

Axos Q3 2021 Earnings Supplement

April 29, 2021

NYSE: AX

axosTM
Banking EvolvedSM

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future results, performance or achievements expressed or implied by such forward-looking statements. For a discussion of these factors, we refer you to the Company's reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended June 30, 2020, Form 10-Q for the quarter ended March 31, 2021 and our last earnings press release. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or by any other person or entity that the objectives and plans of the Company will be achieved. For all forward-looking statements, the Company claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act.

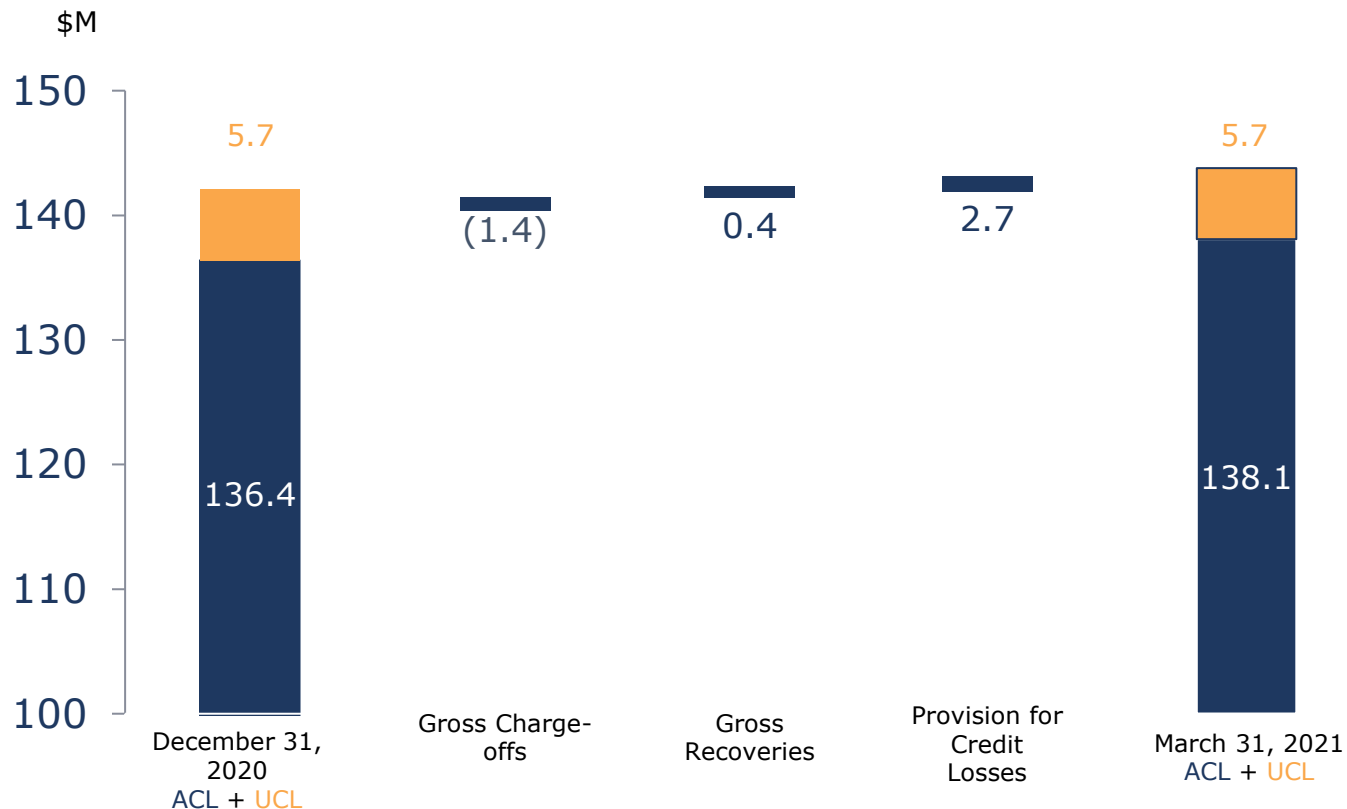


Net Loan Growth by Category for Third Quarter Ended March 31, 2021

Ended March 31, 2021				\$ Millions		
				Q3 FY21	Q2 FY21	Inc (Dec)
Loans & Leases	Single Family Mortgage & Warehouse	Jumbo Mortgage		\$3,931	\$4,068	(\$137)
		SF Warehouse Lending		968	1,185	(\$217)
	Multifamily & SB Commercial Mortgage	Multifamily		1,963	1,930	33
		Small Balance Commercial		461	433	28
	Commercial Real Estate	CRE Specialty		2,911	2,586	325
		Lender Finance RE		132	135	(3)
	Commercial & Industrial Non-RE	Lender Finance Non RE		523	510	13
		Equipment Leasing		121	130	(9)
		SBLOC & Other		387	293	94
	Auto & Consumer	Auto		266	269	(3)
		Unsecured / OD		58	58	-
	Other	PPP		125	140	(15)
Refund Advance & Other			10	12	(2)	
				\$11,856	\$11,749	\$107

Change in Allowance for Credit Losses (ACL) & Unfunded Loan Commitments Liability (UCL)

(\$ in millions)



Allowance for Credit Losses (ACL) by Loan and Lease Category at March 31, 2021

\$ Millions

		<u>Loan Balance</u>	<u>ACL \$</u>	<u>ACL %</u>
