



Axos Financial, Inc. Investor Presentation

August 3, 2023

NYSE: AX

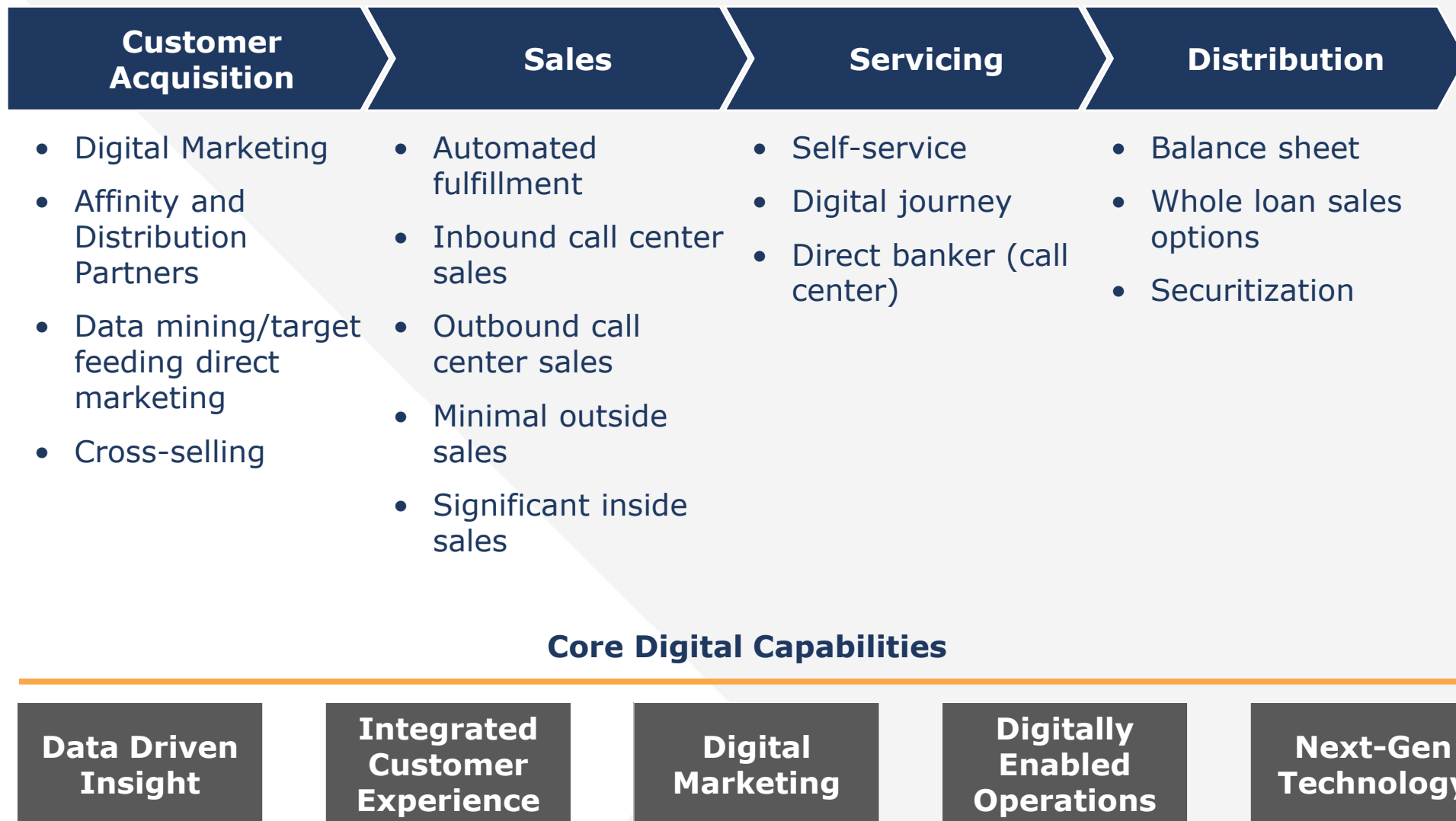
axosTM
Banking **Evolved**SM

This presentation 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' deposit balances and capital ratios, Axos' ability to continue to grow profitably and increase its business, Axos' ability to continue to diversify its lending and deposit franchises, the anticipated timing and financial performance of other offerings, initiatives, and acquisitions, expectations of the environment in which Axos operates and projections of future performance. 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 presentation. 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 Axos' ability to successfully integrate acquisitions and realize the anticipated benefits of the transactions, changes in the interest rate environment, monetary policy, inflation, government regulation, general economic conditions, changes in the competitive marketplace, conditions in the real estate markets in which we operate, risks associated with credit quality, our ability to attract and retain deposits and access other sources of liquidity, and the outcome and effects of

litigation and other factors beyond our control. These and other risks and uncertainties detailed in Axos' periodic reports filed with the Securities and Exchange Commission, including its 2022 Form 10-K, as supplemented by its Quarterly Reports on Form 10-Q, could cause actual results to differ materially from those expressed or implied in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Axos undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements made in connection with this presentation, which are attributable to us or persons acting on Axos' behalf are expressly qualified in their entirety by the foregoing information.



Axos' Business Model is Differentiated From Other Banks

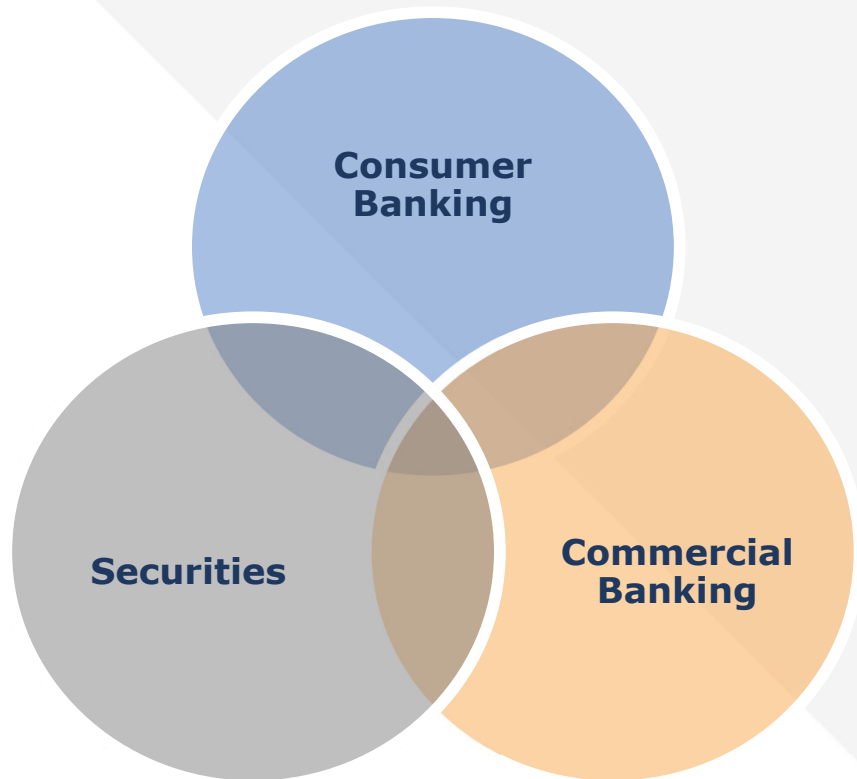


Axos is a Top Performer Versus Bank Peer Group

	Axos Bank	Peer Group	Percentile
ROAA	1.61%	0.77%	90%
Return on equity	15.91%	7.96%	89%
Net interest income	4.51%	2.87%	94%
Efficiency ratio	47.42%	69.92%	9%

The 90% on ROE means that the Bank outperformed 90% of all banks. The 9% efficiency ratio ranking means that only 9% of banks have lower expenses in comparison to their revenues.

Axos Financial's Three Divisions 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 divisions reduce overall cost of growth strategy

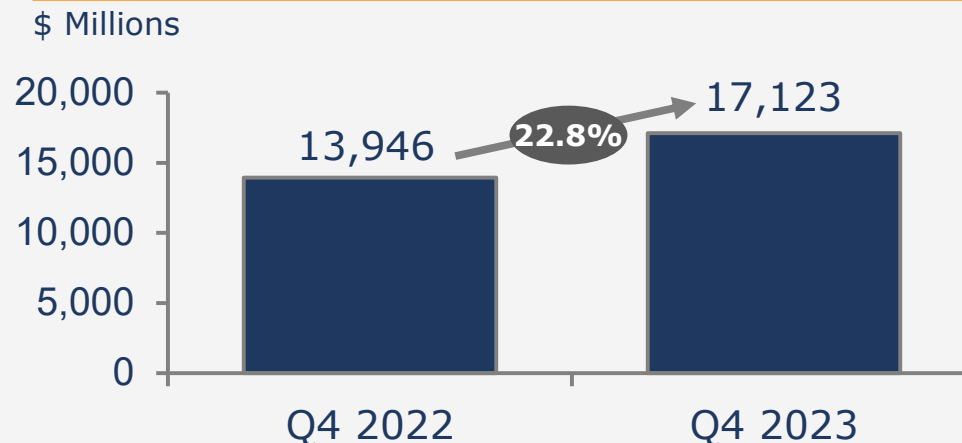
Consolidated Fiscal Fourth Quarter 2023 Highlights Compared with Fiscal Fourth Quarter 2022



