

EAS Acquisition Closed

August 2, 2021

NYSE: AX

axos™
Banking Evolved℠

Safe Harbor



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). The words "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, projected consummation of pending acquisitions, including the acquisition of E*TRADE Advisor Services, estimates of capital expenditures, plans for future operations, products or services, 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, 2020, Form 10-Q for the quarter ended March 31, 2021 and our last earnings press release. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or by any other person or entity that the objectives and plans of the Company will be achieved. For all forward-looking statements, the Company claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act.

E*TRADE Advisor Services Acquisition

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

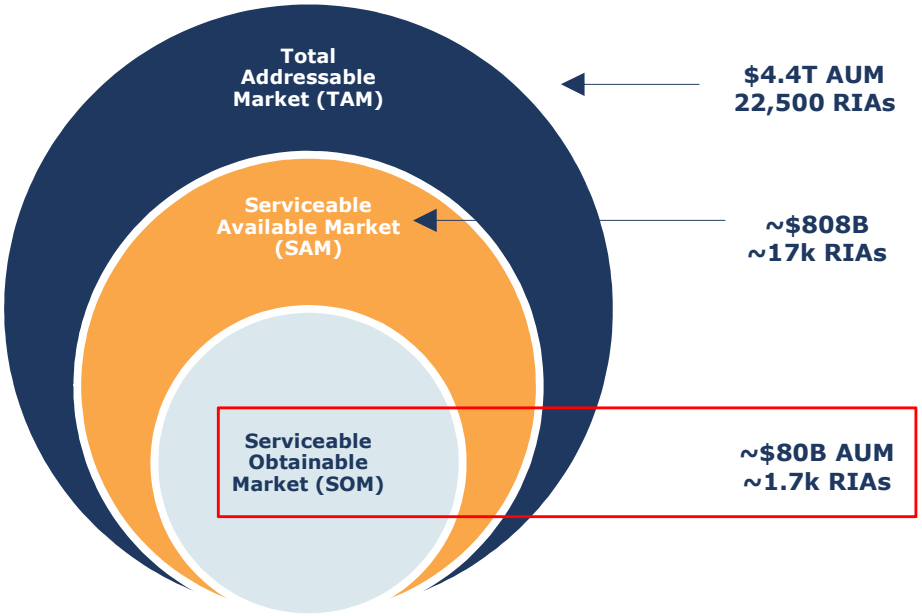
1) $55 million cash purchase price paid at closing from Axos Financial
2) Includes $24.8 billion of custodial assets & ~$1.2 billion low-cost deposits
3) Accelerates time-to-scale in RIA custody business
4) Adds new sources of fee income and services that compliment Axos Clearing's product offering
5) Own proprietary front- and back-end RIA custody technology platform
6) Rebranded Axos Advisor Services (AAS)

Strategic and Financial Benefits

1) Adds a turnkey technology platform to generate low-cost core deposits
2) Increases Axos' non-interest income by 33%(1)
3) Provides cross-sell opportunities across securities clearing, deposit & lending products to 200+ advisors and 153,000+ wealth management clients
4) Conversion to broker-dealer platform unlocks incremental revenue opportunities
5) Accretive to EPS - projected 1% accretion in FY 2022 and 5% in FY 2023
6) Tangible book value earn-back in ~3 years

