

## 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 29, 2020



### Axos Financial, Inc.

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>001-37709</b> (Commission File Number)	<b>33-0867444</b> (IRS Employer Identification Number)
	9205 West Russell Road, STE 400, Las Vegas, NV (Address of principal executive offices)	89148 (zip code)
	Registrant's telephone number, including area code: (858) 649-2218	

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$.01 par value	AX	New York Stock Exchange
6.25% Subordinated Notes Due 2026	AXO	New York Stock Exchange

#### 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 29, 2020, Axos Financial, Inc. (the “Registrant”) issued a press release announcing its fourth quarter results of operations for the period ended June 30, 2020. The press release is set forth as Exhibit 99.1 and is 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 is 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 is it 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	<a href="#">Press Release of Axos Financial, Inc. dated July 29, 2020</a>
99.2	<a href="#">Financial Schedules</a>

## 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 29, 2020

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 \$183.4 million for Fiscal 2020 Earnings Per Share for the Fourth Quarter of Fiscal 2020 up 13.6% Year-over-Year

SAN DIEGO, CA – (BUSINESS WIRE) – July 29, 2020 – Axos Financial, Inc. (NYSE: AX) (“Axos”), parent company of Axos Bank (the “Bank”), today announced unaudited financial results for the fourth fiscal quarter and full fiscal year ended June 30, 2020. Net income for the quarter was \$45.3 million, an increase of 11.5% over net income of \$40.6 million for the quarter ended June 30, 2019. Earnings attributable to Axos’ common stockholders were \$45.2 million or \$0.75 per diluted share for the fourth quarter of fiscal 2020, an increase of 11.5% from \$40.6 million or \$0.66 per diluted share for the fourth quarter ended June 30, 2019.

Adjusted earnings and adjusted earnings per diluted common share (“adjusted EPS”), non-GAAP measures, which exclude non-cash amortization expenses, non-recurring costs related to mergers and acquisitions, and other non-recurring costs increased 11.6% to \$47.1 million and 14.7% to \$0.78, respectively, for the quarter ended June 30, 2020 compared to \$42.2 million and \$0.68, respectively, for the quarter ended June 30, 2019.

#### Fourth Quarter Fiscal 2020 Financial Summary:

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended June 30,		% Change
	2020	2019	
Net interest income	\$ 117,272	\$ 100,437	16.8%
Non-interest income	\$ 28,702	\$ 23,224	23.6%
Net income	\$ 45,300	\$ 40,634	11.5%
Adjusted Earnings (Non-GAAP) <sup>1</sup>	\$ 47,052	\$ 42,158	11.6%
Net income attributable to common stockholders	\$ 45,223	\$ 40,557	11.5%
Diluted EPS	\$ 0.75	\$ 0.66	13.6%
Adjusted EPS (Non-GAAP) <sup>1</sup>	\$ 0.78	\$ 0.68	14.7%

1. See “Use of Non-GAAP Financial Measures”

For the fiscal year ended June 30, 2020, net income was a record \$183.4 million, an increase of 18.2% over net income of \$155.1 million for the twelve months ended June 30, 2019. Earnings attributable to Axos’ common stockholders were \$183.1 million or \$2.98 per diluted share for the twelve months ended June 30, 2020, an increase of 18.3% from \$154.8 million or \$2.48 per diluted share for the twelve months ended June 30, 2019. Record earnings for the fiscal year ended June 30, 2020 were primarily the result of growth in the Bank’s loan and lease portfolio, growth in mortgage banking income and a full year’s activity in broker-dealer fee income. Operating expenses increased to support growth of the bank due to higher levels of loan originations and deposit activities.

“We delivered another strong quarter, with double digit percentage increases in net interest income and non-interest income and disciplined expense controls resulting in a 22.8% increase in our pretax income,” stated Greg Garrabrants, President and Chief Executive Officer of Axos. “We continue to grow our deposit balances while reducing our funding costs, as reflected in the \$2.2 billion sequential increase in our checking and savings balances and 52 basis point decline in our interest-bearing liabilities costs. The reduction in funding costs helped drive our net interest margin higher to 3.89% compared to 3.81% in fourth quarter of 2019.”

“Excluding the H&R Block seasonal loan products, our annualized net charge-offs to total loans and leases were 5 basis points for the fourth fiscal quarter of fiscal 2020” said Andy Micheletti, Executive Vice President and Chief Financial Officer of Axos. We ended the quarter with approximately \$75.8 million of loan loss reserves, representing 71 basis points of total loans and leases. We remain well-capitalized, with a Tier 1 leverage ratio of 9.25% at the bank and 8.97% at the holding company on June 30, 2020.”

## Other Highlights:

- Net interest margin was 3.89%, up 8 basis points from 3.81% for the three months ended June 30, 2019
- Efficiency ratio for the Banking Business Segment was 41.02% compared to 43.21% for the three months ended June 30, 2019
- Total assets reached \$13.9 billion, up \$2.6 billion or 23.5% compared to June 30, 2019
- Loan and lease portfolio grew by \$1,249.2 million or 13.3% compared to June 30, 2019
- Loan and lease originations for investment for the three months ended June 30, 2020 were \$1,317.8 million compared to \$1,501.4 million for the quarter ended June 30, 2019, including approximately \$167.2 million of Paycheck Protection Program (“PPP”) loans
- Loan originations for sale were up 16.4% for the three months ended June 30, 2020, to \$315.3 million compared to \$270.9 million for the quarter ended June 30, 2019
- Deposits grew by \$2,353.5 million or 26.2% compared to June 30, 2019
- Strong mortgage banking results contributed to non-interest income increasing 23.6% compared to the three months ended June 30, 2019
- Return on average common stockholders’ equity was 14.71% for the three months ended June 30, 2020
- Total non-performing assets were 0.68% of total assets and non-performing loans and leases equal to 0.82% of total loans at June 30, 2020
- Book value increased to \$20.56 per share, up 17.7% compared to June 30, 2019

## Fourth Quarter Fiscal 2020 Income Statement Summary

During the quarter ended June 30, 2020, Axos earned \$45.3 million or \$0.75 per diluted share compared to \$40.6 million, or \$0.66 per diluted share for the quarter ended June 30, 2019. Net interest income increased \$16.8 million or 16.8% for the quarter ended June 30, 2020 compared to June 30, 2019, primarily due to the lower cost of deposits and borrowing resulting from interest rate reductions and increase in non-interest-bearing liabilities.