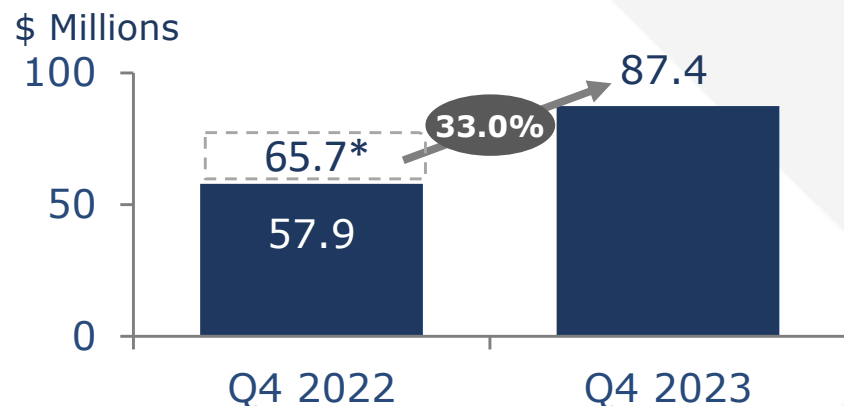
Asset Growth



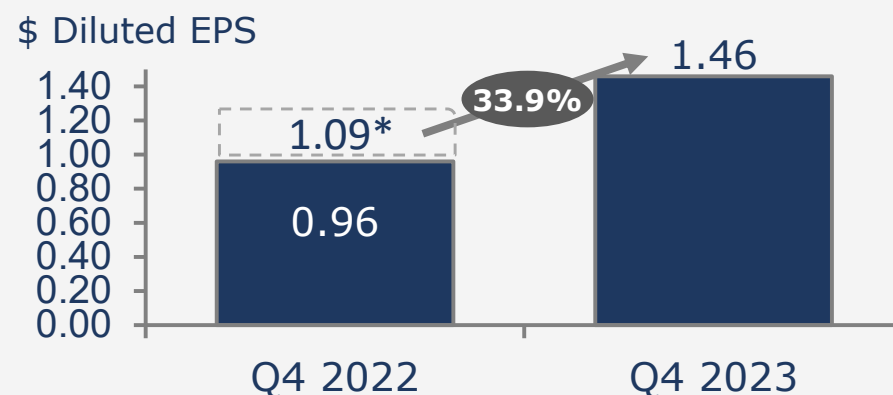
Deposit Growth



Net Income



Diluted EPS



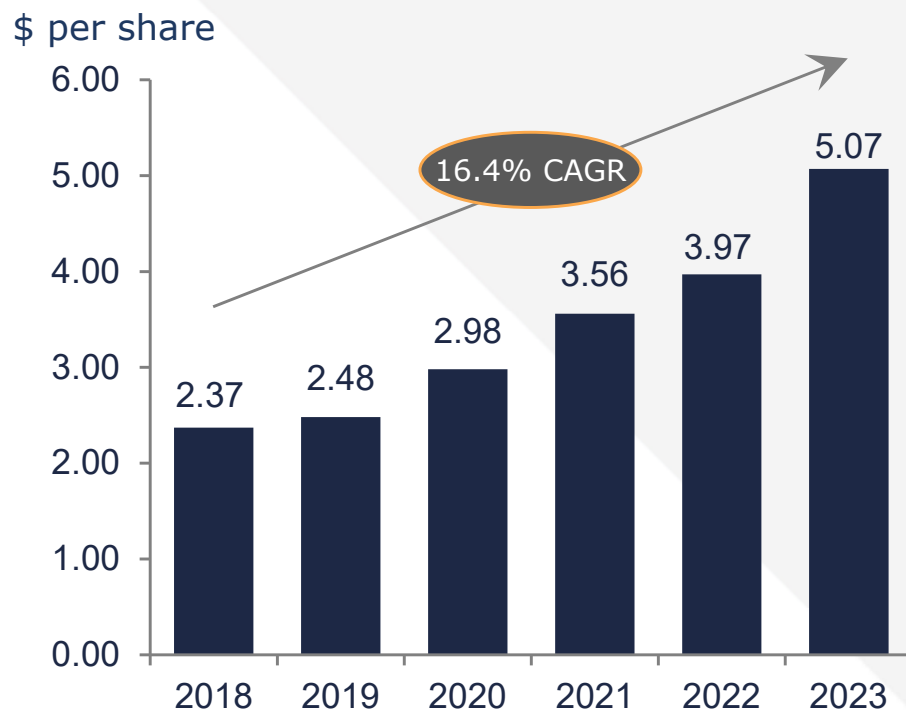
Return on Equity = 18.60%

Return on Assets = 1.73%

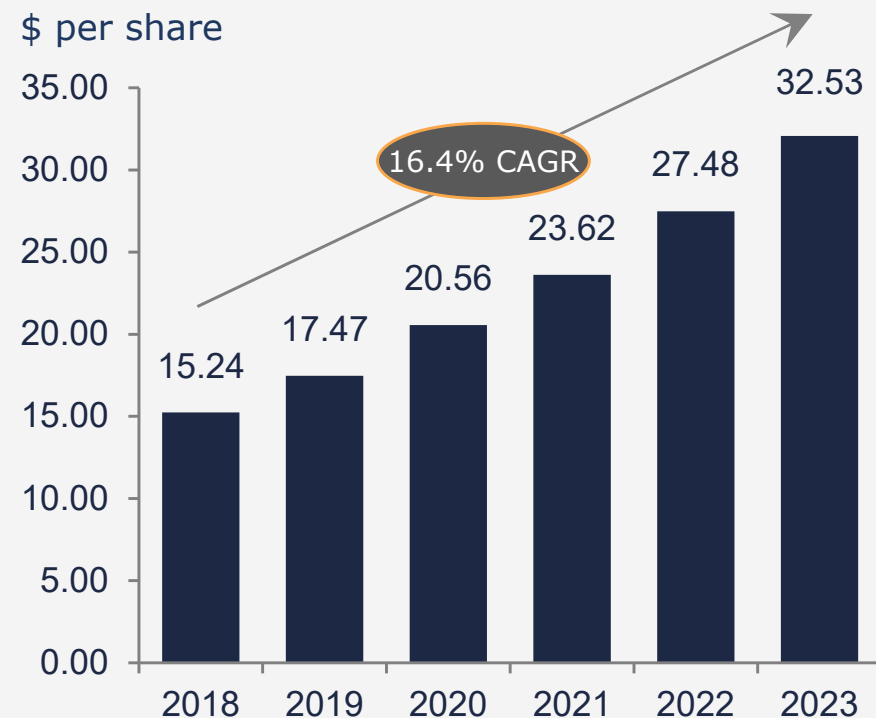
* Net income and diluted EPS for Q4 2022 exclude \$11.0 million charge, primarily from a one-time resolution of a contractual claim.

Diluted EPS and Book Value Per Share Have Been Consistently Strong

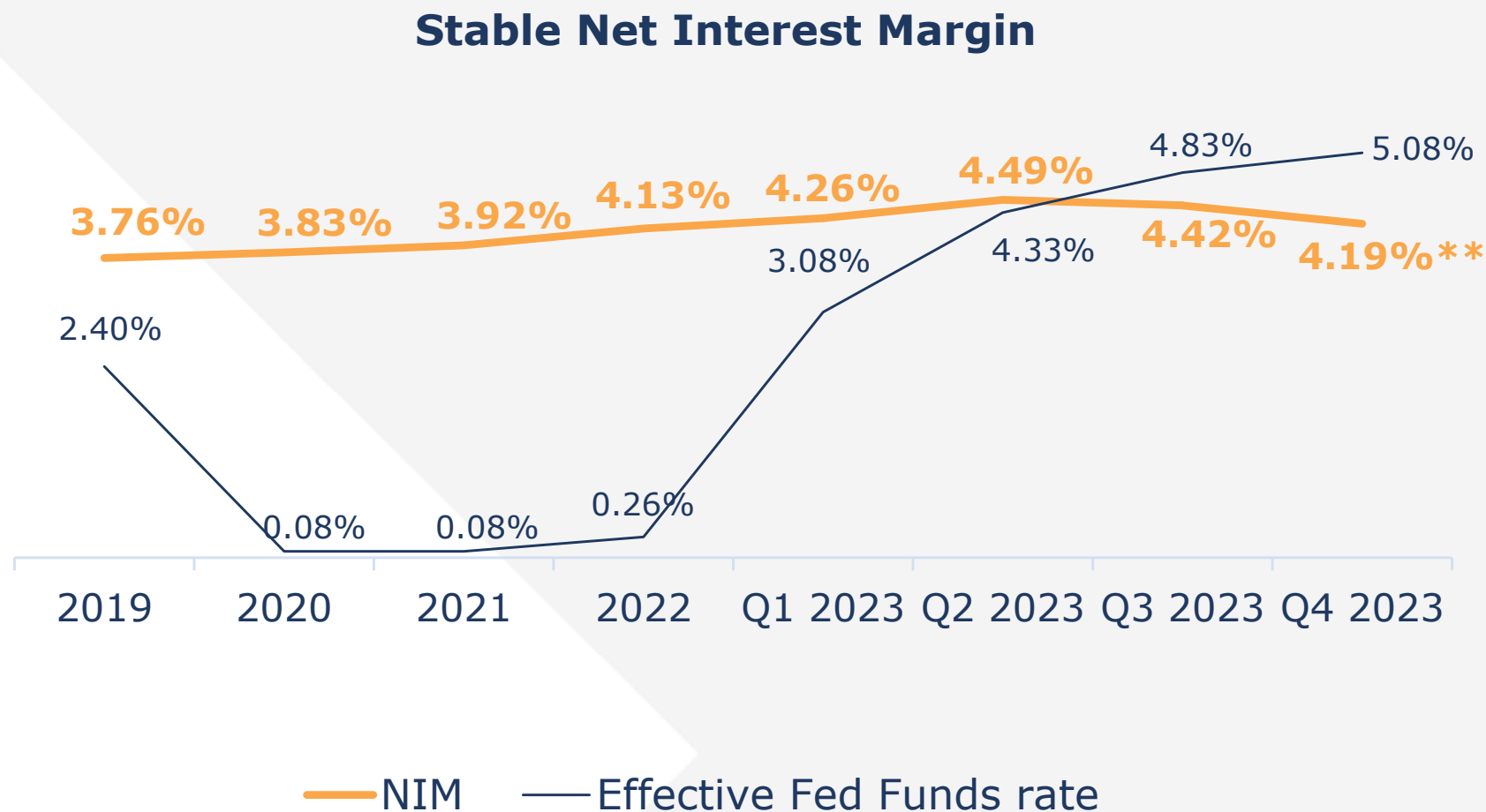
Diluted EPS (FY)



Book Value Per Share (FY)



Net Interest Margin has been Stable Through a Variety of Interest Rate Cycles

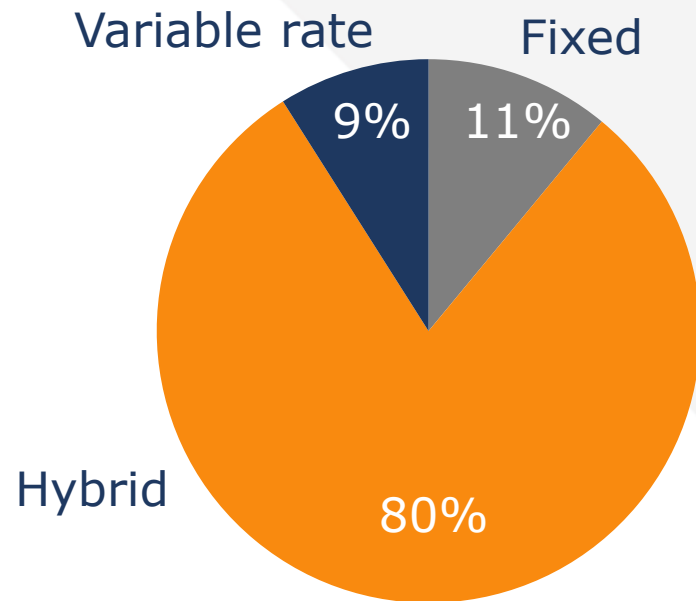


*NIM excludes impact of HRB; relationship with HRB terminated in December 2021.

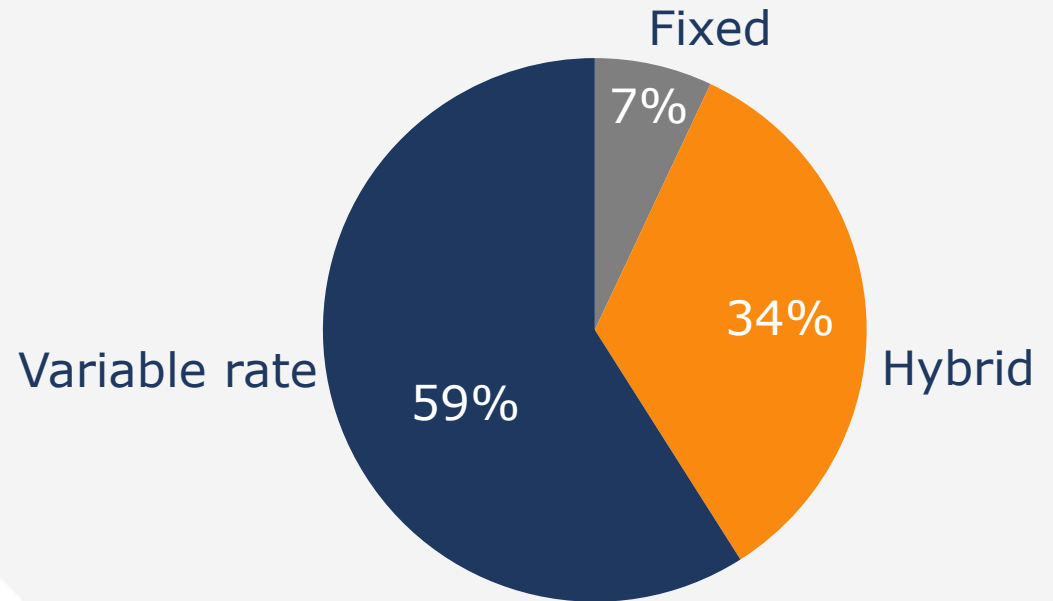
**Q4 2023 NIM was negatively impacted by approximately \$1.2 billion of excess liquidity held during the quarter. Excluding the excess liquidity, NIM would have been 4.39%.

