

# AXOS FINANCIAL, INC.

## Corporate Governance Guidelines

The Board of Directors (the “**Board**”) of Axos Financial, Inc. (the “**Company**”) has adopted these governance guidelines. The guidelines, in conjunction with the Corporation’s articles of incorporation, bylaws, policies, procedures and the charters of the committees of the Board, form the framework for the governance of the Company within which directors and management can effectively pursue the Company’s objectives for the benefit of its stockholders.

### **Role of the Board of Directors**

1. **Effective Governance.** The Board’s primary responsibility is to provide effective governance over the Company’s affairs for the benefit of its stockholders. Each director will exercise sound business judgment in carrying out his or her oversight duties. The Board selects the Chairman of the Board and the Chief Executive Officer. The Board delegates authority to the Chief Executive Officer and the Company’s Executive Vice Presidents (collectively, “**Senior Executives**”). Directors are entitled to rely on the Company’s Senior Executives and its outside advisors and auditors. In exercising its oversight responsibilities of delegated authority to Senior Executives, the Board will appropriately question or challenge management decisions in a constructive manner.
2. **Management Succession.** The Compensation Committee oversees plans for management succession and development. The Company’s Executive Vice Presidents complete a succession plan for their areas of responsibility that is reviewed by the Chief Executive Officer. The Compensation Committee periodically discusses Executive Vice President succession plans with the Chief Executive Officer. Succession plans include policies and procedures for Chief Executive Officer selection as well as procedures regarding succession in the event of an emergency or the retirement of the Chief Executive Officer. The Board works with the Nominative/Corporate Governance Committee (“**Governance Committee**”) to nominate and evaluate potential successors to the Chief Executive Officer.
3. **Evaluation of the Chief Executive Officer.** The Compensation Committee shall annually evaluate the performance of the Chief Executive Officer. Results of this evaluation are communicated to the Chief Executive Officer by the Chair of the Compensation Committee.

### **Composition of the Board of Directors**

1. **Size of the Board.** The Governance Committee makes recommendations to the Board concerning the appropriate size and needs of the Board. While the number of directors should not exceed a number that can function efficiently as a body, the Board believes that the quality of the individuals serving and the overall balance of the Board are more important than the precise number of members.
2. **Independence of the Board.** The Board will consist of a majority of non-employee directors who meet the independence requirements of the New York Stock Exchange

(“NYSE”). The Board would not expect to have more than two employee directors, including the Chief Executive Officer, except in unusual circumstances, such as during a transition in leadership.

The Board annually determines, upon the recommendation of the Governance Committee, whether each director is “independent” in accordance with the standards set forth by the NYSE. In considering the facts and circumstances relevant to an independence determination, the Board deems the following relationships to be categorically immaterial such that they will not, by themselves, affect an independence determination:

- (a) A relationship between the Company (or any of its subsidiaries) and an organization of which the director or an immediate family member (as defined by the NYSE) of the director is an executive officer if that role does not constitute his or her principal occupation;
- (b) Ordinary banking relationships (such as depository, lending, transfer agency, registrar, trust and custodial, private banking, investment management, securities brokerage, cash management and other services readily available from other large financial institutions);
- (c) Extension of credit that have been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934;
- (d) Employment by the Company (or any of its subsidiaries) of an immediate family member of a director if the annual compensation paid to that person does not exceed \$120,000; and
- (e) A relationship between the Company (or any of its subsidiaries) and an organization with which the director or an immediate family member of the director is affiliated if (i) the relationship arises in the ordinary course of both parties’ operations and (ii) the aggregate annual amount paid by either party to the other does not exceed \$120,000.

The Company has adopted a Statement of Ethical Principles, a Master Policy on Ethics and Professional Integrity and a Code of Business Conduct and Ethics (collectively, the “**Ethics Policies**”). Each Director should refer to and follow the Company’s Ethics Policies in advance of any contemplated transaction or relationship between that director (or his or her family members or related interests) and the Company (or any of its subsidiaries) that arises between the annual independence determinations, other than those specified above as being categorically immaterial.

