



# Axos Financial, Inc. Investor Presentation

May 2022

NYSE: AX

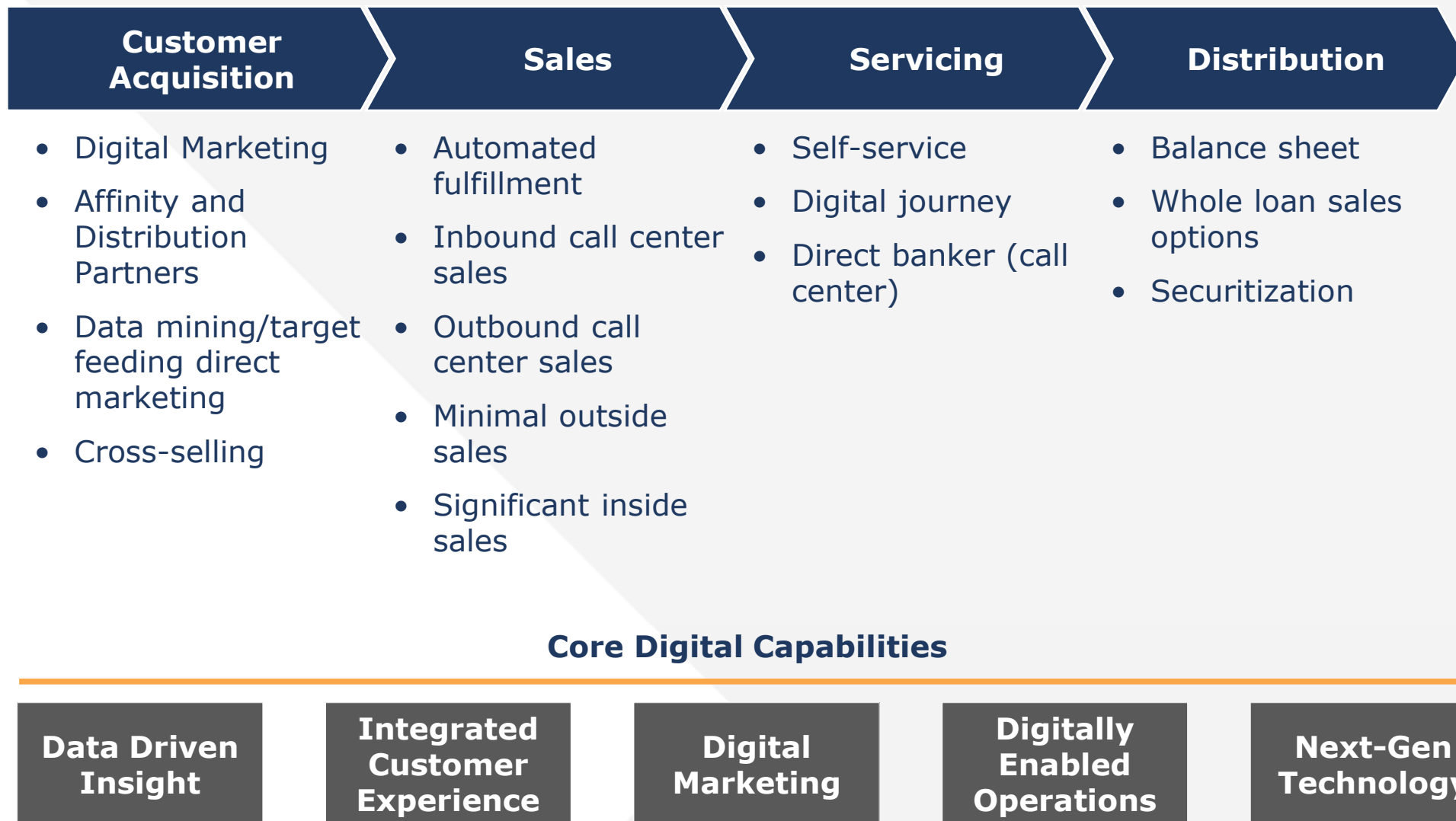
**axos**<sup>TM</sup>  
Banking **Evolved**<sup>SM</sup>

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). The use of future tense or words "future plans," "believe," "expect," "anticipate," "estimate," "project," or the negation thereof or similar expressions constitute forward-looking statements within the meaning of the Reform Act. These statements may include, but are not limited to, projections of revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, including new initiatives and expansion, the effects of the COVID-19 pandemic, and financing needs or plans, as well as assumptions relating to these matters. Such statements involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any 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, 2021, Form 10-Q for the quarter ended March 31, 2022 and its 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.



# Axos' Business Model is Differentiated From Other Banks



# Our Business Model is More Profitable Because Our Costs are Lower and Our Assets are Higher-Yielding

| <i>As % of average assets</i>                         | <b>Axos Bank<sup>1</sup><br/>(%)</b> | <b>Banks<br/>Greater Than<br/>\$10bn<sup>2</sup><br/>(%)</b> |
|---|--------------------------------------|--|
| Net interest income                                   | 4.30%                                | 2.21%  |
| Salaries and benefits                                 | 0.82%                                | 1.18%  |
| Premises, equipment and<br>other non-interest expense | 1.00%                                | 1.02%  |
| <b>Total non-interest expense</b>                     | <b>1.82%</b>                         | <b>2.20%</b>   |
| <b>Core business margin</b>                           | <b>2.48%</b>                         | <b>0.01%</b>   |

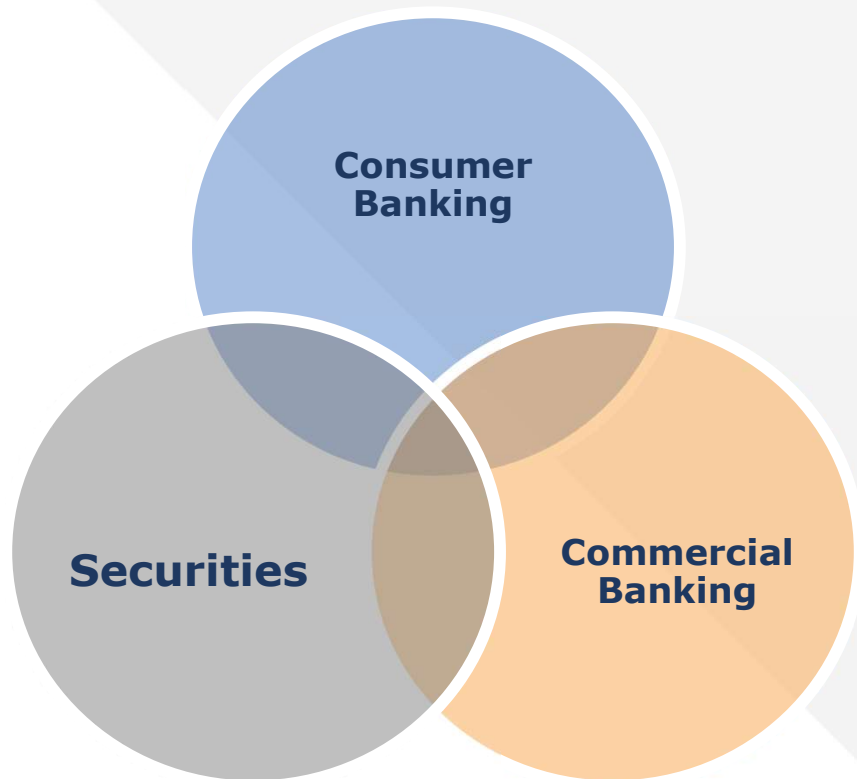
(1) For the three months ended December 31, 2021 – the most recent data on FDIC website “Statistics on Depository Institutions Report”. Axos Bank only, excludes Axos Financial, Inc. and non-bank subsidiaries to compare to FDIC data. Data retrieved May 2, 2022.

(2) All Commercial Banks by asset size. FDIC reported for three months ended December 31, 2021. Total of 160 institutions >\$10 billion. Data retrieved May 2, 2022.



# Axos Financial's Three Business Segments Provide the Foundation for Sustained Long-term Growth

## Investment Thesis



- > Diverse mix of asset, deposit, and fee income reduces risk and provides multiple growth opportunities in varying environments
- > Differentiated retail digital strategy from "online savings banks" or fin-tech competitors
- > Structural cost advantage vs. traditional banks
- > Differentiated distribution strategy
- > New business initiatives generate incremental growth
- > Universal Digital Banking Platform and Enterprise Technology stack provide operating leverage opportunity
- > Technology synergies among business segments reduce overall cost of growth strategy