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

September 30, 2015



June 30, 2023

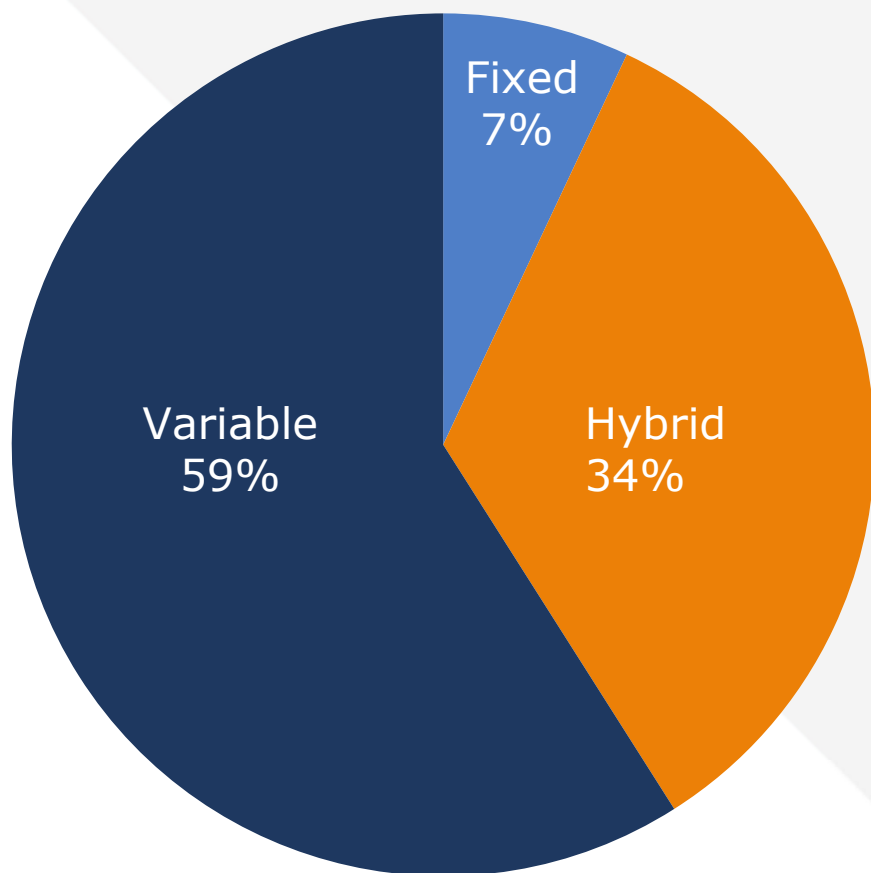


Interest Rate Components of Loan & Lease Portfolio

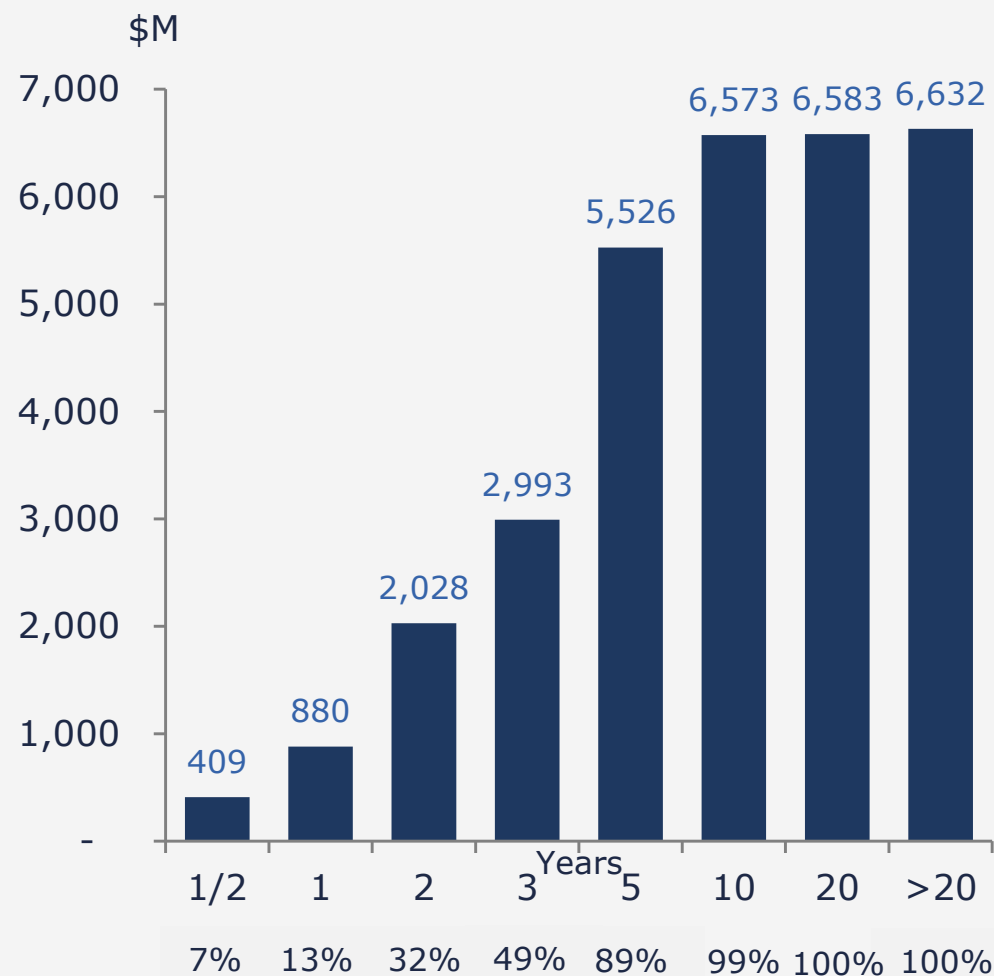
At June 30, 2023



Mix of Loan Repricing Types



Fixed/Hybrid Years to Maturity / Repricing*



*Excludes SF Warehouse Lending and Equipment Leasing. The years to repricing assumes no loan prepayments and reflects only contractual terms.

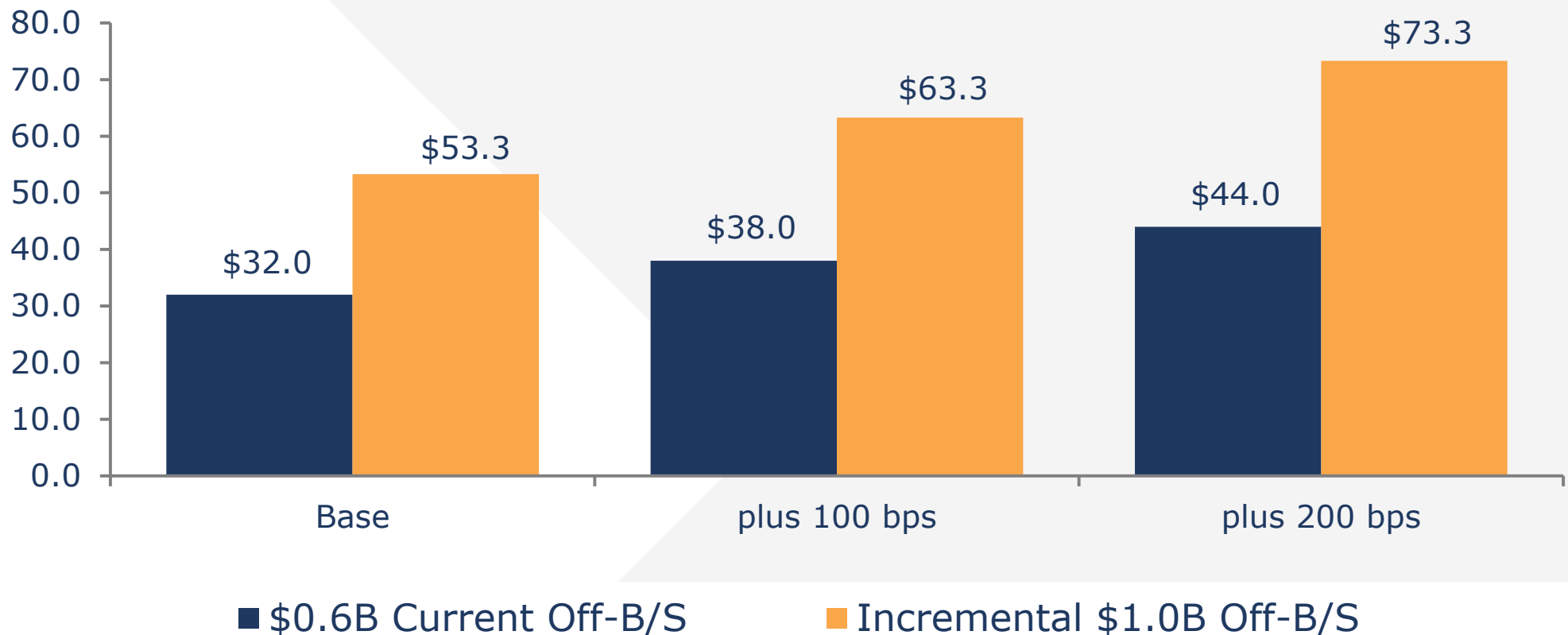
Of the fixed and hybrid rate loan balances in our portfolio at June 30, 2023, 49% will reprice within 3 years and 89% will reprice within 5 years

Optionality with Deposits from Axos Securities

Securities segment provides approximately \$1.6 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
- 17 partner banks hold approximately \$0.6 billion 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⁽¹⁾



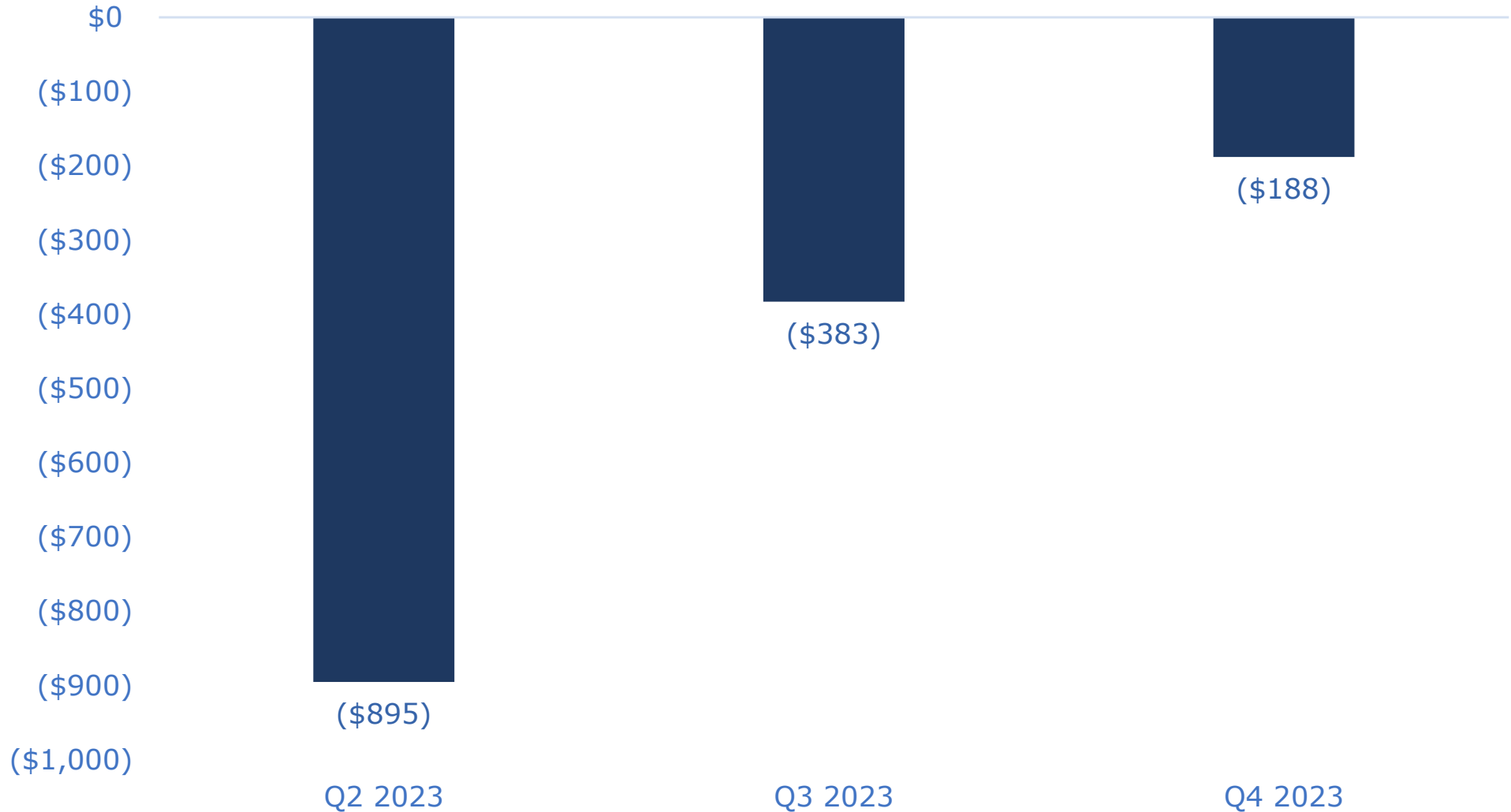
(1) Amount of fee income may be higher or lower, depending on amount of deposits from Axos Securities that is actually held on or off Axos Bank's balance sheet. Base is equal to effective federal funds rate (EFFR) of 5.33% as of July 27, 2023.