3. **Director Selection and Qualification Standards.** Directors should collectively possess a broad range of skills, expertise, industry and other knowledge, and experience useful to the effective oversight of the Company's business. The Governance Committee is responsible for nominating directors to the class of directors whose term is expiring in that year. In evaluating candidates for nomination as a director of the Company, the Governance Committee will consider the following criteria, as well as such other factors the Governance Committee deems appropriate:
- (a) Judgement, character, expertise, skills and knowledge useful to the oversight of the Company's business;
  - (b) business, financial and risk management expertise;
  - (c) experience as a director of a public company;
  - (d) diversity of viewpoints, background, and experience;
  - (e) ability to think independently as well as to work in a collegial manner with persons of different education, business and cultural backgrounds, and possession of skills and expertise that complement the attributes of the existing directors;
  - (f) freedom from any conflict of interest that would interfere with their ability to properly discharge their duties as a director or would violate any applicable law or regulation;
  - (g) personal qualities reflecting high ethical standards, independent thought, practical wisdom and mature judgment;
  - (h) the extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, collegial and responsive to the needs of the Company.

The Governance Committee, in accordance with its charter, may use outside consultants to assist in identifying candidates. Members of the Governance Committee shall discuss and evaluate possible candidates in detail prior to recommending them to the Board.

The Governance Committee shall also be responsible for initially assessing whether a candidate would be an independent director. The Board, taking into consideration the recommendations of the Governance Committee, shall be responsible for selecting the nominees for election to the Board by the stockholders and for appointing directors to the Board to fill vacancies, with primary emphasis on the criteria set forth above. The Board, taking into consideration the assessment of the Governance Committee, shall also make a determination as to whether a nominee or appointee would be an independent director. The invitation to join the Board shall be extended by the Board via the Chairman of the Board or Lead Director (if any).

Directors must be willing and able to devote sufficient time to carrying out their duties and responsibilities effectively. Directors will notify the Chairman of the Board before accepting a position on the board of another publicly traded company, any financial institution or other large, complex organization. The Chairman of the Board, after conferring with the Governance Committee Chair, will determine whether the additional board service is appropriate in each case, but in no event will a director serve on more than one other board of a public company in addition to the Company Board, unless the Board determines that so serving will not impair the director's service on the Company's Board. A director who serves as the chief executive officer of a public company may not serve on another board of a public company in addition to the Company Board.

4. **Director Retirement and Tenure Policy.** The Board has not established a mandatory retirement age. The Board annually reviews each director's contributions to the Board and considers each director's effectiveness and the composition of the Board during the annual evaluation process. At that time, the Board also considers the balance of tenure represented by the directors, in order to include the experience of longer-serving directors, the perspectives contributed by new directors, and the value of continuity as Board composition changes. In addition, the Board considers the balance of skills and experience represented on the Board against the Company's business, strategy and environment.
5. **Director Compensation.** Director compensation will reflect the Company's intention to attract and retain outstanding individuals to serve on the Board. Annual retainers, meeting and committee fees, equity-based awards and other forms of compensation, as appropriate, will be used in the furtherance of this objective. The Board believes it is desirable that a portion of overall director compensation be linked to Company common stock in order to align directors' interests with the long-term interests of stockholders, and for that reason, the Board's total compensation will be structured to include an element of stock-based compensation. Directors who are employees of the Company will not receive any additional compensation for their services as directors.
6. **Share Ownership of Directors and Executive Officers.** Directors and executive officers are expected to own Company stock to further align their interests with those of our stockholders. The Company's guidelines for stock ownership of directors and executive officers are approved by the Board of Directors.

### **Functioning of the Board of Directors**

1. **Board Meetings.** Board meetings typically are scheduled in advance and are held at least 7 times per year. However, the number of scheduled Board meetings will vary with the circumstances. Meetings may be held in Company offices or other locations as specified by the Chairman of the Board. It is the responsibility of the directors to attend meetings of the Board and such attendance may be telephonic.