# Fiscal 2022 Third Quarter Highlights Compared with Fiscal 2021 Third Quarter



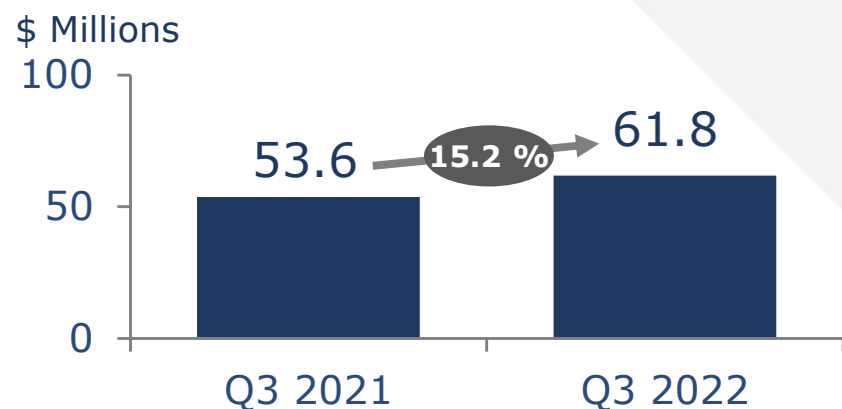
## Asset Growth



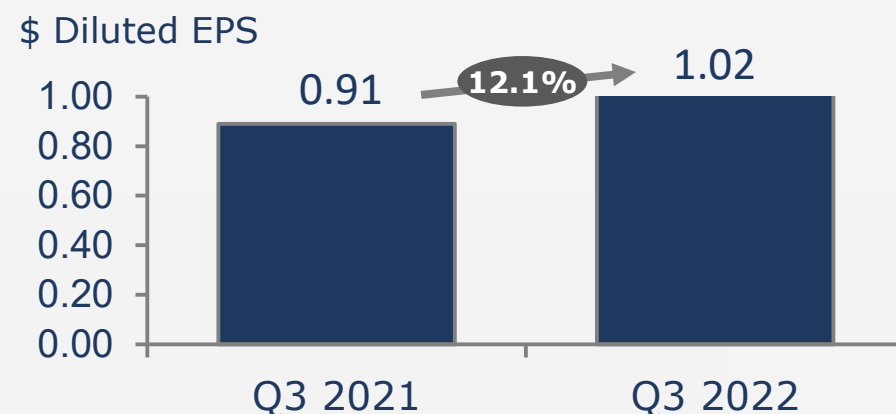
## Deposit Growth



## Net Income



## Diluted EPS

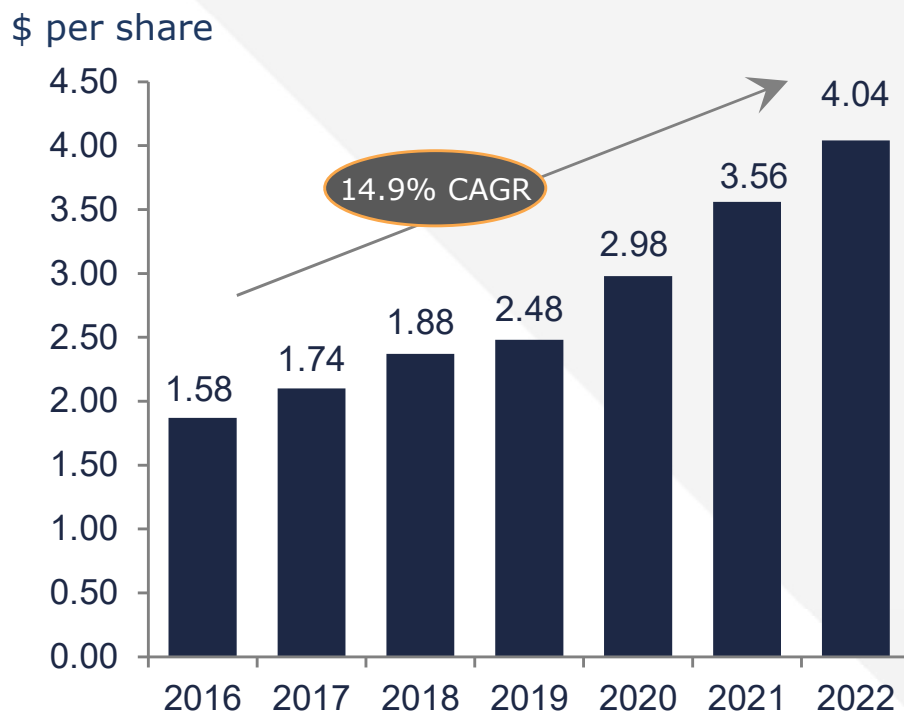


Return on Equity = 15.89%

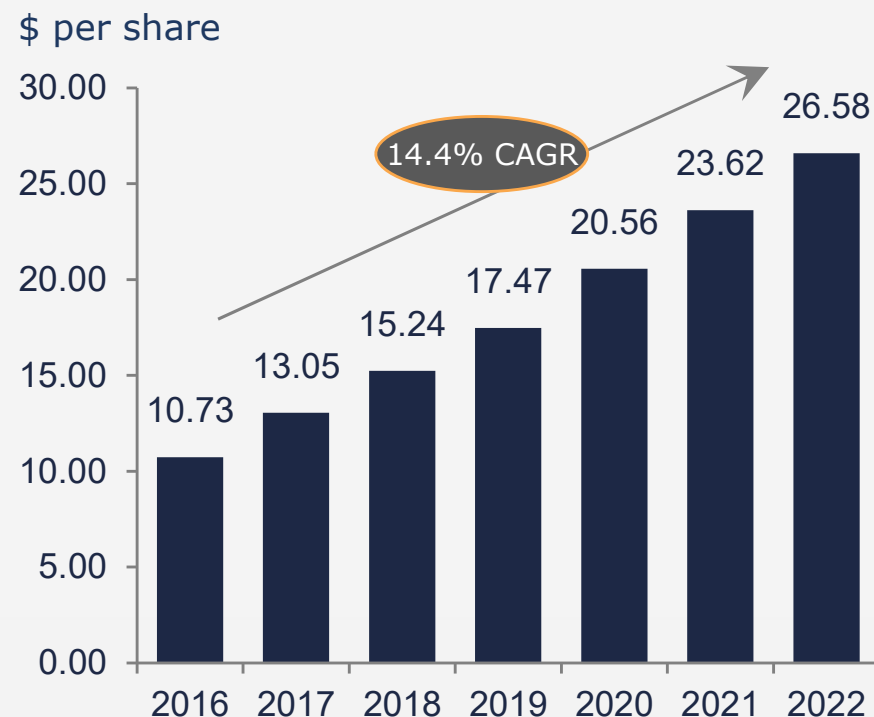
Return on Assets = 1.59%

# Diluted EPS and Book Value Per Share Have Been Consistently Strong

## Diluted EPS (FY)



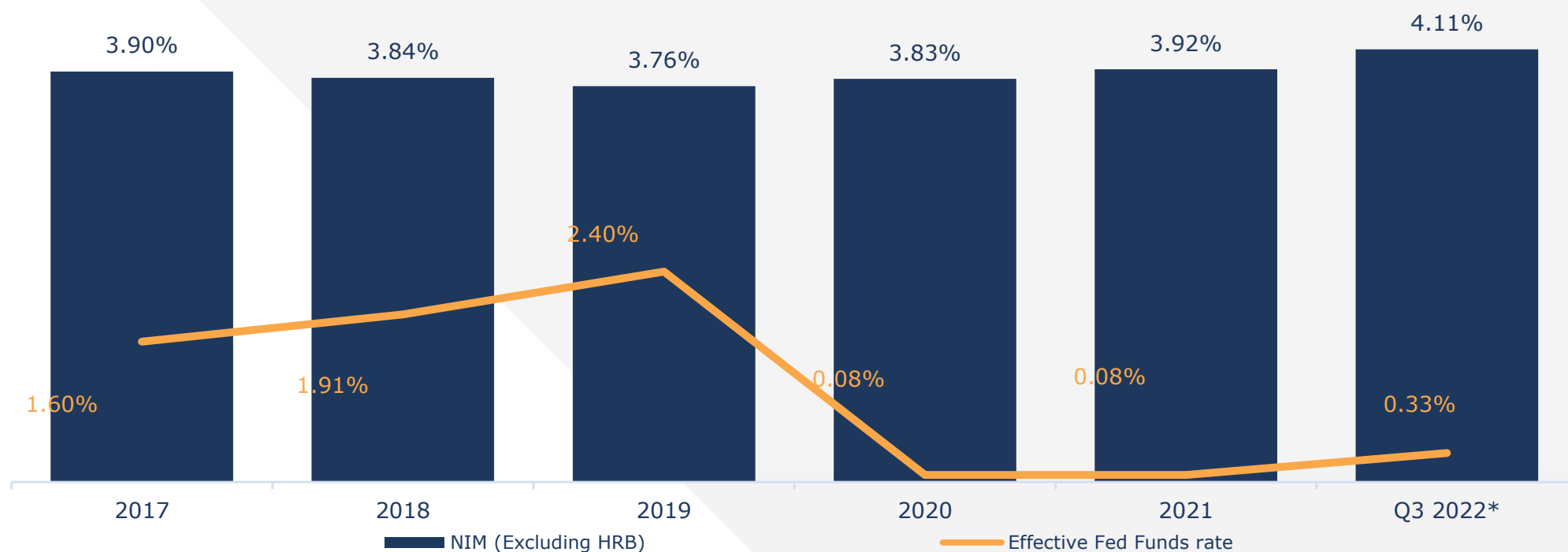
## Book Value Per Share (FY)



Note: Company uses a June 30 fiscal year-end. FY2022 diluted EPS annualized from Q3 2022 data.

# Net Interest Margin Has been Stable/Rising Through a Variety of Interest Rate Cycles

## Stable Net Interest Margin, without HRB

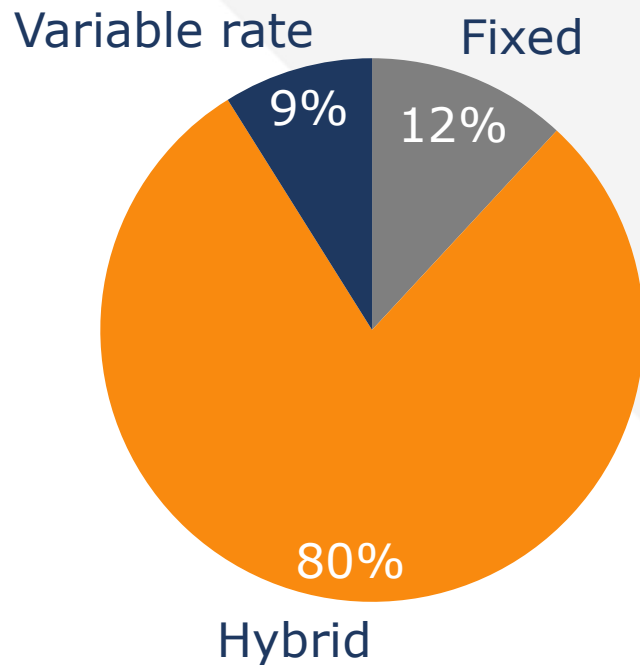


\* Company uses a June 30 fiscal year-end. Q3 2022 data is for the 9 months ended March 31, 2022.