The loan and lease loss provision was \$6.5 million for the quarter ended June 30, 2020 compared to \$2.8 million for the quarter ended June 30, 2019. The increase was primarily due to additional provisions for changes in economic and business conditions resulting from the COVID-19 pandemic, overall loan portfolio growth, and changes in the loan mix.

For the fourth quarter ended June 30, 2020, non-interest income was \$28.7 million compared to \$23.2 million for the three months ended June 30, 2019. The increase year over year was primarily the result of an increase in mortgage banking fee income of \$10.4 million partially offset by a decrease in banking service fees of \$2.4 million and a decrease in broker-dealer fee income of \$1.0 million.

Non-interest expense or operating costs increased \$6.0 million to \$71.5 million for the quarter ended June 30, 2020 from \$65.5 million for the three months ended June 30, 2019. The increase was mainly a result of an increase in compensation expense of \$3.5 million related to staffing added since June 30, 2019 to support growth of the Bank’s operations. Additional contributors to the increase in operating expenses were an increase in depreciation and amortization of \$1.9 million, primarily due to the amortization of intangibles, an increase in data processing of \$1.5 million, due to software initiatives and enhancements to the Bank’s core processing system, and an increase of \$0.4 million in broker-dealer clearing charges.

Our effective tax rate was 33.31% for the three months ended June 30, 2020 compared to 26.55% for the three months ended June 30, 2019. The increase in the tax rate for the three months ended June 30, 2020, is primarily due to a write off of a deferred tax asset for stock compensation that isn’t expected to be realized in the future, which resulted in \$2.0 million of additional expense for the three months ended June 30, 2020.

## Full Year Fiscal 2020 Highlights

- Net income reached a record \$183.4 million, an increase of 18.2% compared to the fiscal year ended June 30, 2019
- Loan and lease originations for investment for the fiscal year ended June 30, 2020 were \$6,811.2 million, down 1.0% compared to the fiscal year ended June 30, 2019
- Loan originations for sale for the fiscal year ended June 30, 2020 were \$1,601.6 million, up 8.8% compared to the fiscal year ended June 30, 2019
- Net interest margin for the Banking Business increased to 4.19% for the fiscal year ended June 30, 2020 compared to 4.14% for the fiscal year ended June 30, 2019
- Efficiency for the Banking Business was 39.81% for the fiscal year ended June 30, 2020 compared to 40.51% for the fiscal year ended June 30, 2019
- Return on average assets remained strong at 1.53% for the fiscal year ended June 30, 2020

## Balance Sheet Summary

Axos' total assets increased \$2,631.7 million, or 23.5%, to \$13,851.9 million, as of June 30, 2020, up from \$11,220.2 million at June 30, 2019. The loan and lease portfolio increased \$1,249.2 million on a net basis, primarily from portfolio loan and lease originations and purchases of \$6,811.2 million, less principal repayments and other adjustments of \$5,562.0 million. Total cash increased by \$1,093.2 million primarily due to increased deposits. Total liabilities increased by \$2,473.9 million, or 24.4%, to \$12,621.1 million at June 30, 2020, up from \$10,147.2 million at June 30, 2019. The increase in total liabilities resulted primarily from growth in deposits of \$2,353.5 million. Stockholders' equity increased by \$157.8 million, or 14.7%, to \$1,230.8 million at June 30, 2020 from \$1,073.1 million at June 30, 2019. The increase was primarily the result of \$183.4 million in net income and \$14.5 million of vesting and issuance of RSUs and stock-based compensation expense, partially offset by \$38.9 million of stock repurchases, \$1.0 million of unrealized loss 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 9.25% at June 30, 2020.

## Conference Call

A conference call and webcast will be held on Wednesday, July 29, 2020 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 29, 2020, at Axos' website and telephonically by dialing toll-free number 877-660-6853, passcode 13706636.

## 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., a registered investment advisor, and Axos Invest LLC, an introducing broker-dealer. With approximately \$13.9 billion in assets, Axos Bank provides consumer and business banking products through its low-cost distribution channels and affinity partners. Axos Clearing LLC and Axos Invest, Inc. 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<sup>®</sup> Index and the S&P SmallCap 600<sup>®</sup> Index. For more information on Axos Bank, please visit [axosbank.com](http://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 the CEO's evaluation of the operating results of those services in deciding how to allocate

resources and assess performance. The Company operates through two segments: Banking Business and Securities Business. 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 and reconciliations:

<i>(Dollars in thousands)</i>	For the Three Months Ended June 30, 2020			
	Banking Business	Securities Business	Corporate/Eliminations	Axos Consolidated
Net interest income	\$ 114,264	\$ 3,493	\$ (485)	\$ 117,272
Provision for loan losses	6,500	—	—	6,500
Non-interest income	23,100	5,730	(128)	28,702
Non-interest expense	56,348	10,869	4,327	71,544
Income (Loss) before income taxes	\$ 74,516	\$ (1,646)	\$ (4,940)	\$ 67,930

<i>(Dollars in thousands)</i>	For the Three Months Ended June 30, 2019			
	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 (Loss) before income taxes	\$ 61,589	\$ 463	\$ (6,727)	\$ 55,325

<i>(Dollars in thousands)</i>	Twelve Months Ended June 30, 2020			
	Banking Business	Securities Business	Corporate/Eliminations	Axos Consolidated
Net interest income	\$ 464,448	\$ 16,630	\$ (3,467)	\$ 477,611
Provision for loan losses	42,200	—	—	42,200
Non-interest income	80,374	24,817	(2,204)	102,987
Non-interest expense	216,895	43,525	15,346	275,766
Income (Loss) before income taxes	\$ 285,727	\$ (2,078)	\$ (21,017)	\$ 262,632

