



# Axos Financial, Inc. Investor Presentation

January 31, 2024

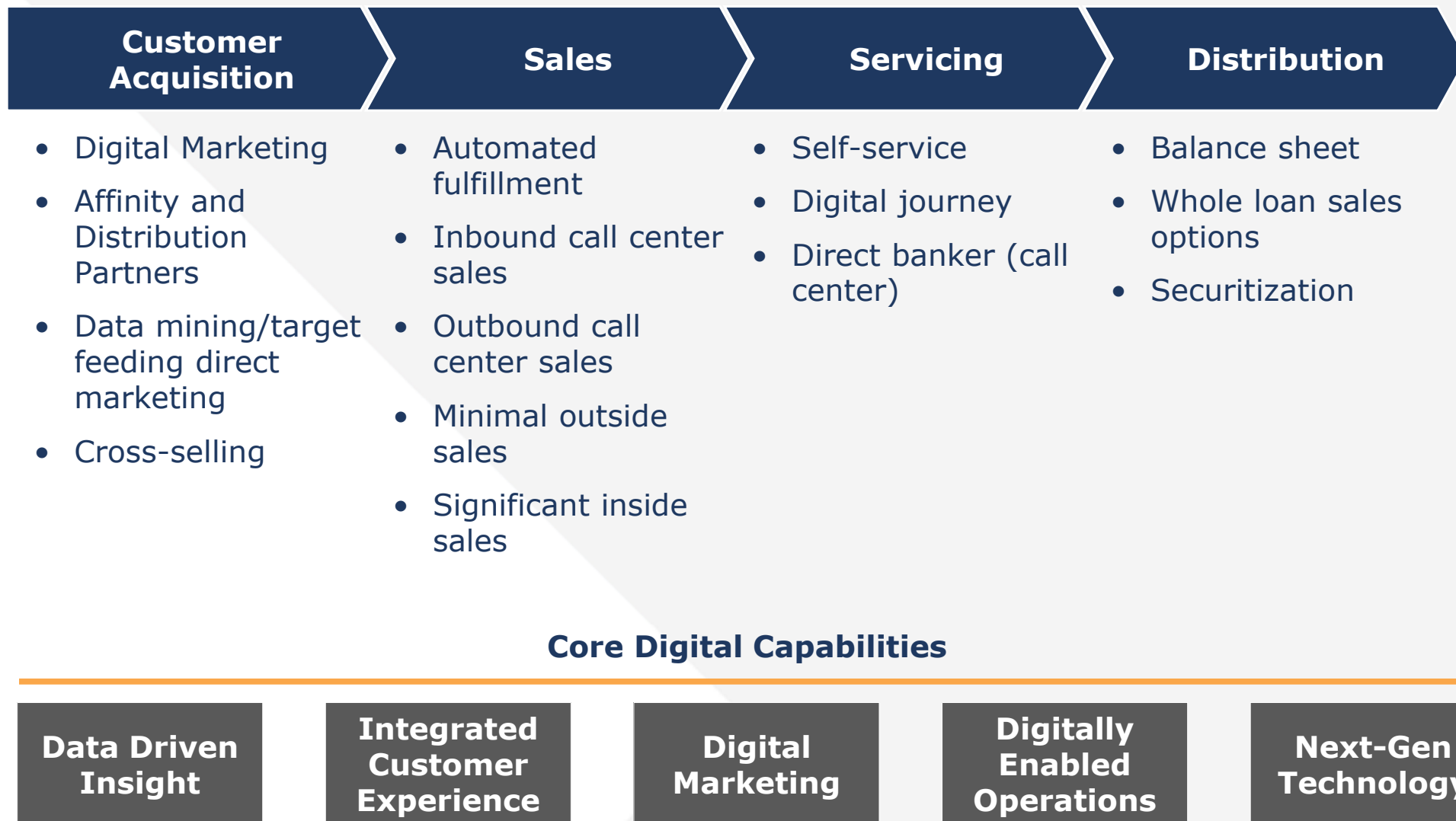
NYSE: AX



This presentation contains forward-looking statements that involve risks and uncertainties, including without limitation statements relating to Axos Financial, Inc.'s ("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 Annual Report on Form 10-K for the fiscal year ended June 30, 2023, Form 10-Q for the quarter ended December 31, 2023 and its last earnings press release, 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



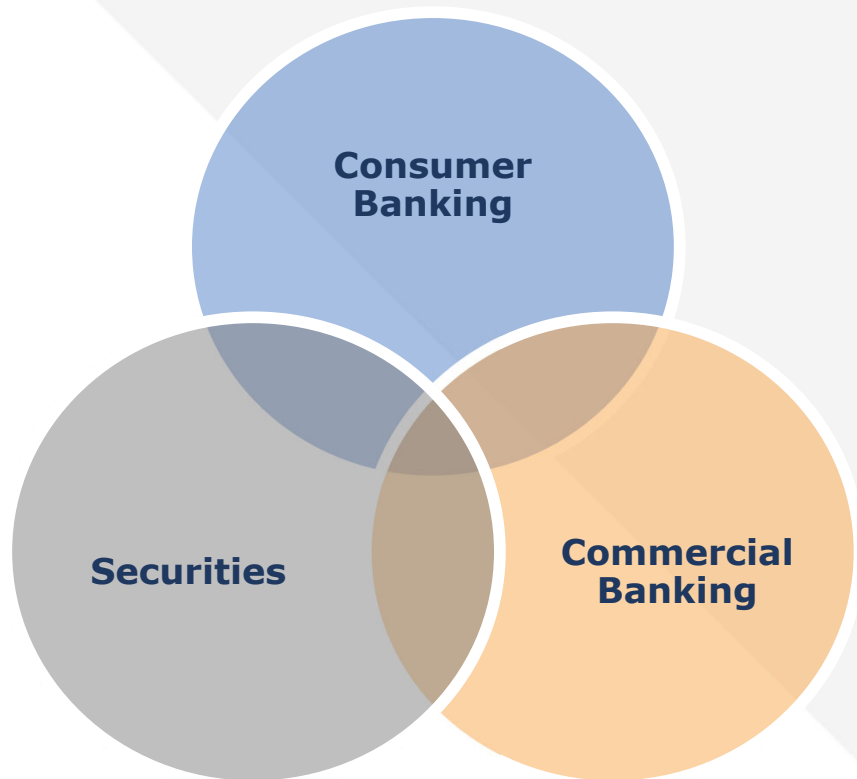
# Axos is a Top Performer Versus Bank Peer Group

	Axos Bank	Peer Group	Percentile
ROAA	1.64%	0.69%	93%
Return on equity	16.54%	7.00%	92%
Net interest income	4.41%	2.75%	94%
Efficiency ratio	45.85%	71.60%	8%

**The 92% on ROE means that the Bank outperformed 92% of all banks. The 8% efficiency ratio ranking means that only 8% 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

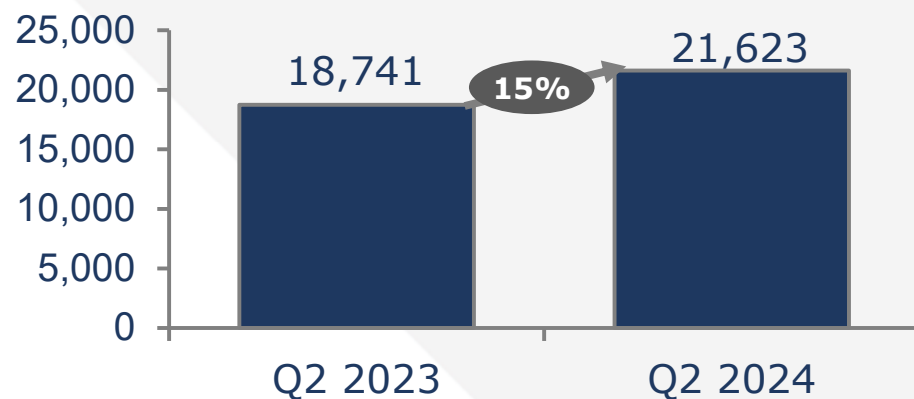
- > Diverse mix of asset, deposit, and fee income reduces risk and provides multiple growth opportunities in varying environments
- > Differentiated retail digital strategy from "online savings banks" or fin-tech competitors
- > Structural cost advantage vs. traditional banks
- > Differentiated distribution 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 Second Quarter 2024 Highlights Compared with Fiscal Second Quarter 2023