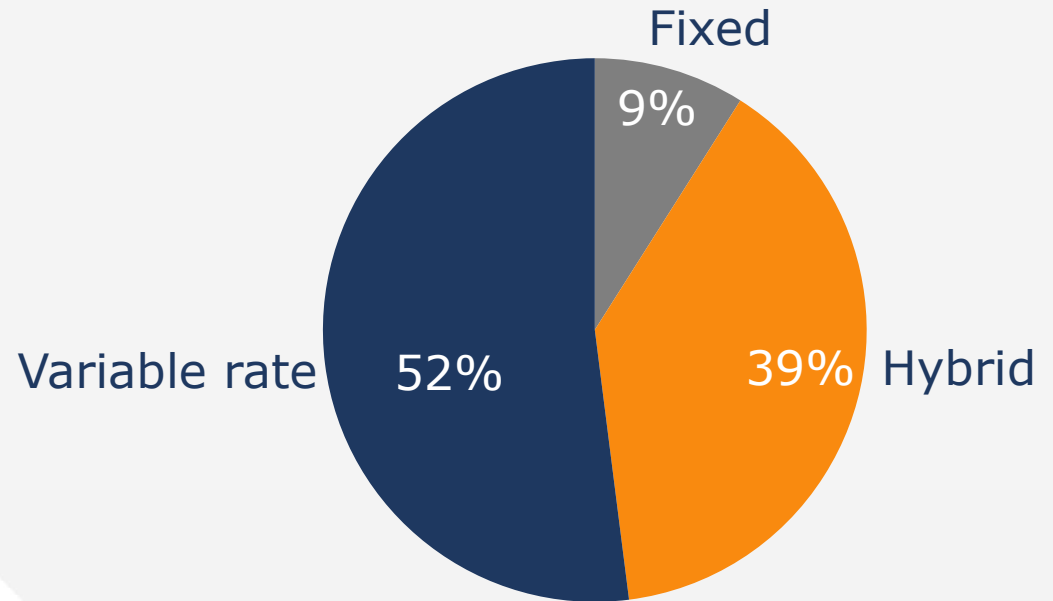


# Loan Portfolio More Sensitive to Rate Increases Today Compared to Last Fed Fund Rate Hike Starting in 2015

September 30, 2015



March 31, 2022

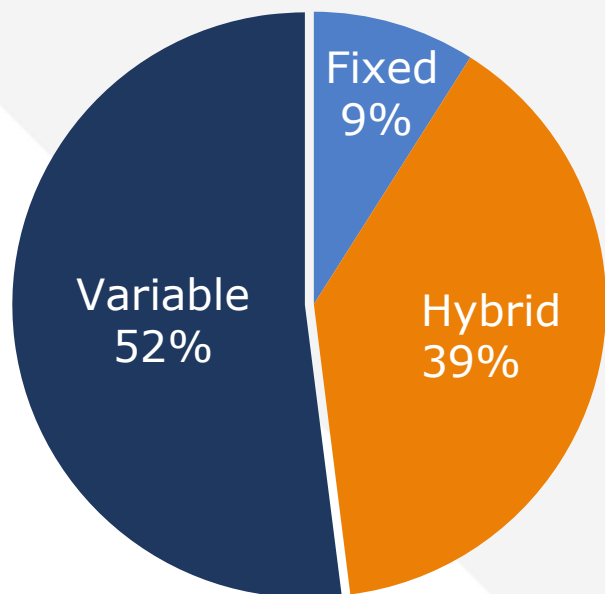


# Interest Rate Components of Loan and Lease Portfolio

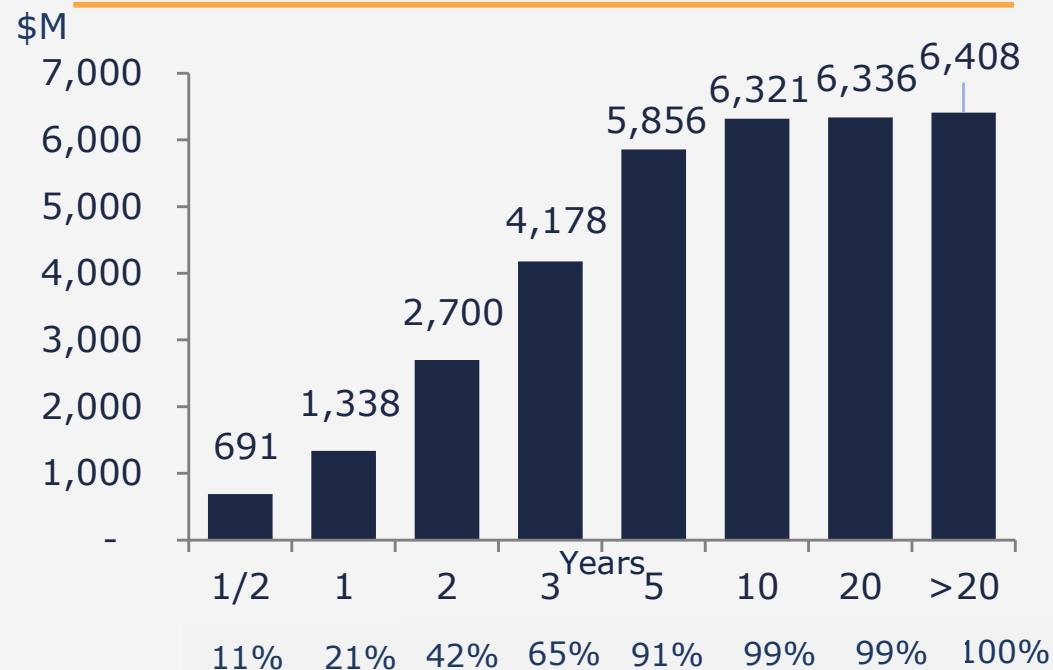
At March 31, 2022



## Mix of Loan Repricing Types

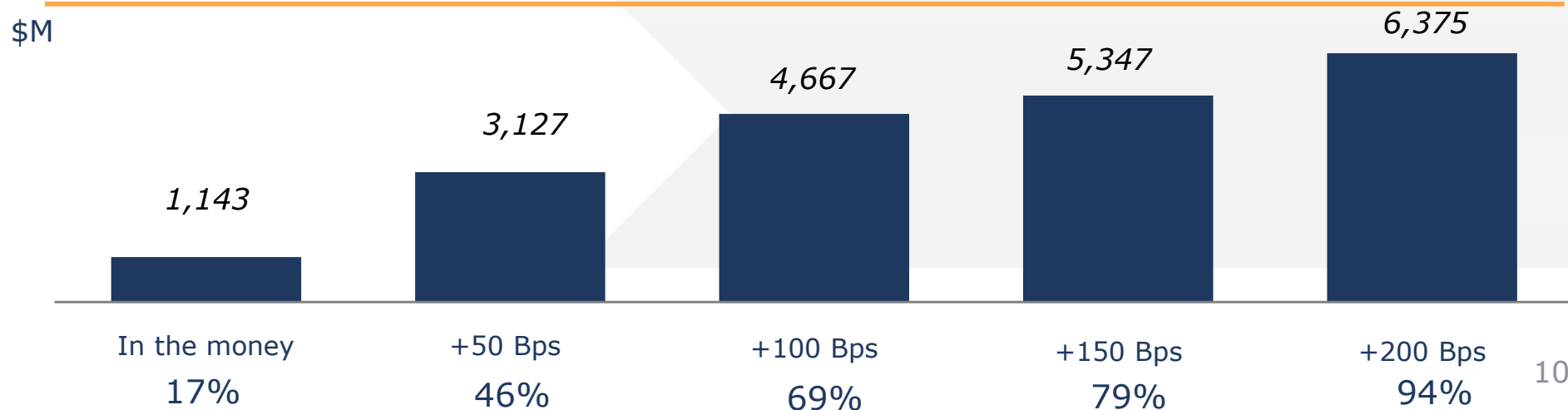


## Fixed/Hybrid Years to Maturity / Repricing\*



\* - Assumes Hybrids prepaying at 15% CPR

## Floor Analysis – Variable-Rate Loans



# Axos Clearing Net Interest Margin is Highly Rate Sensitive with De minimis Impact to Capital

\$ Thousands

|                 |                        |        | Annualized*<br>Revs/Costs | Sensitivity<br>to rate | Securities Net<br>Capital<br>Impact |
|-----------------|------------------------|--------|---------------------------|------------------------|-------------------------------------|
| Clearing<br>NIM | 15c-3                  | Rate   | 0.35%                     |                        |                                     |
|                 |                        | Volume | \$270,418                 |                        |                                     |
|                 |                        |        | +\$942                    | 100%                   | 0%                                  |
|                 | Margin<br>Lending      | Rate   | 3.54%                     |                        |                                     |
|                 |                        | Volume | \$323,922                 |                        |                                     |
|                 |                        |        | +\$11,467                 | 75%-100%               | 0%-10%                              |
|                 | Securities<br>Borrowed | Rate   | 2.52%                     |                        |                                     |
|                 |                        | Volume | \$395,034                 |                        |                                     |
|                 |                        |        | +\$9,955                  | 100%                   | 0%                                  |
|                 | Securities<br>Loaned   | Rate   | 0.17%                     |                        |                                     |
|                 |                        | Volume | \$489,189                 |                        |                                     |
|                 |                        |        | -\$832                    | 75%-100%               | 0%                                  |
|                 | Debt                   | Rate   | 2.18%                     |                        |                                     |
|                 |                        | Volume | \$62,692                  |                        |                                     |
|                 |                        |        | -\$1,368                  | 100%                   | 0%                                  |
|                 |                        |        | <b>Net \$</b>             | +\$20,164              |                                     |

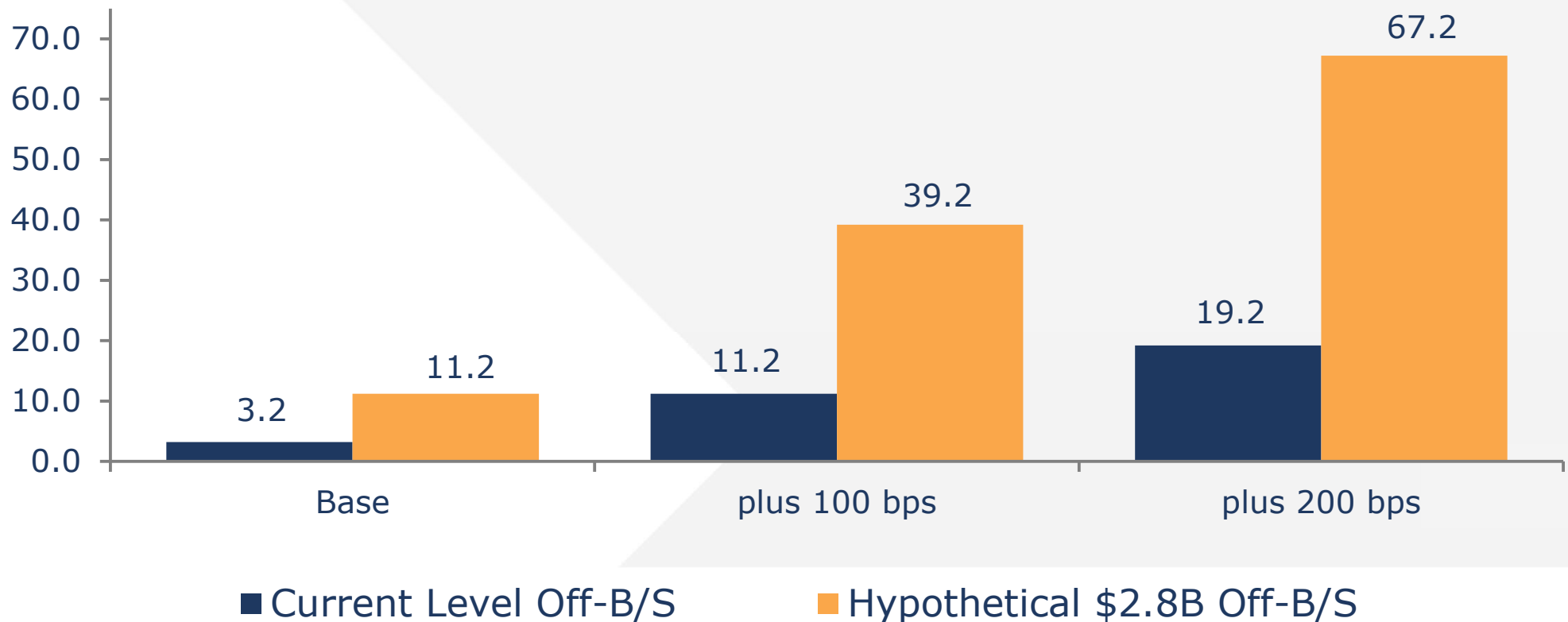
\* Annualized based on Q3 FY 2022

# Optionality with Deposits from Axos Securities

Securities segment provides approximately \$2.8 billion of deposits that can be brought on balance sheet or pushed to partner banks to generate fee income

- Provides stable, low/no-cost deposits that can be used to fund Axos Bank's loan growth
- Currently 15 partner banks hold approximately \$800 million deposits off Axos Bank's balance sheet
- Significant upside to fee income if interest rates rise and/or more deposits are pushed to partner banks

Annualized Fee Income \$M<sup>(1)</sup>



(1) Amount of fee income may be higher or lower, depending on how much deposits from Axos Securities are held on or off Axos Bank's balance sheet.

## Axos is a Top Quartile Performer Versus Bank Peer Group

|                  | Axos Bank | Peer Group | Percentile |
|------------------|-----------|------------|------------|
| ROAA             | 1.84%     | 0.72%      | 94%        |
| Return on equity | 18.06%    | 6.87%      | 94%        |
| G&A              | 1.78%     | 2.39%      | 18%        |
| Efficiency ratio | 39.12%    | 69.04%     | 5%         |

**The 94% on ROE means that the Bank outperformed 94% of all banks. The 18% G&A ranking means that only 18% of banks spend less on G&A than Axos. Peer group includes savings banks greater than \$1 billion.**

# Net Loan Growth by Category for Third Quarter Ended March 31, 2022

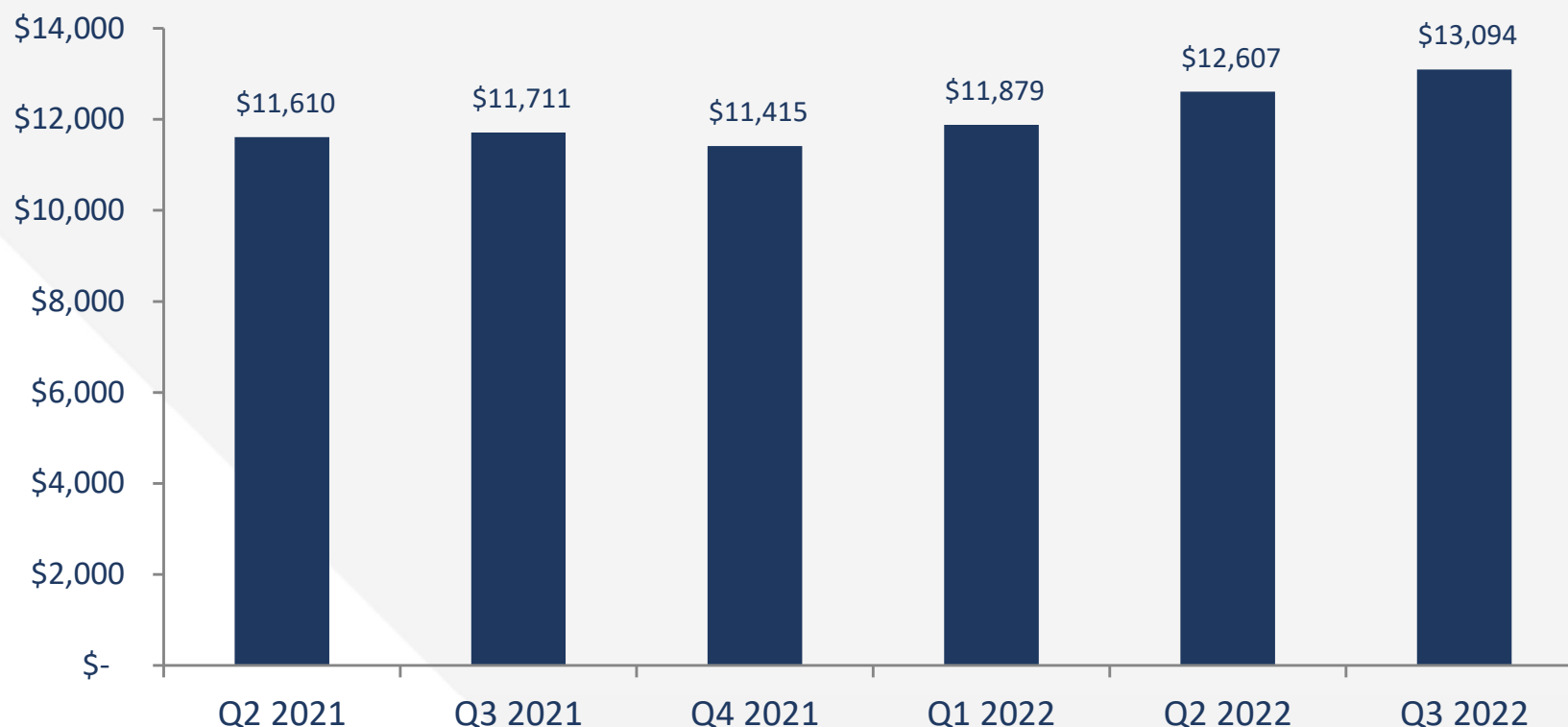


\$ Millions

|       |                                    |                          |  | Q3 FY22  | Q2 FY22   | Inc (Dec) |
|-------|------------------------------------|--------------------------|--|----------|-----------|-----------|
| Loans | Single Family Mortgage & Warehouse | Jumbo Mortgage           |  | \$3,549  | \$3,686   | (137)     |
|       |                                    | SF Warehouse Lending     |  | 423      | 596       | (173)     |
|       | Multifamily & Commercial Mortgage  | Multifamily              |  | 2,080    | 2,017     | 63        |
|       |                                    | Small Balance Commercial |  | 583      | 467       | 116       |
|       | Commercial Real Estate             | CRE Specialty            |  | 4,171    | 3,735     | 436       |
|       |                                    | Lender Finance RE        |  | 122      | 122       | 0         |
|       | Commercial & Industrial Non-RE     | Lender Finance Non RE    |  | 676      | 742       | (66)      |
|       |                                    | Equipment Leasing        |  | 107      | 96        | 11        |
|       |                                    | Asset-Based Lending      |  | 998      | 793       | 205       |
|       | Auto & Consumer                    | Auto                     |  | 454      | 417       | 37        |
|       |                                    | Unsecured / OD           |  | 67       | 62        | 5         |
|       | Other                              | PPP                      |  | 13       | 20        | (7)       |
|       |                                    | Other                    |  | 3        | 3         | 0         |
|       |                                    |                          |  | \$13,246 | \$ 12,756 | \$490     |
|       |                                    |                          |  |          |           | 14        |



## Net Loans – Last Five Quarters (\$ in Millions)



### Loan Growth Drivers

- Product Expansion
- Repeating Client Relationships
- Reputation for Reliable Execution