<i>(Dollars in thousands)</i>	Twelve Months Ended June 30, 2019			
	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 (Loss) before income taxes	\$ 255,479	\$ (14,795)	\$ (27,878)	\$ 212,806

## 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 diluted 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, excess FDIC expense, and other costs (unusual or non-recurring charges), as adjusted earnings, a non-GAAP financial measure. Excess FDIC expense is defined as the higher insurance costs that we incurred associated with increased levels of short-term brokered deposits in anticipation of the acquisition of deposits from Nationwide Bank. In the fiscal year ended June 30, 2019 the 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:

<i>(Dollars in thousands, except per share amounts)</i>	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net income	\$ 45,300	\$ 40,634	\$ 183,438	\$ 155,131
Acquisition-related costs	2,627	2,075	10,108	6,714
Excess FDIC expense	—	—	—	1,111
Other costs	—	—	—	15,299
Income taxes	(875)	(551)	(3,048)	(6,267)
Adjusted earnings (Non-GAAP)	<u>\$ 47,052</u>	<u>\$ 42,158</u>	<u>\$ 190,498</u>	<u>\$ 171,988</u>
Adjusted EPS (Non-GAAP)	<u>\$ 0.78</u>	<u>\$ 0.68</u>	<u>\$ 3.10</u>	<u>\$ 2.75</u>

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:

<i>(Dollars in thousands, except per share amounts)</i>	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Total stockholders' equity	\$ 1,230,846	\$ 1,073,050
Less: preferred stock	5,063	5,063
Common stockholders' equity	<u>1,225,783</u>	<u>1,067,987</u>
Less: mortgage servicing rights, carried at fair value	10,675	9,784
Less: goodwill and other intangible assets	125,389	134,893
Tangible common stockholders' equity (Non-GAAP)	<u>\$ 1,089,719</u>	<u>\$ 923,310</u>
Common shares outstanding at end of period	59,612,635	61,128,817
Tangible book value per common share (Non-GAAP)	<u>\$ 18.28</u>	<u>\$ 15.10</u>

## **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 and the anticipated timing and financial performance of 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 uncertainties surrounding the severity, duration, and effects of the COVID-19 pandemic, changes in the interest rate environment, inflation, government regulation, general economic conditions, conditions in the real estate markets in which we operate, risks associated with credit quality, the outcome and effects of pending class action litigation filed against the Company 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

1-858-649-2218

[jlai@axosfinancial.com](mailto: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>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Selected Balance Sheet Data:</b>			
Total assets	\$ 13,851,900	\$ 11,220,238	\$ 9,539,504
Loans and leases—net of allowance for loan and lease losses	10,631,349	9,382,124	8,432,289
Loans held for sale, at fair value	51,995	33,260	35,077
Loans held for sale, lower of cost or fair value	44,565	4,800	2,686
Allowance for loan and lease losses	75,807	57,085	49,151
Securities—trading	105	—	—
Securities—available-for-sale	187,627	227,513	180,305
Securities borrowed	222,368	144,706	—
Customer, broker-dealer and clearing receivables	220,266	203,192	—
Total deposits	11,336,694	8,983,173	7,985,350
Advances from the FHLB	242,500	458,500	457,000
Borrowings, subordinated notes and debentures	235,789	168,929	54,552
Securities loaned	255,945	198,356	—
Customer, broker-dealer and clearing payables	347,614	238,604	—
Total stockholders' equity	1,230,846	1,073,050	960,513
<b>Capital Ratios:</b>			
Equity to assets at end of period	8.89%	9.56%	10.07%
Axos Financial, Inc.:			
Tier 1 leverage (core) capital to adjusted average assets	8.97%	8.75%	9.45%
Common equity tier 1 capital (to risk-weighted assets)	11.22%	11.43%	13.27%
Tier 1 capital (to risk-weighted assets)	11.27%	11.49%	13.34%
Total capital (to risk-weighted assets)	12.64%	12.91%	14.84%
Axos Bank:			
Tier 1 leverage (core) capital to adjusted average assets	9.25%	9.21%	8.88%
Common equity tier 1 capital (to risk-weighted assets)	11.79%	12.14%	12.53%
Tier 1 capital (to risk-weighted assets)	11.79%	12.14%	12.53%
Total capital (to risk-weighted assets)	12.62%	12.89%	13.27%
Axos Clearing, LLC:			
Net capital	\$ 34,022	\$ 25,027	N/A
Excess capital	\$ 29,450	\$ 21,199	N/A
Net capital as a percentage of aggregate debit items	14.88%	13.08%	N/A
Net capital in excess of 5% aggregate debit items	\$ 22,593	\$ 15,458	N/A

**AXOS FINANCIAL, INC. AND SUBSIDIARIES**  
**SELECTED CONSOLIDATED FINANCIAL INFORMATION**  
*(Unaudited – dollars in thousands, except per share data)*