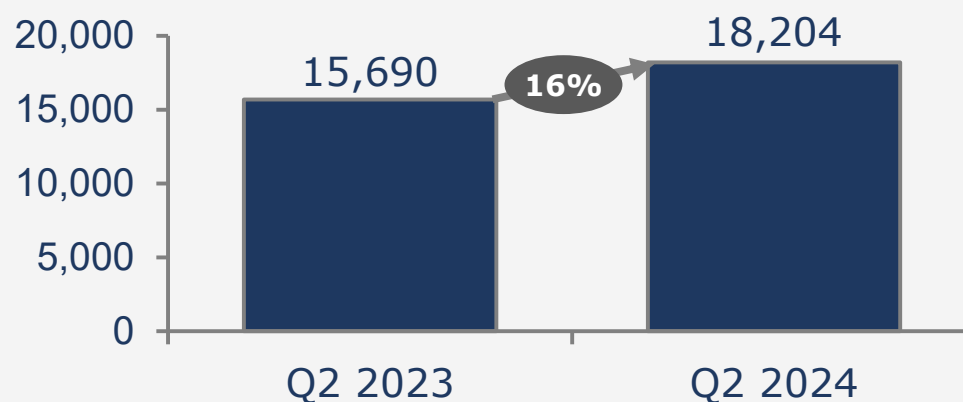
## Asset Growth

\$ Millions



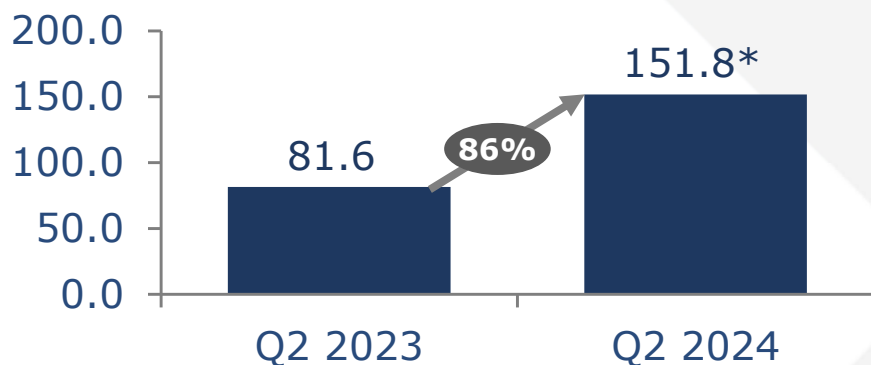
## Deposit Growth

\$ Millions



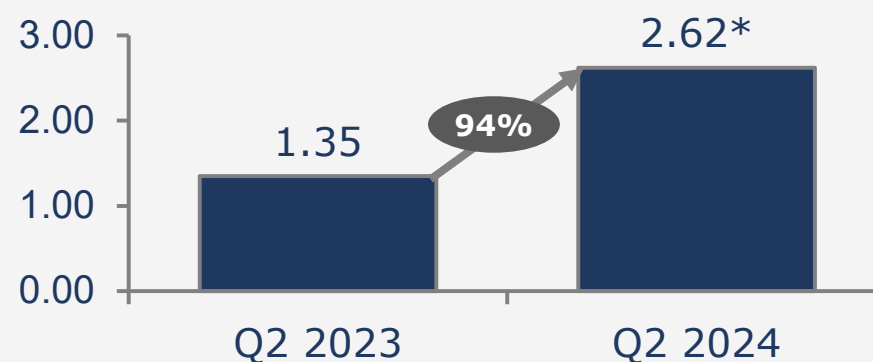
## Net Income

\$ Millions



## Diluted EPS

\$ Diluted EPS



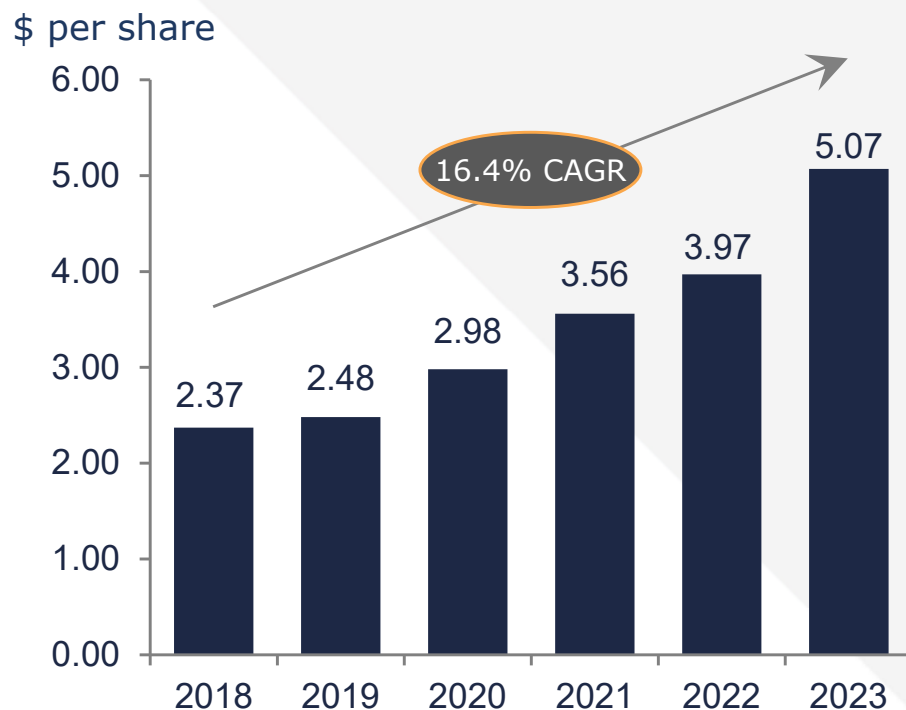
**Return on Equity = 30.39%**

**Return on Assets = 2.9%**

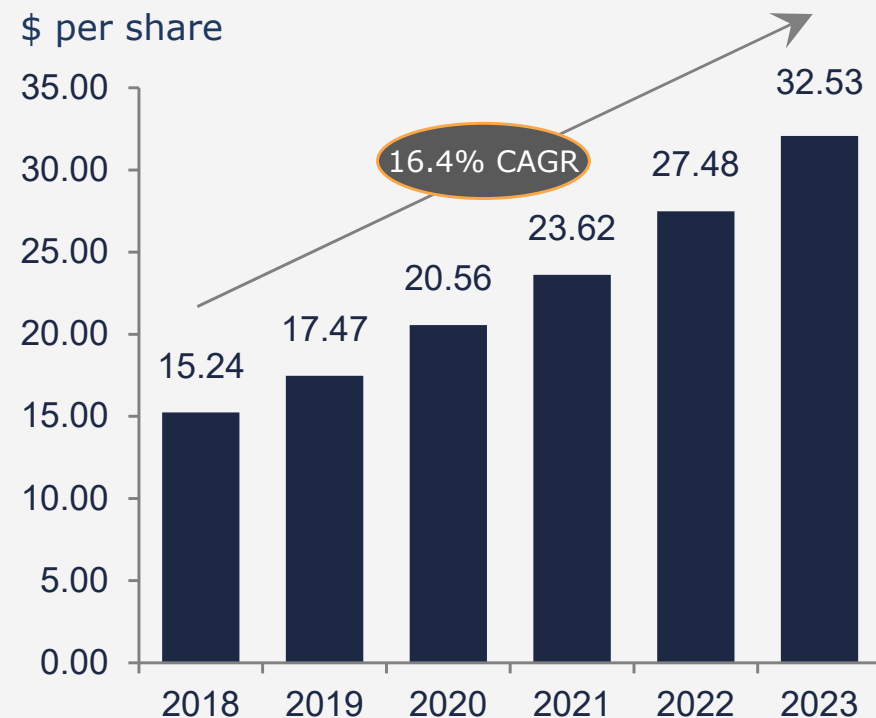
. \*Excluding the gain and provision for credit losses associated with the FDIC Loan Purchase, net income was \$90.5 million and diluted EPS was \$1.56