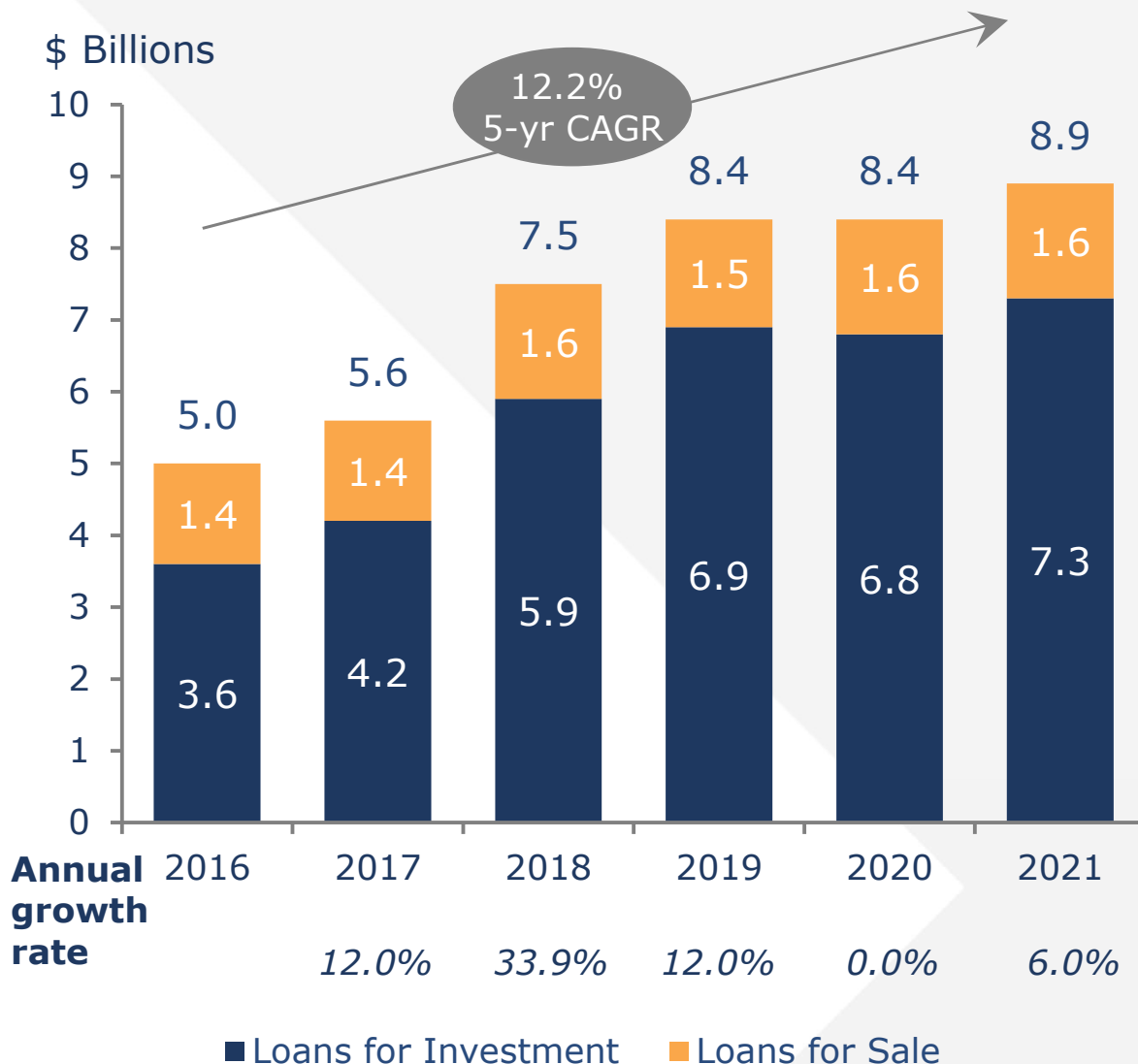
### Average Mortgage Loan to Value

|                      | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|----------------------|---------|---------|---------|---------|---------|---------|
| <b>Multifamily</b>   | 56%     | 55%     | 55%     | 56%     | 56%     | 55%     |
| <b>Single family</b> | 58%     | 57%     | 57%     | 57%     | 57%     | 57%     |

# Strong Loan Origination Growth

Expect Mid-Teens Loan Growth in FY 2023

## Fiscal Year Loan Originations



## Future Plans

- > Organic growth in existing business lines
  - Multifamily geographic expansion
  - Agency and jumbo mortgage channel expansion
  - Small Balance Commercial Real Estate expansion
  - Large Balance Commercial / Specialty Real Estate expansion
- > Additional C&I verticals/product expansion
- > Retail auto lending launch
- > RIA M&A and succession lending

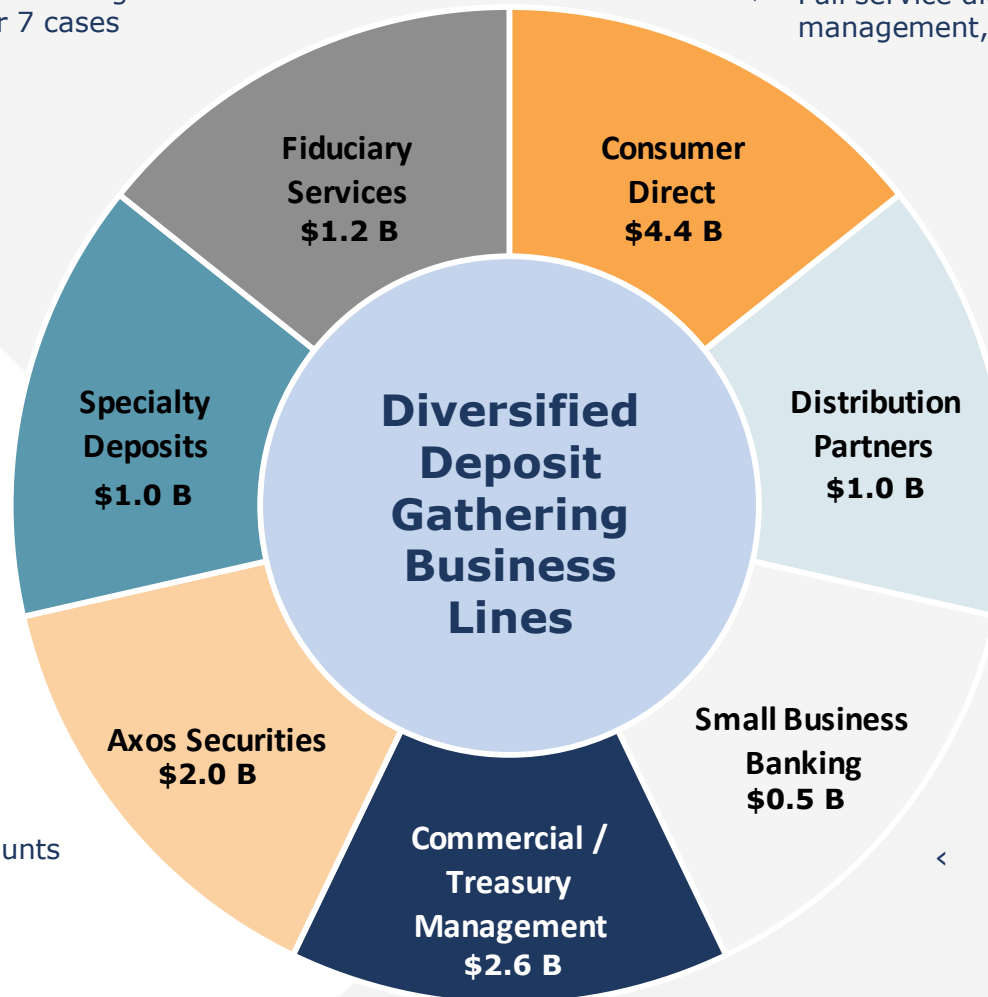
# Diversified Deposit Gathering

- < Serves 40% of U.S. Chapter 7 bankruptcy trustees in exclusive relationship
- < Software allows servicing of SEC receivers and non-chapter 7 cases

- < Full service digital banking, wealth management, and securities trading

- < Fiduciary services for trustees
- < 1031 exchange firms
- < Title and escrow companies
- < HOA and property management

- < White-label banking



- < Broker-dealer client cash
- < Broker-dealer reserve accounts

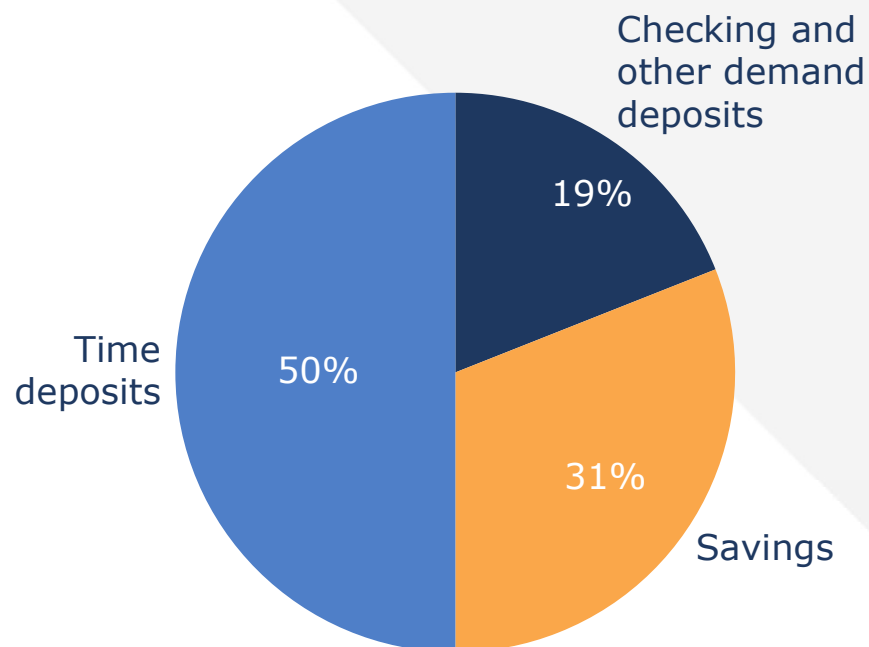
- < Business banking with simple suite of cash management services

- < Full service treasury/cash management
- < Team enhancements and geographic expansion
- < Bank and securities cross-sell