Loans & Leases	Single Family Mortgage and Warehouse	\$4,899.2	\$29.9	0.61%
	Multifamily & SB Commercial Mortgage	2,424.2	13.4	0.55%
	Commercial Real Estate	3,042.9	56.3	1.85%
	Commercial & Industrial Non-RE	1,030.9	23.7	2.30%
	Auto & Consumer	323.6	7.2	2.22%
	Other	135.7	7.6	5.60%
		<u>\$11,856.5</u>	<u>\$138.1</u>	<u>1.16%</u>

No Loans in Forbearance and Decreasing NPAs

<u>12/31/2020</u>	<u>Loans O/S</u>	<u>Loans in Forbearance or Deferral</u>	<u>%</u>	<u>NPAs</u>	<u>%</u>
Single Family-Mortgage & Warehouse	\$5,252.8	\$0.0	0.00%	\$117.2	2.23%
Multifamily and Commercial Mortgage	\$2,363.0	\$0.0	0.00%	\$32.1	1.36%
Commercial Real Estate	\$2,720.9	\$0.0	0.00%	\$16.6	0.61%
Commercial & Industrial - Non-RE	\$933.1	\$0.0	0.00%	\$3.0	0.32%
Auto & Consumer	\$327.3	\$0.0	0.00%	\$0.4	0.11%
Other	\$151.5	\$0.0	0.00%	\$0.0	0.00%
Total	\$11,748.6	\$0.0	0.00%	\$169.3	1.44%
<u>3/31/2021</u>	<u>Loans O/S</u>	<u>Loans in Forbearance or Deferral</u>	<u>%</u>	<u>NPAs</u>	<u>%</u>
Single Family-Mortgage & Warehouse	\$4,899.2	\$0.0	0.00%	\$85.0	1.74%
Multifamily and Commercial Mortgage	\$2,424.2	\$0.0	0.00%	\$30.8	1.27%
Commercial Real Estate	\$3,042.9	\$0.0	0.00%	\$16.4	0.54%
Commercial & Industrial - Non-RE	\$1,030.9	\$0.0	0.00%	\$3.0	0.29%
Auto & Consumer	\$323.6	\$0.0	0.00%	\$0.4	0.12%
Other	\$135.7	\$0.0	0.00%	\$0.0	0.00%
Total	\$11,856.5	\$0.0	0.00%	\$135.6	1.14%
<u>Change from 12/31/20 to 3/31/21</u>	<u>Loans O/S</u>	<u>Loans in Forbearance or Deferral</u>		<u>NPAs</u>	
Single Family-Mortgage & Warehouse	-\$353.6	\$0.0		-\$32.2	
Multifamily and Commercial Mortgage	\$61.2	\$0.0		-\$1.2	
Commercial Real Estate	\$322.0	\$0.0		-\$0.2	
Commercial & Industrial - Non-RE	\$97.8	\$0.0		\$0.0	
Auto & Consumer	-\$3.7	\$0.0		\$0.0	
Other	-\$15.8	\$0.0		\$0.0	
Total	\$107.9	\$0.0		-\$33.6	