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

## Diluted EPS (FY)

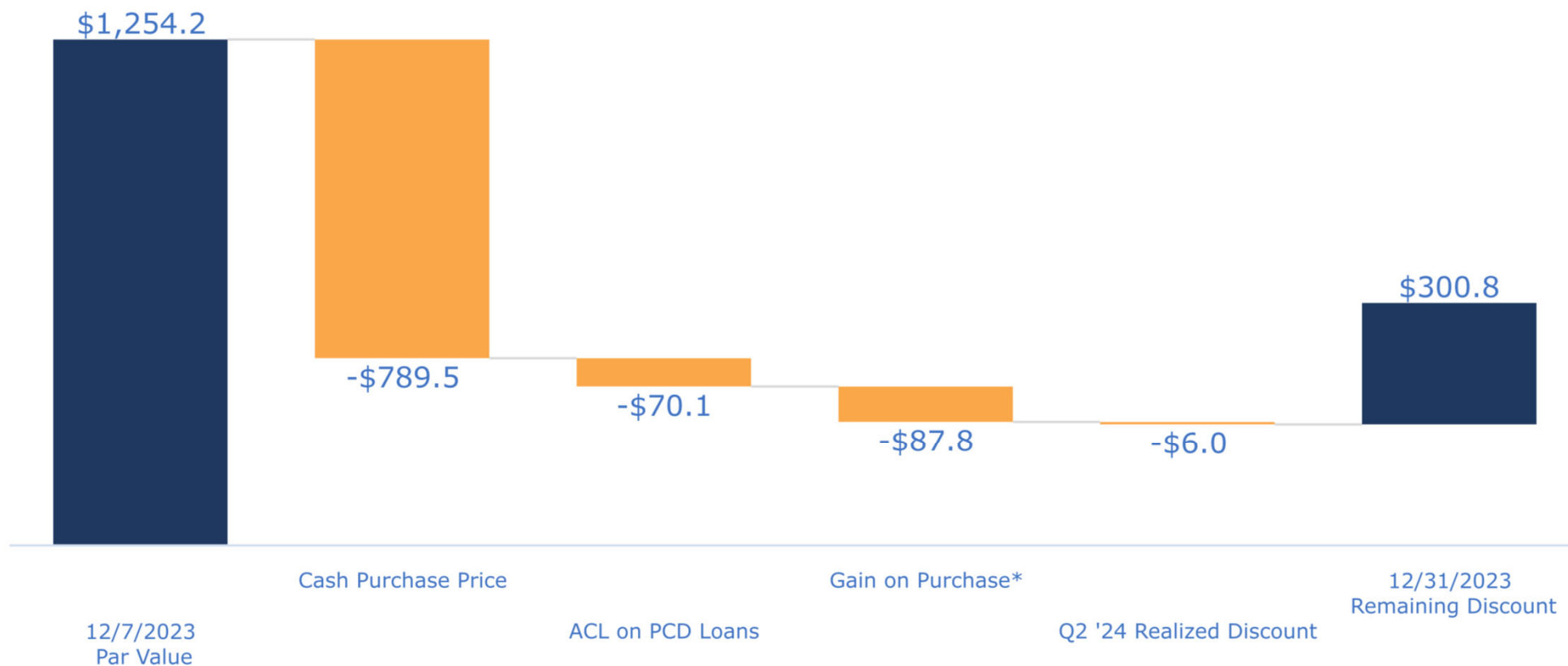


## Book Value Per Share (FY)



# FDIC Loan Purchase Summary

Acquired \$1.25 billion UPB of CRE/Multifamily Loans at 63% of Par Value

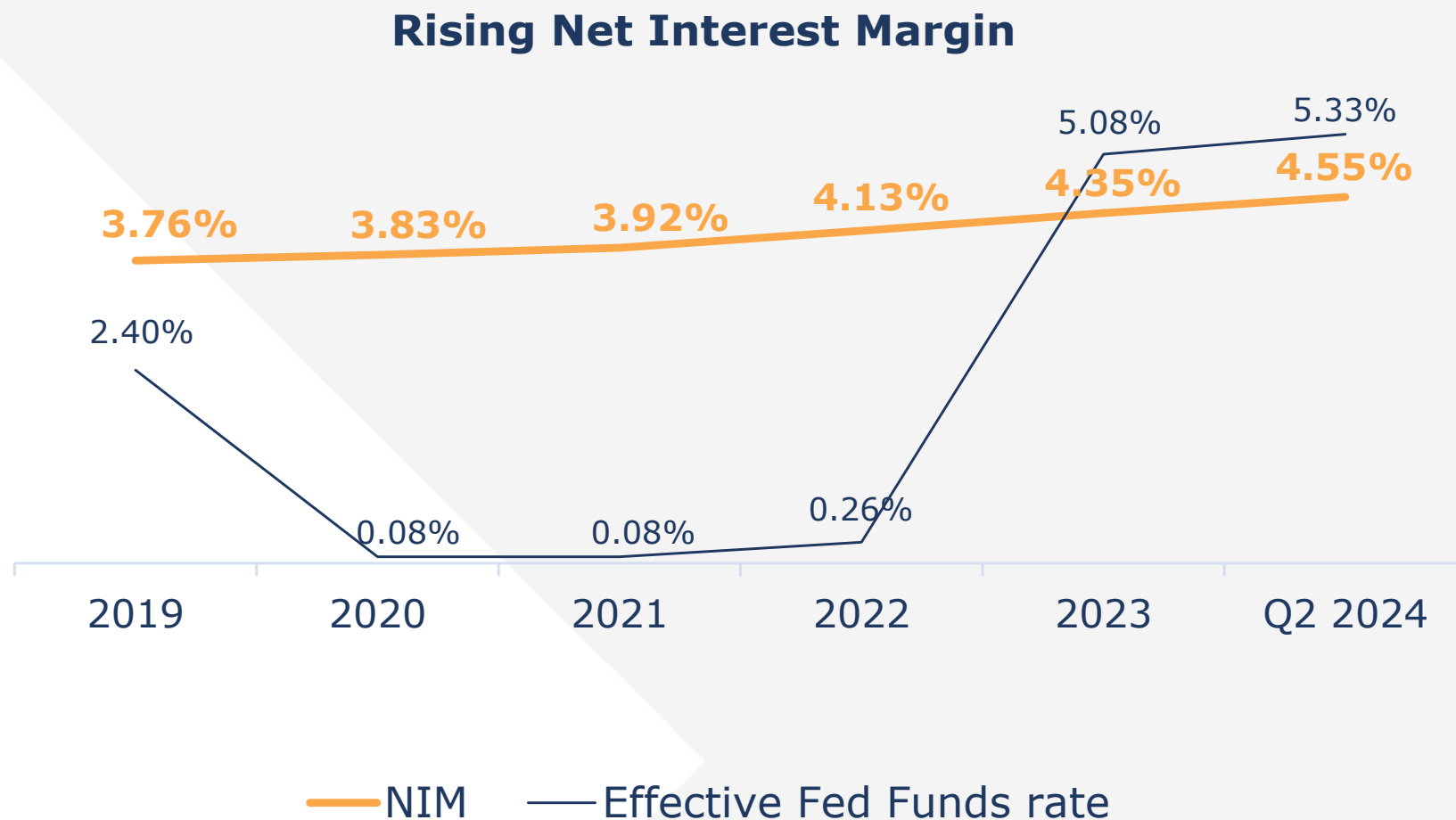


- > \$300.8 million remaining discount to be recognized over the expected remaining term to maturity of the acquired loans
- > Timing and amount of accretion will depend on:
  - ❑ Amount and pace of refinancing/pay-offs
  - ❑ Credit losses in excess of current ACL
  - ❑ Potential loan sales and sales price
- > Estimate ~18% yield on acquired loan pool, including coupon rate and discount amortization

\*Excludes \$4.6 million of gain on related derivatives acquired in the FDIC Loan Purchase



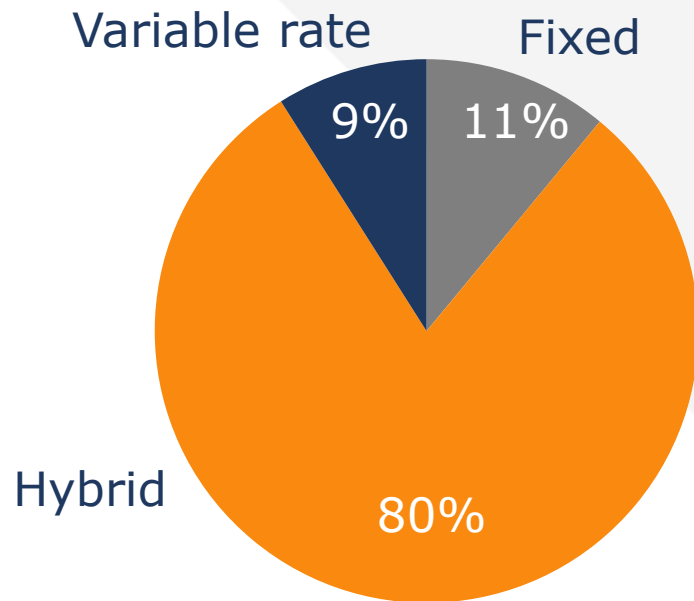
# Net Interest Margin has been Stable Through a Variety of Interest Rate Cycles



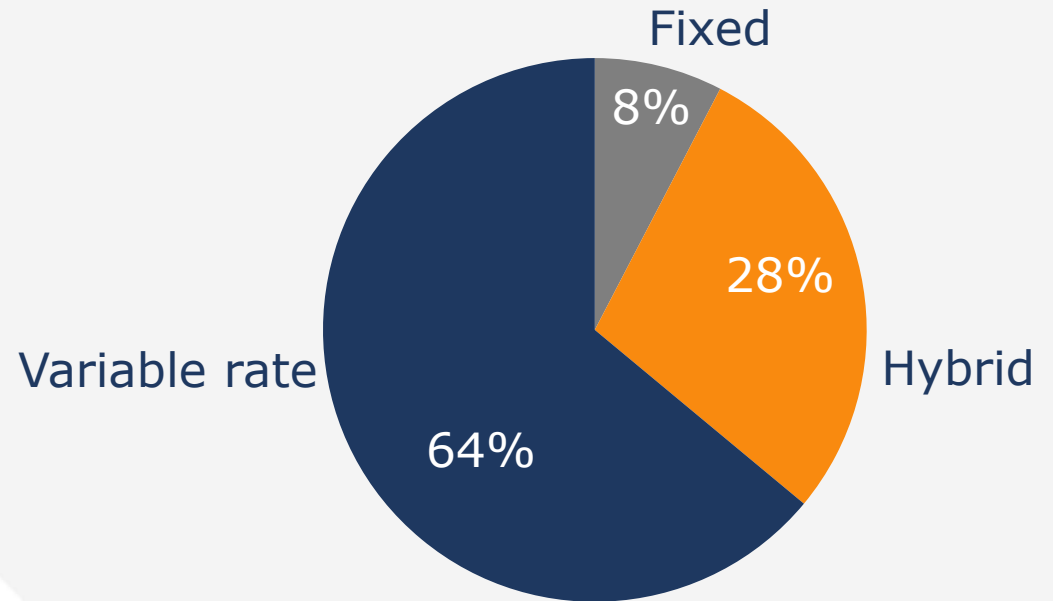
\*NIM excludes impact of HRB; relationship with HRB terminated in December 2021.