# Deposit Growth in Checking, Business, and Savings Was Achieved While Transforming the Mix of Deposits

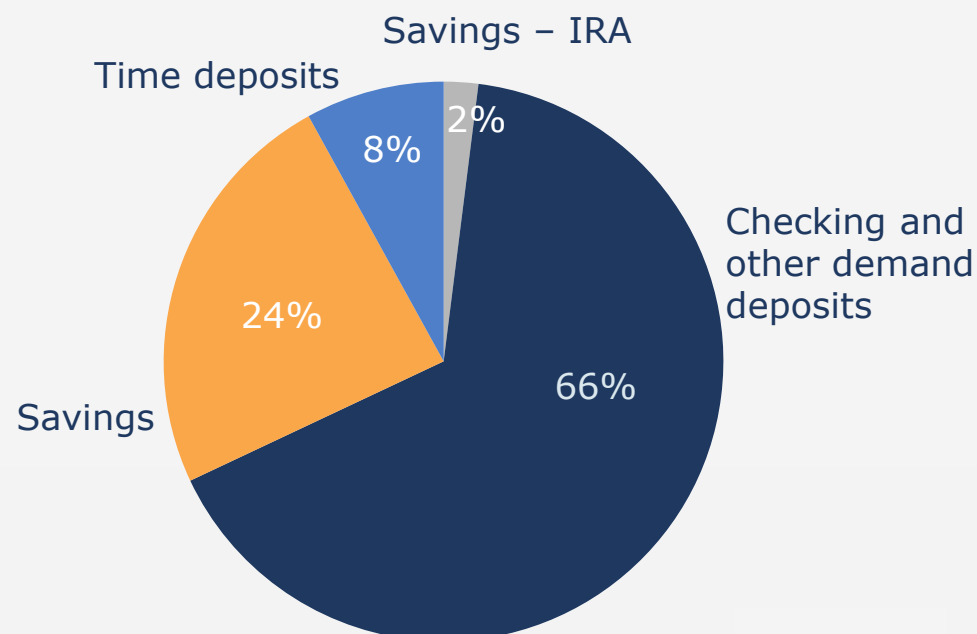
**June 30, 2013**

100% of Deposits = \$2.1 billion



**March 31, 2022**

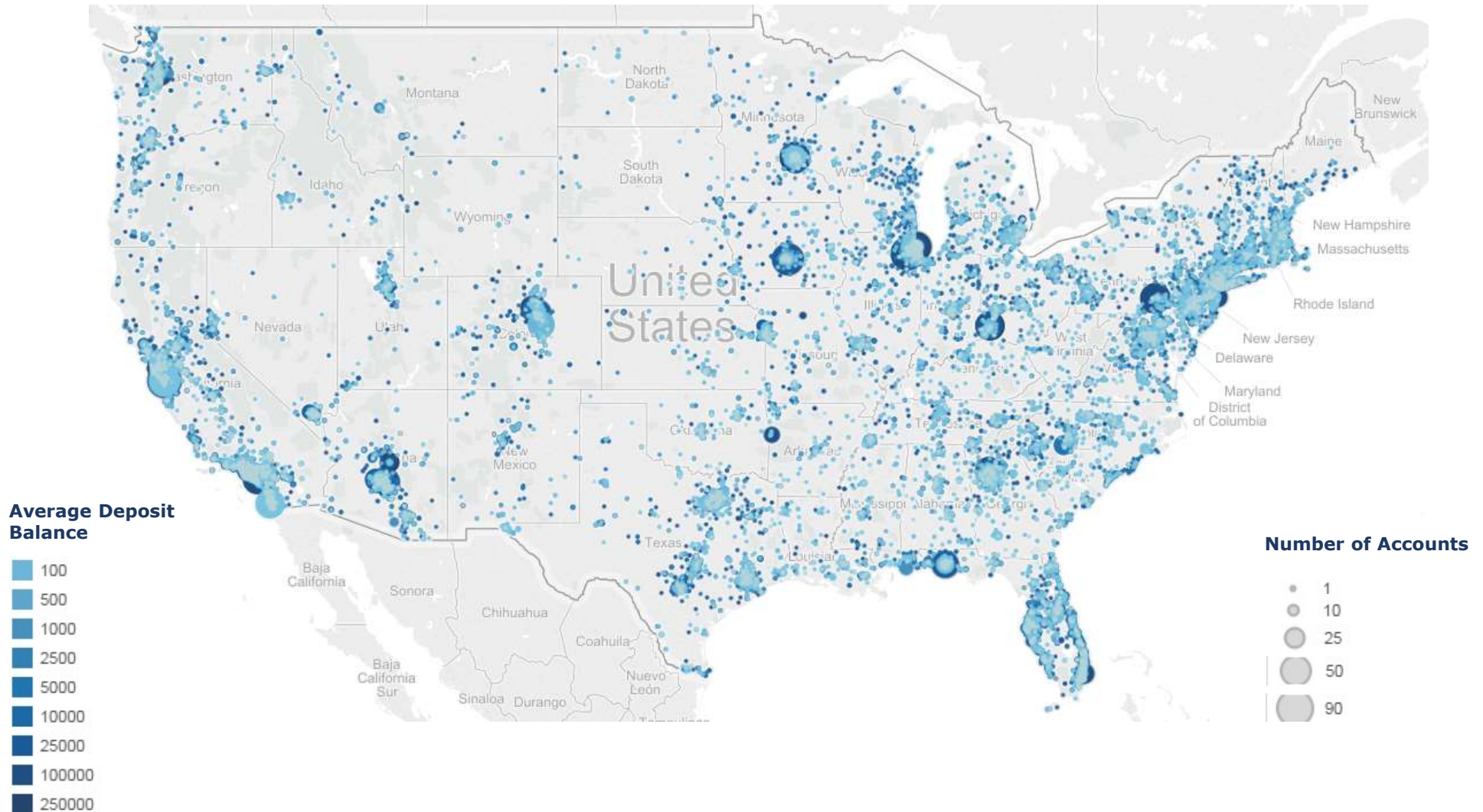
100% of Deposits = \$12.7 billion



**Checking Growth (6/2013 – 3/2022) = 2,033%**

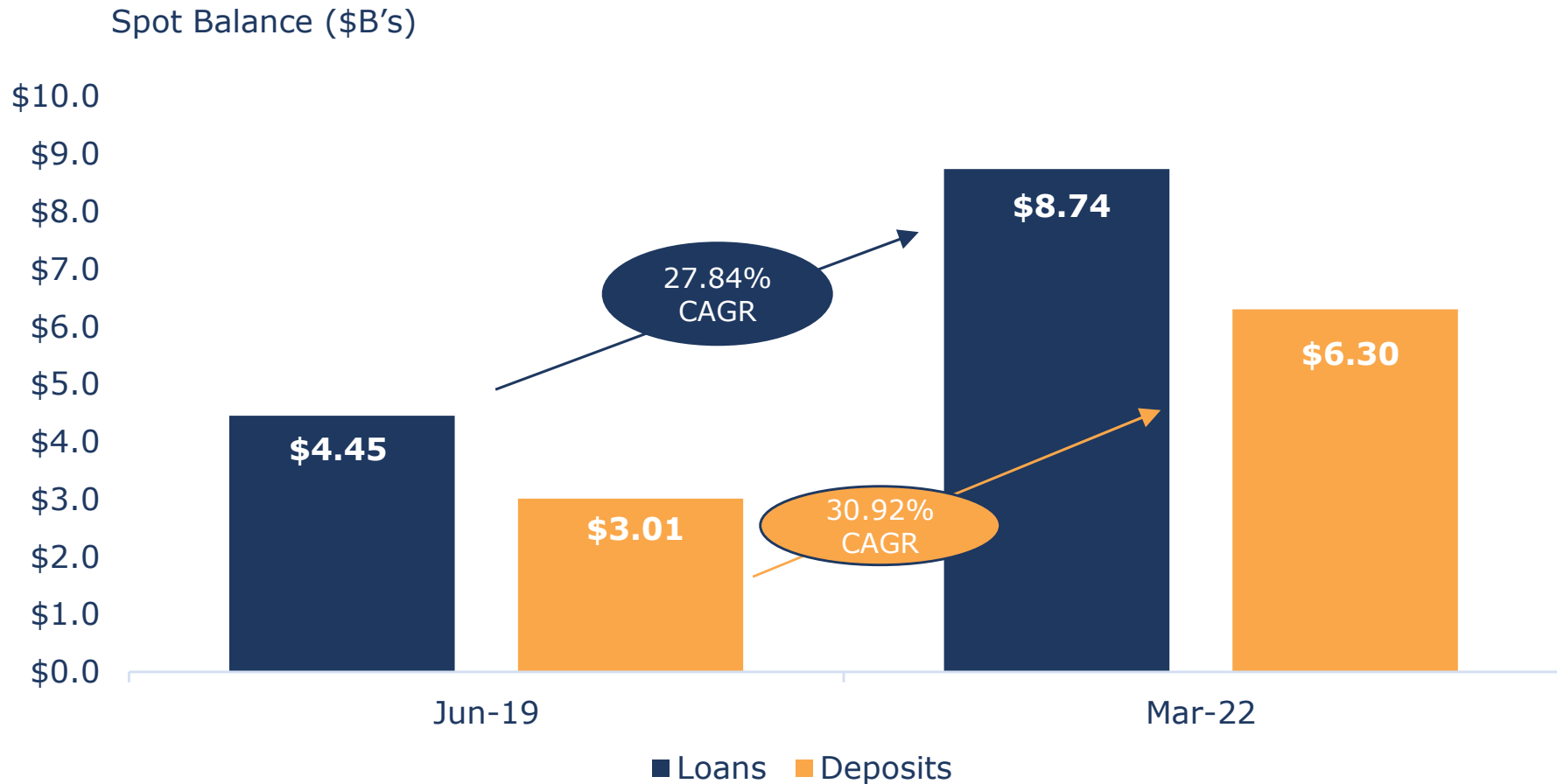
**Savings Growth (6/2013 – 3/2022) = 384%**

# Customer Base and Deposit Volume is Well Distributed Throughout the United States



**Axos Deposits Have National Reach With Customers in Every State**

# Commercial Loans and Deposits



## Loan Growth Drivers

- Product Expansion
- Repeating Client Relationships
- Reputation for Reliable Execution

## Deposit Growth Drivers

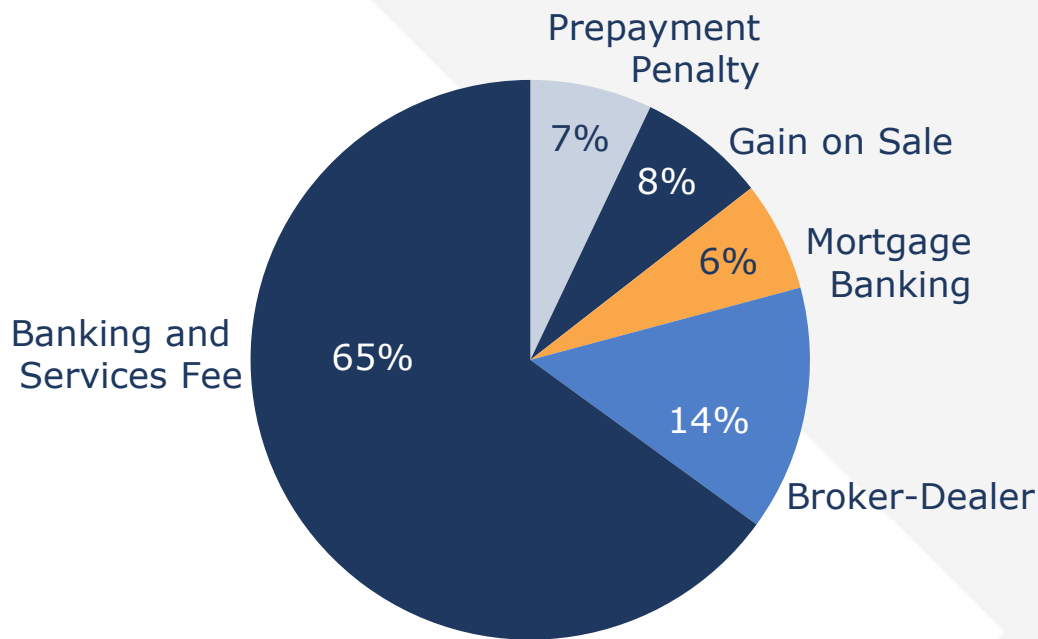
- Unique value proposition encompassing industry expertise, product/technology, service levels and financial value



# Fee Income Growth and Diversification

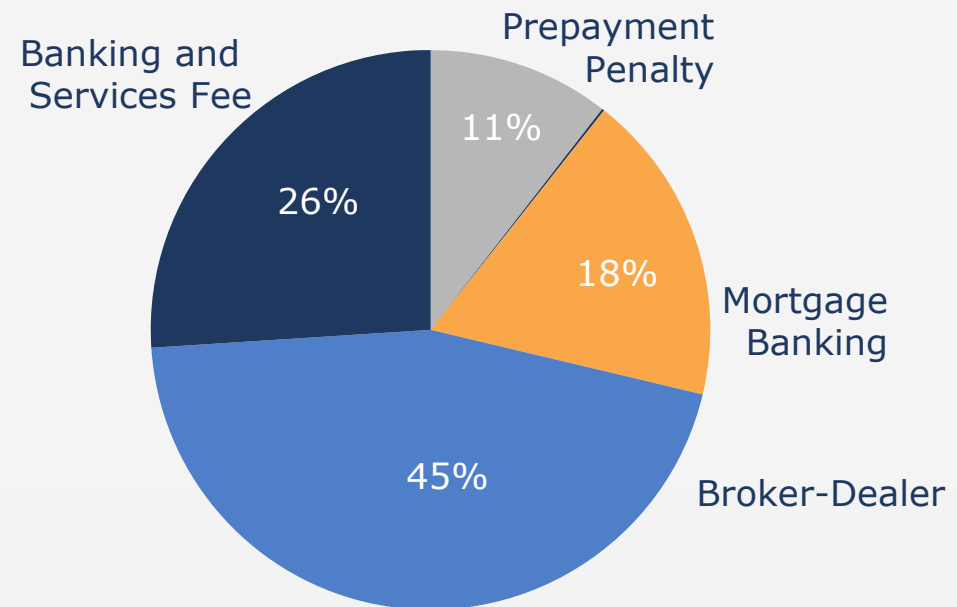
**Year Ended**  
*June 30, 2019*

100% of Non-Interest Income =  
\$82.9 million



**Nine Months Ended**  
*March 31, 2022*

100% of Non-Interest Income =  
\$115.0 million\*



**Bank Income (6/2019 – 3/2022) = -11%**  
**Securities Fee Income \*\* (6/2019 – 3/2022) = 344%**

\* Note: non-interest income annualized for presentation in pie graph and comparison vs 6/30/19.

\*\* Note: FY22 includes income from AAS business, which was acquired August 2, 2021.

Monetizing synergies by integrating Banking products and services to Securities customers, RIAs, and IBDs

|                 |  |  |
|-----------------|--|--|
| Axos Securities | <b>Axos Clearing</b><br>Securities Clearing & Custody                | 69 IBDs<br>200 RIAs<br>265,000 Clients |
|                 | <b>Axos Invest</b><br>Digital Wealth & Personal Financial Management | 24,000 Clients                         |
|                 | <b>Axos Trading</b><br>Self-Directing Trading                        | Launched Fiscal Q1 2022*               |

## Consumer Banking

- › Consumer Deposit Accounts
- › ODL/Margin Accounts
- › Jumbo Single Family Mortgage Loans

## Commercial Banking

- › Securities-Backed Lines of Credit
- › Cash Management
- › Commercial Property Refinancing