<i>(Dollars in thousands, except per share data)</i>	At or for the Three Months Ended		At or for the Fiscal year ending	
	June 30,		June 30,	
	2020	2019	2020	2019
<b>Selected Income Statement Data:</b>				
Interest and dividend income	\$ 144,143	\$ 141,643	\$ 622,839	\$ 564,887
Interest expense	26,871	41,206	145,228	156,282
Net interest income	117,272	100,437	477,611	408,605
Provision for loan losses	6,500	2,800	42,200	27,350
Net interest income after provision for loan losses	110,772	97,637	435,411	381,255
Non-interest income	28,702	23,224	102,987	82,757
Non-interest expense	71,544	65,536	275,766	251,206
Income before income tax expense	67,930	55,325	262,632	212,806
Income tax expense	22,630	14,691	79,194	57,675
Net income	\$ 45,300	\$ 40,634	\$ 183,438	\$ 155,131
Net income attributable to common stock	\$ 45,223	\$ 40,557	\$ 183,129	\$ 154,822
<b>Per Share Data:</b>				
Net income:				
Basic	\$ 0.76	\$ 0.66	\$ 3.01	\$ 2.50
Diluted	\$ 0.75	\$ 0.66	\$ 2.98	\$ 2.48
Book value per common share	\$ 20.56	\$ 17.47	\$ 20.56	\$ 17.47
Tangible book value per common share (Non-GAAP)	\$ 18.28	\$ 15.10	\$ 18.28	\$ 15.10
Adjusted earnings per common share (Non-GAAP)	\$ 0.78	\$ 0.68	\$ 3.10	\$ 2.75
<b>Weighted average number of shares outstanding:</b>				
Basic	59,648,076	61,201,994	60,794,555	61,898,447
Diluted	60,158,545	61,634,848	61,437,635	62,382,065
Common shares outstanding at end of period	59,612,635	61,128,817	59,612,635	61,128,817
Common shares issued at end of period	67,323,053	66,563,922	67,323,053	66,563,922
<b>Performance Ratios and Other Data:</b>				
Loan and lease originations for investment	\$ 1,317,826	\$ 1,501,357	\$ 6,811,164	\$ 6,934,259
Loan originations for sale	\$ 315,349	\$ 270,905	\$ 1,601,579	\$ 1,471,906
Loan and lease purchases	\$ —	\$ —	\$ —	\$ 11,009
Return on average assets	1.45%	1.49%	1.53%	1.51%
Return on average common stockholders' equity	14.71%	15.49%	15.65%	15.40%
Interest rate spread <sup>1</sup>	3.53%	3.39%	3.65%	3.66%
Net interest margin <sup>2</sup>	3.89%	3.81%	4.12%	4.07%
Net interest margin <sup>2</sup> - Banking Business Segment only	3.95%	3.87%	4.19%	4.14%
Efficiency ratio <sup>3</sup>	49.01%	53.00%	47.50%	51.12%
Efficiency ratio <sup>3</sup> - Banking Business Segment only	41.02%	43.21%	39.81%	40.51%
<b>Asset Quality Ratios:</b>				
Net annualized charge-offs to average loans and leases	0.67%	0.65%	0.23%	0.19%
Net annualized charge-offs to average loans and leases, excluding seasonal tax loan products	0.05%	0.05%	0.08%	0.06%
Non-performing loans and leases to total loans and leases	0.82%	0.51%	0.82%	0.51%
Non-performing assets to total assets	0.68%	0.50%	0.68%	0.50%

Allowance for loan and lease losses to total loans and leases held for investment at end of period	0.71%	0.60%	0.71%	0.60%
Allowance for loan and lease losses to non-performing loans and leases	86.20%	117.84%	86.20%	117.84%

<sup>1</sup> 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

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

<sup>3</sup> Efficiency ratio represents non-interest expense as a percentage of the aggregate of net interest income and non-interest income.

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

## 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,	
	2020	2019
<b>ASSETS</b>		
Cash and due from banks	\$ 1,756,477	\$ 511,125
Cash segregated for regulatory purposes	194,042	346,143
Federal funds sold	—	100
Total cash, cash equivalents, cash segregated, and federal funds sold	1,950,519	857,368
Securities:		
Trading	105	—
Available for sale	187,627	227,513
Stock of regulatory agencies	20,610	20,276
Loans held for sale, carried at fair value	51,995	33,260
Loans held for sale, lower of cost or fair value	44,565	4,800
Loans and leases—net of allowance of \$75,807 as of June 2020 and \$57,085 as of June 2019	10,631,349	9,382,124
Mortgage servicing rights, carried at fair value	10,675	9,784
Other real estate owned and repossessed vehicles	6,408	7,485
Securities borrowed	222,368	144,706
Customer, broker-dealer and clearing receivables	220,266	203,192
Goodwill and other intangible assets—net	125,389	134,893
Other assets	380,024	194,837
<b>TOTAL ASSETS</b>	<b>\$ 13,851,900</b>	<b>\$ 11,220,238</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Non-interest bearing	\$ 1,936,661	\$ 1,441,930
Interest bearing	9,400,033	7,541,243
Total deposits	11,336,694	8,983,173
Advances from the Federal Home Loan Bank	242,500	458,500
Borrowings, subordinated notes and debentures	235,789	168,929
Securities loaned	255,945	198,356
Customer, broker-dealer and clearing payables	347,614	238,604
Accounts payable and accrued liabilities and other liabilities	202,512	99,626
Total liabilities	12,621,054	10,147,188
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 2020 and June 2019	5,063	5,063
Common stock—\$0.01 par value; 150,000,000 shares authorized, 67,323,053 shares issued and 59,612,635 shares outstanding as of June 2020, 66,563,922 shares issued and 61,128,817 shares outstanding as of June 2019	673	666

Additional paid-in capital	411,873	389,945
Accumulated other comprehensive income (loss)—net of tax	(937)	16
Retained earnings	1,009,299	826,170
Treasury stock, at cost; 7,710,418 shares as of June 2020 and 5,435,105 shares as of June 2019	(195,125)	(148,810)
Total stockholders' equity	1,230,846	1,073,050
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 13,851,900</b>	<b>\$ 11,220,238</b>