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

September 30, 2015



December 31, 2023

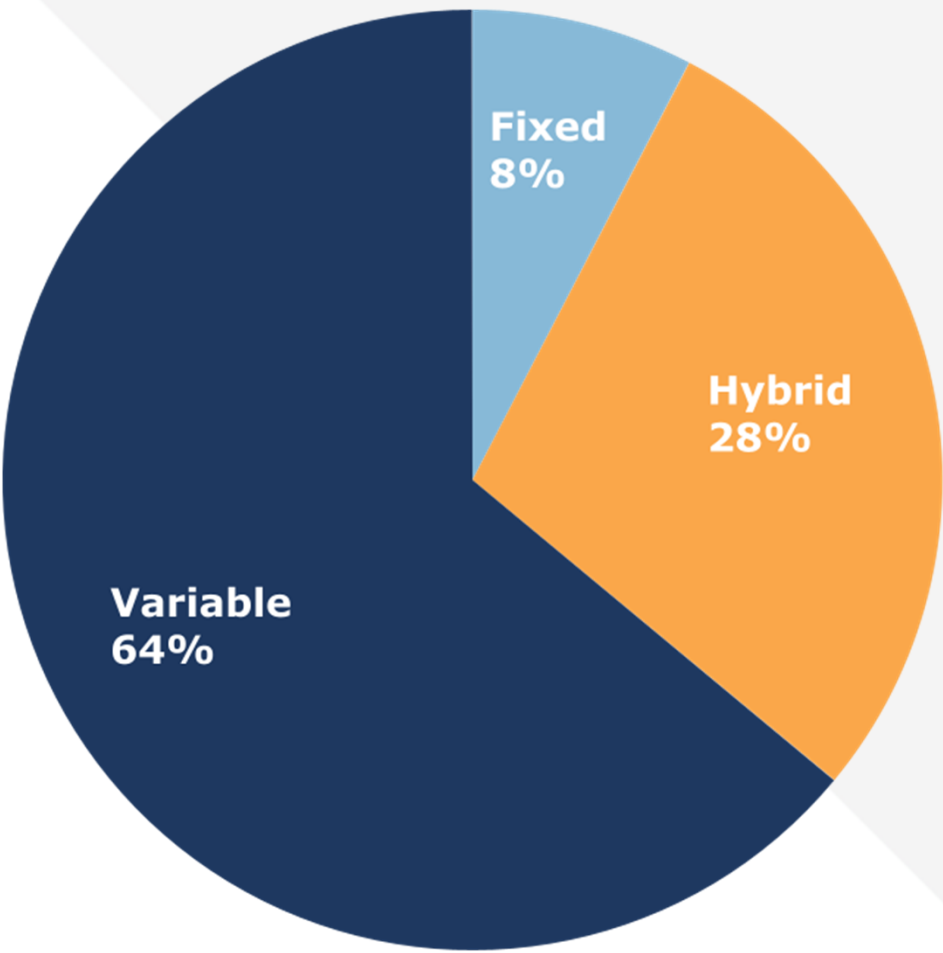


# Interest Rate Components of Loan & Lease Portfolio

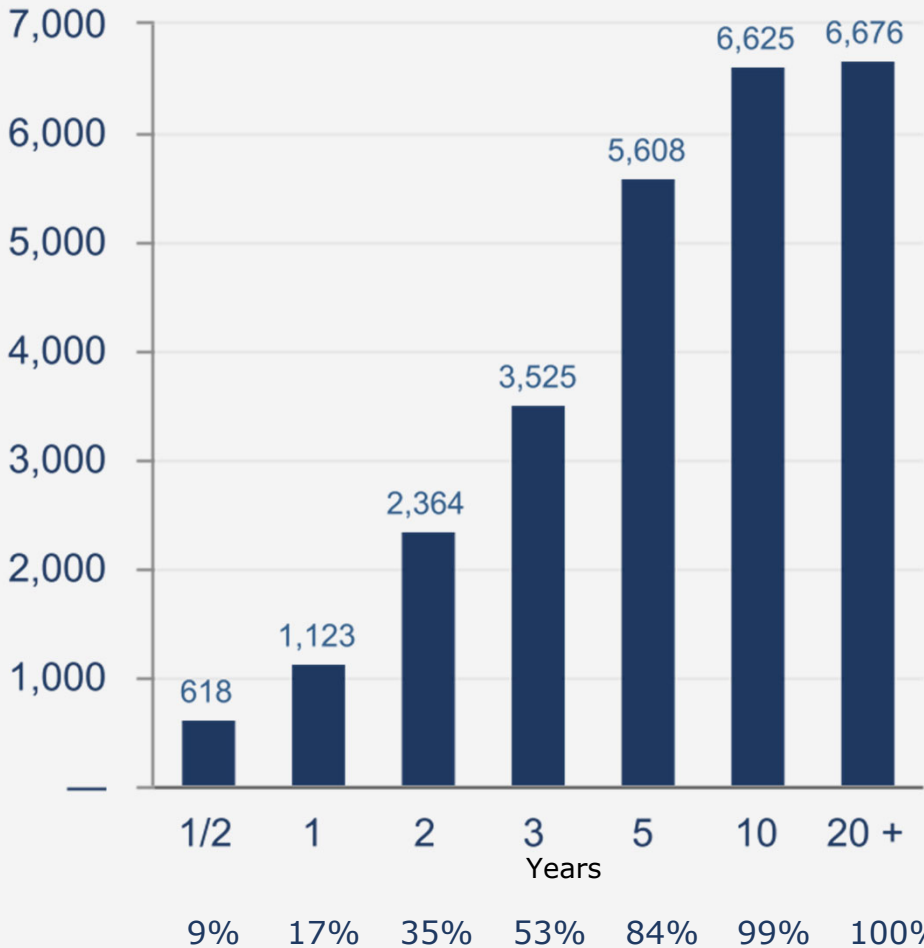
As of December 31, 2023



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 December 31, 2023, 53% will reprice within 3 years and 84% will reprice within 5 years

# Loan Growth by Category for Second Quarter Ended December 31, 2023



			\$ Millions		
			Q2 FY24	Q1 FY24	Inc (Dec)
Loans	Single Family Mortgage & Warehouse	Jumbo Mortgage	\$ 3,993	\$ 4,019	\$ (26)
		SF Warehouse Lending	99	295	(196)
	Multifamily & Commercial Mortgage*	Multifamily	2,708	2,130	578
		Small Balance Commercial	1,357	832	525
	Commercial Real Estate	CRE Specialty	5,400	5,488	(88)
		Lender Finance RE	643	681	(38)
	Commercial & Industrial Non-RE**	Lender Finance Non-RE	2,235	1,833	402
		Asset-Based and Cash Flow Lending	1,189	998	191
		Capital Call Facilities	753	378	375
	Auto & Consumer	Auto	419	441	(22)
		Unsecured/OD	59	65	(6)
	Other		5	2	3
			<b>\$ 18,860</b>	<b>\$ 17,162</b>	<b>\$ 1,698</b>

\*Multifamily & Commercial Mortgage increased due to the \$1.25 billion FDIC Loan Purchase completed on December 7, 2023

\*\*Certain prior period Commercial & Industrial Non-RE loans were reclassified between sub-categories to conform to the current period presentation

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



**Loan Growth Drivers**

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

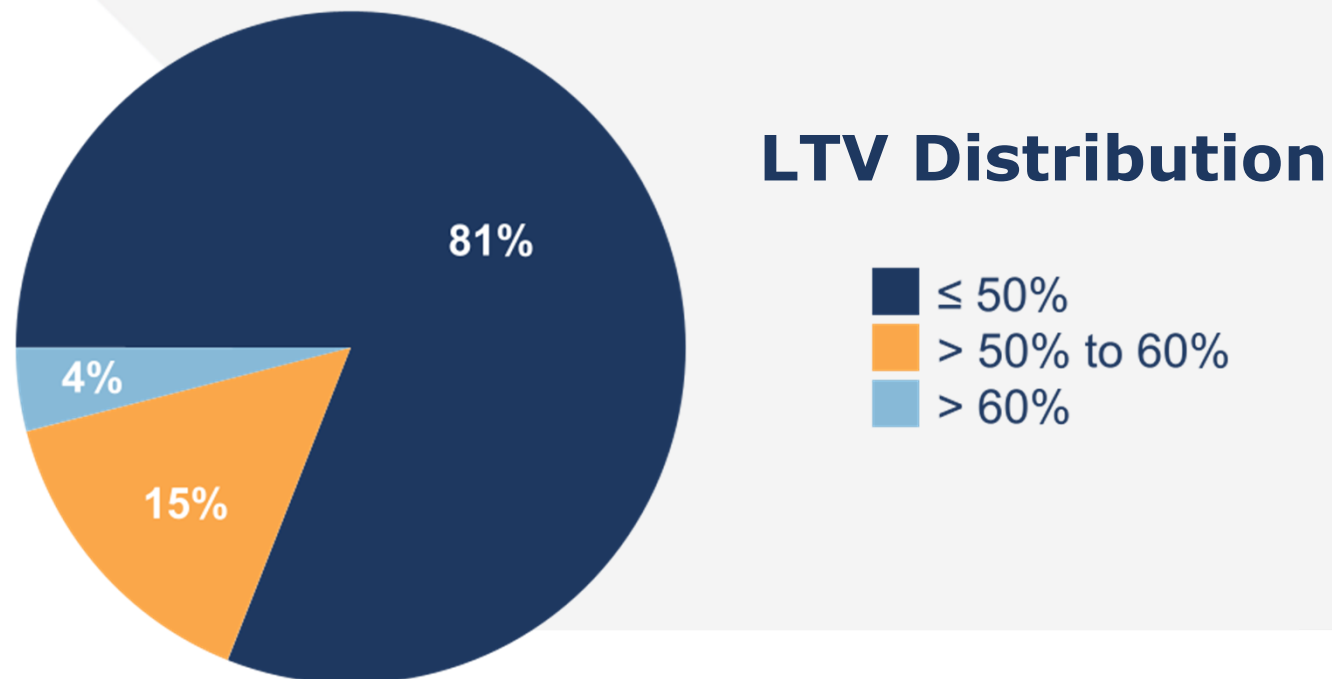
**Average Mortgage Loan to Value** ➤

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

# Commercial Real Estate Specialty\* Detail

as of December 31, 2023

Loan Type	Balance (mm)	Weighted Avg. LTV	Non-Performing Loans (mm)
<b>Multifamily</b>	\$ 1,829	38 %	\$ 11
<b>Hotel</b>	1,104	40	—
<b>SFR</b>	917	41	15
<b>Office</b>	418	38	—
<b>Industrial</b>	513	48	—
<b>Retail</b>	232	40	—
<b>Other</b>	387	39	—
<b>Total</b>	<b>\$ 5,400</b>	<b>40 %</b>	<b>\$ 26</b>



\*Includes Commercial Real Estate Specialty loan portfolio only; see Form 10-Q for the quarterly period ended December 31, 2023 for additional details of other loan categories



## CRE Specialty\* Detail as of December 31, 2023



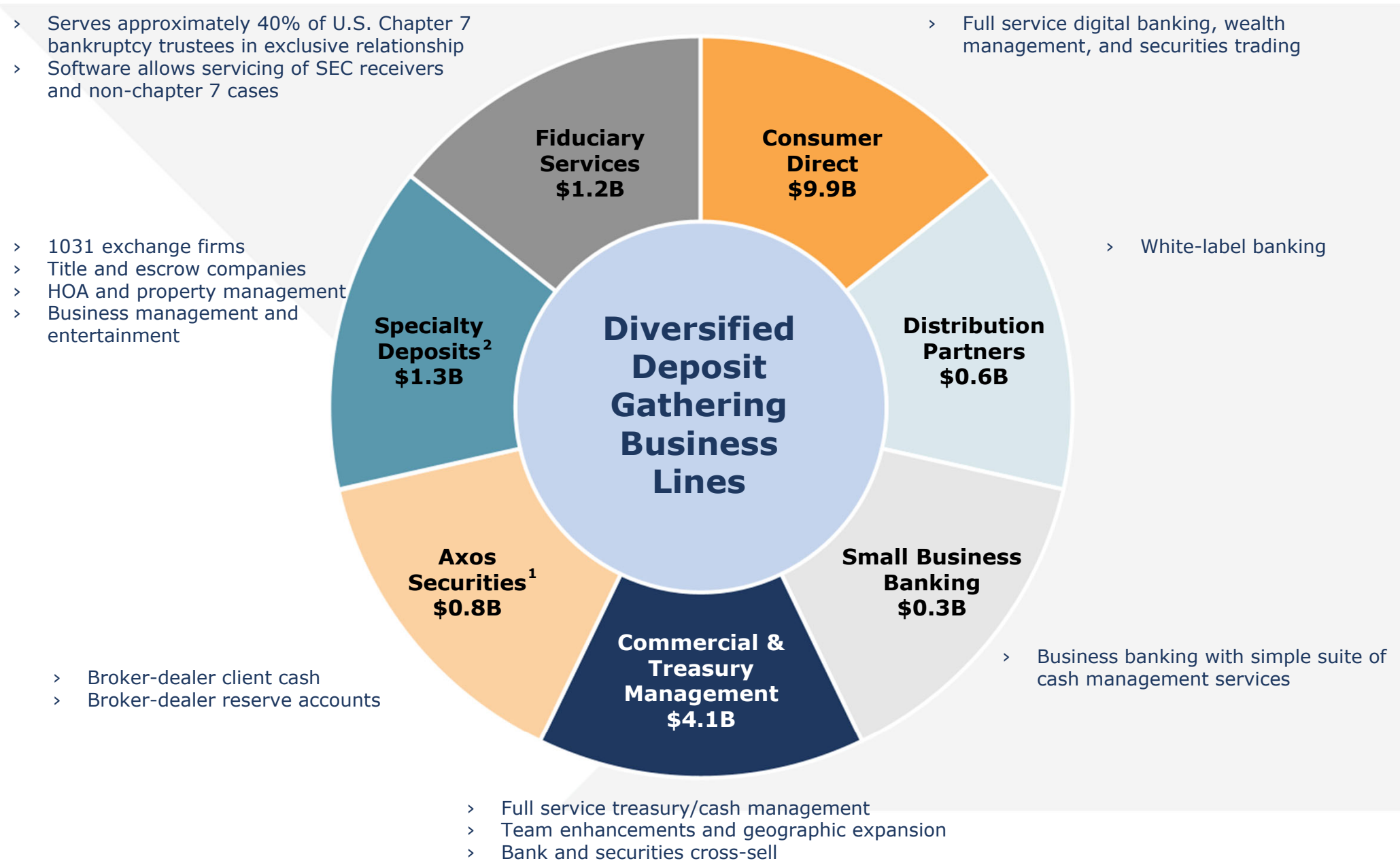
77% of total CRE Specialty balance at December 31, 2023 is indirect note structures where Axos has first payment priority; these loans carry a weighted-average LTV of 38%.