## Digital Solutions

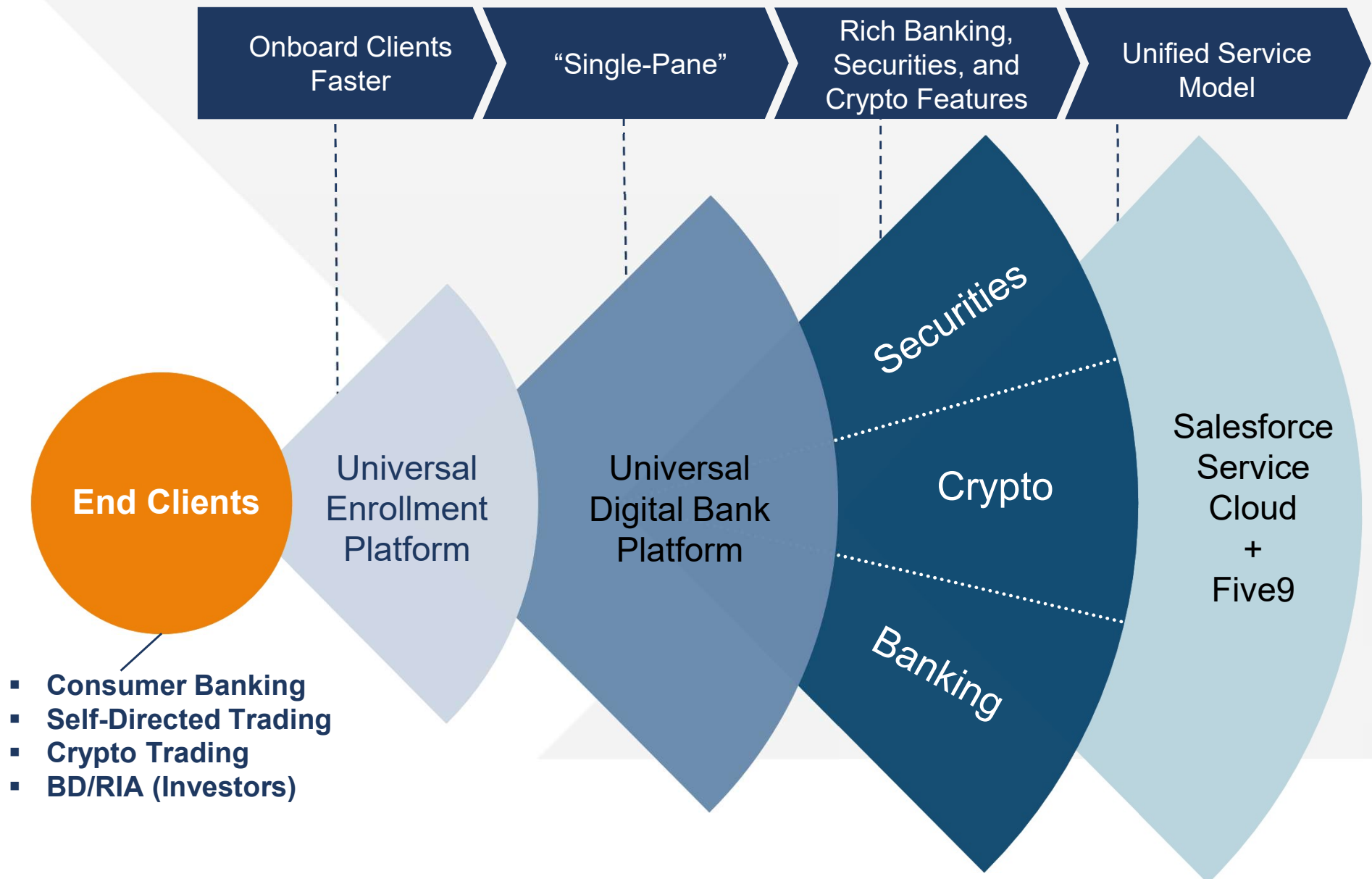
- › Universal Digital Platform
- › Account Opening Platform

**Access to  
~329,000  
Clients**

\*Retail crypto trading launch expected in 1H calendar 2022

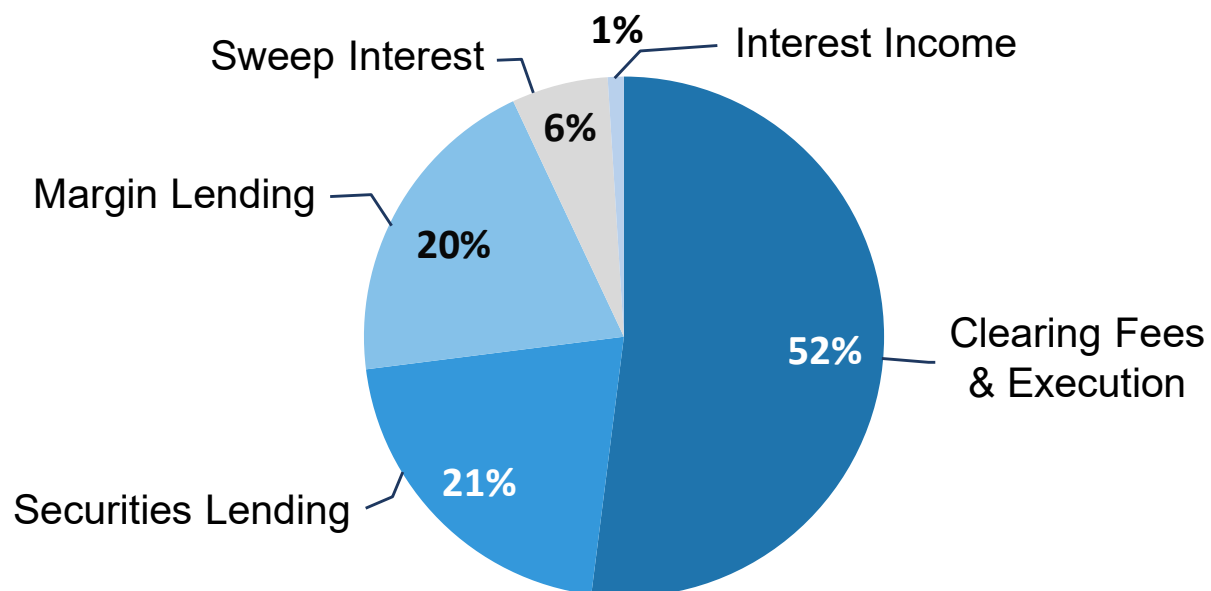
# Integrated Securities and Banking

Leveraging Bank's existing digital platforms allows for a unique integrated and flexible Banking and Securities product features



- Leadership team with more than 100 years combined industry experience
- More than 240 employees across Clearing and Custody
- Nation's 8<sup>th</sup> largest Clearing Services firm by number of broker-dealer clients<sup>1</sup>.
- Nation's 4<sup>th</sup> largest Custodian by AUC
- More than \$40 billion in Clearing Services client assets
- Axos Financial Inc., acquired E\*TRADE Advisory Services in August 2021

## Trailing Twelve Months (TTM) ending March 31, 2022 (\$M)



| Key Highlights            | TTM March 2021 | TTM March 2022 |
|---------------------------|----------------|----------------|
| Clearing Fees & Execution | \$18,098,111   | \$24,185,981   |
| Securities Lending        | \$5,768,200    | \$9,522,371    |
| Margin Lending            | \$9,223,695    | \$9,157,454    |
| Sweep Interest            | \$6,311,497    | \$2,975,479    |
| Interest Income           | \$1,713,989    | \$258,126      |
| Total Revenues            | \$41,115,494   | \$46,099,413   |

<sup>1</sup> InvestmentNews Top clearing and custody firms for financial advisers October 2021.

# Secular Industry Trends Provide Opportunities for Axos

## Fee Compression for Active and Passive Investment Managers



- RIAs need to reduce costs and streamline back-office ops
- Automation frees up > time/resources for client interactions

## Advisors are Leaving Wirehouses to Become Independent Advisors



- Axos to provide bundled securities clearing, custody and banking services
- Target small & medium-sized RIAs and IBDs that large custodians do not serve well

## Aging Advisor Population Is Driving Consolidation and Succession Planning



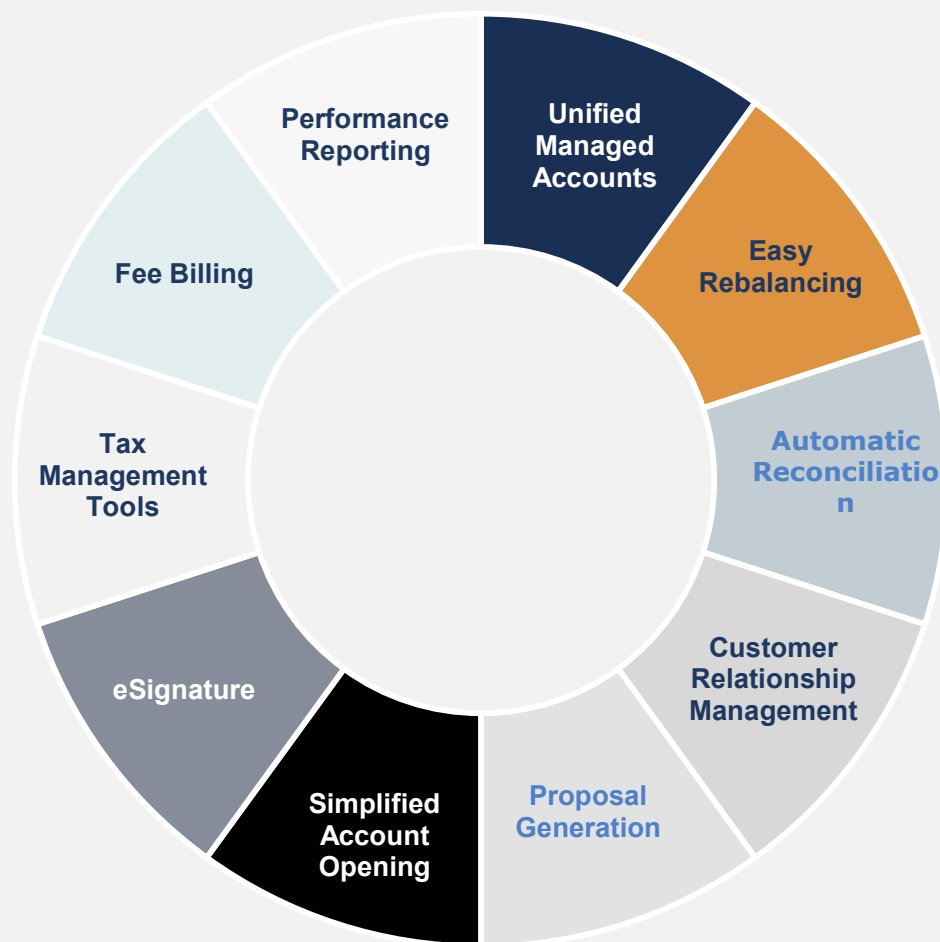
- Axos to provide succession-based and M&A financing to RIAs and IBDs
- Nation-wide footprint and industry focus are competitive advantages

## Digitization of Wealth Management



- Axos will offer direct-to-consumer and private label robo-advisory solutions to individuals and independent RIAs

## Liberty Provides a Comprehensive Turnkey Platform



**Serving 200 RIAs<sup>1</sup>**  
**(\$1M+ AUC)**

**~\$25B Assets Under Custody<sup>2</sup>**



### TAMPs

**62% of Total AUC<sup>3</sup>**

Turnkey Asset Management Platform, relies on Reps to gather assets and maintain relationship with investor



### Traditional RIAs

**35% of Total AUC<sup>3</sup>**

Gathers and manages assets, works directly with investor



### Small RIAs

**3% of Total AUC<sup>3</sup>**

Advisors with <\$25M in AUC

Note: Data as of 3/31/2022

1. 200 total advisors on Liberty platform; advisors with <\$1M AUC comprise <\$4M in total assets