E*TRADE Advisor Services Acquisition

E*TRADE Advisor Services Acquisition



Axos Clearing will acquire certain assets and deposits related to E*TRADE Advisor Services (EAS):

- 1) \$55 million cash purchase price paid at closing from Axos Financial
- 2) Includes \$23+ billion of custodial assets & ~\$1.2 billion low-cost deposits
- 3) Accelerates time-to-scale in RIA custody business
- 4) Adds new sources of fee income and services that compliment Axos Clearing's product offering
- 5) Own proprietary front- and back-end RIA custody technology platform

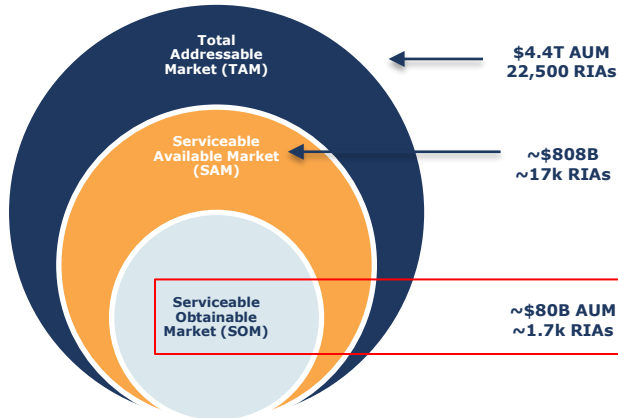
Strategic and Financial Benefits

- 1) Adds a turnkey technology platform to generate low-cost core deposits
- 2) Increases Axos' non-interest income by 33%⁽¹⁾
- 3) Provides cross-sell opportunities across securities clearing, deposit & lending products to 200+ advisors and 148,000+ wealth management clients
- 4) Accretive to EPS - projected 1% accretion in FY 2022 and 5% in FY 2023⁽²⁾
- 5) Tangible book value earn-back in ~3 years

Calendar Q3 2021 Projected Closing Date

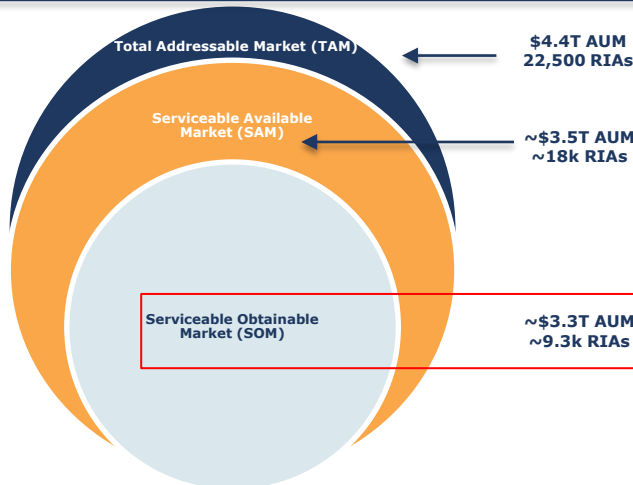
(1) Based on Axos' FY 2021 non-interest income (excluding HRB-related fees) of \$94mm and Sea's calendar year 2020 fee-based revenues of \$31.3mm
(2) Assumes approximately 75 bps earned on EAS' client cash deposits and \$3.6 million interest expense savings from a 4-5 bps reduction in Axos Bank's interest-bearing checking, savings and money market funding costs in FY 2022; excludes \$1.0mm one-time deal-related expenses

EAS Expands Axos' Total Addressable Market



Axos - Standalone

- Axos Advisor Services is a new brand. It will take significant marketing and business development effort to create brand awareness among TAM RIA prospects.
- Undeveloped RIA specific people, process and technology capabilities will limit SAM to the RIA cohorts operating in the <\$250M AUM segment of the RIA channel.
- SOM opportunity is likely limited to 10% of SAM due to lack of brand awareness, platform gaps, RIA complacency, switching costs & pricing elasticity.

