



# Axos Financial, Inc. Investor Presentation

November 5, 2024

NYSE: AX

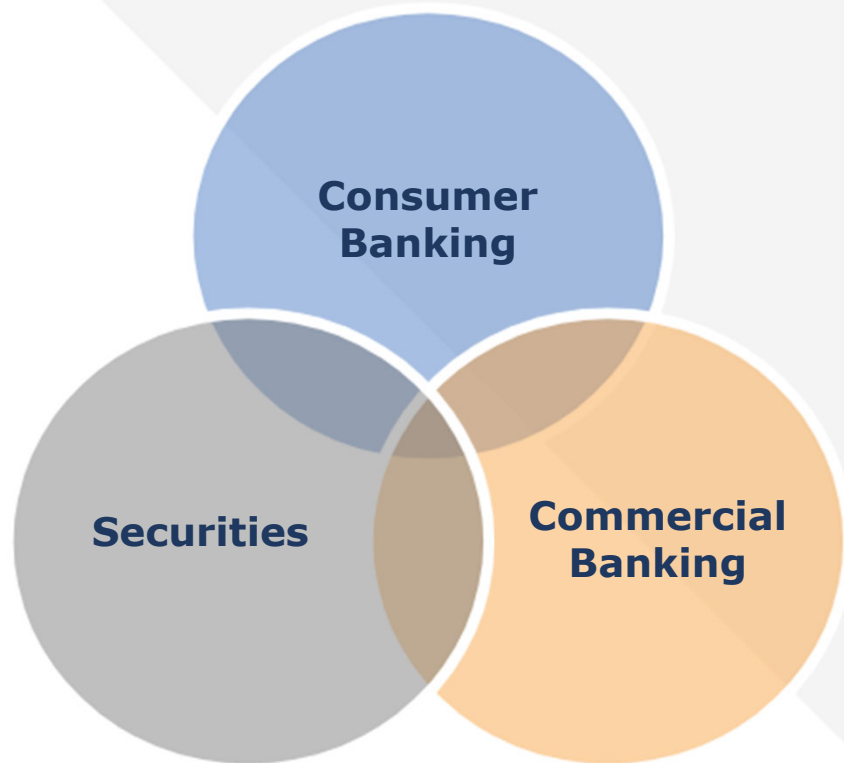


This presentation contains forward-looking statements that involve risks and uncertainties, including without limitation statements relating to Axos Financial, Inc.'s ("Axos") financial prospects and other projections of its performance and asset quality, Axos' deposit balances and capital ratios, Axos' 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, 2024, Form 10-Q for the quarter ended September 30, 2024 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 Financial's Three Divisions Provide the Foundation for Sustained Long-term Growth



## Investment Thesis

- > Diverse mix of assets, deposits, and fee income reduces risk and provides multiple growth opportunities in varying environments
- > Asset-based lending at low loan-to-values has resulted in low historical credit losses
- > Differentiated retail digital strategy from “online savings banks” or fin-tech competitors
- > Structural cost advantage vs. traditional banks
- > New business initiatives generate incremental growth
- > Direct-to-consumer and securities clearing and custody businesses provide differentiated sources of growth
- > Technology synergies among divisions reduce overall client acquisition and servicing costs

# Axos is a Top Performer Versus Bank Peer Group

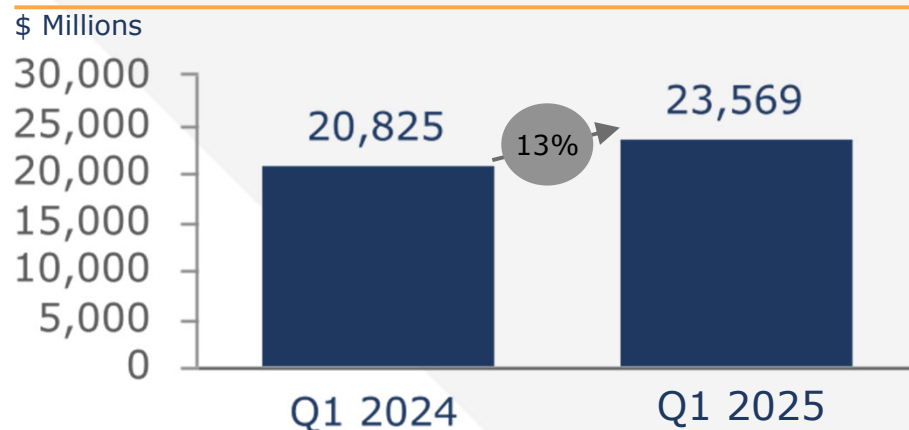


	<b>Axos Bank</b>	<b>Peer Group<sup>1</sup></b>	<b>Percentile</b>
ROAA	1.73%	0.56%	93%
Return on Equity	17.45%	5.57%	94%
NIE/Avg Assets	1.97%	2.40%	27%
Net Interest Income	4.46%	2.51%	95%
Efficiency Ratio	42.90%	76.88%	6%

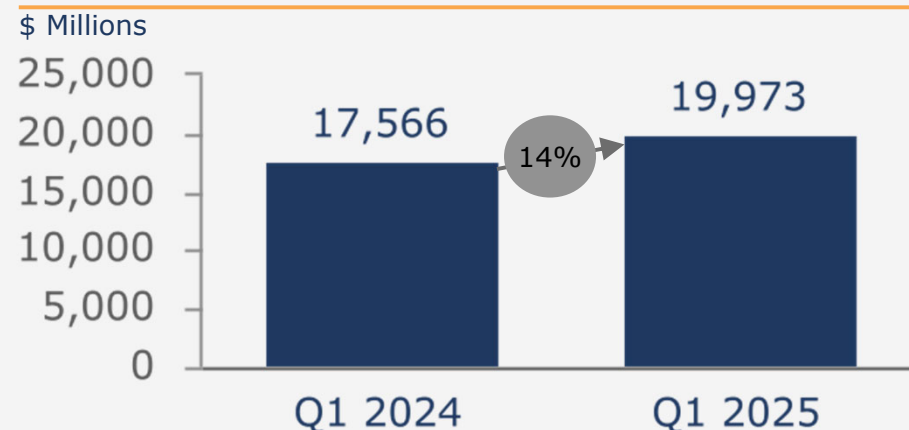
**The 94% on ROE means that the Bank outperformed 94% of all banks. The 6% efficiency ratio ranking means that only 6% of banks have lower expenses in comparison to their revenues.**