2. **Board Leadership.** The Board has a flexible policy with respect to the separation of the offices of Chairman and Chief Executive Officer. The Board believes that this issue should be considered regularly in light of all relevant facts and circumstances. When the position of Chairman of the Board is not held by an independent director, the independent directors will elect a Lead Director who will have the duties and authority set forth herein.
3. **Lead Director.** The position of Lead Director is only required if the position of Chairman of the Board is not held by an independent director. If required, the Lead Director will be elected annually by the independent directors upon the recommendation of the Governance Committee, may not be elected for more than five consecutive terms, and generally will serve three consecutive terms in the discretion of the independent directors. When recommending to the independent director's candidates for Lead Director, the Governance Committee will consider factors such as business and financial acumen, depth of knowledge of the financial services industry, experience on boards of directors of other public companies, willingness to dedicate the additional time and attention required for the additional responsibilities of the position, and the overall level of respect and regard of the other members of the Board.

The Lead Director will have the following responsibilities and authority:

- (a) Lead executive sessions of the Board's independent or non-management directors, and preside at any session of the Board where the Chairman is not present;
- (b) Act as a regular communication channel between the independent directors and the Chief Executive Officer;
- (c) Approve the Board meeting agendas;
- (d) Approve meeting schedules to ensure there is sufficient time for discussion of all agenda items;
- (e) Approve, if required, information sent from management to the Board;
- (f) Have the authority to call special Board meetings or special meetings of the independent directors;
- (g) Assist the Board and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines;
- (h) Advise the Board Committee Chairs in fulfilling their designated roles and responsibilities to the Board;
- (i) Review stockholder communications addressed to the full Board or to the Lead Director;
- (j) Interview all board candidates and make recommendations thereon to the Governance Committee and the Board; and

- (k) if the Lead Director is unable to perform his or her responsibilities at any time, the Vice Chairman of the Board (if not the Lead Director), or if the Vice Chairman of the Board is not an independent director the Chair of the Governance Committee (if not the Lead Director), will act as Lead Director during that time.
4. **Executive Sessions.** The non-employee directors shall meet in executive session at least four times per year without the Chief Executive Officer or any other member of management present. If this group includes directors who are not independent, the independent directors alone will meet in executive session at least once per year. The Lead Director will preside at all of these sessions, unless the position of Chairman is held by an independent director, in which case the Chairman will preside.
5. **Board Committees.** The Board is organized so that a significant portion of its business is conducted by its committees. The Board will maintain Audit, Nominating/Governance, and Compensation committees, along with any other committees the Board believes are necessary to allow it to provide appropriate oversight to management of the Company and its businesses. In general, committees of the Board focus on issues that may require in-depth scrutiny, and committee Chairs develop the committee meeting agendas in consultation with management and other committee members. All committees report to the Board, and significant findings of a committee are presented to the Board for discussion and review.
6. **Committee Charters.** The Board approves a charter for each committee. The authorities and duties of each committee are annually reviewed by the committee and any recommended changes are presented to the Board for consideration. Committees are empowered to act on behalf of the Board for those areas which the Board has prescribed in accordance with their Board ratified charters.
7. **Committee Composition.** The Audit, Governance and Compensation committees will be comprised entirely of independent directors. The Governance Committee, in consultation with the Chairman if different, will review Board committee assignments and committee Chair positions annually with a view toward balancing director experience and interest, committee continuity and needs, and evolving legal and regulatory considerations. Proposed changes, if any, will be reviewed and approved by the Board.
8. **Meeting Agendas and Conduct.** Board agendas are set by the independent Chairman or Lead Director, the Chief Executive Officer and the Corporate Secretary, with input from the directors. Committee agendas are set by the committee Chairs, in consultation with committee members and appropriate members of management. Each Board and committee member is free to suggest the inclusion of items on the agenda and to raise, at the discretion of the Chairman or Lead Director, at any Board or committee meeting subjects that are not on the agenda for that meeting. The Board believes it is appropriate that Board and committee meetings be conducted in a manner that ensures open communication, objective and constructive participation and timely resolution of issues. The Board believes that long-range strategic issues should be discussed as a matter of course at regular Board meetings, but will hold at least one annual meeting primarily devoted to discussion of strategic issues.