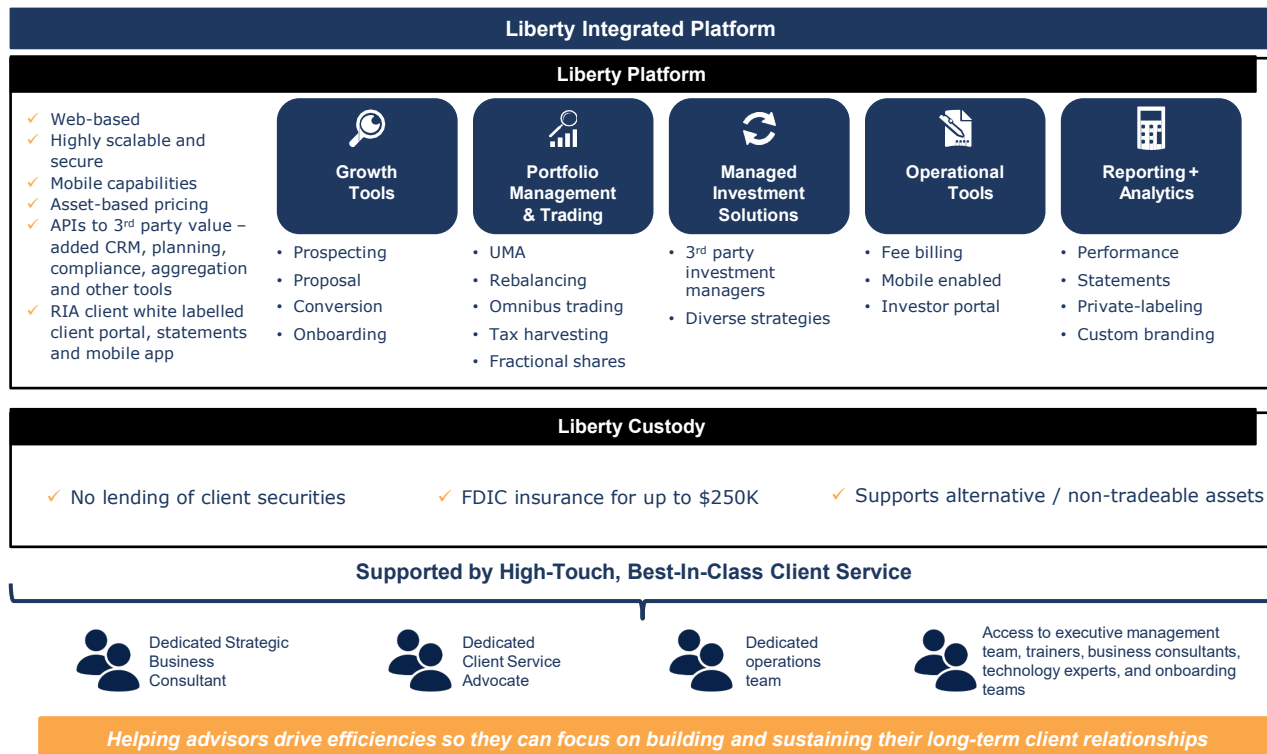


Axos + EAS

- The TCA/E*TRADE acquisition instantly gives Axos Advisor Services brand recognition and creditability among TAM RIA prospects.
- Once the Liberty platform is available through Axos and current platform limitations are addressed (margin/options capabilities), the SAM expands to 80% of TAM. Essentially, RIAs in each cohort group are now potential clients.
- SOM opportunity within RIA cohorts in the <\$250M AUM segment increases to 50% and in the >\$250M AUM segment increases to 25%.
- **WE NOW HAVE AN OPPORTUNITY TO SIGNIFICANTLY CHALLENGE THE INCUMBENTS!**