# Consolidated Fiscal First Quarter 2025 Highlights Compared with Fiscal First Quarter 2024

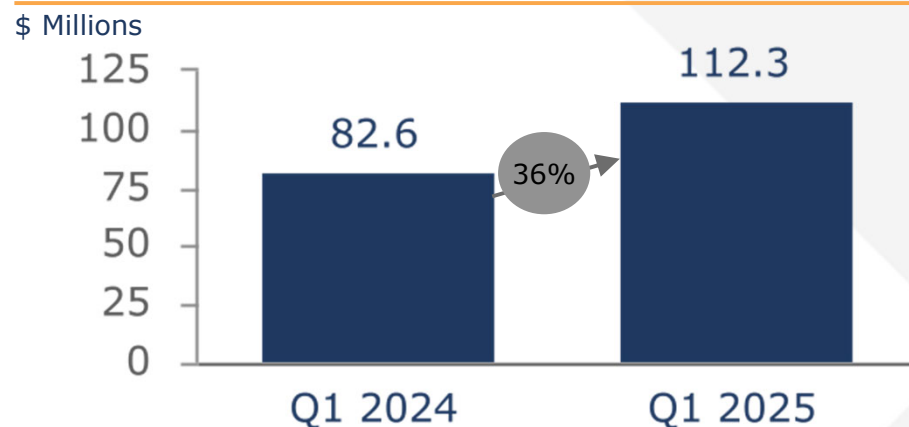
## Asset Growth



## Deposit Growth



## Net Income



## Diluted EPS



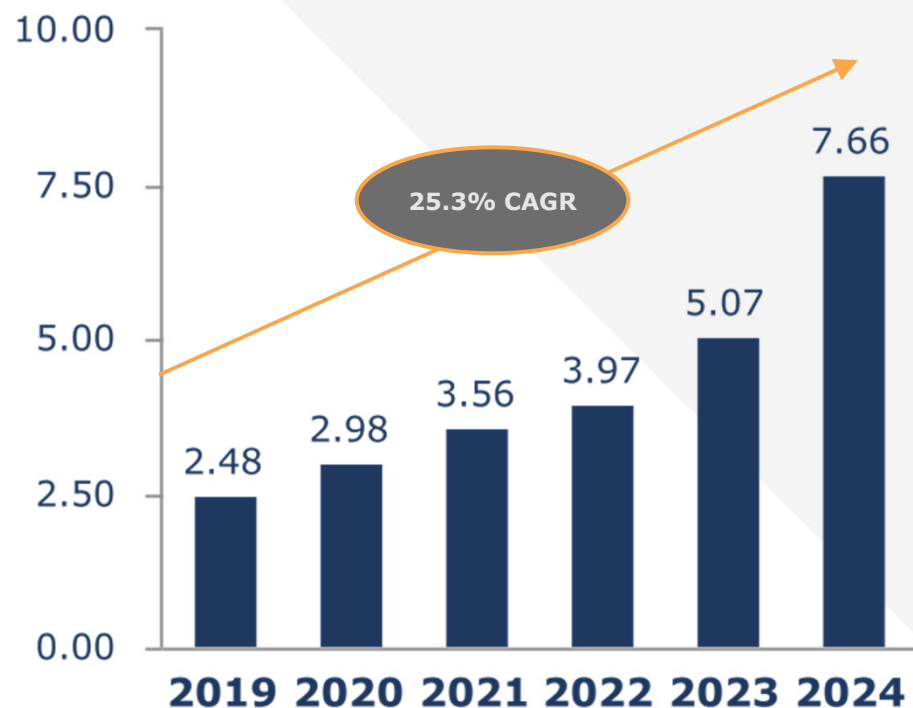
Return on Equity = 19.12%

Return on Assets = 1.92%

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

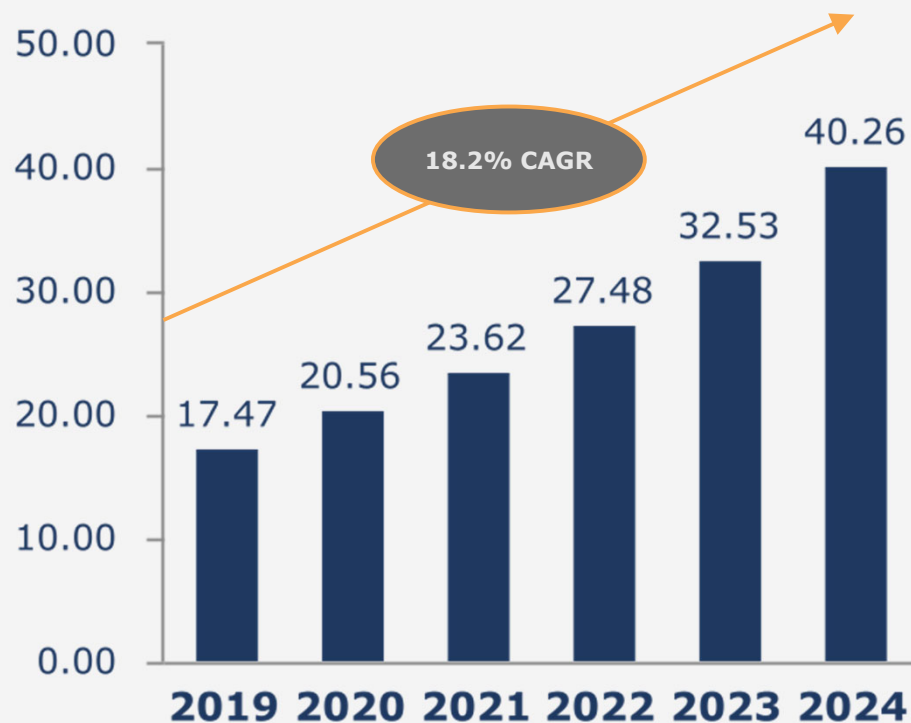
## Diluted EPS (FY)