S-1

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

<i>(Dollars in thousands, except earnings per share)</i>	<b>For the Quarters Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>INTEREST AND DIVIDEND INCOME:</b>		
Loans and leases, including fees	\$ 137,194	\$ 128,268
Securities borrowed and customer receivables	3,560	4,776
Investments	3,389	8,599
Total interest and dividend income	144,143	141,643
<b>INTEREST EXPENSE:</b>		
Deposits	23,942	32,695
Advances from the Federal Home Loan Bank	1,777	5,986
Securities loaned	115	376
Other borrowings	1,037	2,149
Total interest expense	26,871	41,206
Net interest income	117,272	100,437
Provision for loan and lease losses	6,500	2,800
Net interest income, after provision for loan and lease losses	110,772	97,637
<b>NON-INTEREST INCOME:</b>		
Realized gain (loss) on sale of securities	—	842
Prepayment penalty fee income	1,169	1,774
Gain on sale - other	517	549
Mortgage banking income	12,673	2,308
Broker-dealer fee income	5,670	6,701
Banking and service fees	8,673	11,050
Total non-interest income	28,702	23,224
<b>NON-INTEREST EXPENSE:</b>		
Salaries and related costs	37,409	33,909
Data processing	8,887	7,358
Depreciation and amortization	6,982	5,123
Advertising and promotional	2,803	3,445
Occupancy and equipment	3,180	2,588
Professional services	3,163	3,427
Broker-dealer clearing charges	2,162	1,727
FDIC and regulatory fees	2,395	2,418
General and administrative expense	4,563	5,541
Total non-interest expense	71,544	65,536
<b>INCOME BEFORE INCOME TAXES</b>	67,930	55,325
<b>INCOME TAXES</b>	22,630	14,691
<b>NET INCOME</b>	\$ 45,300	\$ 40,634
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCK</b>	\$ 45,223	\$ 40,557
<b>COMPREHENSIVE INCOME</b>	\$ 47,089	\$ 41,168
Basic earnings per share	\$ 0.76	\$ 0.66
Diluted earnings per share	\$ 0.75	\$ 0.66

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

<i>(Dollars in thousands, except earnings per share)</i>	Year Ended June 30,		
	2020	2019	2018
<b>INTEREST AND DIVIDEND INCOME:</b>			
Loans and leases, including fees	\$ 582,748	\$ 525,317	\$ 446,991
Securities borrowed and customer receivables	16,585	8,746	—
Investments	23,506	30,824	28,083
Total interest and dividend income	622,839	564,887	475,074
<b>INTEREST EXPENSE:</b>			
Deposits	126,916	117,080	79,851
Advances from the Federal Home Loan Bank	11,988	32,834	22,848
Securities loaned	679	748	—
Other borrowings	5,645	5,620	3,881
Total interest expense	145,228	156,282	106,580
Net interest income	477,611	408,605	368,494
Provision for loan and lease losses	42,200	27,350	25,800
Net interest income, after provision for loan and lease losses	435,411	381,255	342,694
<b>NON-INTEREST INCOME:</b>			
Realized gain (loss) on sale of securities	—	709	(18)
<b>Other-than-temporary loss on securities:</b>			
Other-than-temporary loss on securities:	—	(1,666)	(6,271)
Less: Portion of other temporary impairment losses recognized in OCI	—	845	6,115
Change to net impairment losses recognized in earnings on securities	—	(821)	(156)
Prepayment penalty fee income	5,993	5,851	3,862
Gain on sale - other	6,871	6,160	5,734
Mortgage banking income	20,646	5,267	13,755
Broker-dealer fee income	23,210	11,737	—
Banking and service fees	46,267	53,854	47,764
Total non-interest income	102,987	82,757	70,941
<b>NON-INTEREST EXPENSE:</b>			
Salaries and related costs	144,341	127,433	100,975
Data processing	30,671	24,150	17,400
Depreciation and amortization	24,443	16,471	8,574
Advertising and promotional	14,523	14,710	15,500
Occupancy and equipment	12,059	8,571	6,063
Professional services	11,095	11,916	5,280
Broker-dealer clearing charges	8,210	2,822	—
FDIC and regulatory fees	5,538	9,005	4,860
General and administrative expense	24,886	36,128	15,284
Total non-interest expense	275,766	251,206	173,936
<b>INCOME BEFORE INCOME TAXES</b>	262,632	212,806	239,699
<b>INCOME TAXES</b>	79,194	57,675	87,288
<b>NET INCOME</b>	\$ 183,438	\$ 155,131	\$ 152,411
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCK</b>	\$ 183,129	\$ 154,822	\$ 152,102
<b>COMPREHENSIVE INCOME</b>	\$ 182,485	\$ 155,760	\$ 151,311
Basic earnings per share	\$ 3.01	\$ 2.50	\$ 2.41
Diluted earnings per share	\$ 2.98	\$ 2.48	\$ 2.37



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

<i>(Dollars in thousands)</i>	Year Ended June 30,		
	2020	2019	2018
NET INCOME	\$ 183,438	\$ 155,131	\$ 152,411
Net unrealized gain (loss) from available-for-sale securities, net of tax expense (benefit) of \$(381), \$562, and \$(2,449) for the years ended June 30, 2020, 2019 and 2018, respectively.	(953)	1,741	(5,493)
Other-than-temporary impairment on securities sold, reclassified in other comprehensive income, net of tax expense (benefit) of \$0, \$(251), and \$1,918 for the years ended June 30, 2020, 2019 and 2018, respectively.	—	(594)	4,197
Reclassification of net (gain) loss from available-for-sale securities included in income, net of tax expense (benefit) of \$0, \$191, and \$(104) for the years ended June 30, 2020, 2019, and 2018, respectively.	—	(518)	196
Other comprehensive income (loss)	\$ (953)	\$ 629	\$ (1,100)
Comprehensive income	\$ 182,485	\$ 155,760	\$ 151,311

**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, 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)
Purchase of treasury 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
Net income	—	—	—	—	—	—	—	183,438	—	—	183,438
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(953)	—	(953)
Cash dividends on preferred stock	—	—	—	—	—	—	—	(309)	—	—	(309)
Purchase of treasury stock	—	—	—	(1,970,464)	(1,970,464)	—	—	—	—	(38,858)	(38,858)
Stock-based compensation expense and restricted stock unit vesting	—	—	759,131	(304,849)	454,282	7	21,928	—	—	(7,457)	14,478
Balance as of June 30, 2020	515	\$ 5,063	67,323,053	(7,710,418)	59,612,635	\$ 673	\$ 411,873	\$ 1,009,299	\$ (937)	\$ (195,125)	\$ 1,230,846