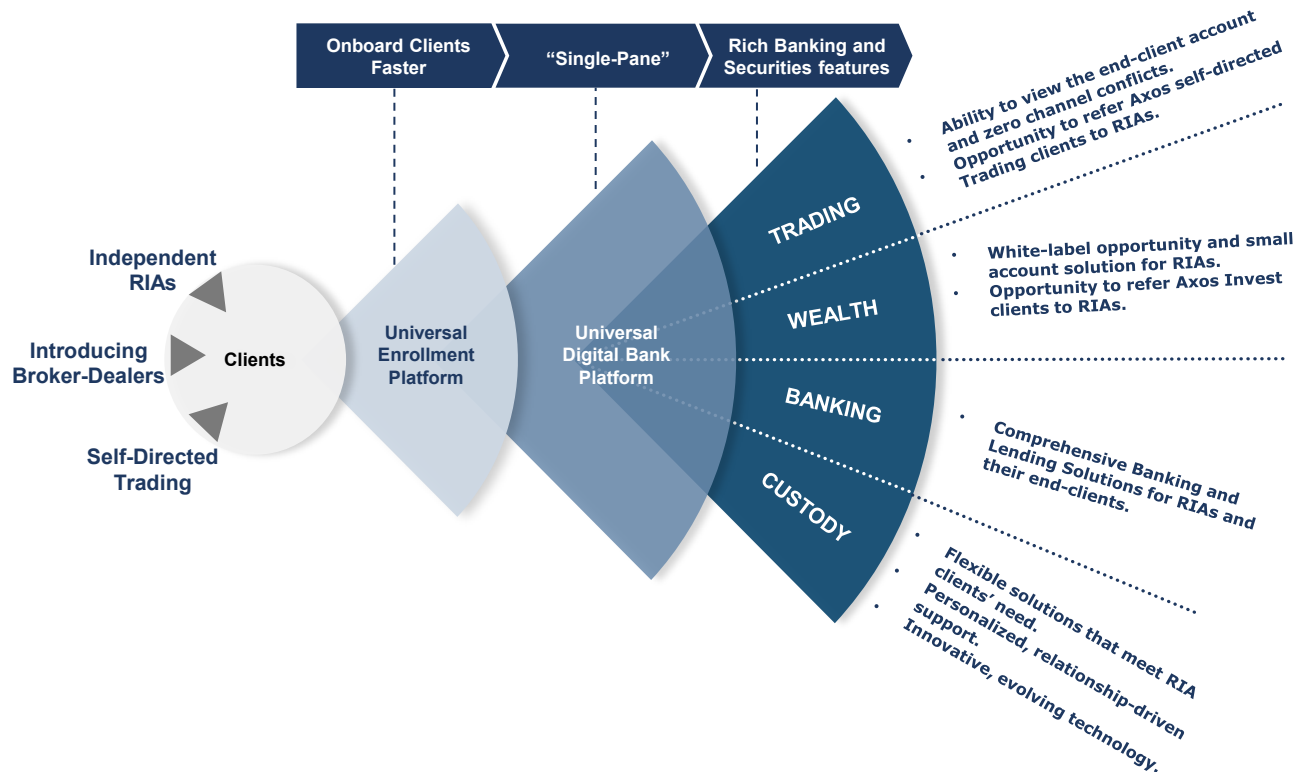
Adds a Scalable Technology Platform

E*TRADE Advisor Services Platform Overview



Enhances Axos' Securities Strategic Vision

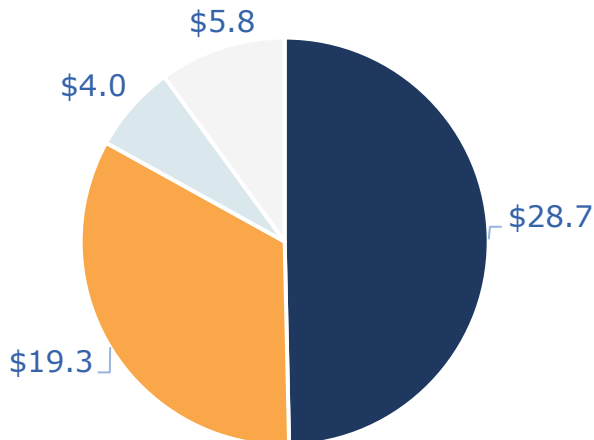
Leveraging Bank's existing digital platforms provides a truly differentiated client experience for Independent RIAs.