\$ Per Share

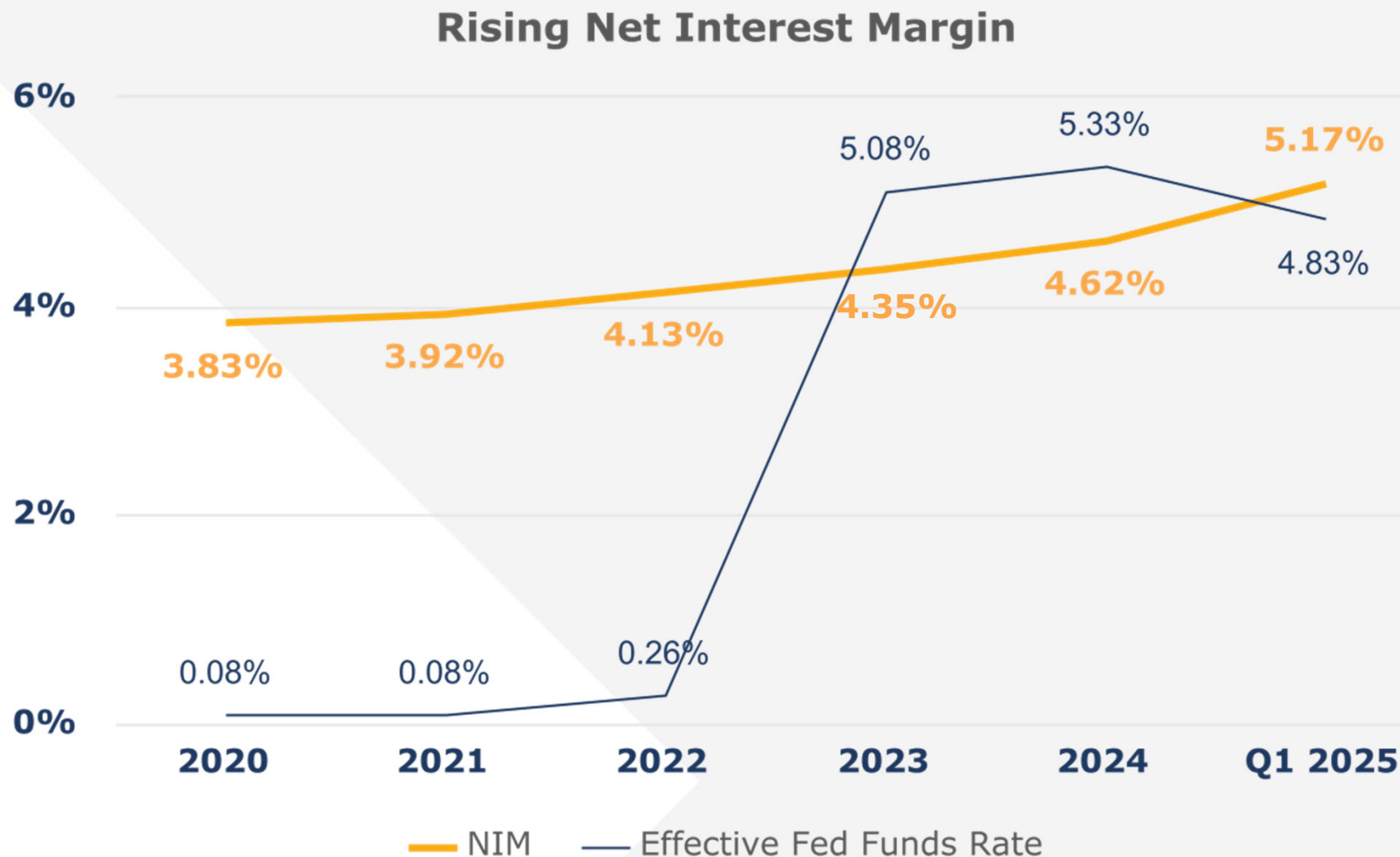


## Book Value Per Share (FY)

\$ Per Share



# Expanding Net Interest Margin Through a Variety of Interest Rate Cycles<sup>1</sup>



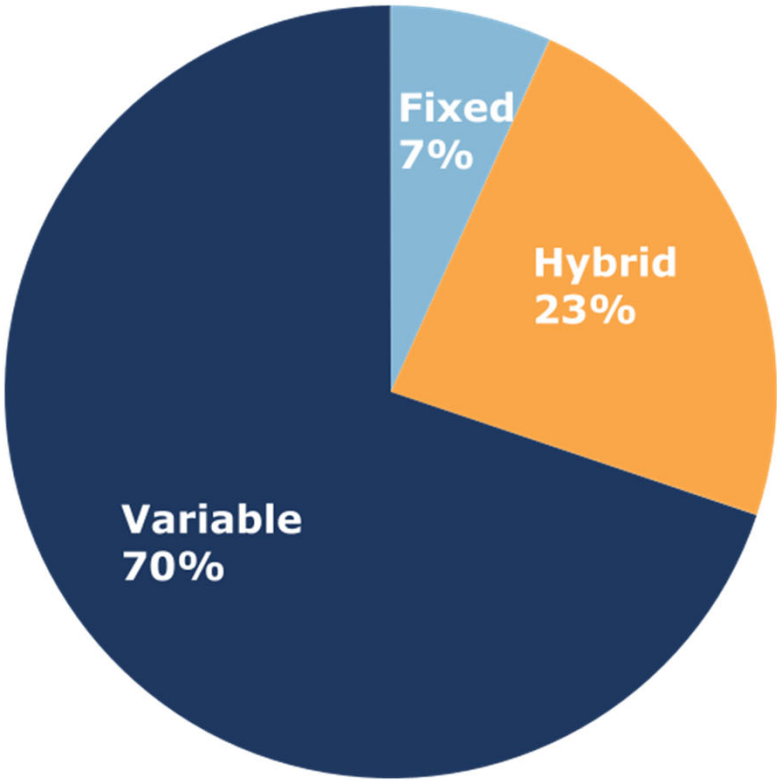
Note 1: The Company partnered with H&R Block Bank (HRB) to provide HRB branded financial products. The partnership was terminated December 8, 2020. NIM excludes impact of HRB.

# Interest Rate Sensitivity of Loans & Deposits

As of September 30, 2024

## Loans

- Of the fixed and hybrid rate loan balances in our portfolio at September 30, 2024, 64% will reprice within 3 years and 91% will reprice within 5 years.



## Deposits

### Non-Time Deposits by Interest Rate

*(Dollars in Thousands)*

Interest Rate	Total
0% ~ 2%	\$ 4,265,249
2% ~ 4%	\$ 1,566,685
4% ~ 6%	\$ 13,340,630
	<b>\$ 19,172,564</b>

- \$1,018 million of deposits tied to the Federal Funds rate
- Deposit rate optionality enhanced by \$450 million of off-balance sheet deposits from Axos Securities



# Loan Growth by Category

			\$ Millions		
			Q1 FY25	Q4 FY24	Inc (Dec)
Loans	Single Family Mortgage & Warehouse	Jumbo Mortgage	\$ 3,807	\$ 3,922	\$ (115)
		SF Warehouse Lending	345	257	88
	Multifamily & Commercial Mortgage	Multifamily	2,363	2,541	(178)
		Small Balance Commercial	1,284	1,321	(37)
	Commercial Real Estate	CRE Specialty	5,378	5,189	189
		Lender Finance RE	878	900	(22)
	Commercial & Industrial Non-RE	Lender Finance Non-RE	2,331	2,328	3
		Asset-Based and Cash Flow Lending	1,968	1,797	171
		Capital Call Facilities	1,056	1,116	(60)
	Auto & Consumer	Auto	373	386	(13)
		Unsecured/OD	42	44	(2)
		Other	1	2	(1)
			\$ 19,826	\$ 19,803	\$ 23

## 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

#### Loan Life Cycle

Set Appetite



Originations



Portfolio Management



Reporting



Special Assets

#### Axos Credit Objectives

Establish Credit Framework and Culture

Safe Growth

Monitor Assets Throughout Life Cycle

Data-Driven Decision Making

Mitigate Problem Loans

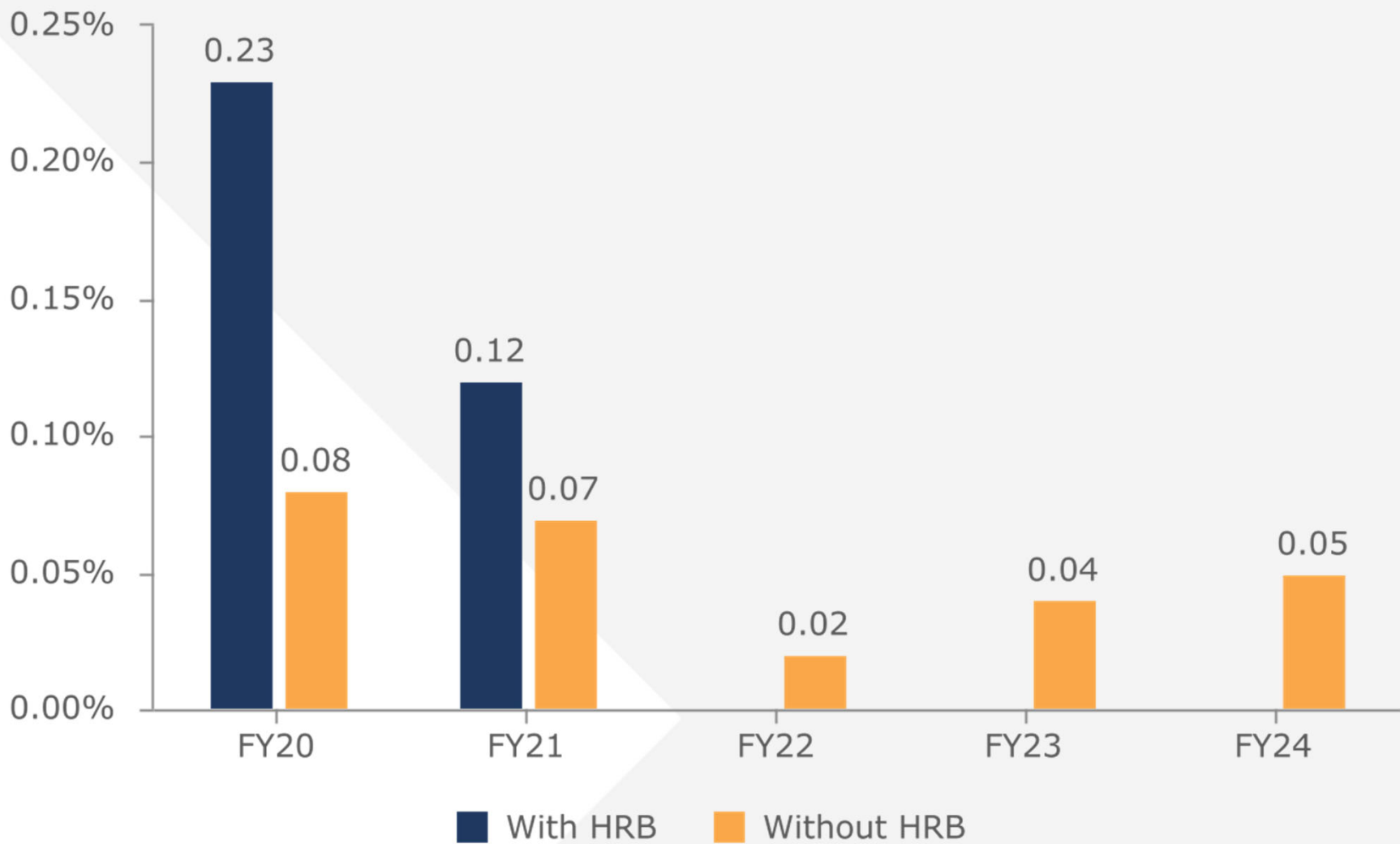
#### Example of Credit Tools

- > Board of Directors
- > Annual Strategic Plan
- > Corporate Governance
- > Policies & Approval Authorities



