0.34%	—	—	—%	—	—	—%
Securities sold under agreements to repurchase	—	—	—%	5,575	229	4.11%	33,068	1,465	4.43%
Advances from the FHLB	1,397,460	32,834	2.35%	1,296,120	22,848	1.76%	798,982	12,403	1.55%
Borrowings, subordinated notes and debentures	104,287	5,620	5.39%	54,522	3,652	6.70%	55,873	3,697	6.62%
Total interest-bearing liabilities	7,952,088	156,282	1.97%	7,053,090	106,580	1.51%	6,449,611	74,059	1.15%
Non-interest-bearing demand deposits	1,227,285			1,052,944			774,411		
Other non-interest- bearing liabilities	76,651			68,361			58,040		
Stockholders' equity	1,010,113			897,061			761,076		
Total liabilities and stockholders' equity	\$ 10,266,137			\$9,071,456			\$ 8,043,138		
Net interest income		\$ 408,605			\$ 368,494			\$ 313,227	
Interest rate spread ⁴			3.66%			3.79%			3.74%
Net interest margin ⁵			4.07%			4.11%			3.95%

¹ Average balances are obtained from daily data.

² Loans include loans held for sale, loan premiums and unearned fees.

³ 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 \$28.7 million, \$29.3 million and \$30.3 million as of June 30, 2019, 2018 and 2017, respectively, of Community Reinvestment Act loans which are taxed at a reduced rate.

⁴ 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.

⁵ 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

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:

<i>(Dollars in thousands)</i>	For the Three Months Ended					
	June 30,					
	2019			2018		
Average Balance ¹	Interest Income/Expense	Average Yields Earned/Rates Paid ²	Average Balance ¹	Interest Income/Expense	Average Yields Earned/Rates Paid ²	
Assets:						
Loans and leases ^{3, 4}	\$ 9,234,449	\$ 128,268	5.56%	\$ 8,278,725	\$ 111,481	5.39%
Interest-earning deposits in other financial institutions	524,403	3,128	2.39%	860,052	3,788	1.76%
Investment securities ⁴	224,828	3,779	6.72%	180,843	2,681	5.93%
Stock of the regulatory agencies, at cost	28,414	486	6.84%	54,176	948	6.98%
Total interest-earning assets	10,012,094	135,661	5.42%	9,373,796	118,898	5.07%
Non-interest-earning assets	188,959			137,014		
Total assets	\$ 10,201,053			\$ 9,510,810		
Liabilities and Stockholders' Equity:						
Interest-bearing demand and savings	\$ 4,143,734	\$ 16,964	1.64%	\$ 4,448,942	\$ 14,957	1.34%
Time deposits	2,625,852	15,774	2.40%	1,220,332	7,822	2.56%
Advances from the FHLB	963,062	5,987	2.49%	1,676,439	8,243	1.97%
Borrowings, subordinated notes and debentures	22	—	—%	68	1	5.88%
Total interest-bearing liabilities	7,732,670	38,725	2.00%	7,345,781	31,023	1.69%
Non-interest-bearing demand deposits	1,389,998			1,143,704		
Other non-interest-bearing liabilities	70,848			70,349		
Stockholders' equity	1,007,537			950,976		
Total liabilities and stockholders' equity	\$ 10,201,053			\$ 9,510,810		
Net interest income		\$ 96,936			\$ 87,875	
Interest rate spread ⁵			3.42%			3.38%
Net interest margin ⁶			3.87%			3.75%

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:

<i>(Dollars in thousands)</i>	Three months ended June 30, 2019	
Compensation as a % of net revenue		35.0%
FDIC insured program balances at banks (end of period)	\$	341,576
Customer margin balances (end of period)	\$	189,193
Customer funds on deposit, including short credits (end of period)	\$	206,469
Clearing:		
Total tickets		595,962
Correspondents (end of period)		62
Securities lending:		
Interest-earning assets – stock borrowed (end of period)	\$	144,706
Interest-bearing liabilities – stock loaned (end of period)	\$	198,356