Loan Type	Balance (mm)	Weighted Avg. LTV
Construction	\$2,250	35%
Bridge	2,173	43%
Pre-development	558	37%
Stabilized	419	51%
<b>Total</b>	<b>\$5,400</b>	<b>40%</b>

\*Includes CRE Specialty loan portfolio only; see Form 10-Q for the quarterly period ended December 31, 2023 for additional details of other loan categories

# Diversified Deposit Gathering

Approximately 90% of deposits are FDIC-insured or collateralized

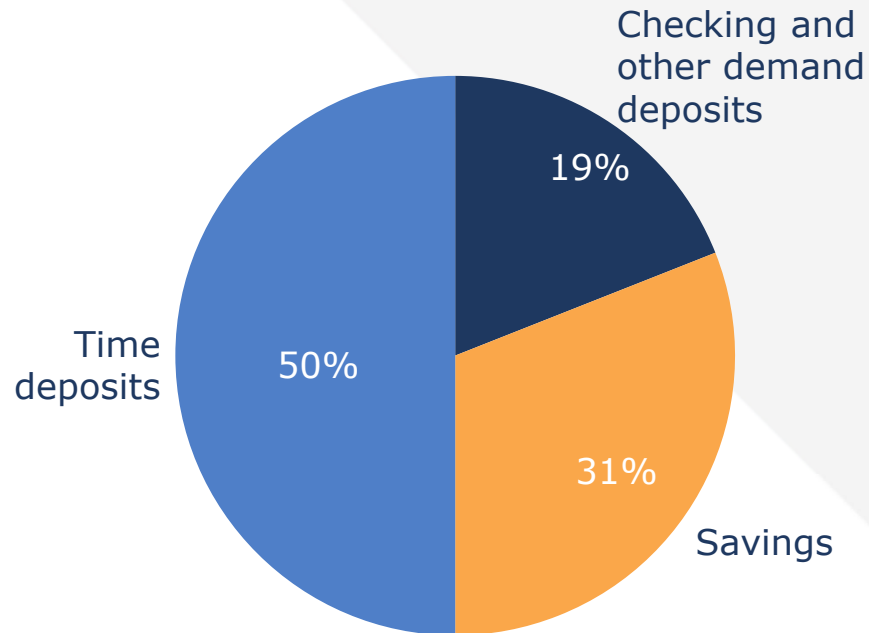


\*Deposit balances as of December 31, 2023  
<sup>1</sup>Excludes approximately \$550 million of off-balance sheet deposits  
<sup>2</sup>Excludes approximately \$750 million of client deposits held at other banks