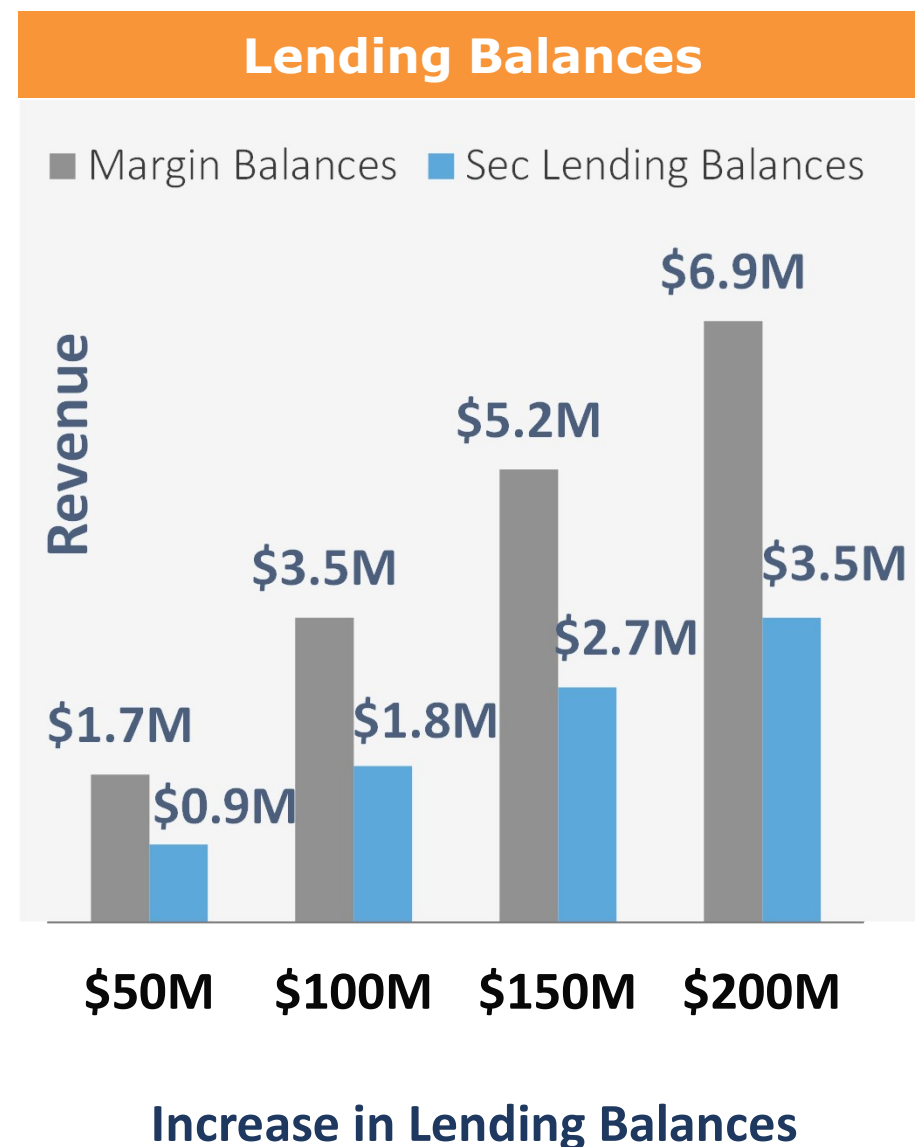
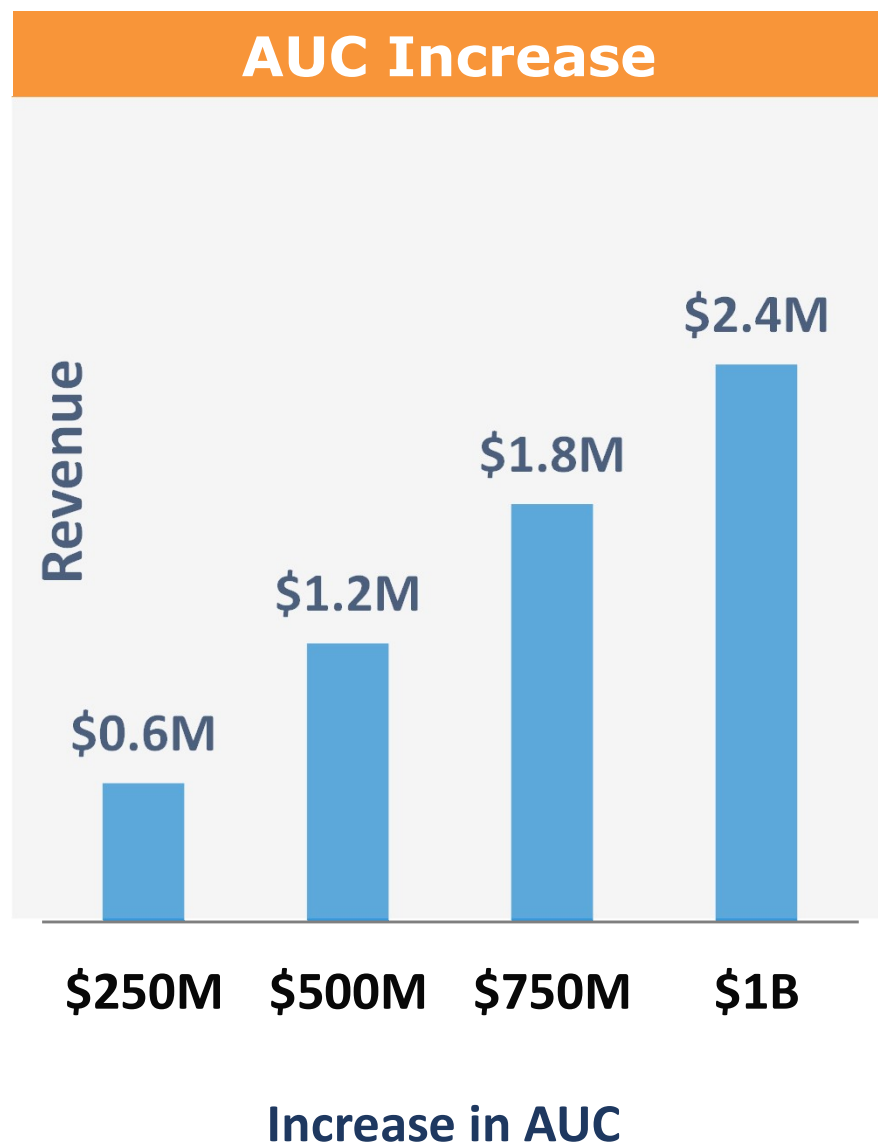
2. Includes \$226M 401K AUC

3. Excludes \$226M 401K AUC



# Axos Clearing Revenue Sensitivity to Key Metrics

Increase in revenue related to key metrics – Illustrative  
Axos Clearing – excluding AAS



\*Analysis does not include any benefits from cash deposits held on balance sheet

# Axos Clearing Long-Term Revenue and Expense Synergies

## Revenue Synergies\*

### **Axos Securities:**

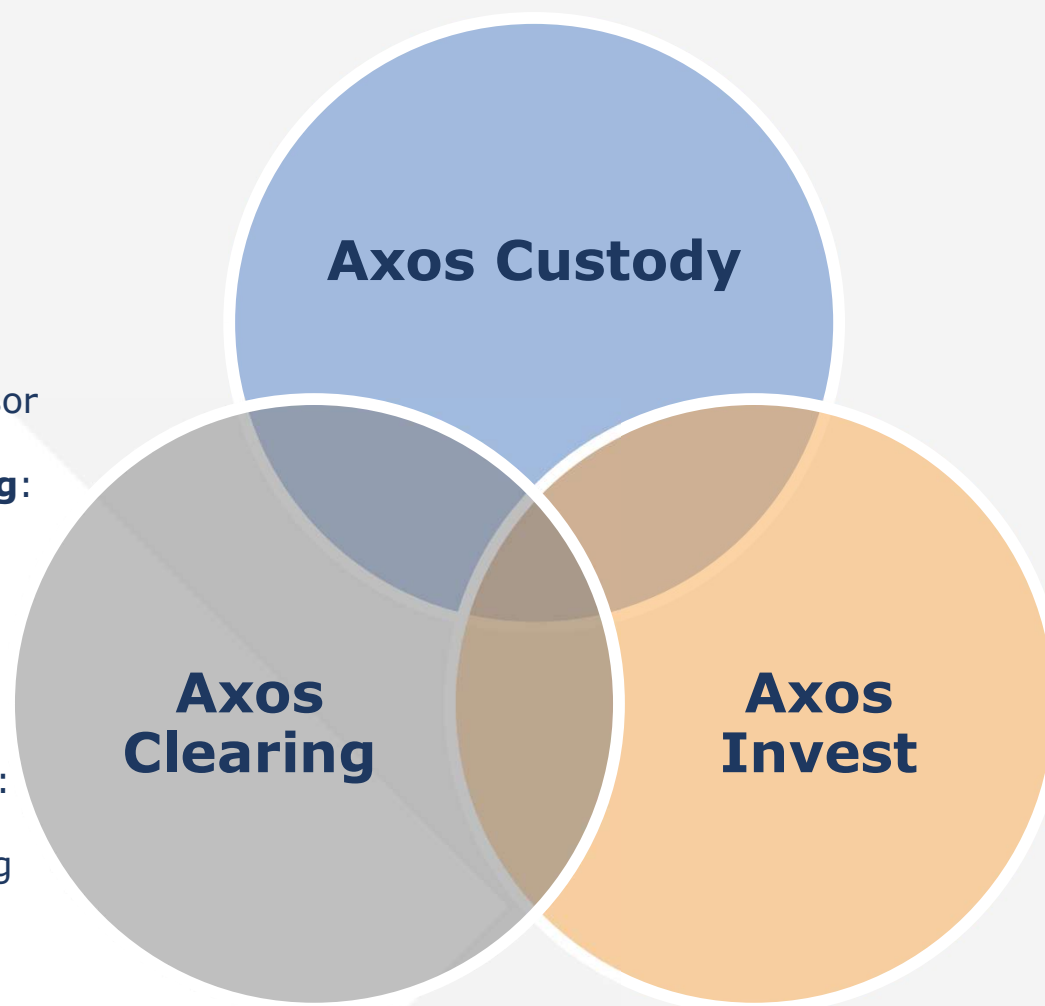
- Margin Loans
- Securities Lending
- Fixed Income Trading
- Order Flow
- White-label Robo Advisor

### **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

# Axos Clearing Revenue Expansion

Leveraging lower-cost platform accelerates strategy to drive higher and more diverse revenues

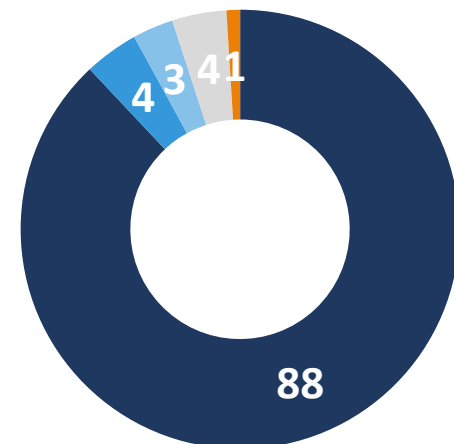
## New Growth Initiatives

- Investment in build out of Sales teams to cover growth markets including LATAM
- Axos Advisory Services
- Portfolio Margin
- Securities Backed Lines of Credit (SBLOC)
- Fintech brokerage APIs
- Crypto trading platform for brokers and financial advisors (offered via Axos Digital Assets, LLC)

## Est. Revenue Contribution of New Growth Initiatives

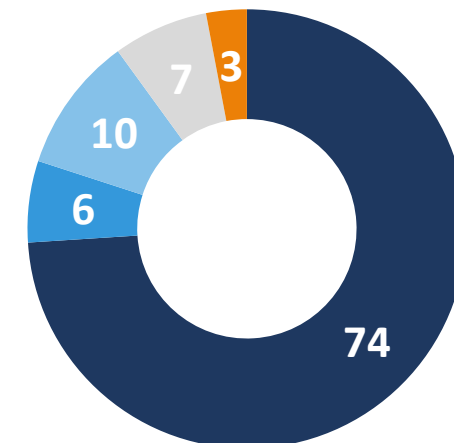
### FY2023 (%)

- Total Fees
- Active Trading
- Fintech
- SBLOC
- Crypto



### FY2024 (%)

- Total Fees
- Active Trading
- Fintech
- SBLOC
- Crypto



# Business Segment Overview – Axos Invest

## Core Services

- Free financial digital advisor that helps clients achieve their goals by automating the financial planning process.
- Provides premium packages for clients who want additional value beyond our core services.

## Customer Behavior

- **High Conversion Rates** – Platform has been able to sustain 20% conversion rate with low client attrition.
- **Low Acquisition Costs**– Compared to industry standards, historic acquisition costs have sub – \$50/per client (funded account).
- **Sticky Accounts** – Clients trust our advice with 49% following our recommendations within first week.

## Customer Served

- Do-It-Yourself Mass Market

**24,000+ sticky customer accounts with opportunities to cross-sell banking and premium services**

# Axos Invest Managed Portfolios Industry Comparison



| Attributes                                | Axos  | SoFi   | Betterment   | Fidelity Go  |
|---|---|--|--|--|
| <b>Business Model and Differentiators</b> | Low-cost, integrated Bank, Borrow, and Invest financial suite – best of both worlds with strong value for consumers | Simple ETF allocation bundled with SoFi loans and free management and unlimited access to financial advisors | Simple asset allocation and rebalancing model with low fees – Advisor access with premium subscription | Simplified choice for investors who want an all-digital Robo-advisor |
| <b>Fee Structure (AUM)</b>                | 0.24%   | Free   | 0.25%  | Free: AUM <\$10k<br>\$3/M: AUM \$10k-\$49.9K<br>0.35% >\$50k         |
| <b>User Interface</b>                     | Simple and seamless feel across both platforms  | Very simple, easy to use, but generic  | Very simple, easy to use, but generic  | Very simple, easy to use, but generic                                |
| <b>Referral Program</b>                   | \$20/Friend   | \$50 in Stock/Friend   | Fee Waiver/Friend  | N/A  |
| <b>Other</b>                              | Access to licensed relationship team and non-proprietary model marketplace  | No social responsible portfolio options  | IRA access limited to paid membership  | Only offers access to Fidelity Flex mutual funds                     |

## Key Differentiators

**Integrated financial suite of products**  
**Highly personal servicing approach**

## Personalization

- › Increase chances of offering right product at the right time and place
- › Personalization is the right antidote for too much choice, too much content, and not enough time

## Self-Service

- › Eventual artificial intelligence tools assist sale of banking products such as deposits, loans, and mortgages
- › Products optimized by channel, recipient and journey
- › Self service saves time and cost (e.g., activate and de-activate debit-card in platform, send wires via self-service)

## Facilitate Partnerships

- › Easy integration of third-party features (e.g., biometrics)
- › Access to value added tools (e.g., robo-advisory, automated savings features) either proprietary or third party
- › Enable creative customer acquisition partners

## Customizable Experience

- › Provide holistic and interactive and intuitive design experience
- › Integrate online experience with other channels