# Annualized Charge-offs<sup>1</sup> to Average Loans Outstanding

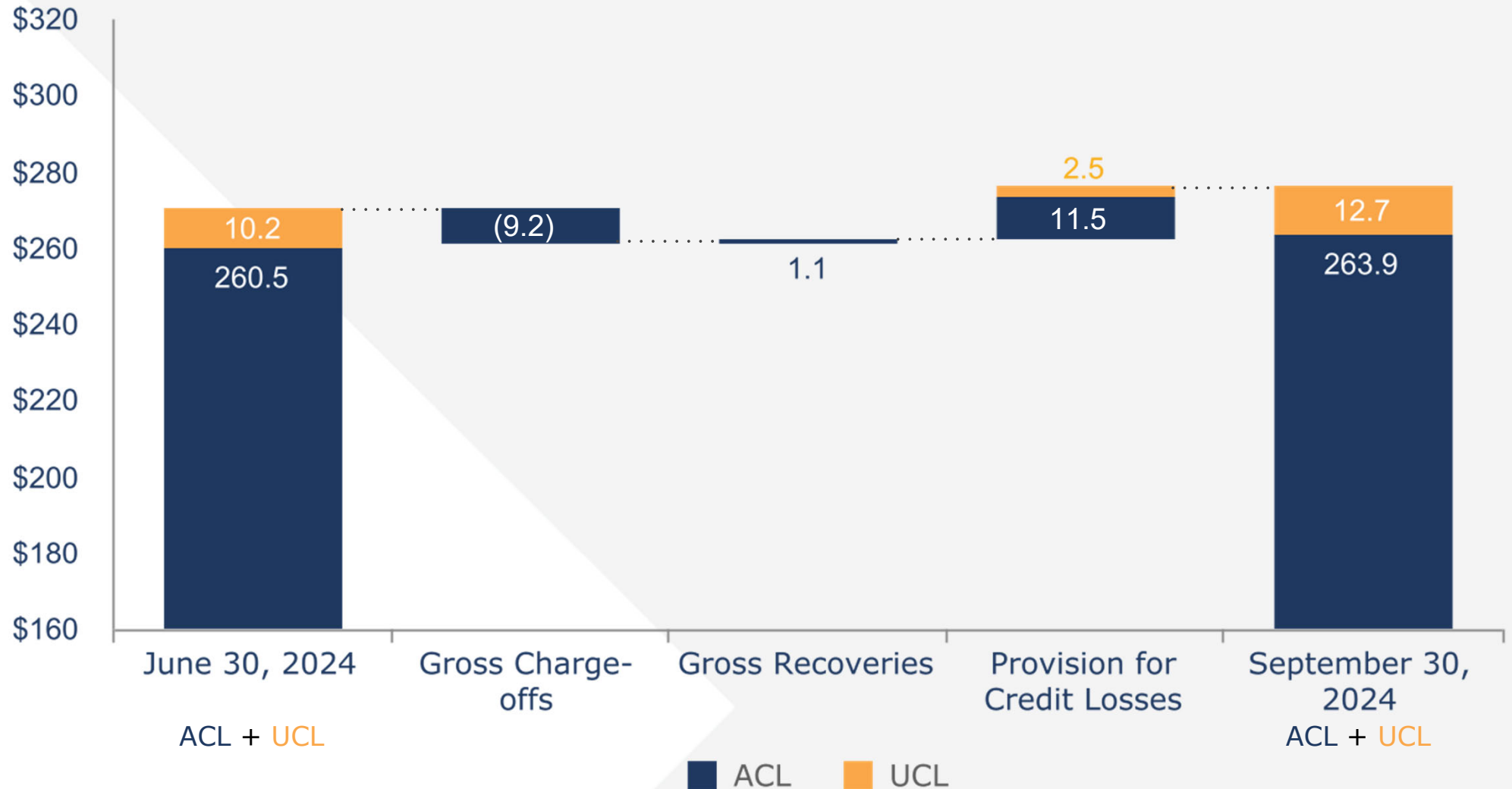
Strong Credit Performance Exhibited through Low Charge-off Ratios



Note 1: The Company partnered with H&R Block Bank (HRB) to provide HRB branded financial 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 September 30, 2024



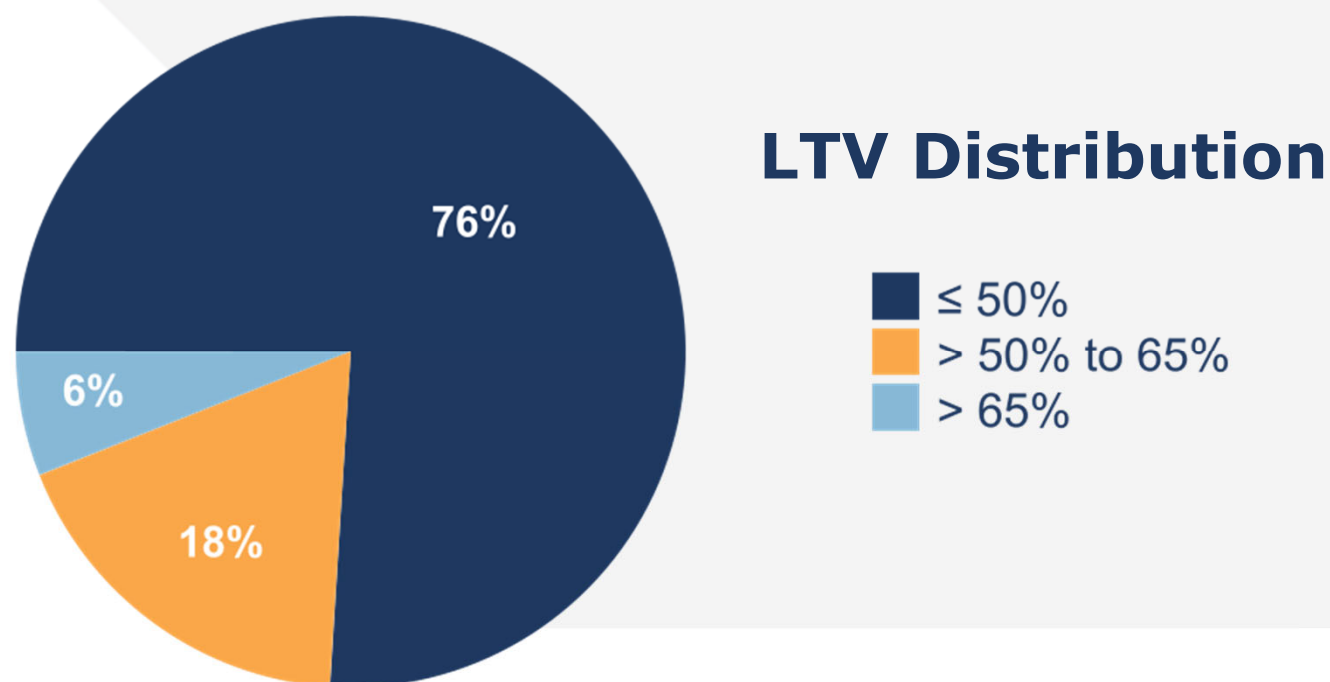
		\$ Millions		
		Loan Balance	ACL \$	ACL %
Loans	Single Family Mortgage & Warehouse	\$ 4,152	17	0.4 %
	Multifamily & Commercial Mortgage	3,647	66	1.8 %
	Commercial Real Estate	6,256	95	1.5 %
	Commercial & Industrial Non-RE	5,355	77	1.4 %
	Auto & Consumer	416	9	2.2 %
		\$ 19,826	264	1.3 %