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

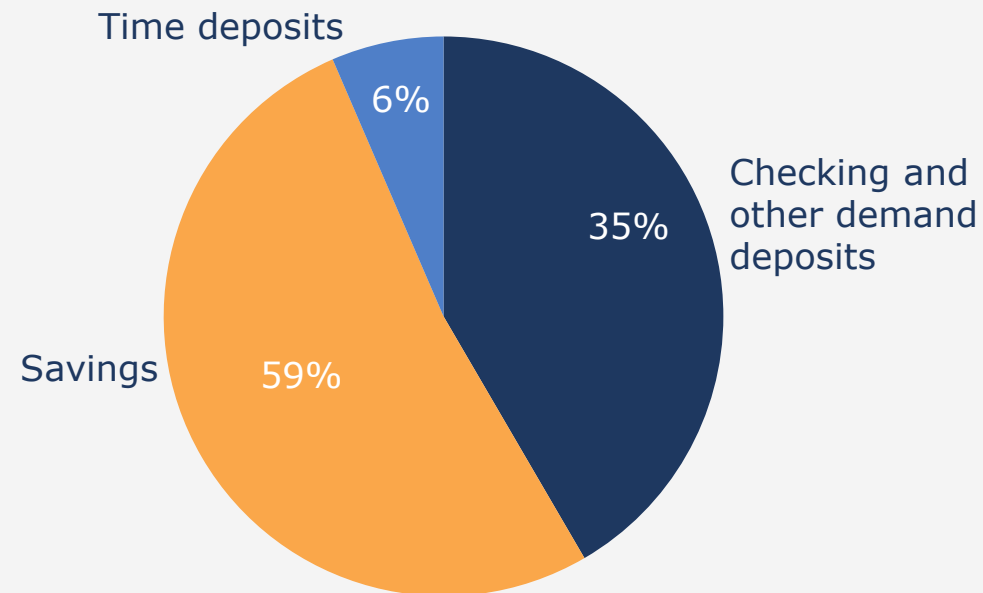
**June 30, 2013**

Total Deposits = \$2.1 billion



**December 31, 2023**

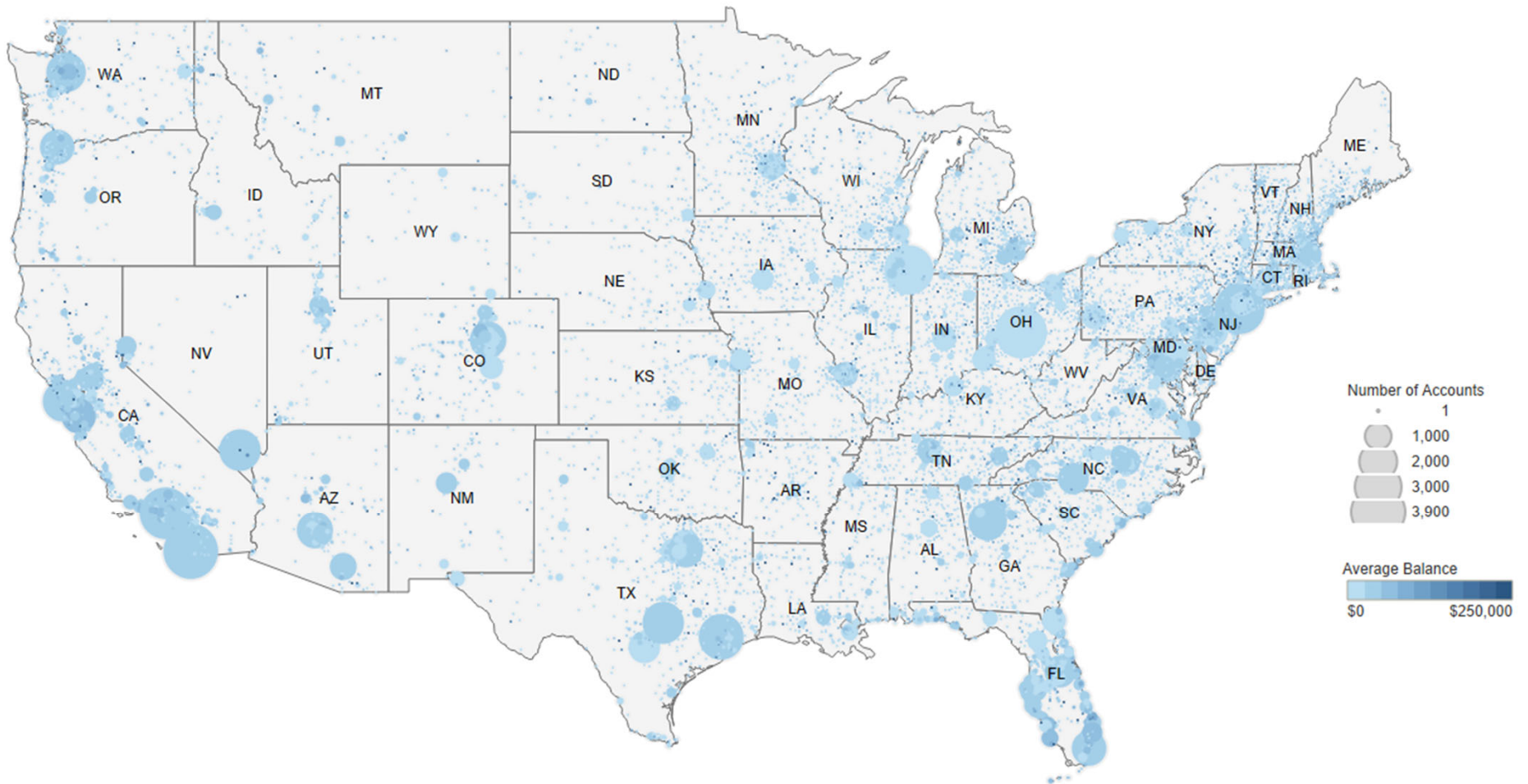
Total Deposits = \$18.2 billion



**Checking Growth (6/2013 – 12/2023) = 1471%**

**Savings Growth (6/2013 – 12/2023) = 1624%**

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

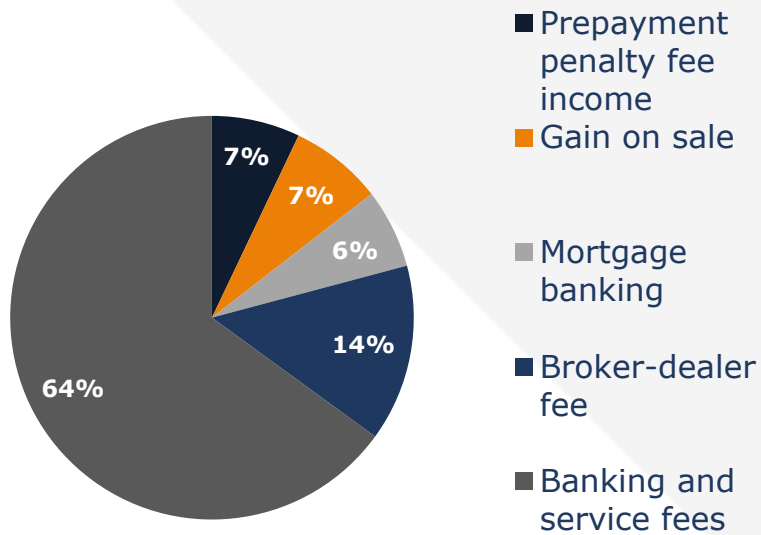


**Axos Deposits Have National Reach With Customers in Every State**

# Non-Interest Income Growth and Diversification

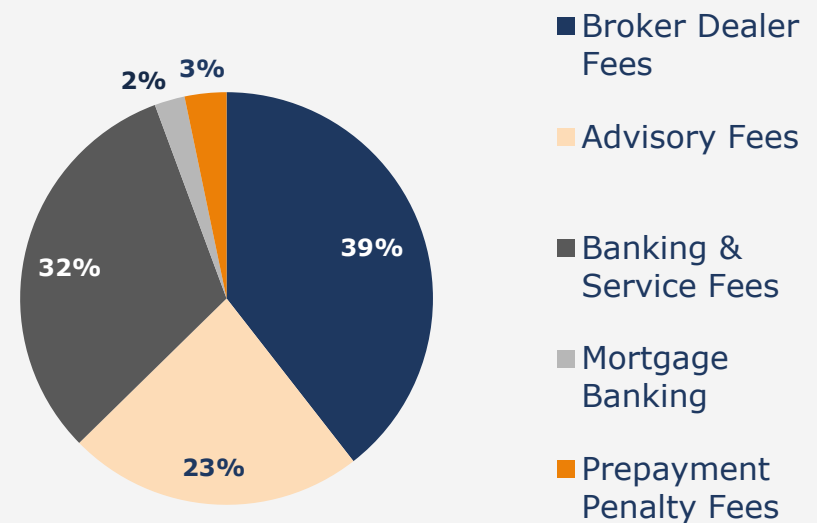
## Year Ended June 30, 2019

Total Non-Interest Income =  
\$82.9 million



## Three Months Ended December 31, 2023

Total Non-Interest Income =  
\$124.1 million\*\*



**Securities Segment Fee Income\* (6/2019 –12/2023) = 578%**

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

\*\* Total for the three months ended December 31, 2023 includes \$92.4 million gain on FDIC Loan Purchase; pie-chart excludes the gain.

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

Axos Securities	<b>Axos Clearing</b> Securities Clearing & Custody	63 IBDs 238 RIAs ~315,000 Clients
	<b>Axos Invest</b> Digital Wealth & Personal Financial Management	~28,000 Clients
	<b>Axos Trading</b> Self-Directed 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

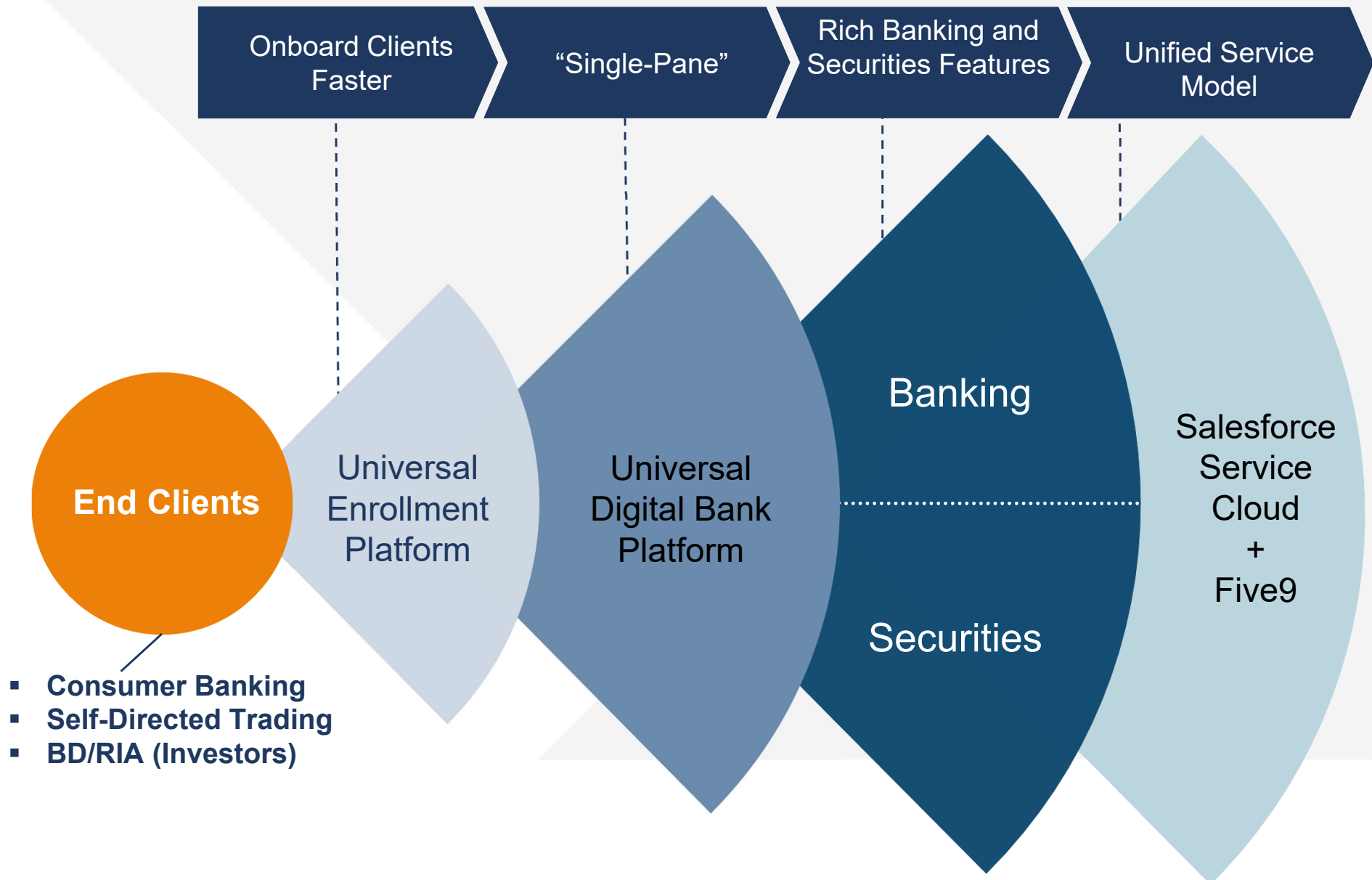
## Digital Solutions

- > Universal Digital Platform
- > Account Opening Platform

**Access to  
~343,000  
Clients**



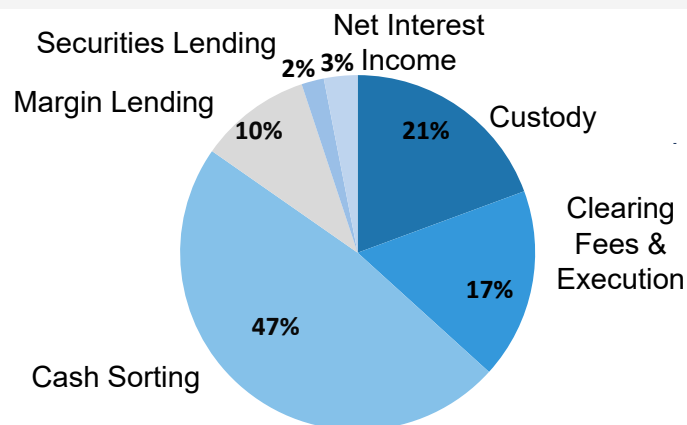
Leveraging Bank's existing digital platforms allows for unique integrated and flexible Banking and Securities product features



# Axos Clearing and Custody Highlights

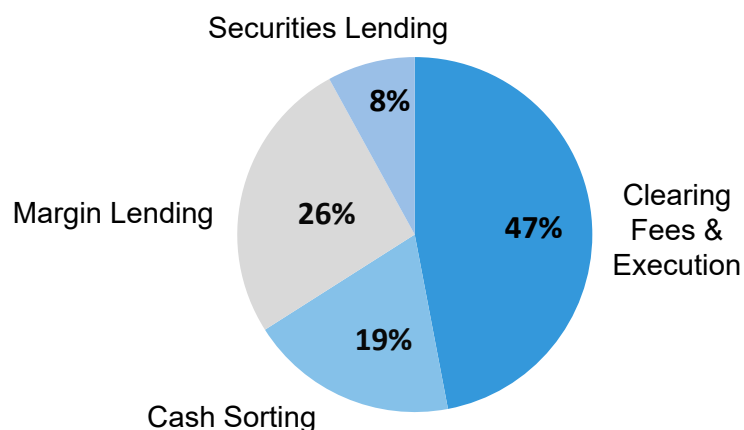
- Leadership team with more than 100 years combined industry experience.
- Proprietary front- and back-end technologies for advisors and broker-dealers.
- Nation's 8<sup>th</sup> largest Clearing Services firm by number of broker-dealer clients<sup>1</sup>.
- More than \$30 billion in Clearing Services client assets under custody and/or administration.
- Axos Financial, Inc. acquired E\*TRADE Advisor Services in August 2021.