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

<i>(Dollars in thousands)</i>	Year Ended June 30,		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 183,438	\$ 155,131	\$ 152,411
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Accretion of discounts on securities	291	(264)	(624)
Net accretion of discounts on loans and leases	(35,493)	(30,176)	(29,381)
Amortization of borrowing costs	208	208	208
Amortization of operating lease right of use asset	(6,299)	—	—
Stock-based compensation expense	21,935	23,439	20,399
Trading activity, (net)	1,217	—	—
Net (gain) loss on sale of investment securities	—	(709)	18
Impairment charge on securities	—	821	156
Provision for loan and lease losses	42,200	27,350	25,800
Broker-dealer reserve for bad debt	—	15,298	—
Deferred income taxes	(6,735)	(8,686)	17,034
Origination of loans held for sale	(1,601,579)	(1,471,906)	(1,564,165)
Unrealized (gain) loss on loans held for sale	(1,360)	(252)	(253)
Gain on sales of loans held for sale	(27,517)	(11,427)	(19,489)
Proceeds from sale of loans held for sale	1,614,379	1,481,911	1,576,353
Change in fair value of mortgage servicing rights	5,806	3,362	83
(Gain) loss on sale of other real estate and foreclosed assets	(449)	(283)	(258)
Depreciation and amortization	24,443	16,471	8,574
Net changes in assets and liabilities which provide (use) cash:			
Securities borrowed	(77,662)	13,192	—
Customer, broker-dealer and clearing receivables	(17,074)	13,684	—
Other assets	(45,852)	(27,564)	(47,070)
Securities loaned	57,589	(4,685)	—
Customer, broker-dealer and clearing payables	109,010	(1,506)	—
Accounts payable and accrued liabilities	26,135	11,012	28,119
Net cash provided by operating activities	\$ 266,631	\$ 204,421	\$ 167,915
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of investment securities	(304,930)	(146,886)	(100,503)
Proceeds from sales of securities	—	15,863	52,714
Proceeds from repayment of securities	343,191	93,779	139,338
Purchase of stock of regulatory agencies	(55,870)	(204,206)	(33,966)
Proceeds from redemption of stock of regulatory agencies	55,536	203,611	79,923
Origination of loans and leases held for investment	(6,586,761)	(6,756,832)	(5,895,902)
Proceeds from sale of loans and leases held for investment	37,300	119,881	20,719
Mortgage warehouse loans activity, net	(172,319)	(126,491)	(26,899)
Proceeds from sales of other real estate owned and repossessed assets	2,241	2,202	1,832
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)	—
Principal repayments on loans and leases	5,362,993	5,846,349	4,818,558
Furniture, equipment and software expenditures	(12,333)	(20,082)	(11,817)
Net cash used in investing activities	\$ (1,330,952)	\$ (931,741)	\$ (1,026,005)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase in deposits	\$ 2,353,521	\$ 997,823	\$ 1,085,843
Net (repayment) proceeds of the Federal Home Loan Bank term advances	10,000	(147,500)	(30,000)

Net (repayment) proceeds of Federal Home Loan Bank other advances	(226,000)	149,000	(153,000)
Net (repayment) proceeds of other borrowings	(85,300)	21,700	(20,000)
Proceeds from Paycheck Protection Program Liquidity Facility advances	151,952	—	—
Tax payments related to settlement of restricted stock units	(7,457)	(9,916)	(9,952)
Repurchase of treasury stock	(38,858)	(56,437)	(35,183)
Cash dividends paid on preferred stock	(386)	(232)	(309)
Net proceeds from issuance of subordinated notes	—	7,400	—
Net cash provided by financing activities	\$ 2,157,472	\$ 961,838	\$ 837,399
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,093,151	234,518	(20,691)
CASH AND CASH EQUIVALENTS—Beginning of year	857,368	622,850	643,541
CASH AND CASH EQUIVALENTS—End of year	\$ 1,950,519	\$ 857,368	\$ 622,850
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid on deposits and borrowed funds	\$ 145,452	\$ 152,756	\$ 106,112
Income taxes paid	\$ 80,430	\$ 64,117	\$ 79,628
Transfers to other real estate and repossessed vehicles	\$ 1,315	\$ 850	\$ 10,113
Transfers from loans and leases held for investment to loans held for sale	\$ 141,849	\$ 106,911	\$ 31,207
Transfers from loans held for sale to loans and leases held for investment	\$ —	\$ 1,714	\$ 3,969
Loans held for investment sold, cash not received	\$ 61,029	\$ —	\$ 17,742
Operating lease liabilities for obtaining right of use assets	\$ 82,940	\$ —	\$ —
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>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Single family real estate secured:		
Mortgage	\$ 4,244,563	\$ 4,281,080
Warehouse	474,318	301,999
Financing <sup>1</sup>	682,477	518,560
Multifamily real estate secured	2,303,216	1,948,513
Commercial real estate secured - mortgage	371,176	326,154
Auto and RV secured	291,452	290,894
Commercial & Industrial	2,094,322	1,662,629
Other	241,918	119,481
Total gross loans and leases	10,703,442	9,449,310
Allowance for loan and lease losses	(75,807)	(57,085)
Unaccrued premiums (discounts) and loan and lease fees	3,714	(10,101)
Total net loans and leases	\$ 10,631,349	\$ 9,382,124

<sup>1</sup> Single family real estate secured: Financing consists of 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, 2020 and June 30, 2019 were:

<i>(Unaudited)</i> <i>(Dollars in thousands)</i>	<b>June 30, 2020</b>				
	<b>Trading</b>	<b>Available for sale</b>			
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>
<b>Mortgage-backed securities (RMBS):</b>					
U.S. agencies <sup>1</sup>	\$ —	\$ 16,192	\$ 634	\$ —	\$ 16,826
Non-agency <sup>2</sup>	—	18,180	1,024	(872)	18,332
<b>Total mortgage-backed securities</b>	<b>—</b>	<b>34,372</b>	<b>1,658</b>	<b>(872)</b>	<b>35,158</b>
<b>Other debt securities:</b>					
U.S. agencies <sup>1</sup>	—	1,799	—	—	1,799
Municipal	105	10,550	44	(194)	10,400
Non-agency	—	141,338	1	(1,069)	140,270
<b>Total other debt securities</b>	<b>105</b>	<b>153,687</b>	<b>45</b>	<b>(1,263)</b>	<b>152,469</b>
<b>Total debt securities</b>	<b>\$ 105</b>	<b>\$ 188,059</b>	<b>\$ 1,703</b>	<b>\$ (2,135)</b>	<b>\$ 187,627</b>