# Commercial Real Estate Specialty<sup>1</sup> Detail

as of September 30, 2024

Loan Type	Balance (mm)	Weighted Avg. LTV	Non-Accrual Loans (mm)
<b>Multifamily</b>	\$ 1,912	40 %	\$ 11
<b>SFR</b>	978	39	15
<b>Hotel</b>	968	41	—
<b>Industrial</b>	571	51	—
<b>Other</b>	451	33	15
<b>Office</b>	301	31	—
<b>Retail</b>	197	46	—
<b>Total</b>	<b>\$ 5,378</b>	<b>40 %</b>	<b>\$ 41</b>



# Commercial Real Estate Specialty<sup>1</sup> Detail

as of September 30, 2024

77% of total Commercial Real Estate Specialty balance at September 30, 2024 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	\$ 2,150	36 %
Bridge	1,919	44
Stabilized	1,007	42
Pre-development	302	35
Total \$	5,378	40 %

# Diversified Deposit Gathering

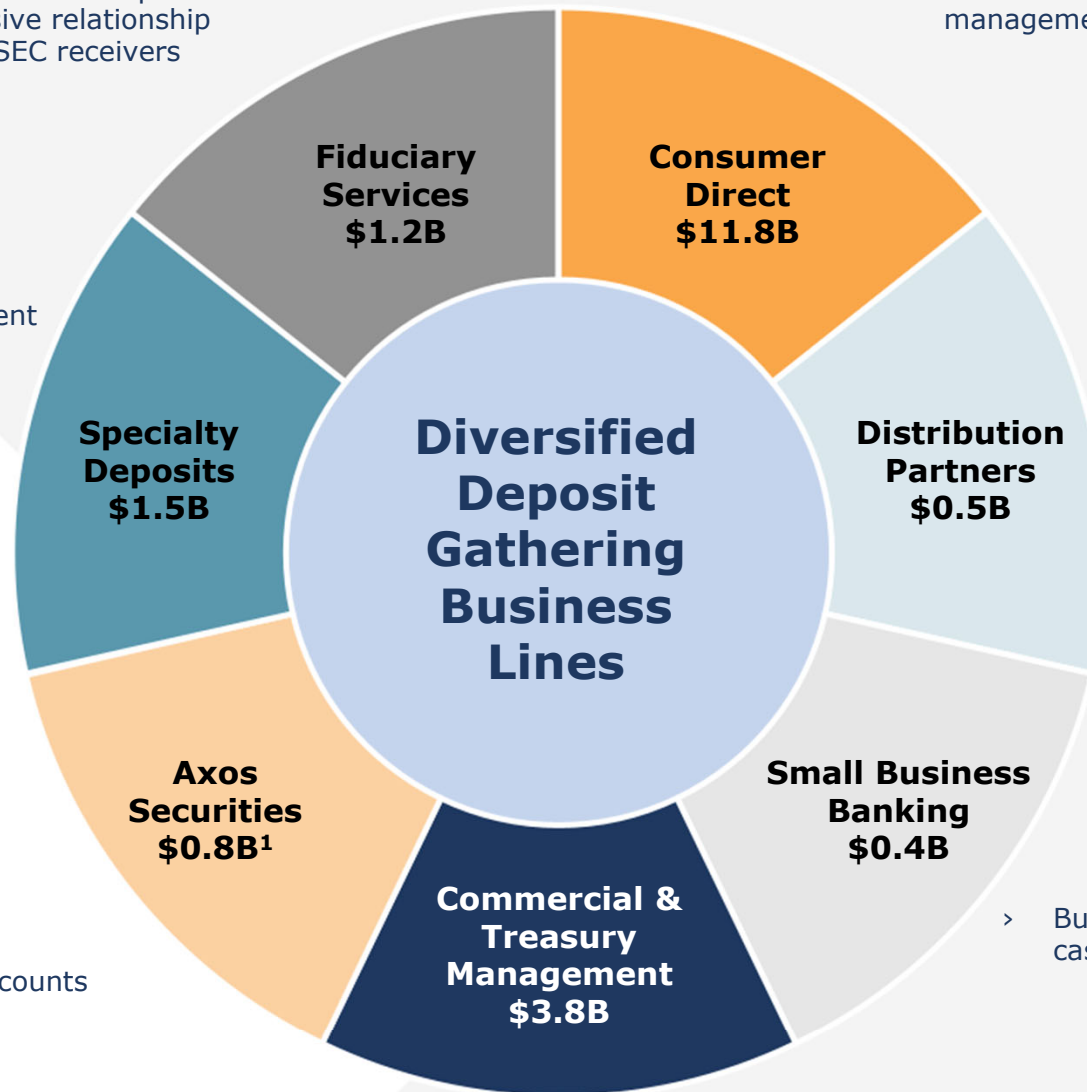
Approximately 90% of deposits are FDIC-insured or collateralized

- > Serves approximately 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

- > HOA and property management
- > Business management and entertainment
- > Title and escrow companies
- > 1031 exchange firms

- > 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

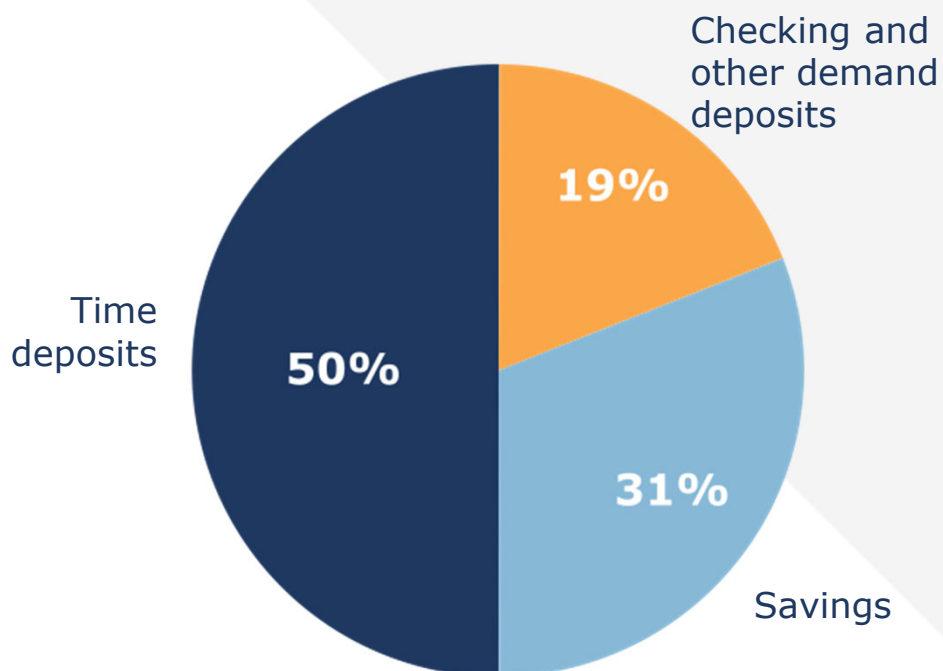
Deposit balances as of September 30, 2024