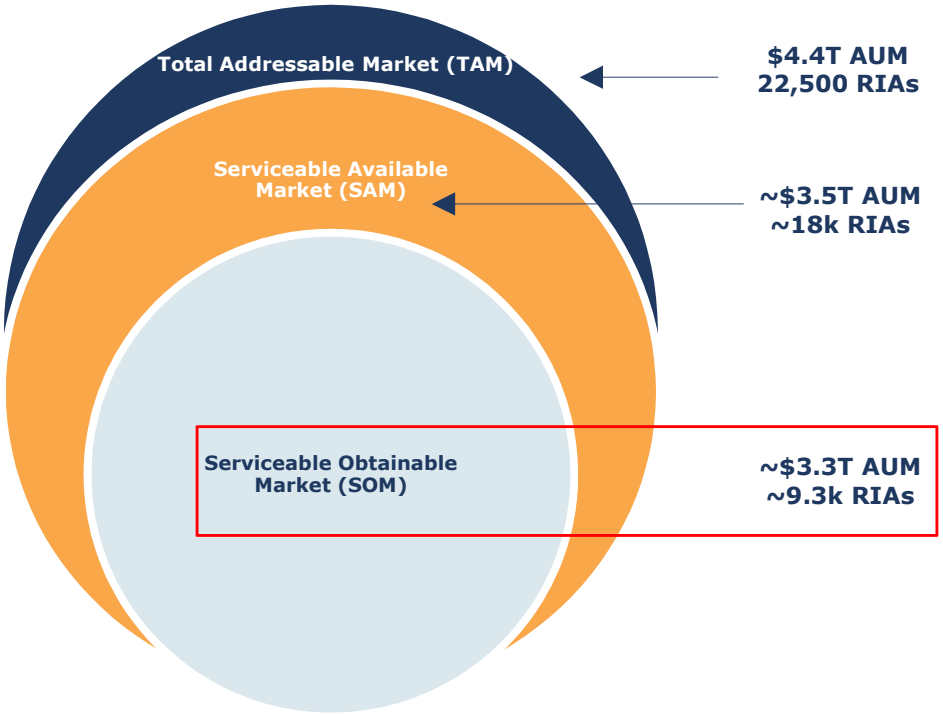
(1) Based on Axos' FY 2021 non-interest income (excluding HRB-related fees) of $94mm and EAS calendar year 2020 fee-based revenues of $31.3mm

EAS Expands Axos' Total Addressable Market



Axos - Standalone

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



Axos + AAS

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

Adds a Scalable Technology Platform

Axos Advisor Services Platform Overview

Liberty Integrated Platform

Liberty Platform

- ✓ Web-based
- ✓ Highly scalable and secure
- ✓ Mobile capabilities
- ✓ Asset-based pricing
- ✓ APIs to 3rd party value – added CRM, planning, compliance, aggregation and other tools
- ✓ RIA client white labelled client portal, statements and mobile app

Growth Tools
- Prospecting
- Proposal
- Conversion
- Onboarding

Portfolio Management & Trading
- UMA
- Rebalancing
- Omnibus trading
- Tax harvesting
- Fractional shares

Managed Investment Solutions
- 3rd party investment managers
- Diverse strategies

Operational Tools
- Fee billing
- Mobile enabled
- Investor portal

Reporting + Analytics
- Performance
- Statements
- Private-labeling
- Custom branding

Liberty Custody

- ✓ No lending of client securities
- ✓ FDIC insurance for up to $250K
- ✓ Supports alternative / non-tradeable assets