EAS Revenue and Expense Drivers

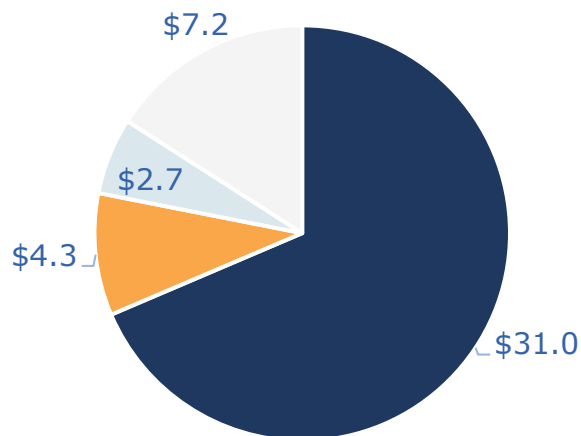
Diversified Mix of Asset- and Transaction-based Revenues

2020 Net Revenues (\$MM)*



- Net Interest Income
- Custody Fees
- Mutual Fund Fees
- Other Fees

2020 Operating Expenses (\$MM)



- Comp/Benefits
- Marketing
- Occupancy
- Other Expenses

*2020 Net Interest Income was generated from 2.21% Net Interest Margin earned by E*TRADE Savings Bank from holding investment securities that are not being acquired by Axos

Revenue Synergies*

Axos Securities:

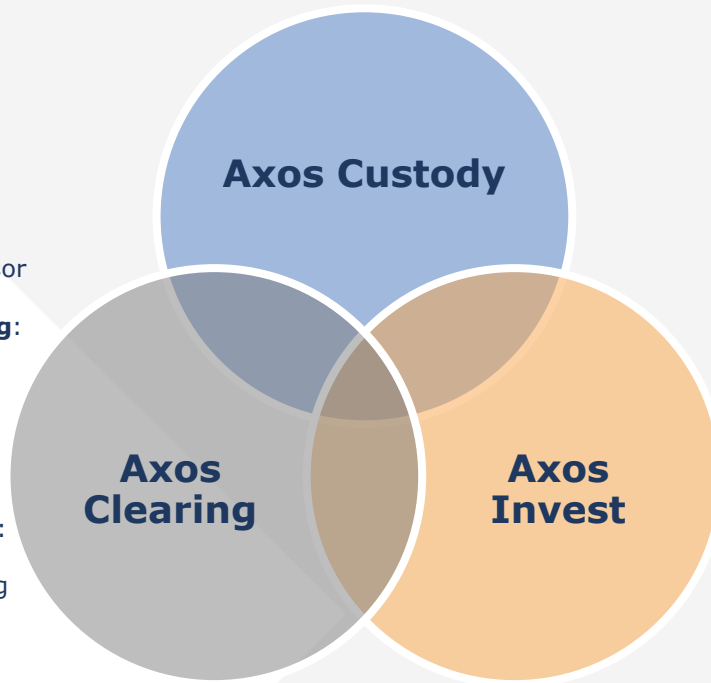
- Margin Loans
- Securities Lending
- Fixed Income Trading
- Order Flow
- White-label Robo Advisor

Axos Consumer Banking:

- White-label Banking
- Auto Lending
- Mortgage Lending
- Unsecured Lending

Axos Business Banking:

- Small Business Banking
- RIA Lending



Cost Synergies*

Axos Securities:

- Self-Clearing
- Regulatory/Compliance
- Client Acquisition Costs
- Customer Service
- IT Infrastructure/Dev

Axos Consumer Banking:

- Deposit Servicing Costs
- Client Acquisition Costs

Axos Business Banking:

- Client Acquisition Costs

\$55M Purchase Price for EAS is ~0.2% of Assets Under Custody

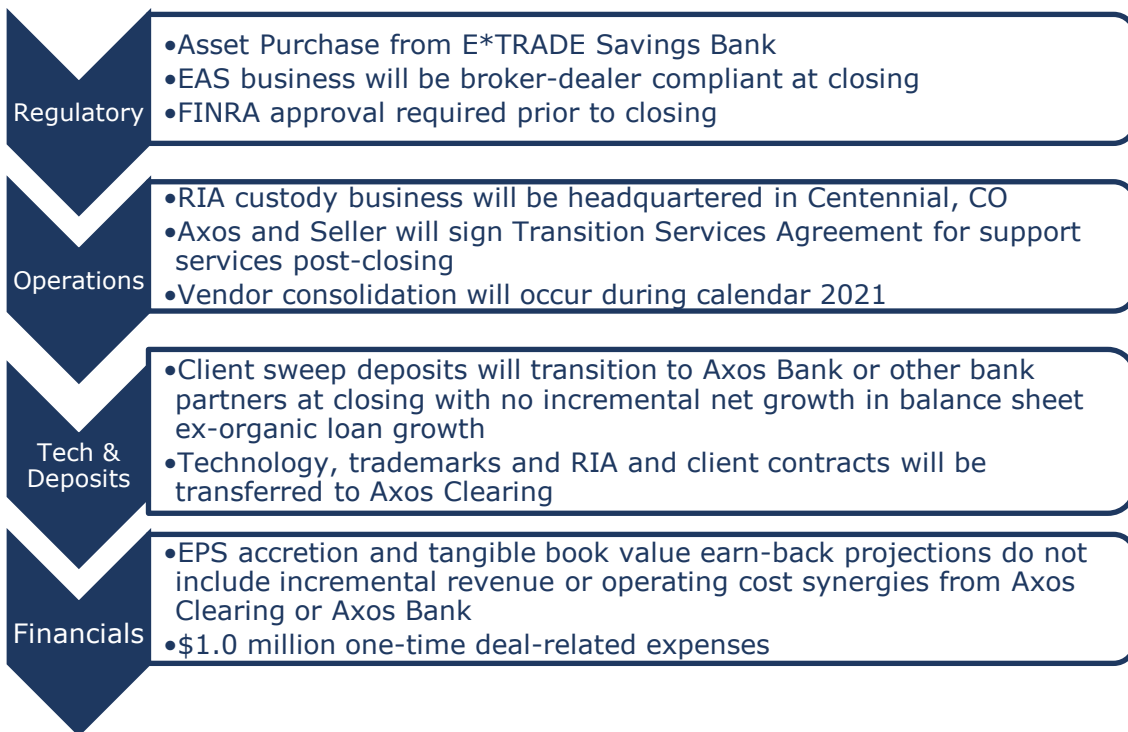
E*TRADE Financial Acquires TCA

- › Founded in 1972
- › Acquisition Date – April 9, 2018
- › Fed Funds Rate – 175 basis points
- › Cost of Funds – 1 basis point
- › Headquarters – Centennial, CO
- › Purchase Price - \$275 million
- › **% of AUC – 1.5%**
- › AUC - \$18.3 billion
- › Client Cash Balances - \$1.6 billion
- › RIA Clients – 200+
- › FTEs – 190
- › Technology Platform - Liberty

Goldman Sachs Acquires Folio Financial, Inc.

- › Founded in 2000
- › Acquisition Date – September 18, 2020
- › Fed Funds Rate – 0 basis points
- › Cost of Funds – 1 basis point
- › Headquarters – McClean, VA
- › Purchase Price - \$250 million
- › **% of AUC – 2.3%**
- › AUC - \$11 billion AUC
- › Client Cash Balances - \$1 billion
- › RIA Clients - 467
- › FTEs – 160
- › Technology Platform – FolioFn

Transaction Milestones



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