Axos Advisor Services (AAS) Cash Sorting



Pace of AAS Cash Sorting Decline Has Decelerated

\$ millions



Ending Balance*

\$1,674

\$1,291

\$1,103

*Total ending AAS client deposit balances, both on- and off-balance sheet

Loan Growth by Category for Fourth Quarter Ended June 30, 2023

\$ millions

				Q4 FY23	Q3 FY23	Inc (Dec)
Loans	Single Family Mortgage & Warehouse	Jumbo Mortgage		\$3,924	\$3,925	(1)
		SF Warehouse Lending		250	162	88
	Multifamily & Commercial Mortgage	Multifamily		2,236	2,245	(9)
		Small Balance Commercial		846	838	8
	Commercial Real Estate	CRE Specialty		5,346	4,952	394
		Lender Finance RE		854	842	12
	Commercial & Industrial Non-RE	Lender Finance Non-RE		1,696	1,598	98
		Equipment Leasing		116	121	(5)
		Asset-Based Lending		828	736	92
	Auto & Consumer	Auto		476	518	(42)
		Unsecured/OD		70	77	(7)
	Other			10	6	4
				\$16,652	\$16,020	\$632

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



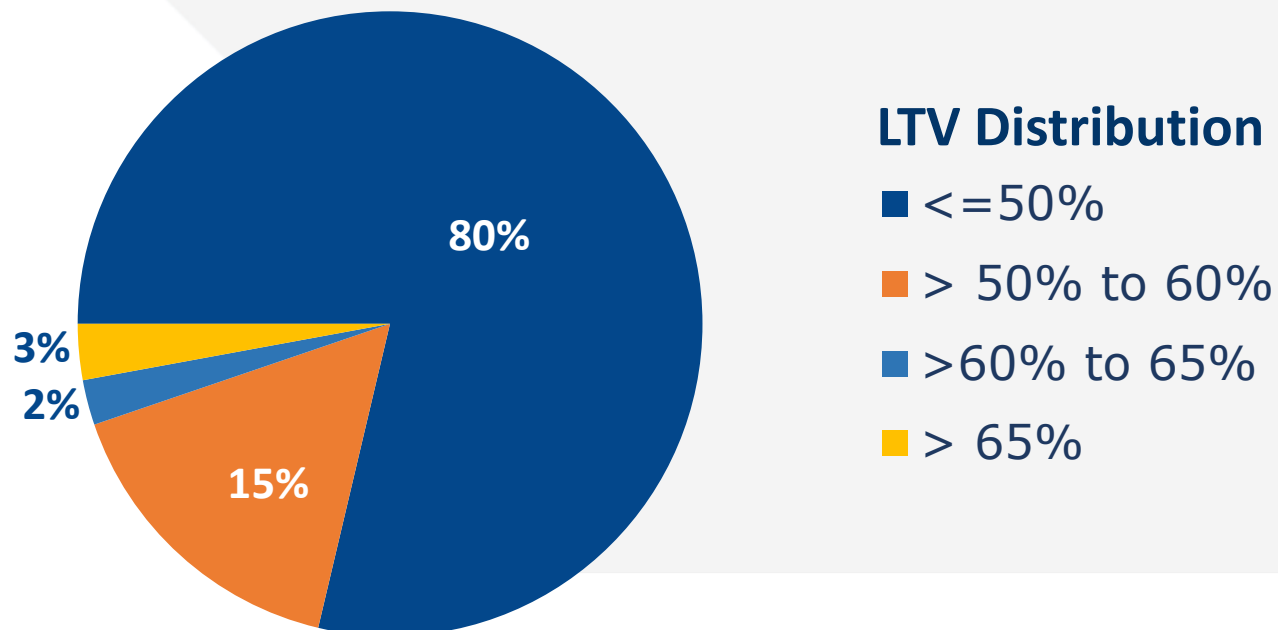
- Loan Growth Drivers**
- Product Expansion
 - Repeating Client Relationships
 - Reputation for Reliable Execution

Average Mortgage Loan to Value ➤

Multifamily	53%	53%	53%	54%	54%
Single family	57%	57%	57%	57%	56%

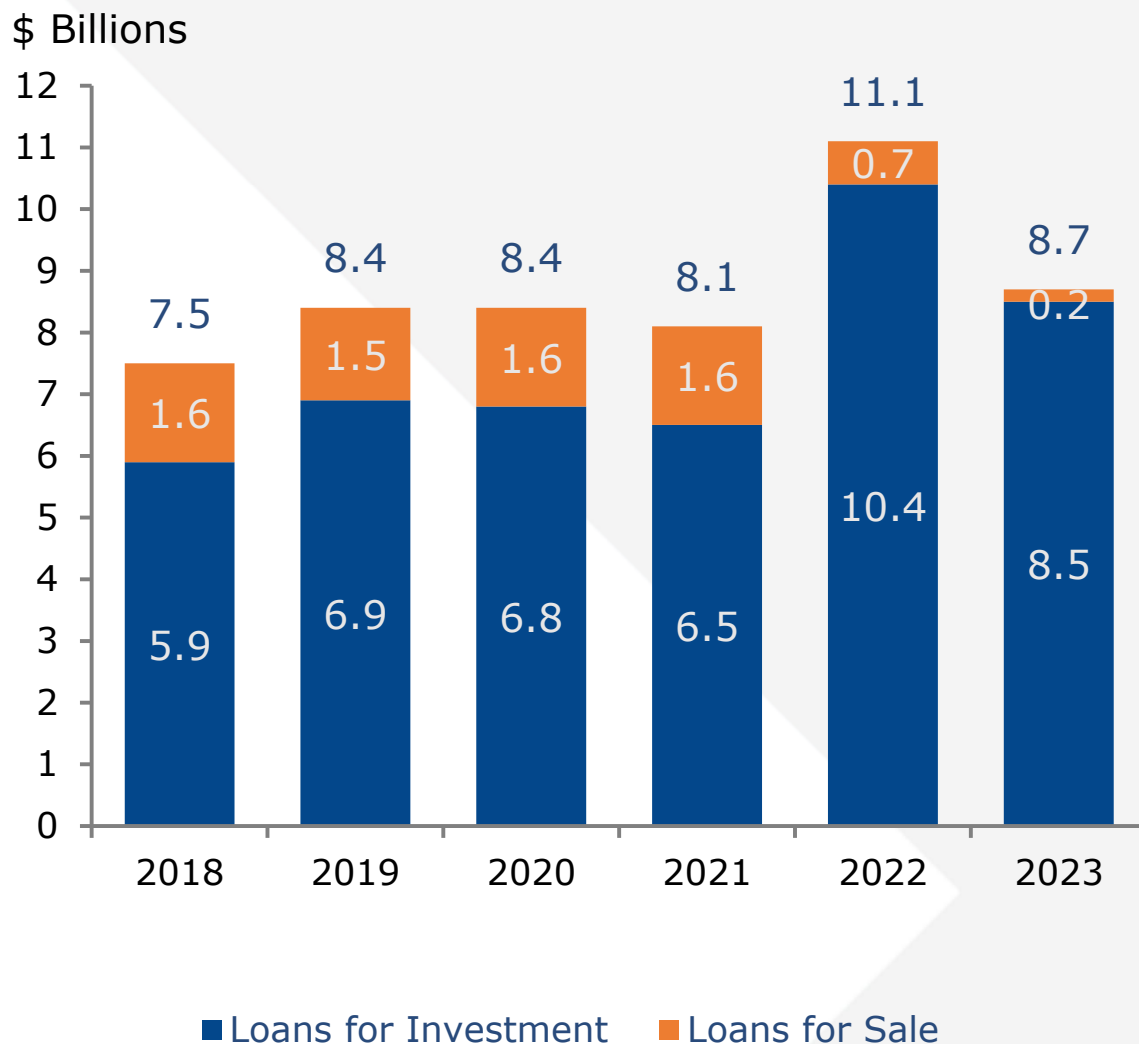
CRE Specialty Detail as of June 30, 2023

Loan Type	Balance (mm)	Weighted Avg. LTV	Non-Performing Loans (mm)
Multifamily	\$1,746	41%	\$ 0
SFR	1,059	42%	15
Hotel	921	41%	0
Office	552	36%	0
Industrial	475	43%	0
Other	339	36%	0
Retail	254	41%	0
Total	\$5,346	40%	\$15



Strong Loan Originations

Fiscal Year Loan Originations



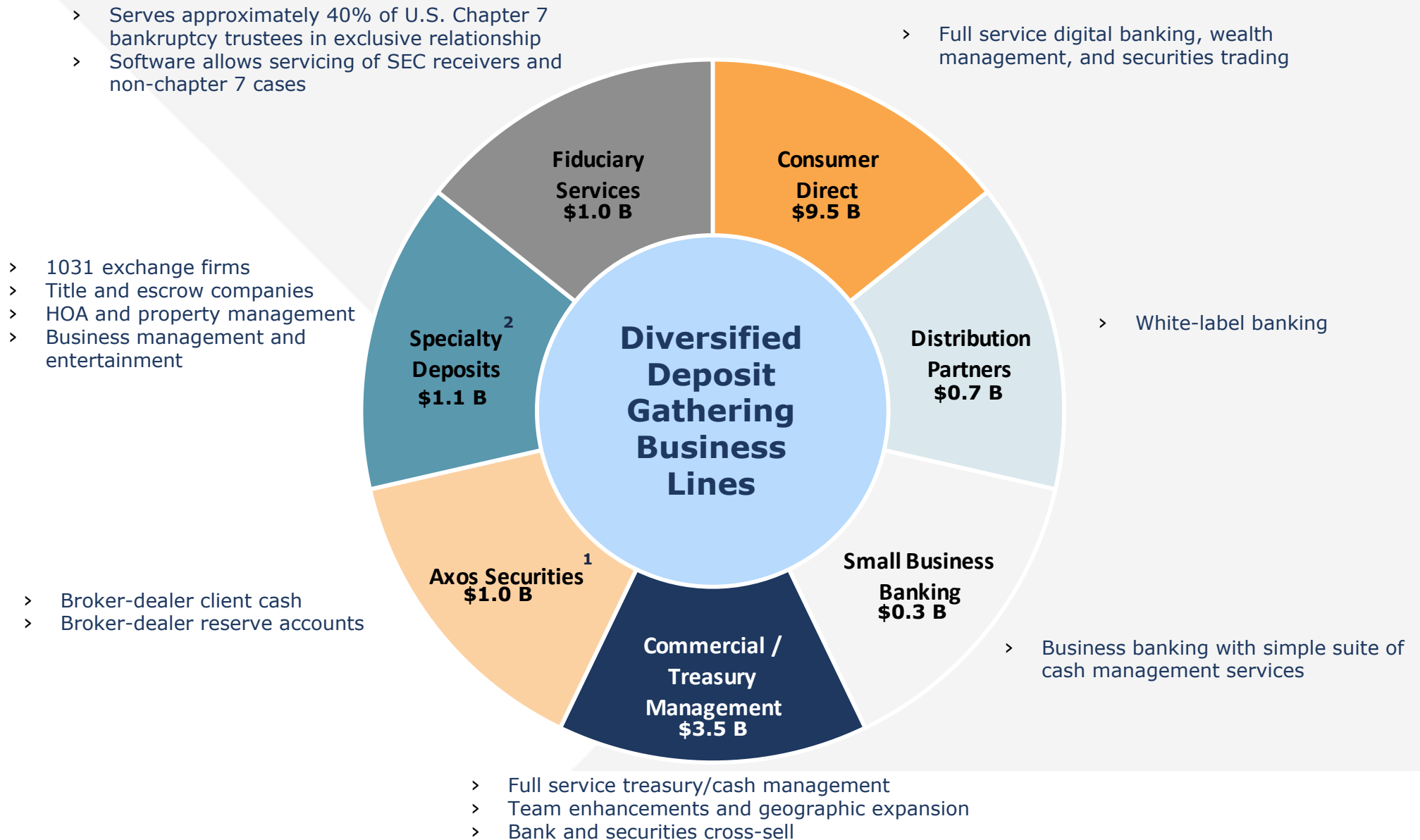
Future Plans

- > Organic growth in existing business lines
- > Additional C&I verticals/product expansion
 - Lender Finance
 - Fund Finance
 - Premium Finance
- > RIA M&A and succession lending