## For the 3 months ended 12/31/2023



Custody	\$ 7,361,255
Clearing Fees & Execution	6,560,728
Cash Sorting	17,982,147
Margin Lending	4,187,119
Securities Lending	823,720
Net Interest Income	1,111,129
Net Revenues	\$38,026,098

## 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

<sup>1</sup> 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 201 RIAs<sup>1,3</sup>**  
**(\$1M+ AUC)**

**~\$23B Assets Under Custody<sup>2</sup>**



### TAMPs

**60% of Total  
AUC<sup>3</sup>**

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



### Traditional RIAs

**37% 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 12/31/2023

1. 228 total advisors on Liberty platform; advisors with <\$1M AUC comprise <\$9M in total assets; there are 10 non-AAS RIAs not on Liberty at Axos Clearing

2. Includes \$207M 401K AUC

3. Excludes \$207M 401K AUC

# Axos Clearing Long-Term Revenue and Expense Synergies

## Revenue Synergies

### **Axos Securities:**

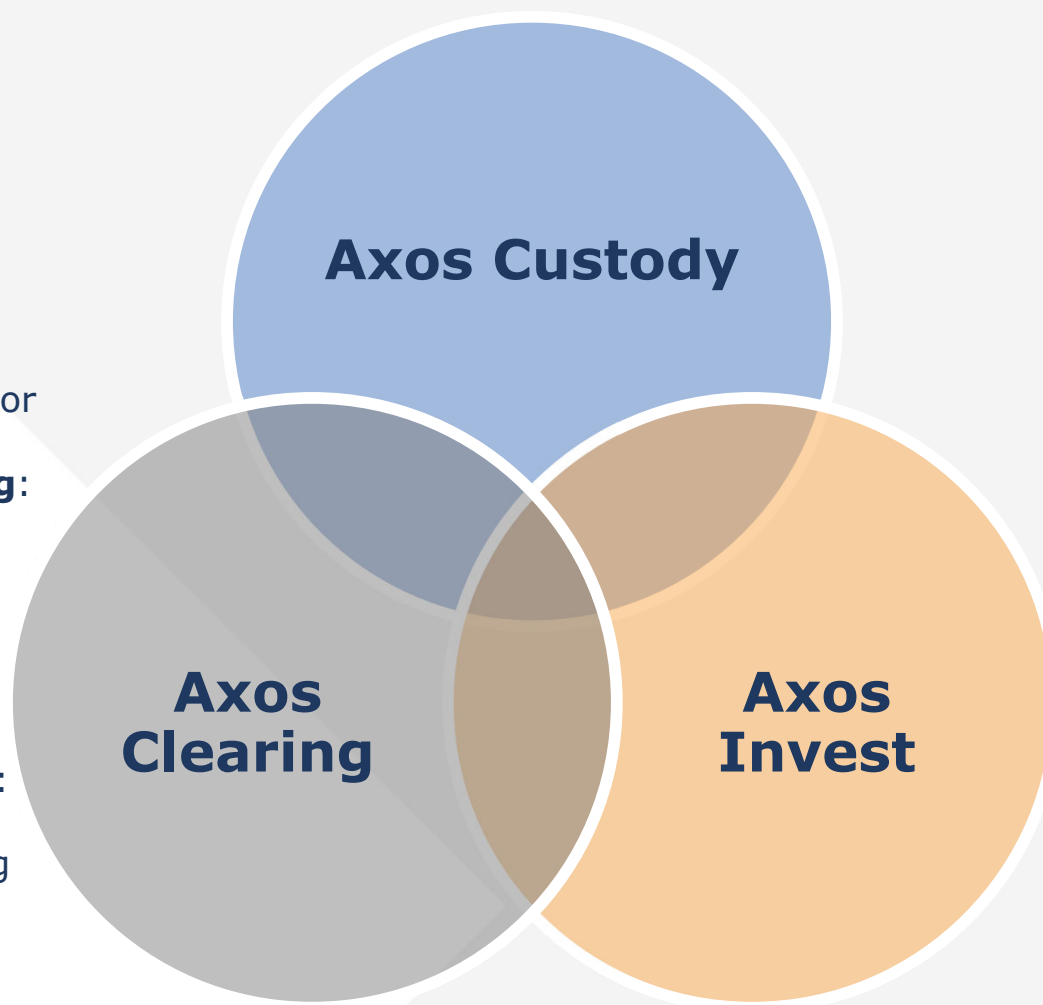
- Margin Loans
- Securities Lending
- Fixed Income Trading
- Order Flow
- White-label Robo Advisor

### **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

## 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

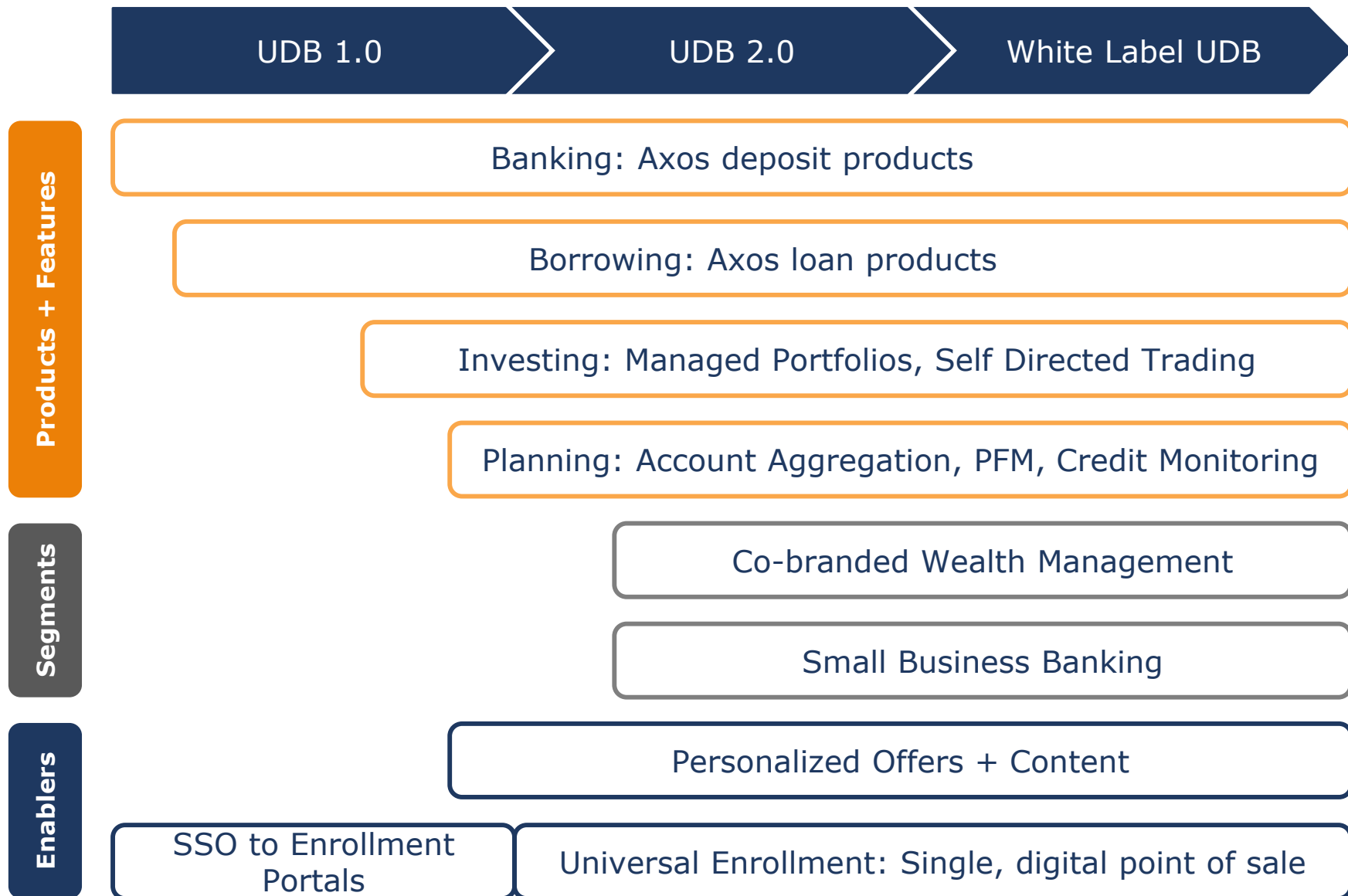
## Cross-Sell

- › 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

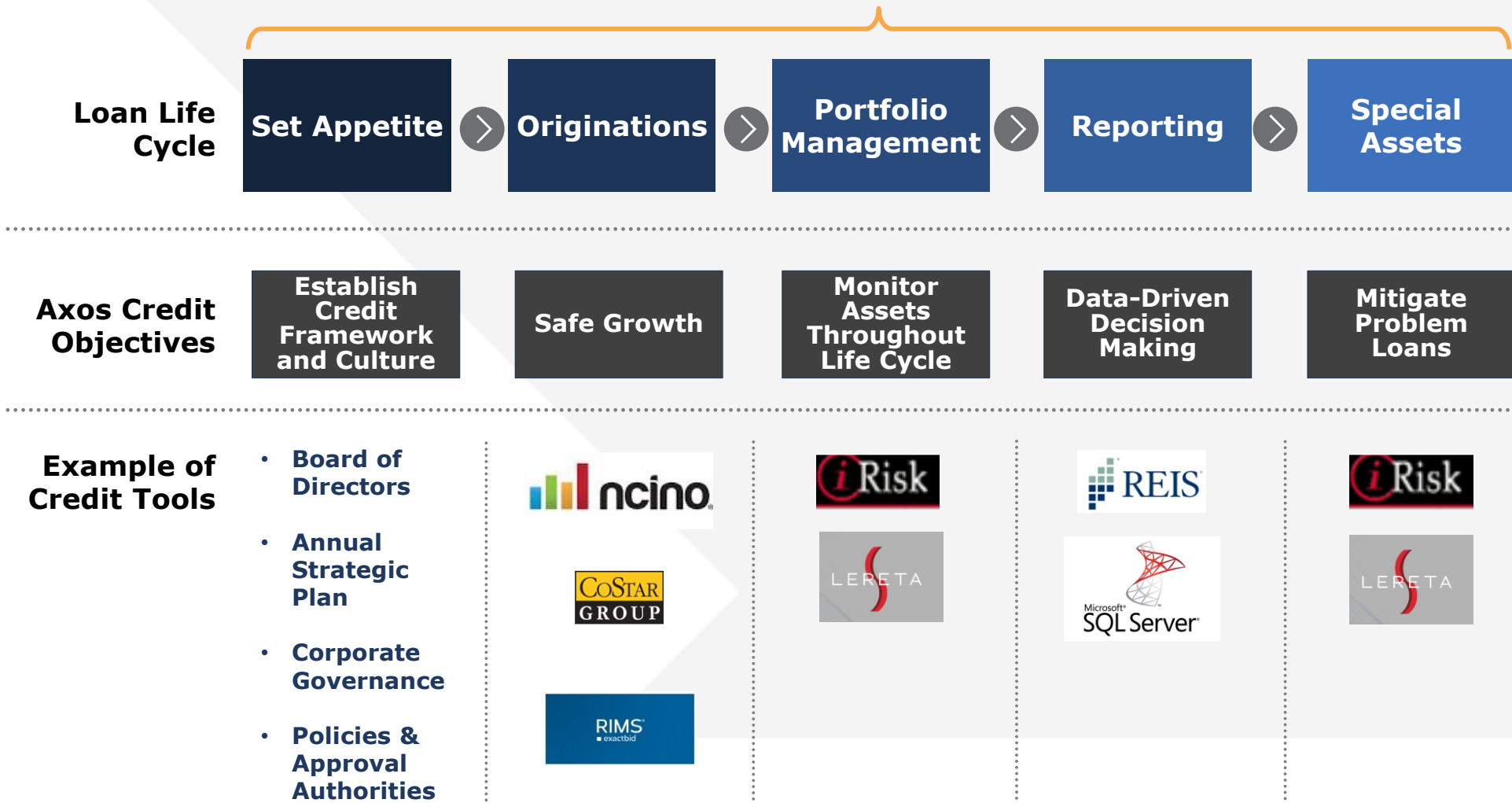
UDB offers a growing set of products, capabilities and supported user segments