9. **Confidentiality of Board Information.** Non-public information about the Company and its performance is confidential and must not be disclosed, as described in the Company's Ethics Policies. In addition, all Board materials, deliberations and discussions are confidential, regardless of subject matter. It is critical to Board effectiveness that all directors are confident that questions or remarks during Board meetings will not be revealed to outside parties, including any principals or employees of any business entity that employs the director or that has sponsored the director's election to the Board. This Board information may not be used by any director for his or her own benefit or for the benefit of others. Directors remain subject to this duty of confidentiality even after they have completed their service on the Board. In addition, directors are discouraged from retaining personal notes made at, or in preparation for, Board meetings, once appropriate review of the minutes of those meetings has been made.
10. **Interplay with Subsidiary Board Committees.** Certain Company committees may meet simultaneously as committees of Company subsidiaries, though they should hold separate sessions if necessary to address issues that are relevant to one entity but not the other or to consider transactions between the two entities or other matters where the Company and Company subsidiaries may have different interests. In addition, any such committee, in accordance with their charters, may consult with Company counsel if, in the opinion of the committee, any matter under consideration by the committee has the potential for any conflict between the interests of the Company and those of the Company's subsidiaries in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring, in the case of the Company's bank subsidiary, compliance with the Company's policies regarding transactions with affiliates under Sections 23A and 23B of the Federal Reserve Act.
11. **Meeting Materials.** Directors receive information that is important to their understanding of the Company's business and their consideration of matters to be addressed by the Board. Directors are responsible for reviewing and considering these materials in advance of all Board and committee meetings. A director should not hesitate to ask questions, to request additional information and, in particular, to ask for the facts and any assumptions underlying conclusions and opinions presented to the Board.
12. **Board Access to Management.** Directors have access to the Company's executive management and management information. Management will be responsive to requests for information from directors. The Board encourages the Chief Executive Officer, from time to time, to bring to Board meetings managers who can provide additional insight into the items being discussed. Any other meetings or contacts with officers or employees that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company, and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.
13. **Board Access to Independent Advisors.** Committees have access to outside advisors in accordance with their respective charters or as authorized otherwise by the Board.

14. **Ethics and Conflicts of Interest.** The Board expects directors, officers, and employees to adhere to the requirements of the Company's Ethics Policies. If an actual or potential conflict of interest exists for a director, the director should follow the procedures outlined in the Ethics Policies..
15. **Director Orientation and Training.** New directors will participate in an orientation program including comprehensive background briefings by the Chief Executive Officer, other members of senior management, and the Corporate Secretary. The orientation program is the responsibility of the Chairman and is administered by the Corporate Secretary. Each director is encouraged to participate in training programs pertinent to service on the Board. The Company will provide the directors with opportunities to attend reasonable and appropriate continuing director education programs at the Company's expense, and will provide ongoing training and education relating to the Company's business and industry; risks that have a significant impact on the Company and its subsidiaries; laws, regulations and supervisory requirements applicable to the Company and its subsidiaries; and other topics identified by the Board.
16. **Communications with Stakeholders.** It is important that the Company speak to employees and outside constituencies with a single voice and that the Chief Executive Officer or a delegate of the Chief Executive Officer serve as the primary spokesperson. Directors should not engage in discussions with third parties regarding the Company. If a situation does arise in which it seems necessary for a non-employee director to speak on behalf of the Company to one of these constituencies, the director should consult with the Chief Executive Officer and do so only with permission of the Board.
17. **Annual Performance Evaluations.** The Governance Committee oversees the process for an annual assessment of the Board's performance. Each committee conducts an annual assessment of its own performance.

### **Other Matters**

1. **Confidential Stockholder Voting.** All proxies, ballots and votes tabulated at a meeting of stockholders will be kept confidential, except (a) as necessary to meet applicable legal requirements, (b) if a stockholder writes comments on the proxy card directed to the Company's Board or management, (c) in the event a proxy solicitation in opposition to the election of an incumbent director is initiated, and (d) if disclosure is voluntarily made or requested by a stockholder. The Company will retain inspectors of election that are independent of the Company and its management to receive, tabulate and certify stockholder votes.