Expect High Single Digit to Low Teen Loan Growth over Next Few Quarters

Diversified Deposit Gathering

Approximately 90% of deposits are FDIC-insured or collateralized



*Deposit balances as of 6/30/23

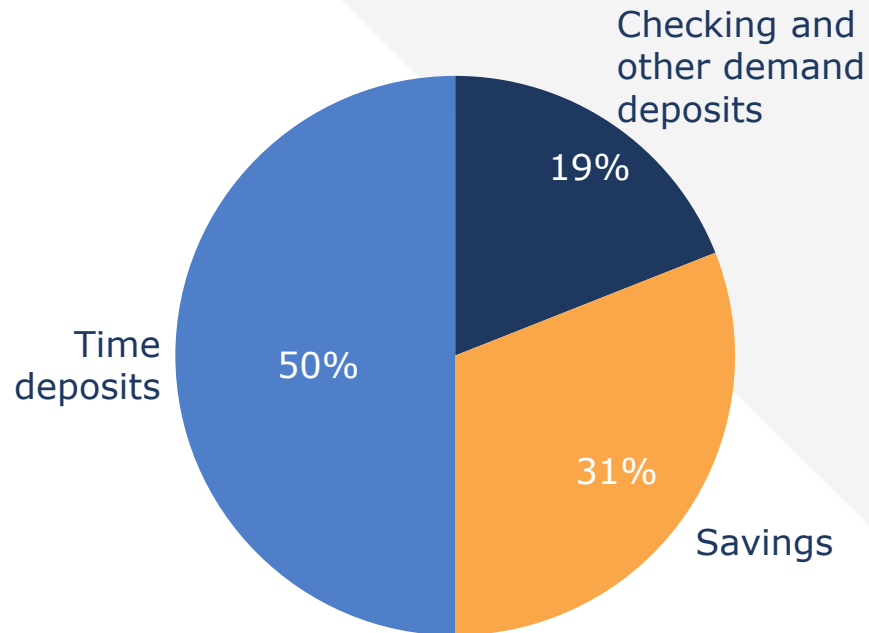
¹Excludes approximately \$600 million of off-balance sheet deposits