## 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

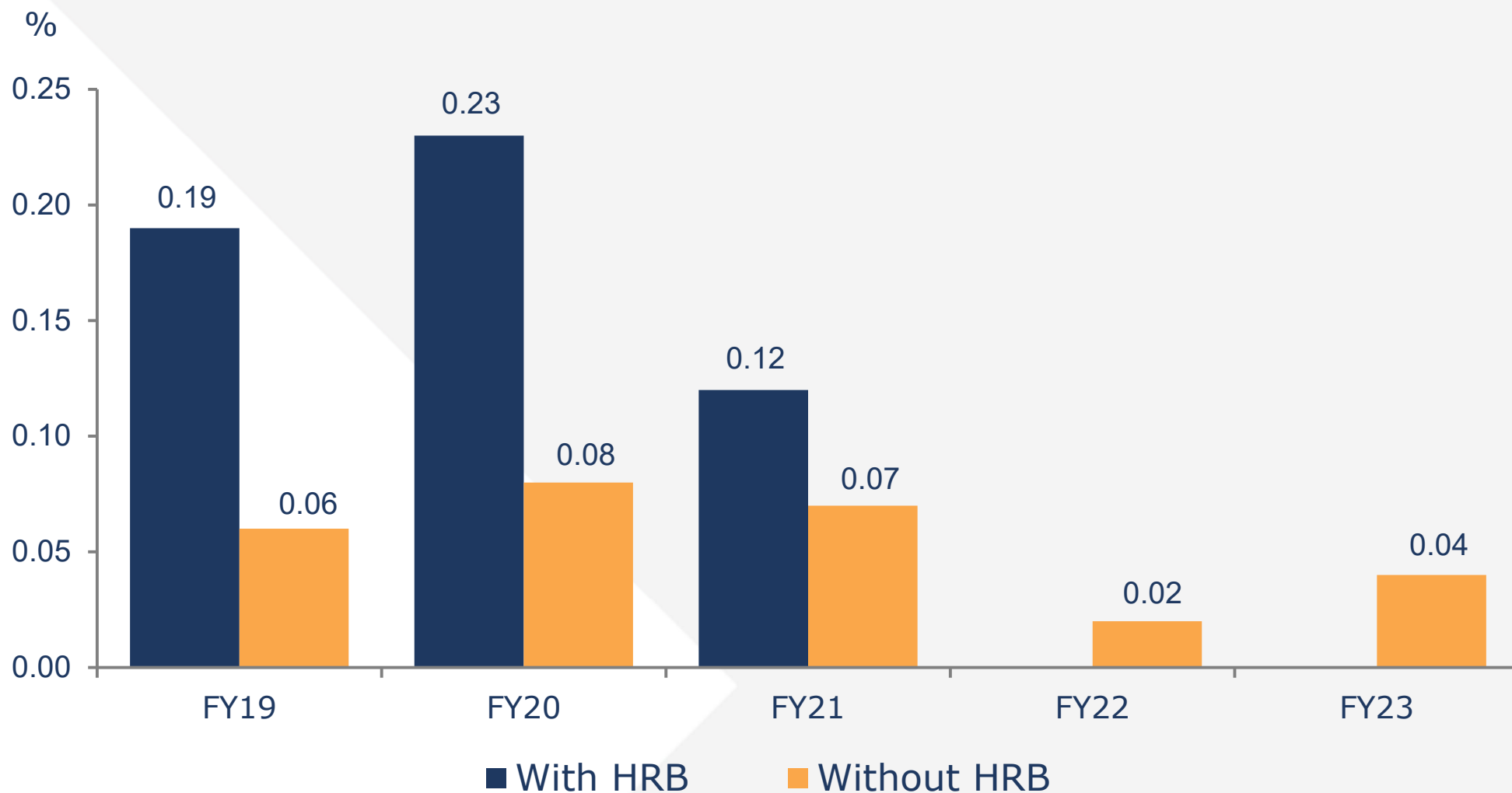
### Credit Monitoring & Oversight



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

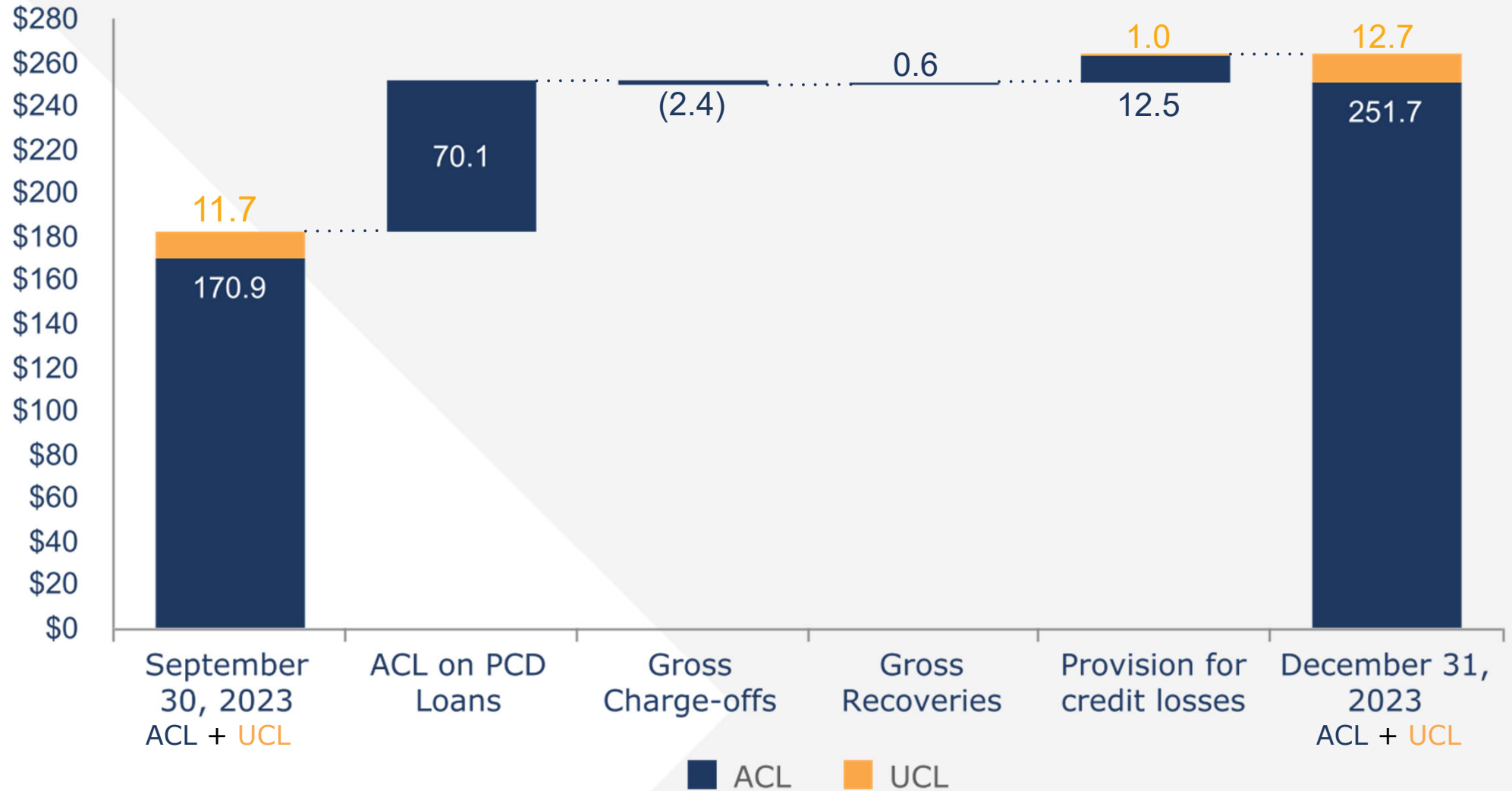


Note I: Company uses a June 30 fiscal year-end.

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 December 31, 2023



		\$ Millions		
		Loan Balance	ACL \$	ACL %
Loans	Single Family Mortgage & Warehouse	\$ 4,092	15	0.4 %
	Multifamily & Commercial Mortgage	4,065	78	1.9 %
	Commercial Real Estate	6,043	78	1.3 %
	Commercial & Industrial Non-RE	4,177	69	1.7 %
	Auto & Consumer	478	12	2.5 %
	Other	5	—	— %
		\$ 18,860	252	1.3 %

**Greg Garrabrants, President and CEO**  
**Derrick Walsh, EVP and CFO**

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