Note 1: Excludes approximately \$450 million of off-balance sheet deposits

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

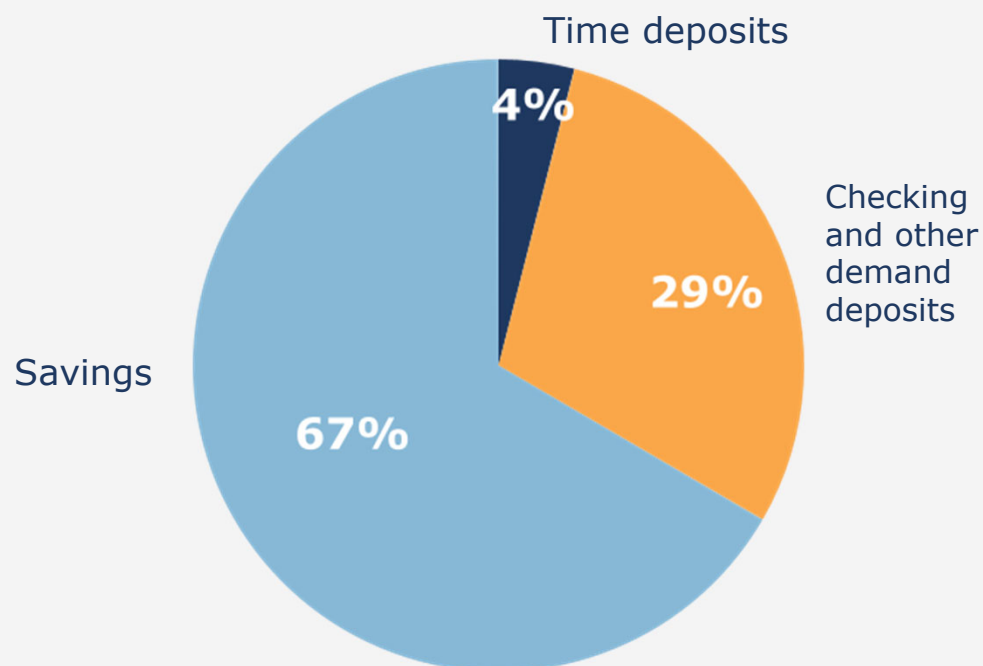
**June 30, 2013**

Total Deposits = \$2.1 billion



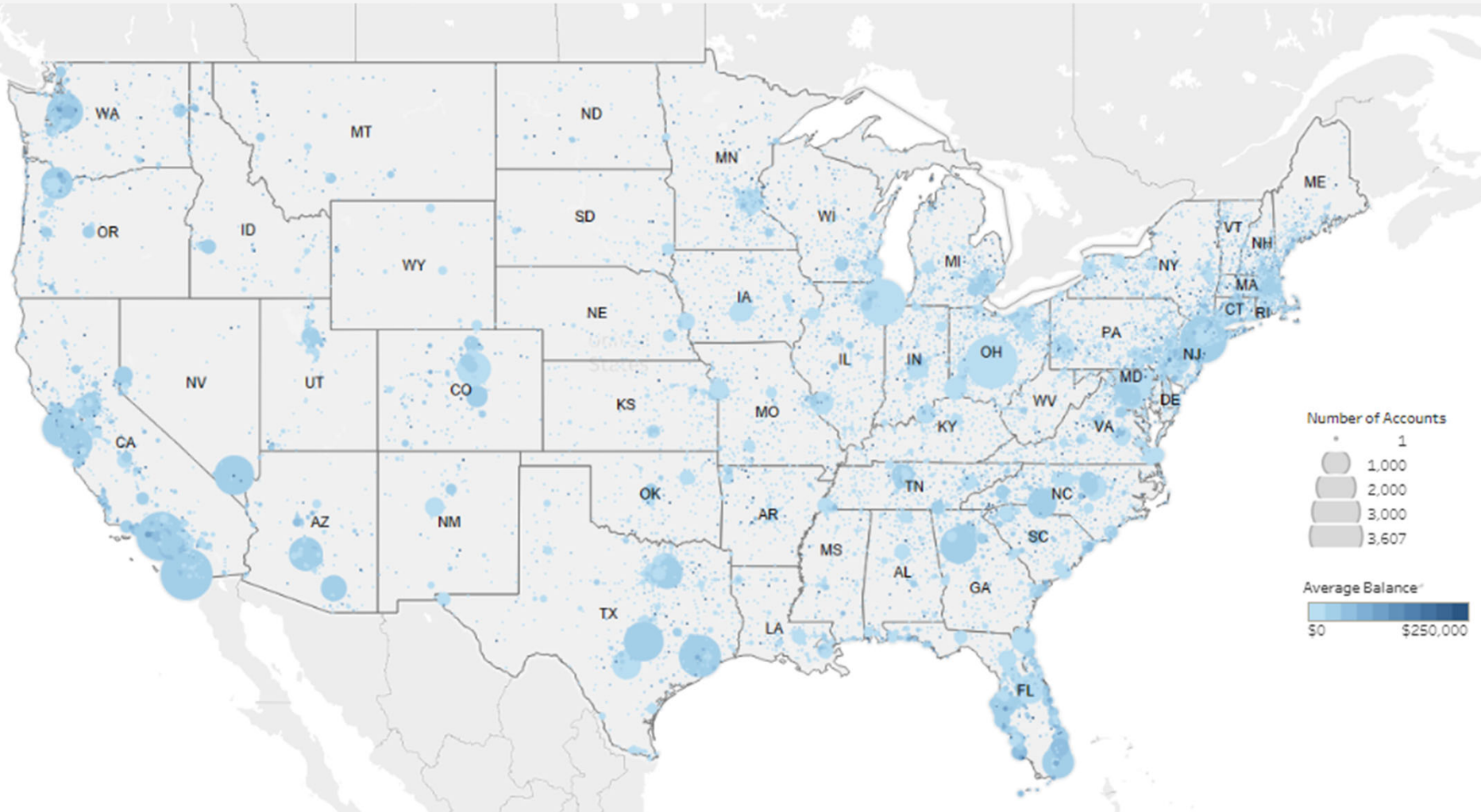
**September 30, 2024**

Total Deposits = \$20.0 billion



**Checking/Demand Growth (6/2013 - 9/2024) = 1394%**  
**Savings Growth (6/2013 - 9/2024) = 1973%**

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



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

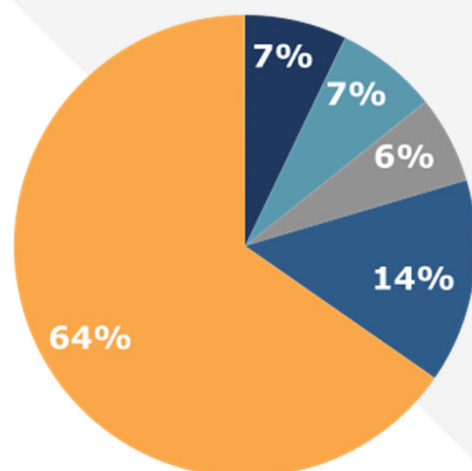


# Non-Interest Income Growth and Diversification

## Year Ended

*June 30, 2019*

Total Non-Interest Income =  
\$82.9 million

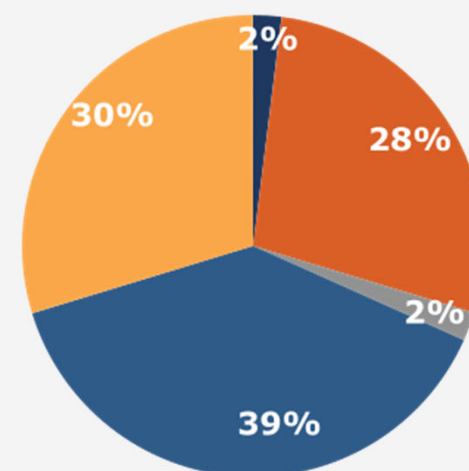


- Prepayment Penalty Fees
- Gain on Sale
- Mortgage Banking and Servicing Rights
- Broker-Dealer Fees
- Banking and Service Fees

## Three Months Ended

*September 30, 2024*

Total Non-Interest Income =  
\$114.4 million<sup>1</sup>



- Prepayment Penalty Fees
- Advisory Fees
- Mortgage Banking and Servicing Rights
- Broker-Dealer Fees
- Banking and Service Fees