²Excludes approximately \$700 million of client deposits held at other banks

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

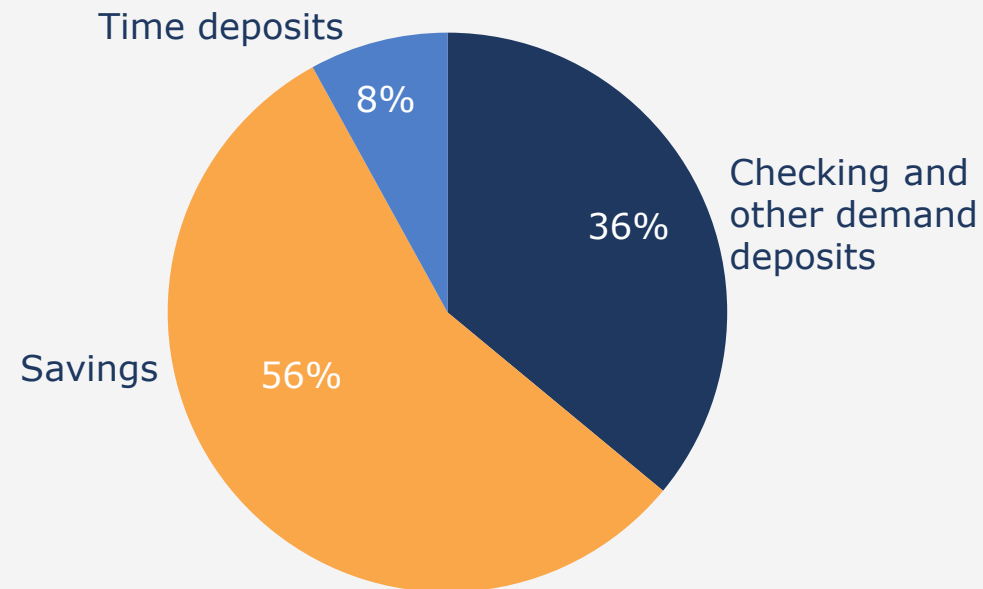
June 30, 2013

Total Deposits = \$2.1 billion



June 30, 2023

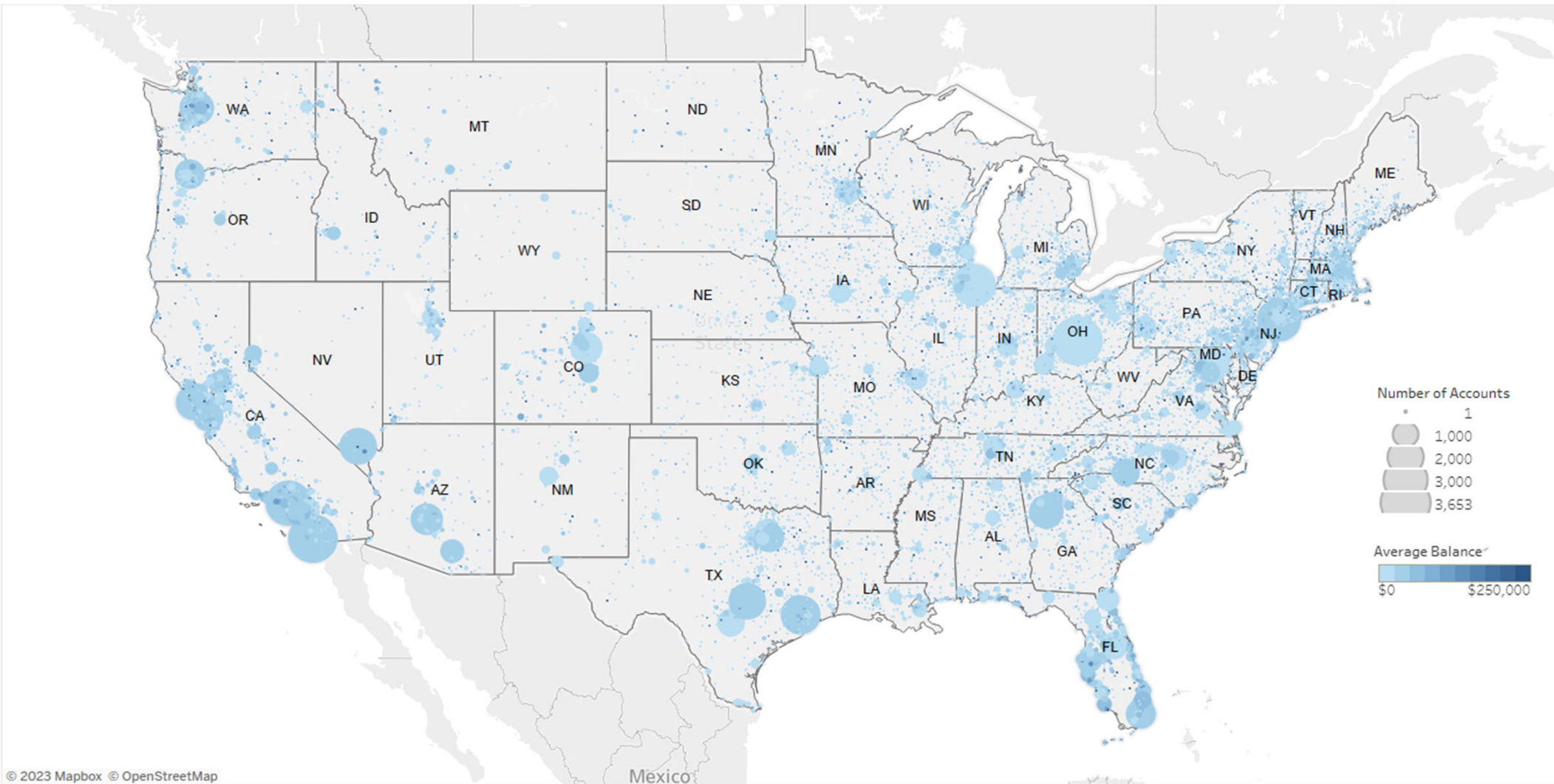
Total Deposits = \$17.1 billion



Checking Growth (6/2013 – 6/2023) = 1,486%

Savings Growth (6/2013 – 6/2023) = 1,393%

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

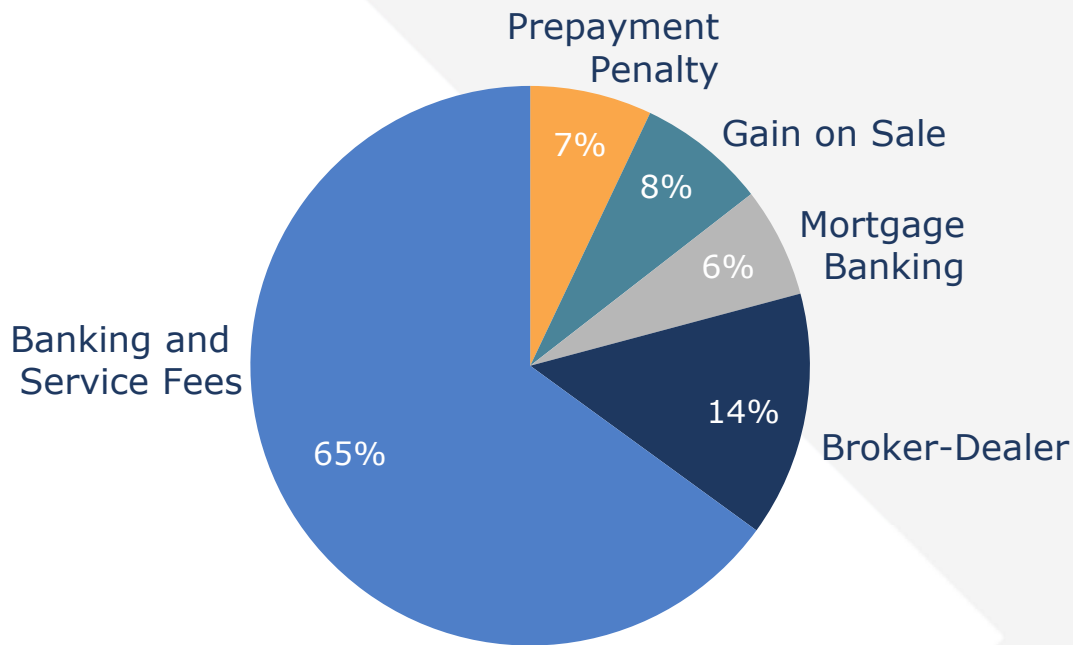


Axos Deposits Have National Reach With Customers in Every State

Non-Interest Income Growth and Diversification

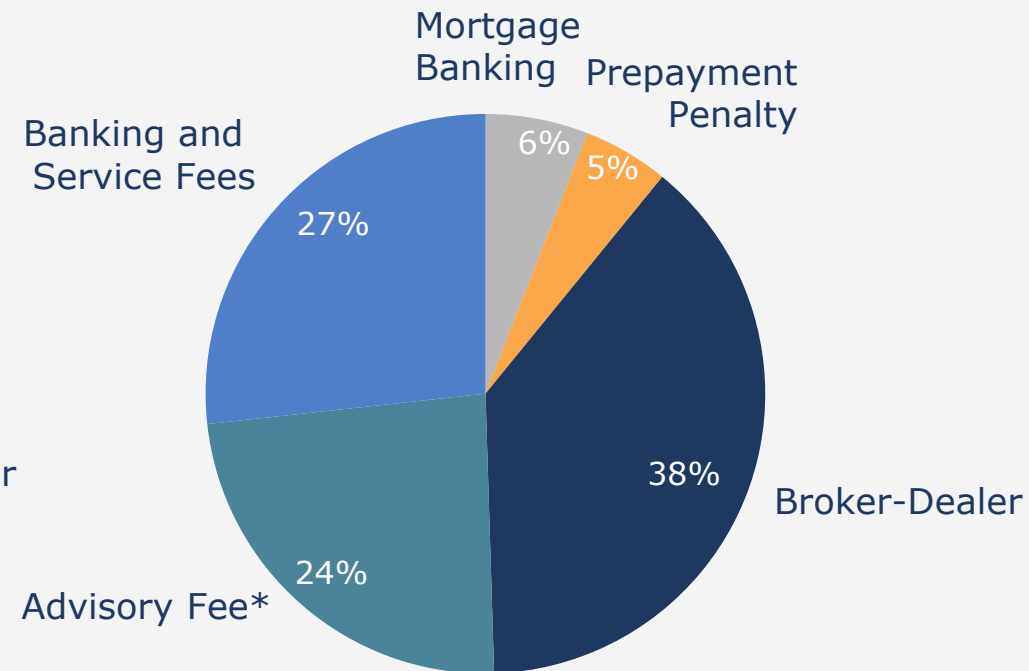
Year Ended
June 30, 2019

Total Non-Interest Income =
\$82.9 million



Year Ended
June 30, 2023

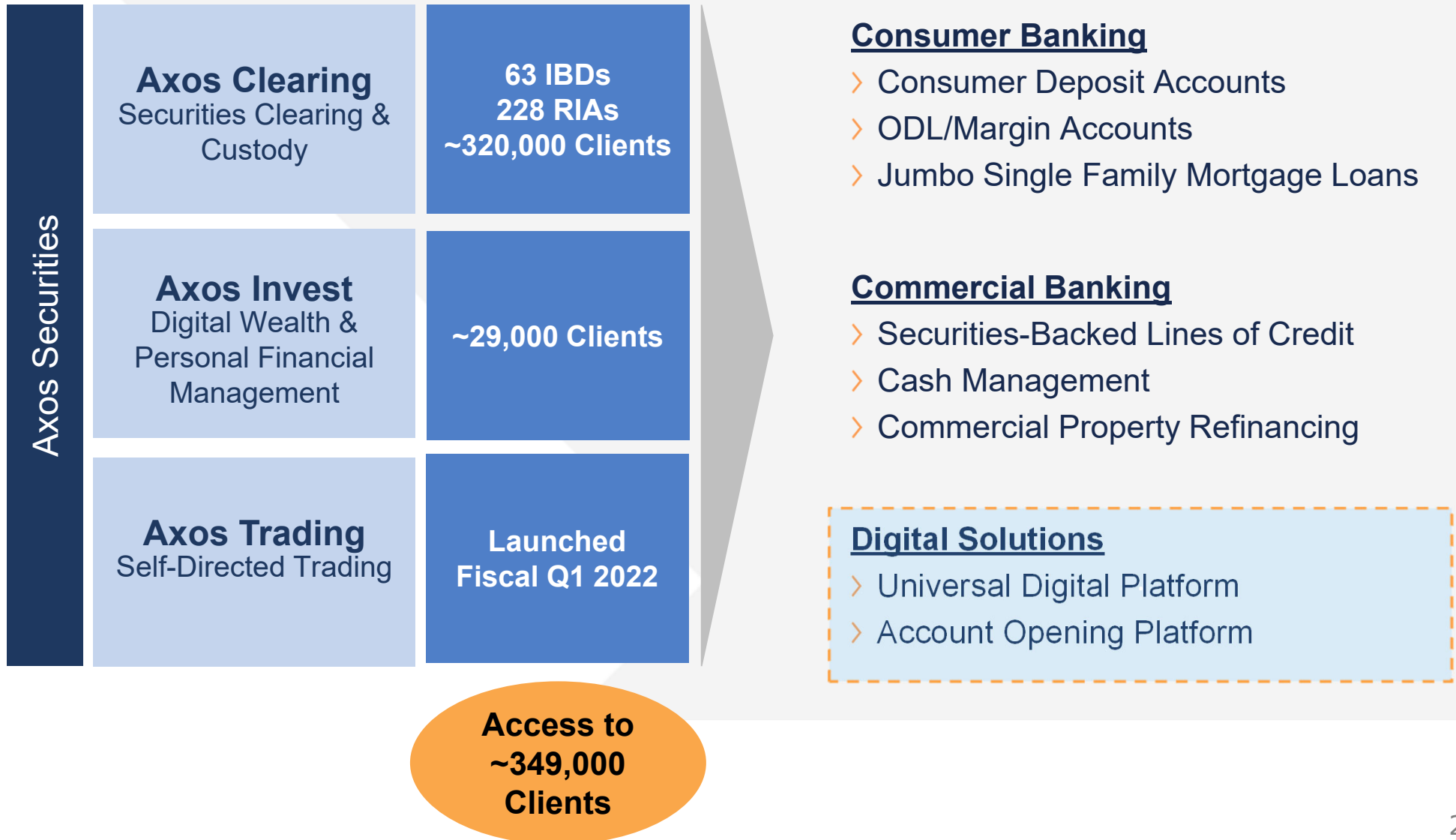
Total Non-Interest Income =
\$120.5 million



Securities Segment Fee Income ** (6/2019 – 6/2023) = 538%

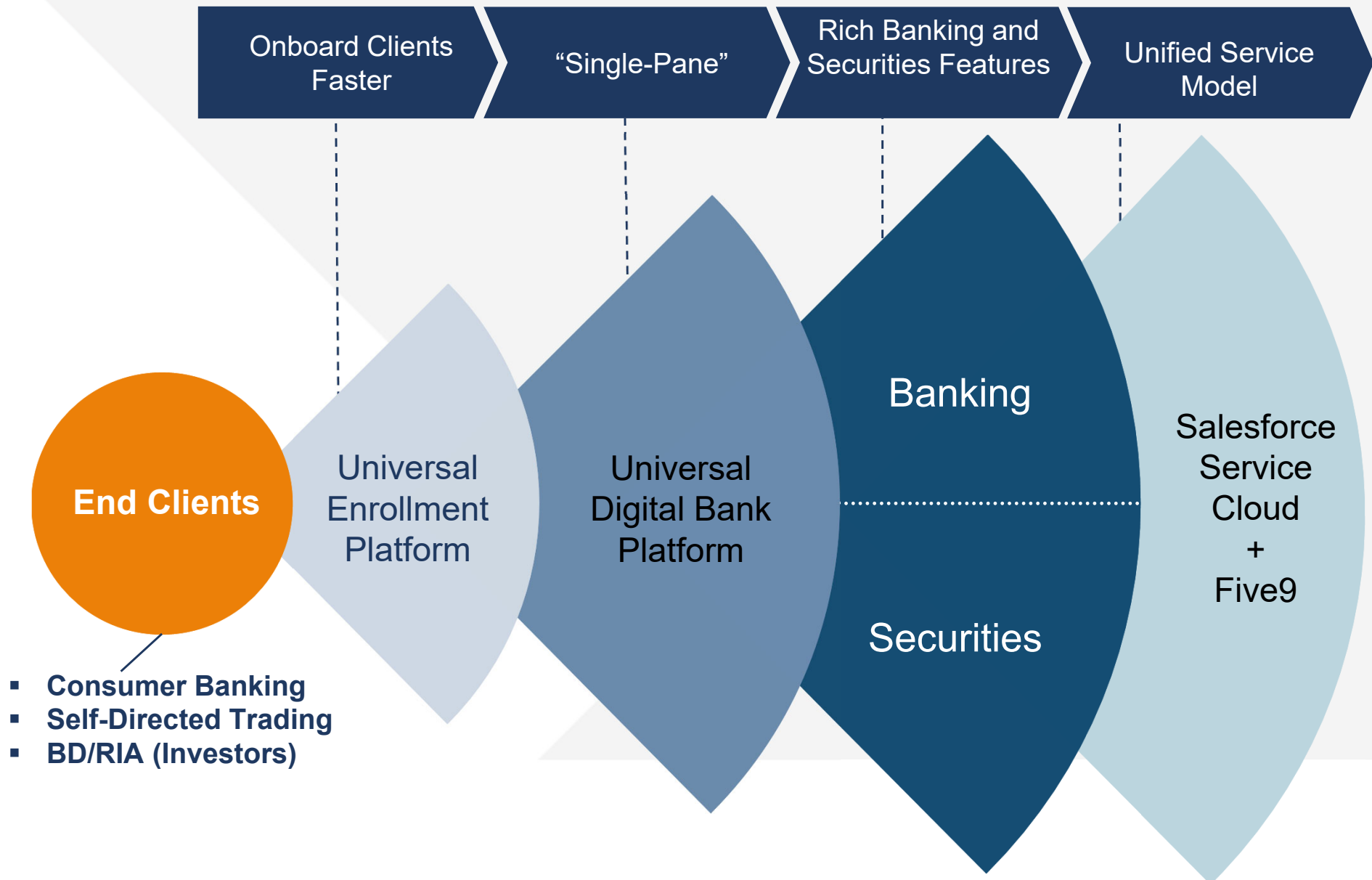
* Note: FY23 includes advisory fee income from AAS business, which was acquired August 2, 2021.

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



Integrated Securities and Banking

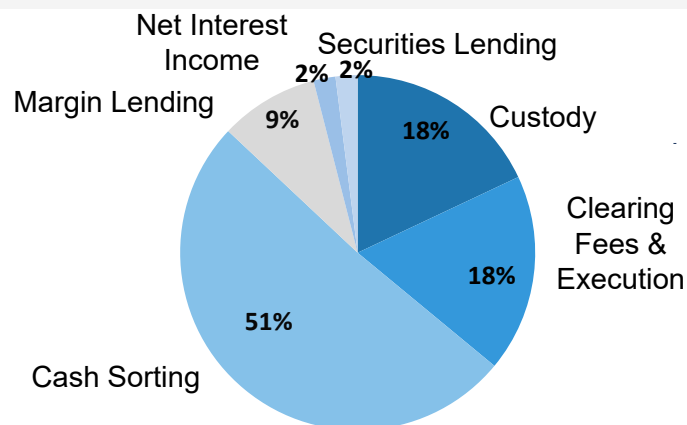
Leveraging Bank's existing digital platforms allows for unique integrated and flexible Banking and Securities product features



Axos Clearing and Custody Highlights

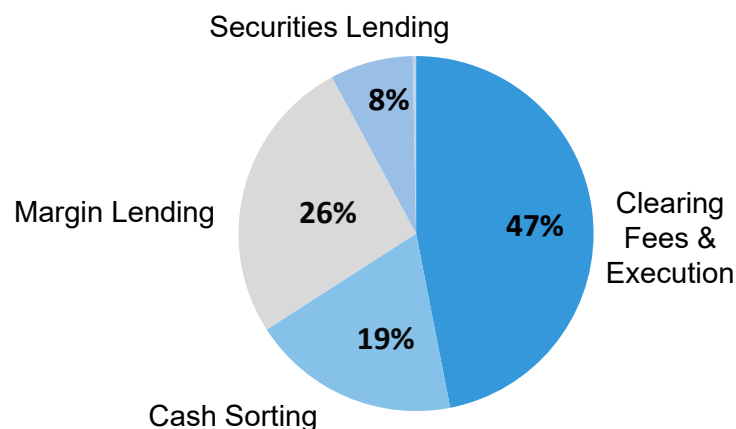
- Leadership team with more than 100 years combined industry experience.
- Proprietary front- and back-end technologies for advisors and broker-dealers.
- Nation's 8th largest Clearing Services firm by number of broker-dealer clients¹.
- More than \$30 billion in Clearing Services client assets under custody and/or administration.
- Axos Financial, Inc. acquired E*TRADE Advisor Services in August 2021.