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

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

<sup>2</sup> Private sponsors of securities collateralized primarily by pools of 1-4 family residential first mortgages. Primarily super senior securities secured by 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, 2020		June 30, 2019	
	Amount	Rate <sup>1</sup>	Amount	Rate <sup>1</sup>
Non-interest bearing	\$ 1,936,661	—%	\$ 1,441,930	—%
Interest bearing:				
Demand	3,456,127	0.37%	2,709,014	2.06%
Savings	3,697,188	0.78%	2,466,214	1.48%
Total interest-bearing demand and savings	7,153,315	0.58%	5,175,228	1.78%
Time deposits:				
\$250 and under	1,584,034	2.12%	1,866,811	2.47%
Greater than \$250	662,684	1.39%	499,204	2.27%
Total time deposits	2,246,718	1.91%	2,366,015	2.43%
Total interest bearing <sup>2</sup>	9,400,033	0.90%	7,541,243	1.99%
Total deposits	\$ 11,336,694	0.75%	\$ 8,983,173	1.67%

<sup>1</sup> Based on weighted-average stated interest rates at end of period.

<sup>2</sup> The total interest-bearing includes brokered deposits of \$1,318.0 million and \$1,124.0 million as of June 30, 2020 and June 30, 2019, respectively, of which \$603.6 million and \$796.7 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,				
	2020	2019	2018	2017	2016
Non-interest-bearing, prepaid and other <sup>1</sup>	3,361,965	3,743,334	3,535,904	3,113,128	1,816,266
Checking and savings accounts	310,463	311,067	270,082	274,962	292,012
Time deposits	18,450	23,447	2,309	2,748	4,807
Total number of deposit accounts	3,690,878	4,077,848	3,808,295	3,390,838	2,113,085

<sup>1</sup> Our non-interest bearing, prepaid and other accounts contain two omnibus accounts that when condensed for regulatory reporting purposes result in 27,108 accounts as of June 30, 2020.

## 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:

(Unaudited) (Dollars in thousands)	For the three months ended June 30,					
	2020			2019		
	Average Balance <sup>2</sup>	Interest Income / Expense	Average Yields Earned / Rates Paid <sup>1</sup>	Average Balance <sup>2</sup>	Interest Income / Expense	Average Yields Earned / Rates Paid <sup>1</sup>
<b>Assets:</b>						
Loans and leases <sup>3,4</sup>	\$ 10,570,886	\$ 137,194	5.19%	\$ 9,234,461	\$ 128,268	5.56%
Interest-earning deposits in other financial institutions	930,622	365	0.16%	710,703	4,333	2.44%
Securities <sup>4</sup>	231,396	2,858	4.94%	226,523	3,778	6.67%
Securities borrowed and margin lending	297,163	3,560	4.79%	350,413	4,776	5.45%
Stock of the regulatory agencies	28,719	166	2.31%	31,054	488	6.29%
Total interest-earning assets	12,058,786	144,143	4.78%	10,553,154	141,643	5.37%
Non-interest-earning assets	411,004			325,078		
Total assets	\$ 12,469,790			\$ 10,878,232		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing demand and savings	\$ 5,092,648	\$ 10,222	0.80%	\$ 4,119,350	\$ 16,921	1.64%
Time deposits	2,446,915	13,720	2.24%	2,625,852	15,774	2.40%
Securities loaned	153,573	115	0.30%	478,196	376	0.31%
Advances from the FHLB	807,680	1,777	0.88%	963,062	5,986	2.49%
Borrowings, subordinated notes and debentures	83,228	1,037	4.98%	154,749	2,149	5.55%
Total interest-bearing liabilities	8,584,044	26,871	1.25%	8,341,209	41,206	1.98%
Non-interest-bearing demand deposits	2,139,803			1,385,750		
Other non-interest-bearing liabilities	510,889			98,741		
Stockholders' equity	1,235,054			1,052,532		
Total liabilities and stockholders' equity	\$ 12,469,790			\$ 10,878,232		
Net interest income		\$ 117,272			\$ 100,437	
Interest rate spread <sup>5</sup>			3.53%			3.39%
Net interest margin <sup>6</sup>			3.89%			3.81%

<sup>1</sup> Annualized.

<sup>2</sup> Average balances are obtained from daily data.

<sup>3</sup> Loans include loans held for sale, loan premiums and unearned fees.

<sup>4</sup> Interest income includes reductions for amortization of loan and investment securities premiums and earnings from accretion of discounts and loan fees. Loans and leases include average balances of \$27.7 million and \$28.4 million of Community Reinvestment Act loans which are taxed at a reduced rate for the 2020 and 2019 three-month periods respectively.

<sup>5</sup> 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.

<sup>6</sup> 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:

(Unaudited) (Dollars in thousands)	For the Fiscal Years Ended June 30,								
	2020			2019			2018		
	Average Balance <sup>1</sup>	Interest Income / Expense	Average Yields Earned / Rates Paid	Average Balance <sup>1</sup>	Interest Income / Expense	Average Yields Earned / Rates Paid	Average Balance <sup>1</sup>	Interest Income / Expense	Average Yields Earned / Rates Paid
<b>Assets:</b>									
Loans and leases <sup>2,3</sup>	\$ 10,149,867	\$ 582,748	5.74%	\$ 8,974,820	\$ 525,317	5.85%	\$ 7,893,072	\$ 446,991	5.66%
Interest-earning deposits in other financial institutions	833,612	10,906	1.31%	631,228	13,495	2.14%	807,348	12,450	1.54%
Securities <sup>3</sup>	217,598	11,061	5.08%	210,189	13,943	6.63%	209,434	11,335	5.41%
Securities borrowed and margin lending	362,063	16,585	4.58%	173,829	8,746	5.03%	N/A	N/A	—%
Stock of the regulatory agencies	28,776	1,539	5.35%	41,078	3,386	8.24%	61,222	4,298	7.02%
Total interest-earning assets	11,591,916	622,839	5.37%	10,031,144	564,887	5.63%	8,971,076	475,074	5.30%
Non-interest-earning assets	395,789			234,993			100,380		
Total assets	\$ 11,987,705			\$ 10,266,137			\$ 9,071,456		
<b>Liabilities and Stockholders' Equity:</b>									
Interest-bearing demand and savings	\$ 4,844,700	\$ 66,883	1.38%	\$ 3,906,833	\$ 61,391	1.57%	\$ 4,706,238	\$ 54,013	1.15%
Time deposits	2,482,151	60,033	2.42%	2,322,039	55,689	2.40%	990,635	25,838	2.61%
Securities loaned	247,420	679	0.27%	221,469	748	0.34%	N/A	N/A	—%
Securities sold under agreements to repurchase	—	—	—%	—	—	—%	5,575	229	4.11%
Advances from the FHLB	747,358	11,988	1.60%	1,397,460	32,834	2.35%	1,296,120	22,848	1.76%
Borrowings, subordinated notes and debentures	103,652	5,645	5.45%	104,287	5,620	5.39%	54,522	3,652	6.70%
Total interest-bearing liabilities	8,425,281	145,228	1.72%	7,952,088	156,282	1.97%	7,053,090	106,580	1.51%
Non-interest-bearing demand deposits	1,990,005			1,227,285			1,052,944		
Other non-interest- bearing liabilities	397,506			76,651			68,361		
Stockholders' equity	1,174,913			1,010,113			897,061		
Total liabilities and stockholders' equity	\$ 11,987,705			\$ 10,266,137			\$ 9,071,456		
Net interest income		\$ 477,611			\$ 408,605			\$ 368,494	
Interest rate spread <sup>4</sup>			3.65%			3.66%			3.79%
Net interest margin <sup>5</sup>			4.12%			4.07%			4.11%

<sup>1</sup> Average balances are obtained from daily data.

<sup>2</sup> Loans include loans held for sale, loan premiums and unearned fees.

<sup>3</sup> Interest income includes reductions for amortization of loan and investment securities premiums and earnings from accretion of discounts and loan fees. Loans and leases include average balances of \$28.0 million, \$28.7 million, and \$29.3 million of Community Reinvestment Act loans which are taxed at a reduced rate for the 2020 2019, and 2018 fiscal years respectively.

<sup>4</sup> 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.

<sup>5</sup> 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, 2020 and 2019:

<i>(Dollars in thousands)</i>	For the Three Months Ended					
	2020			2019		
	Average Balance <sup>1</sup>	Interest Income/Expense	Average Yields Earned/Rates Paid <sup>2</sup>	Average Balance <sup>1</sup>	Interest Income/Expense	Average Yields Earned/Rates Paid <sup>2</sup>
<b>Assets:</b>						
Loans and leases <sup>3,4</sup>	\$ 10,516,828	\$ 136,532	5.19%	\$ 9,234,449	\$ 128,268	5.56%
Interest-earning deposits in other financial institutions	763,989	192	0.10%	524,403	3,128	2.39%
Securities <sup>4</sup>	269,288	3,137	4.66%	224,828	3,779	6.72%
Stock of the regulatory agencies	25,474	165	2.59%	28,414	486	6.84%
Total interest-earning assets	11,575,579	140,026	4.84%	10,012,094	135,661	5.42%
Non-interest-earning assets	185,795			188,959		
Total assets	\$ 11,761,374			\$ 10,201,053		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing demand and savings	\$ 5,108,866	\$ 10,254	0.80%	\$ 4,143,734	\$ 16,964	1.64%
Time deposits	2,446,915	13,720	2.24%	2,625,852	15,774	2.40%
Advances from the FHLB	807,680	1,777	0.88%	963,062	5,987	2.49%
Borrowings, subordinated notes and debentures	12,416	11	0.35%	22	—	—%
Total interest-bearing liabilities	8,375,877	25,762	1.23%	7,732,670	38,725	2.00%
Non-interest-bearing demand deposits	2,148,671			1,389,998		
Other non-interest-bearing liabilities	98,020			70,848		
Stockholders' equity	1,138,806			1,007,537		
Total liabilities and stockholders' equity	\$ 11,761,374			\$ 10,201,053		
Net interest income		\$ 114,264			\$ 96,936	
Interest rate spread <sup>5</sup>			3.61%			3.42%
Net interest margin <sup>6</sup>			3.95%			3.87%

<sup>1</sup> Average balances are obtained from daily data.

<sup>2</sup> Annualized.

<sup>3</sup> Loans and leases include loans held for sale, loan premiums and unearned fees.

<sup>4</sup> Interest income includes reductions for amortization of loan and investment securities premiums and earnings from accretion of discounts and loan fees. Loans and leases include average balances of \$27.7 million and \$28.4 million of Community Reinvestment Act loans which are taxed at a reduced rate for the 2020 and 2019 three-month periods respectively.

<sup>5</sup> 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.

<sup>6</sup> Net interest margin represents annualized net interest income as a percentage of average interest-earning assets.

## SECURITIES BUSINESS

Selected information concerning Axos Clearing LLC follows as of and for the three months ended:

<i>(Dollars in thousands)</i>	<b>June 30, 2020</b>		<b>June 30, 2019</b>	
Compensation as a % of net revenue		39.2%		35.0%
FDIC insured program balances at banks (end of period)	\$	450,251	\$	341,576
Customer margin balances (end of period)	\$	206,702	\$	189,193
Customer funds on deposit, including short credits (end of period)	\$	194,042	\$	206,469
Clearing:				
Total tickets		1,228,635		595,962
Correspondents (end of period)		61		62
Securities lending:				
Interest-earning assets – stock borrowed (end of period)	\$	222,368	\$	144,706
Interest-bearing liabilities – stock loaned (end of period)	\$	255,945	\$	198,356