**Securities Segment Fee Income<sup>2</sup> (6/2019 – 9/2024) = 548%**

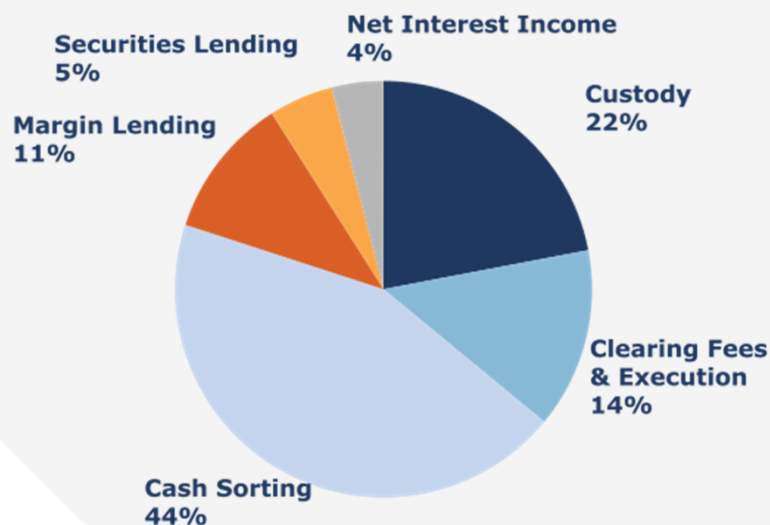
Note 1: Represents annualized quarterly September 30, 2024 data

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

# Axos Clearing and Custody Highlights

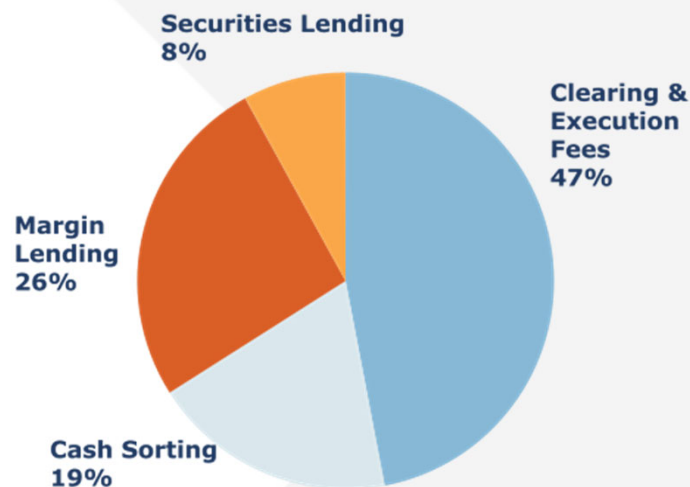
- > Leadership team with more than 100 years combined industry experience.
- > Proprietary front- and back-end technologies for advisors and broker-dealers.
- > Axos Advisor Services is the 6th largest RIA custodian in the U.S.
- > More than \$30 billion in Clearing Services client assets under custody and/or administration.
- > Axos Financial, Inc. acquired E\*TRADE Advisor Services in August 2021.

## Three Months Ended September 30, 2024



Custody	\$ 7,944,913
Clearing Fees & Execution	5,207,425
Cash Sorting	16,292,368
Margin Lending	4,042,814
Securities Lending	1,709,856
Net Interest Income	1,666,801
Net Revenues	<b>\$ 36,864,177</b>

## Three Months Ended June 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	(30,406)
Net Revenues	<b>\$ 11,531,765</b>

Liberty Provides a Comprehensive Turnkey Platform



Serving 206 RIAs<sup>1,3</sup>  
(\$1M+ AUC)

~\$28B Assets Under Custody<sup>2</sup>

 <b>TAMPs</b>	 <b>Traditional RIAs</b>	 <b>Small RIAs</b>
<b>58% of Total AUC<sup>3</sup></b>	<b>39% of Total AUC<sup>3</sup></b>	<b>3% of Total AUC<sup>3</sup></b>
Turnkey Asset Management Platform, relies on Reps to gather assets and maintain relationship with investor	Gathers and manages assets, works directly with investor	Advisors with <\$25M in AUC

Data as of September 30, 2024  
Note 1: 233 total advisors on Liberty platform; advisors with <\$1M AUC comprise <\$10M in total assets; there are 8 non-AAS RIAs not on Liberty at Axos Clearing  
Note 2: Includes \$206M 401K AUC  
Note 3: Excludes \$206M 401K AUC

# 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
- > Nationwide 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

# Axos Clearing Long-Term Revenue and Expense Synergies

## Revenue Synergies

### **Axos Securities:**

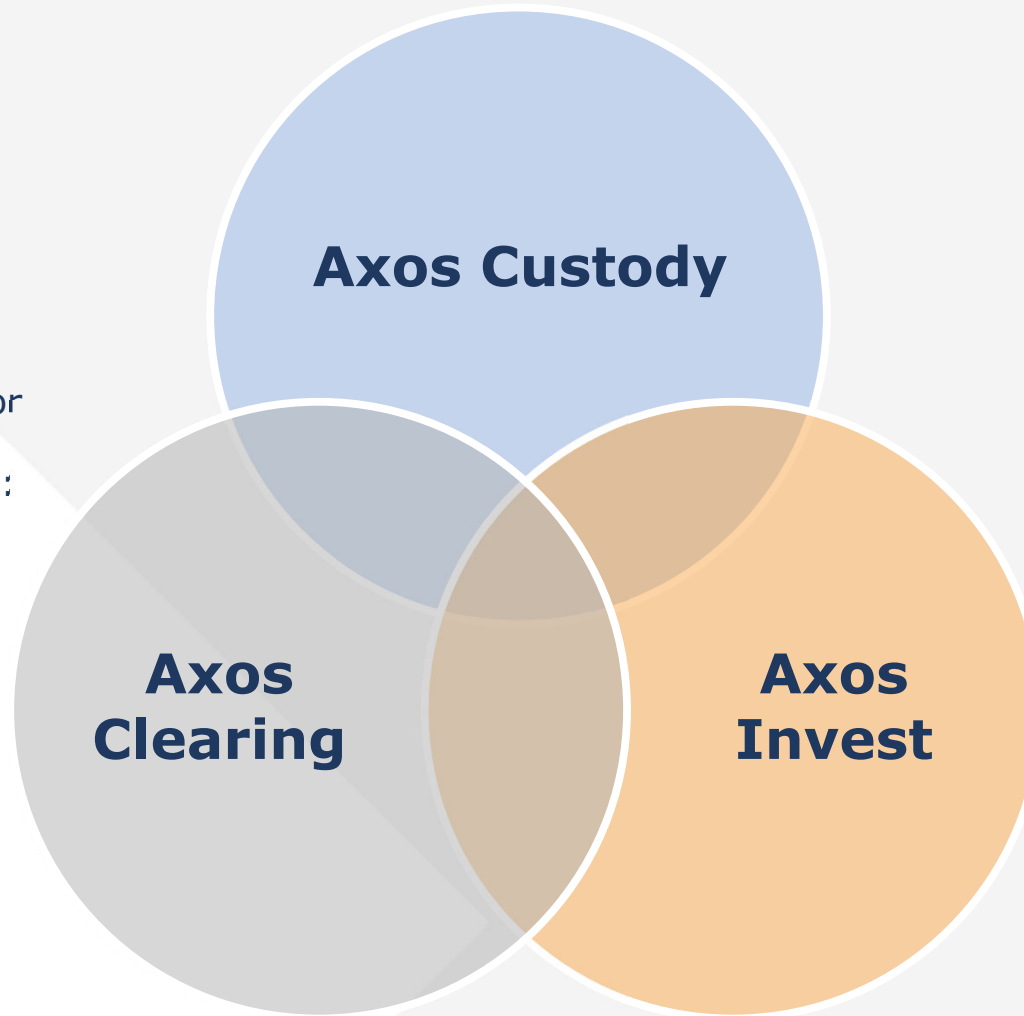
- › Margin Loans
- › Securities Lending
- › Fixed Income Trading
- › Order Flow
- › White-label Robo-Advisor