For the 3 months ended 6/30/2023



Custody	\$ 7,503,109
Clearing Fees & Execution	7,389,471
Cash Sorting	21,537,051
Margin Lending	3,838,350
Securities Lending	1,028,249
Net Interest Income	743,161
Net Revenues	\$ 42,039,391

For the 3 months ended 6/30/2019



Custody	\$ -
Clearing Fees & Execution	5,442,487
Cash Sorting	2,198,140
Margin Lending	3,040,793
Securities Lending	880,751
Net Interest Income (Expense)	(30,406)
Net Revenues	\$ 11,531,765

¹ InvestmentNews Top clearing and custody firms for financial advisers October 2021.

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 190 RIAs^{1,3}
(\$1M+ AUC)

~\$24B Assets Under Custody²



TAMPs

**61% of Total
AUC³**

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



Traditional RIAs

**36% of Total
AUC³**

Gathers and manages assets, works directly with investor



Small RIAs

**3% of Total
AUC³**

Advisors with <\$25M in AUC

Note: Data as of 06/30/2023

1. 220 total advisors on Liberty platform; advisors with <\$1M AUC comprise <\$13M in total assets; there are 8 non-AAS RIAs not on Liberty at Axos Clearing

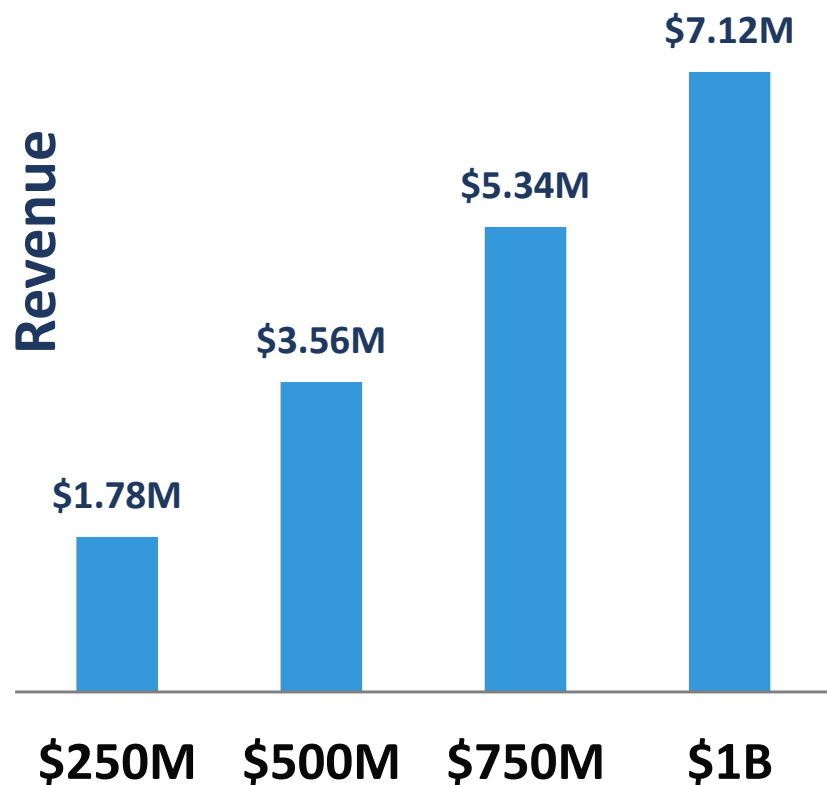
2. Includes \$201M 401K AUC

3. Excludes \$201M 401K AUC

Axos Clearing Revenue Sensitivity to Key Metrics

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

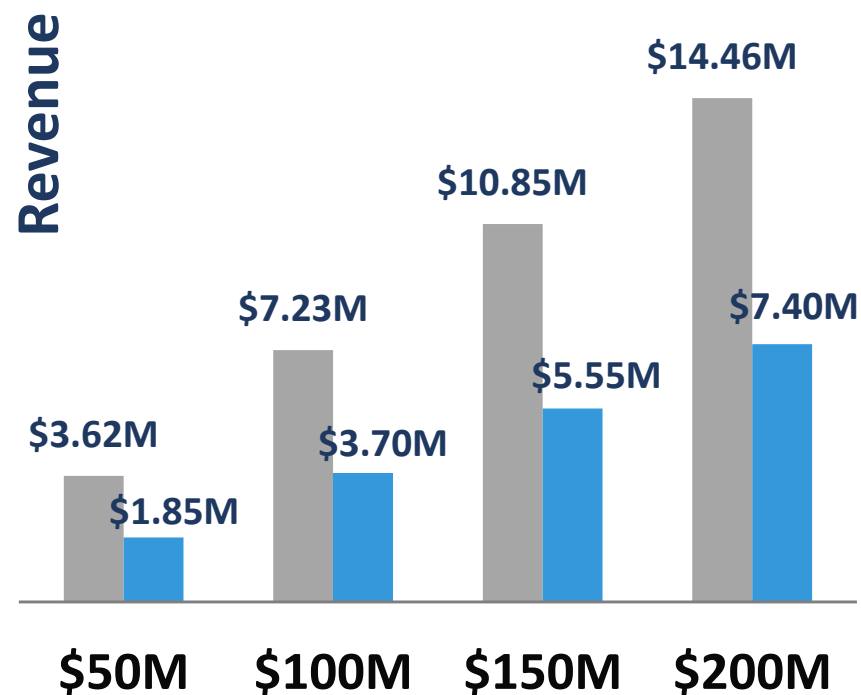
AUC Increase



Increase in AUC

Lending Balances

■ Margin Balances ■ Sec Lending Balances



Increase in Lending Balances

*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:

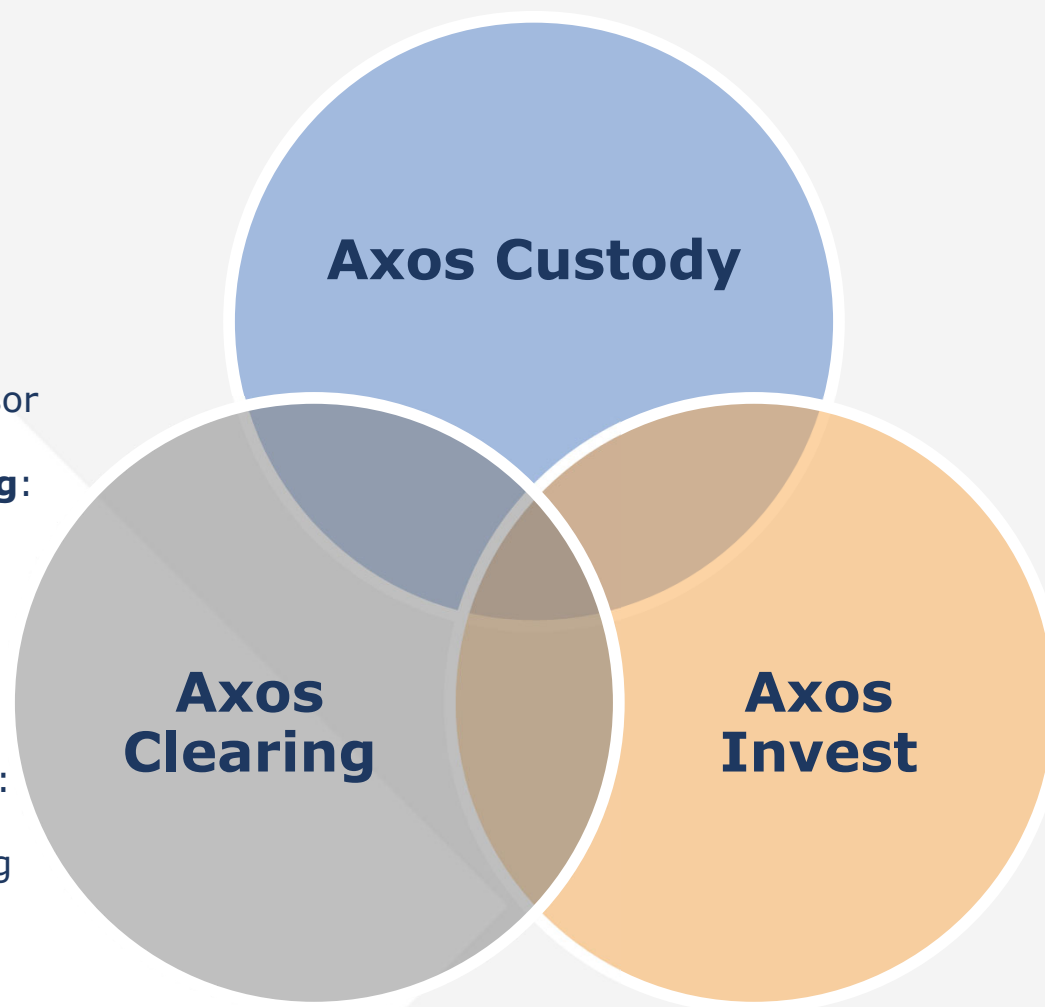
- Margin Loans
- Securities Lending
- Fixed Income Trading
- Order Flow
- White-label Robo Advisor

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

Core Services

- Digital advisor that helps consumers achieve their investing goals through asset allocation, diversification, and low-cost ETFs.
- Automatic Rebalancing and Tax Loss Harvesting Services.
- Generate recurring revenue streams on assets under management.

Key Features

- **Imbedded Advice:** Consumers are drawn to trusted advice when it is available for low cost.
- **Long-term track record:** Retention of customers due to strong risk-adjusted performance. Creates stability in asset growth through up and down markets.
- **Rewards Checking 2.0:** Managed Portfolios platform helps consumers achieve higher banking rate.

Customer Served

- Consumers who do not have an advisor, looking for low-cost entry point to advice.
- Consumers who have no time or desire to make investment decisions on their own.



Sticky customer accounts with opportunities to cross-sell banking and premium services

Core Services

- Competitive price discovery and execution of equity, options, ETFs, and Mutual Funds integrated with our Universal Digital Banking platform.
- Access to third-party research, alerts, and watch lists.

Key Features

- **Subscription Program:** \$10 monthly for extended trading hours, margin lending, reduced option costs, access to third party analyst research.
- **Thought Leadership:** Provide market outlook, thematic blogs, product spotlights to create engagement.
- **Licensed Relationship Managers:** Available to assist with account opening, tutorials on platform tools, and investment vehicle education.

Customer Served

- Consumers with advisors who need a place to hold low-cost basis stock, legacy positions, self-serve on favorite ideas.
- Do-It-Yourself investors who want to ideate and trade their own portfolios.