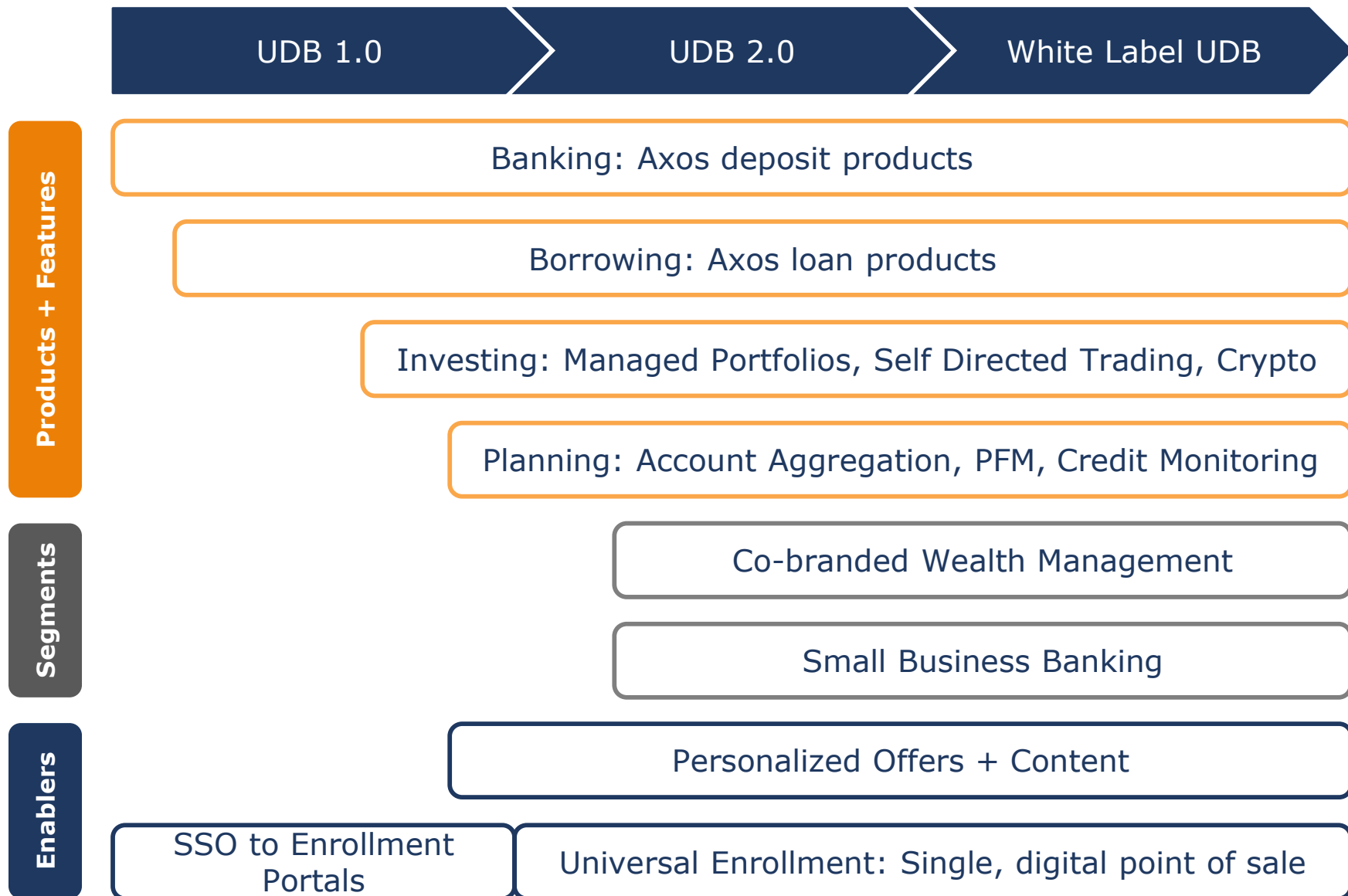
## Cross-Sell

- › Artificial intelligence and big data credit models enable quick credit decisions
- › Customized product recommendations based upon analytical determination of need



# Evolving Capabilities of the UDB Platform

UDB offers a growing set of products, capabilities and supported user segments



# The Digital Experience Roadmap

We continue to **evolve our digital experience** and **provide modern solutions** so financial services providers can have the speed, scalability, and flexibility they need to **deliver better client experiences**



## Vision

- Empower consumers with a secure crypto trading environment that unifies with everyday banking and brokerage.
- Provide a flexible blockchain powered platform for issuance, trading, clearing, settlement, payment, and custodianship for digital instruments.

## Approach

### Retail

(spread capture, transaction)

Provide a two-sided marketplace for issuers and investors

### Clearing and Transaction Services

(transaction, usage fees, spread capture)

Provide API services to provide companies with a comprehensive suite of crypto, payments, and treasury services

### Axos Stablecoin (AXX)

(interest income on reserves)

Operate the core market infrastructure of AXX

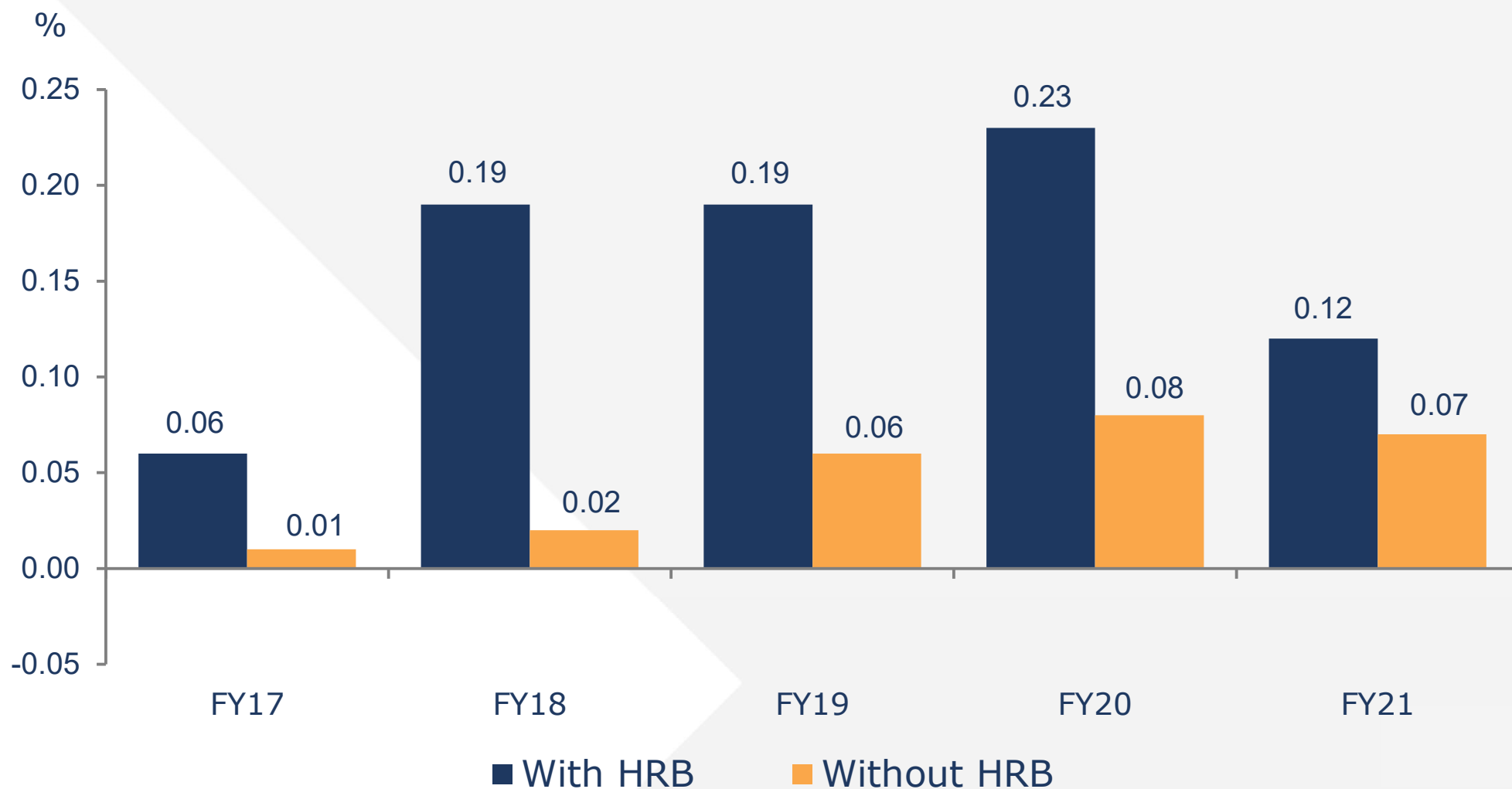
## What We Do

Utilize a holistic credit-risk management framework to manage and monitor credit quality at each stage of the loan life cycle, and leverage specialized Credit Tools to optimize monitoring and reporting capabilities

### Credit Monitoring & Oversight



# Annualized Charge-offs (Recoveries) to Average Loans Outstanding

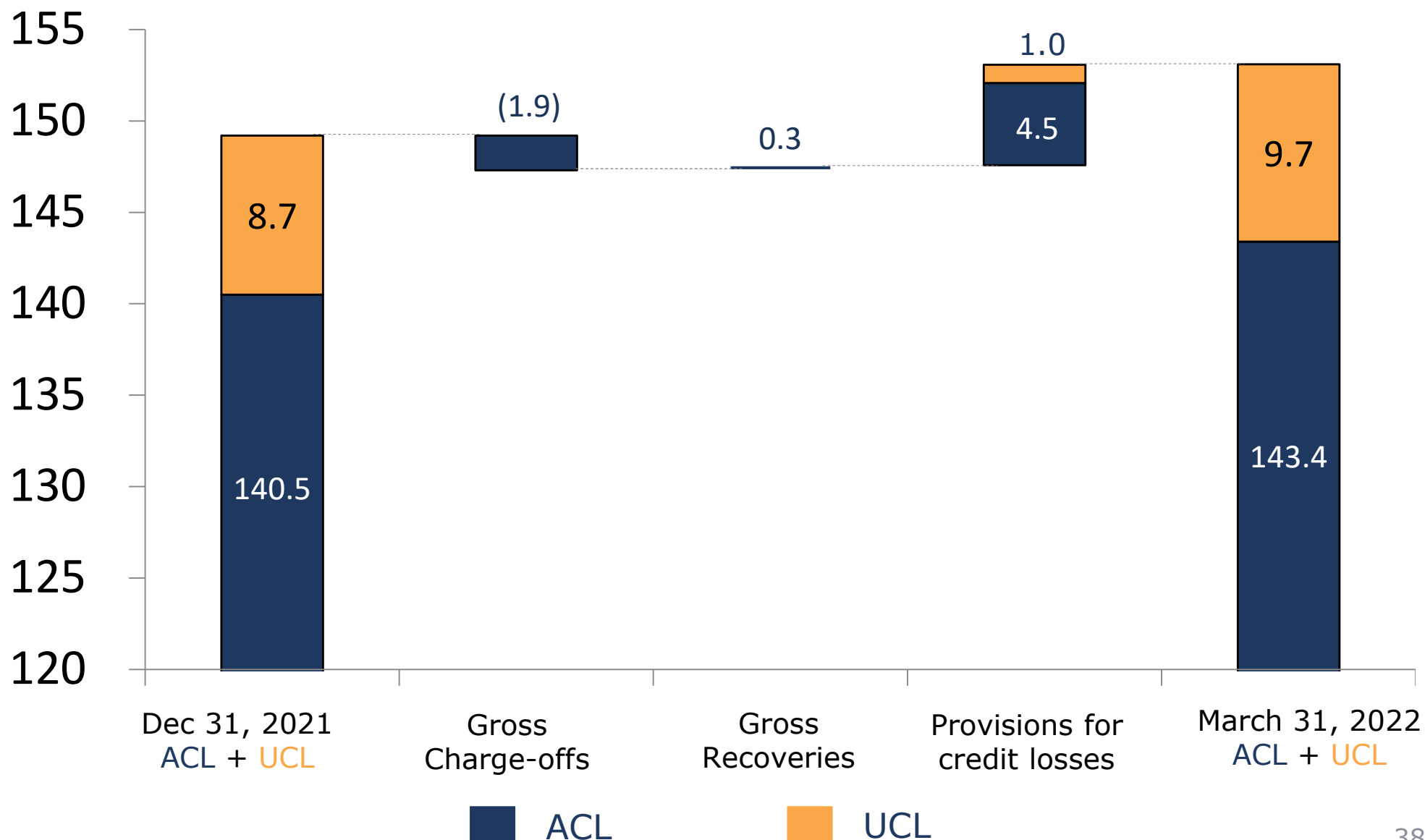


Note I: Company uses a June 30 fiscal year-end.

Note II: The Company partnered with H&R Block Bank (HRB) to provide HRB branded financial services products. The partnership was terminated December 8, 2020.

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

(\$ in millions)



# Allowance for Credit Losses (ACL) by Loan Category as of March 31, 2022



|       |  | \$ Millions         |                |              |
|-------|--|---------------------|----------------|--------------|
|       |  | <u>Loan Balance</u> | <u>ACL \$</u>  | <u>ACL %</u> |
| Loans | Single Family - Mortgage and Warehouse | \$3,972.1           | \$21.8         | 0.55%        |
|       | Multifamily & Commercial Mortgage      | 2,662.5             | 13.8           | 0.52%        |
|       | Commercial Real Estate                 | 4,293.0             | 69.8           | 1.63%        |
|       | Commercial & Industrial Non-RE         | 1,780.6             | 26.3           | 1.48%        |
|       | Auto & Consumer                        | 521.9               | 11.6           | 2.22%        |
|       | Other                                  | 16.1                | 0.1            | 0.28%        |
|       |  | <u>\$13,246.2</u>   | <u>\$143.4</u> | <u>1.08%</u> |

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