### **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:**

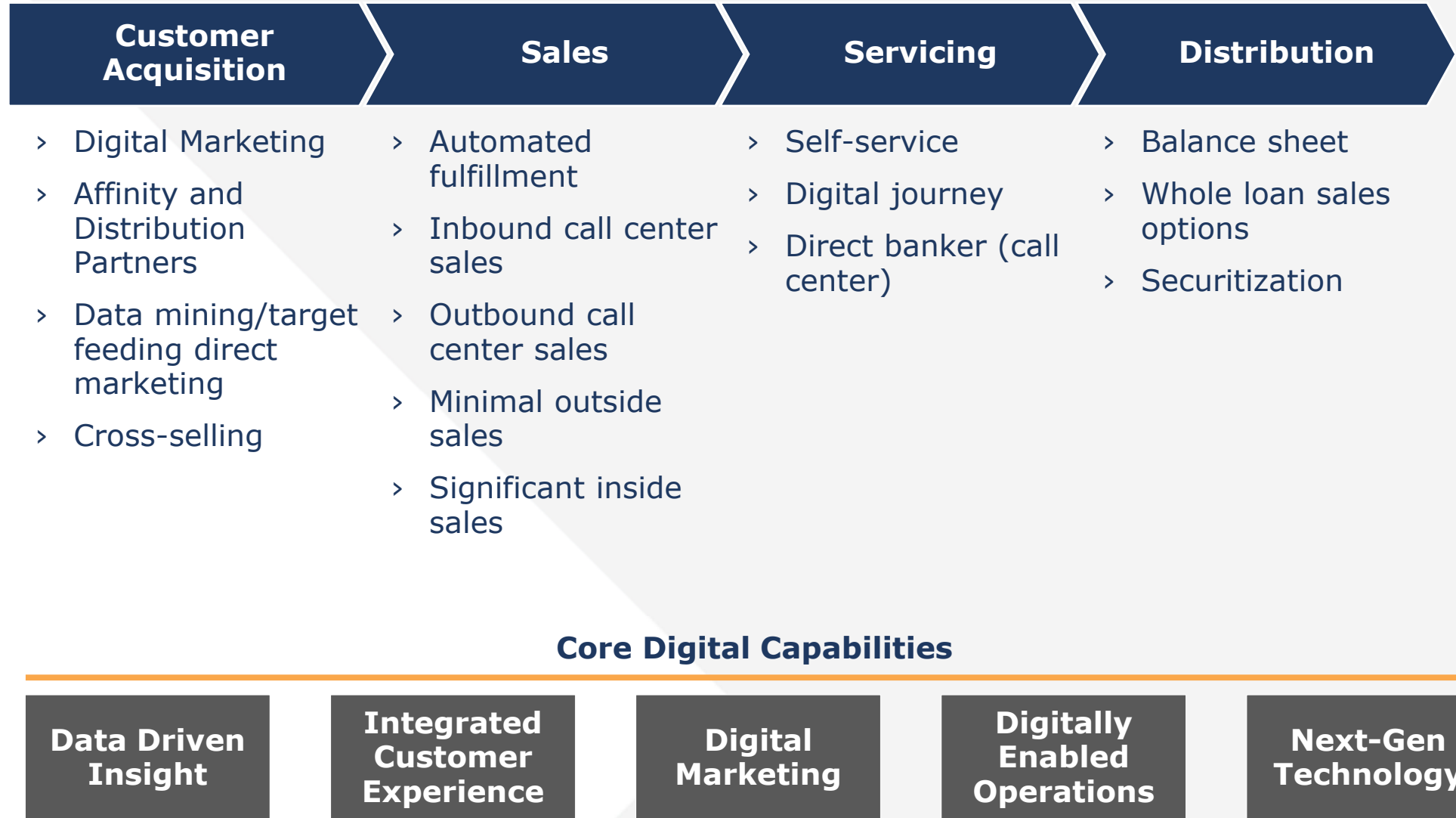
- › Deposit Servicing Costs
- › Client Acquisition Costs

### **Axos Business Banking:**

- › Client Acquisition Costs



# Axos' Business Model is Differentiated From Other Banks



## 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

- › Automation tools assist customer support and sale of banking products such as deposits, loans, and managed investment portfolios
- › Products optimized by channel, recipient and journey
- › Self-service saves time and cost (e.g., activate and deactivate 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

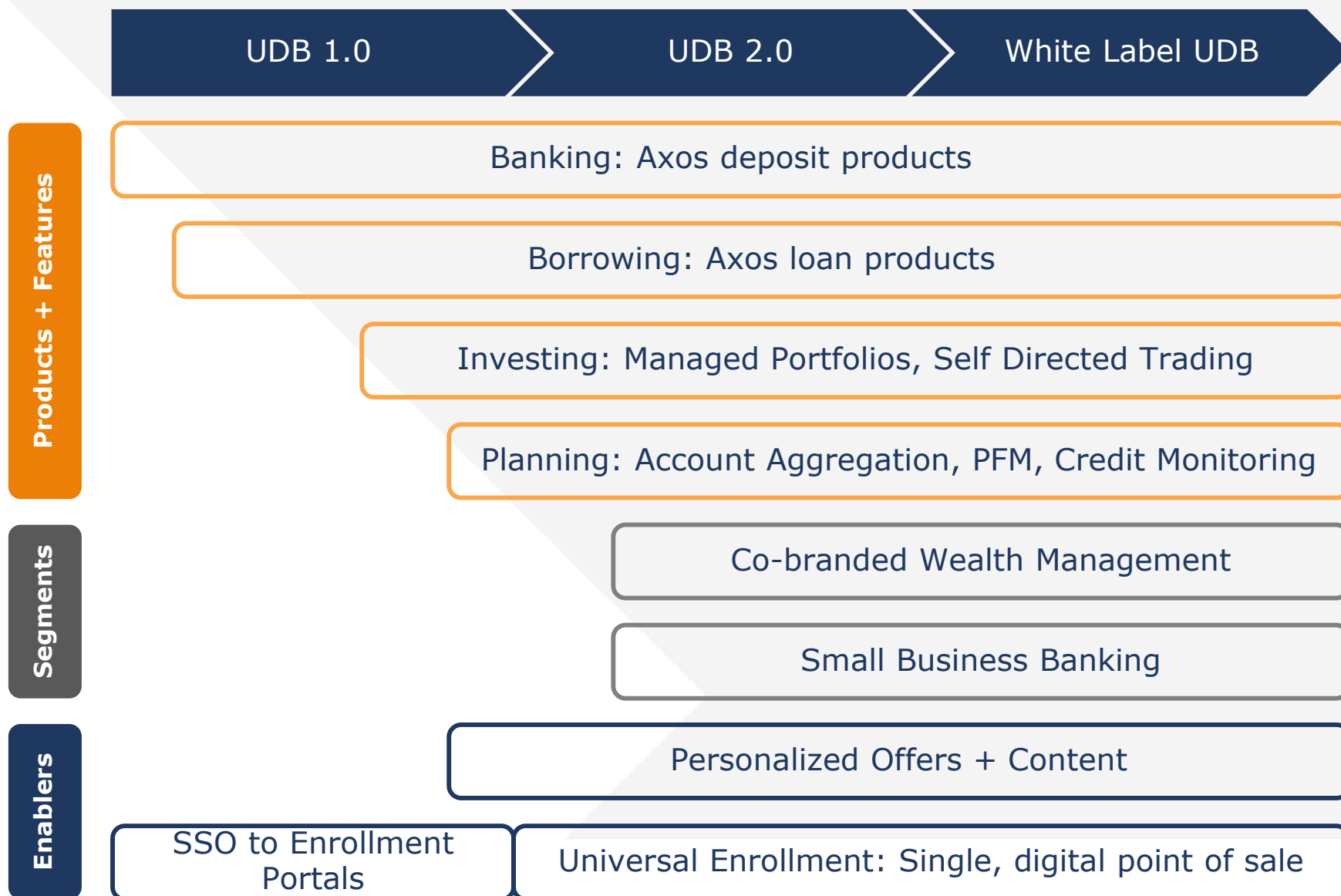
- › Provide holistic, interactive and intuitive design experience
- › Integrate online experience with other channels
- › Enable clients to see their entire relationship with Axos

## Cross-Sell

- › Customized product recommendations based upon analytical determination of need
- › Streamlined account opening reduces abandonment rates and increases pull-through on new products

# Evolving Capabilities of the UDB Platform

UDB offers a growing set of products, capabilities and integrations



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