Extending our 'synergistic loop' to capture consumers needing S/D Trading capabilities integrated with our digital banking platform

Axos Invest Managed Portfolios Industry Comparison



Attributes	Axos	SoFi	Betterment	Fidelity Go
Business Model and Differentiators	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
Fee Structure (AUM)	0.24%	Free	The greater of \$4/Month or 0.25%	Free: AUM <\$25k 0.35% >\$25k
User Interface	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
Promotion	\$200 for \$2000 funded and invested	Free career counseling & loan discounts with qualifying deposit	Up to 1 year of free management for new clients.	N/A
Other	Access to licensed relationship team, Core and thematic models, traditional & roth IRA's	No socially 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

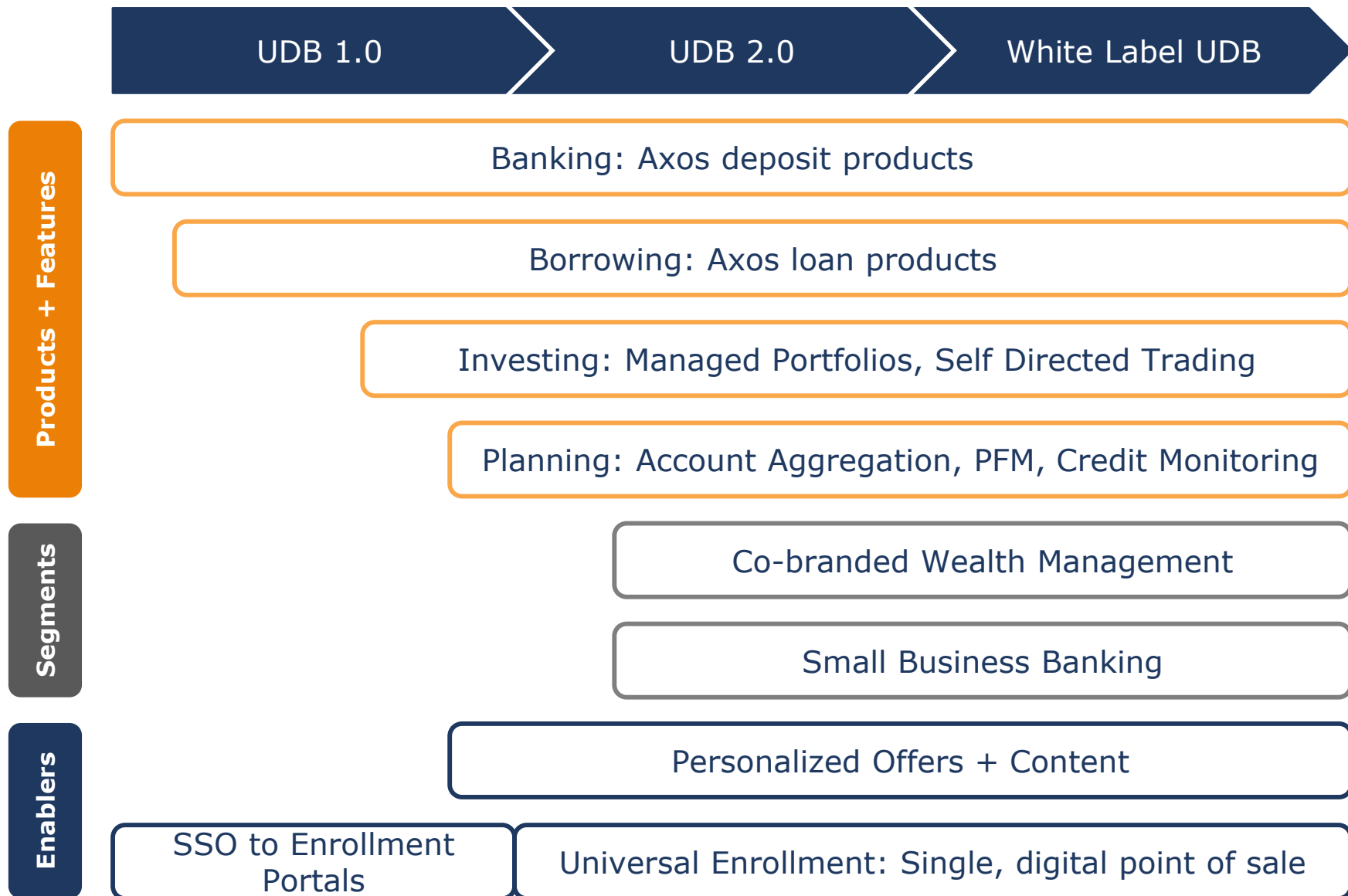
- › Provide holistic and interactive and intuitive design experience
- › Integrate online experience with other channels

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

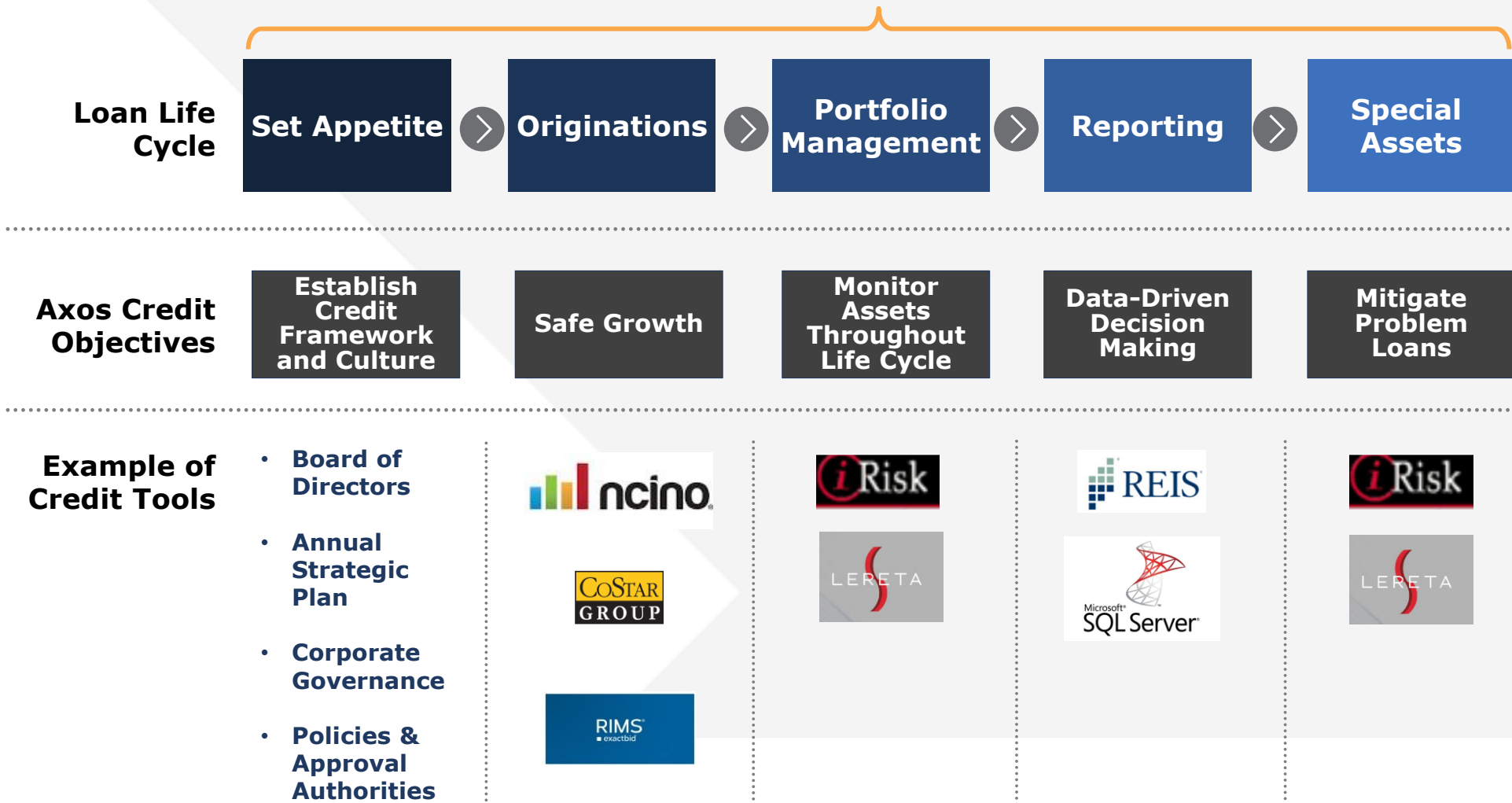
We continue to **evolve our digital experience** and **provide modern solutions** so financial services providers can have the speed, scalability, and flexibility they need to **deliver better client experiences**



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



Note: Credit Tools list is a sampling and is not purported to be comprehensive.

Annualized Charge-offs (Recoveries) to Average Loans Outstanding

Strong Credit Performance Exhibited through Low Charge-off Ratios

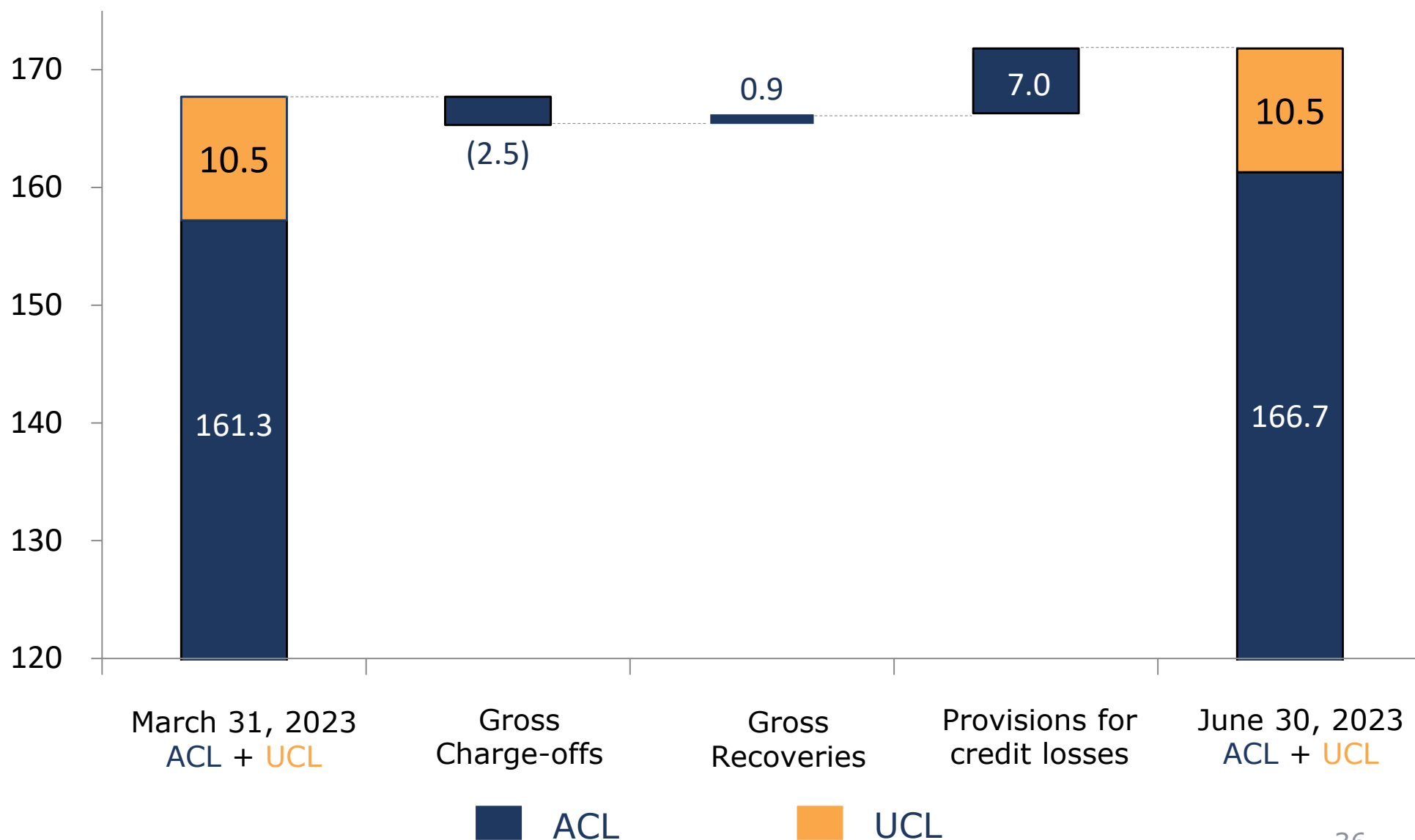


Note I: Company uses a June 30 fiscal year-end.

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 Reserve (UCL)

(\$ in millions)



Allowance for Credit Losses (ACL) by Loan Category as of June 30, 2023

		\$ millions		
		<u>Loan Balance</u>	<u>ACL \$</u>	<u>ACL %</u>
Loans	Single Family - Mortgage and Warehouse	\$4,173.8	\$17.5	0.42%
	Multifamily & Commercial Mortgage	3,082.2	16.8	0.55%
	Commercial Real Estate	6,199.8	72.8	1.17%
	Commercial & Industrial Non-RE	2,639.7	46.3	1.76%
	Auto & Consumer	546.3	13.2	2.42%
	Other	10.2	0.1	0.14%
		<u>\$16,652.0</u>	<u>\$166.7</u>	<u>1.00%</u>

Greg Garrabrants, President and CEO
Derrick Walsh, EVP and CFO
Andy Micheletti, EVP of Finance

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