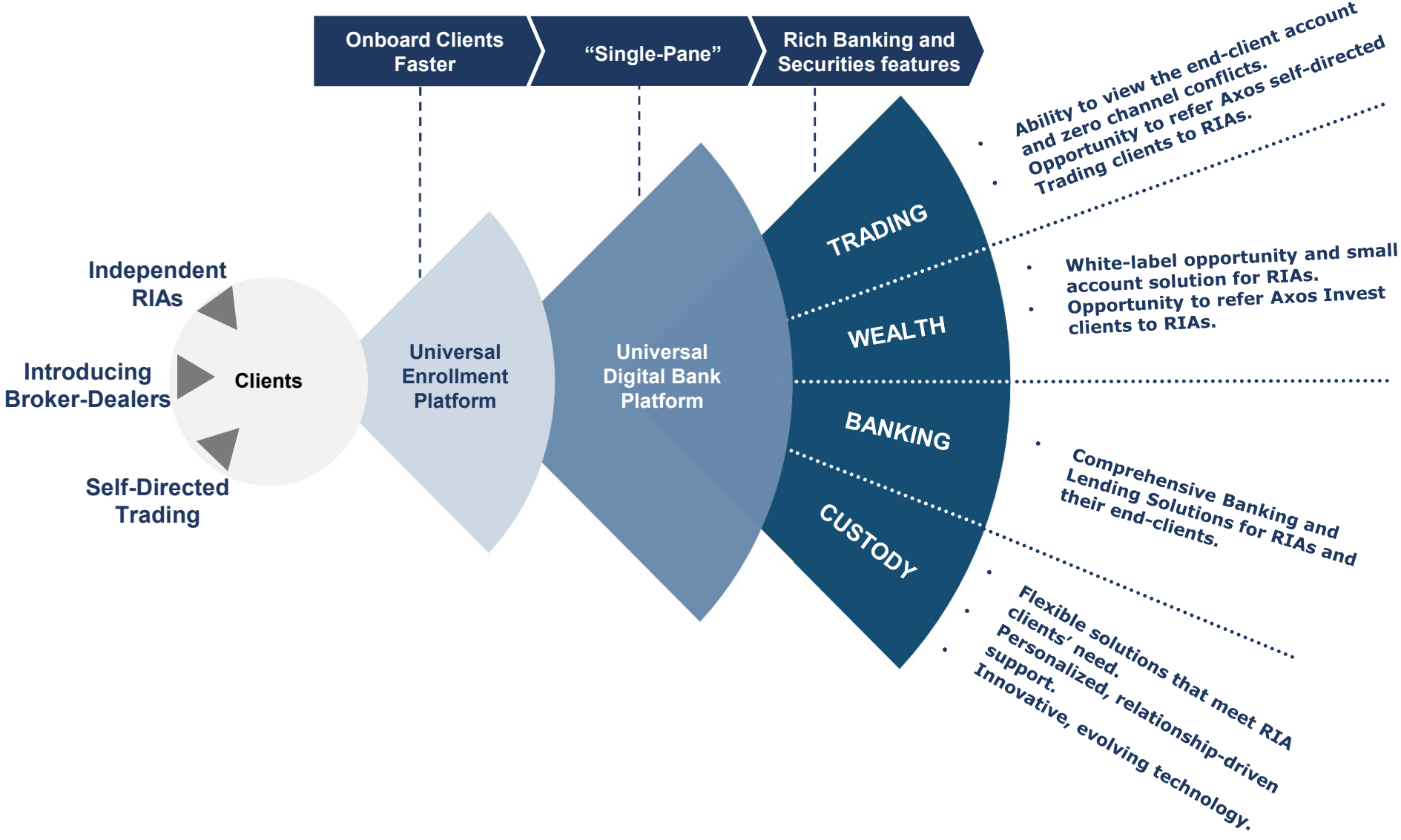
Supported by High-Touch, Best-In-Class Client Service

- Dedicated Strategic Business Consultant
- Dedicated Client Service Advocate
- Dedicated operations team
- Access to executive management team, trainers, business consultants, technology experts, and onboarding teams

Helping advisors drive efficiencies so they can focus on building and sustaining their long-term client relationships

Enhances Axos' Securities Strategic Vision

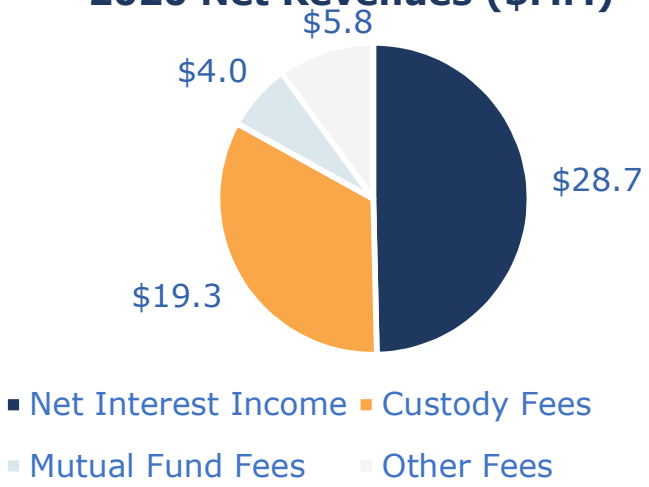
Leveraging Bank's existing digital platforms provides a truly differentiated client experience for Independent RIAs.



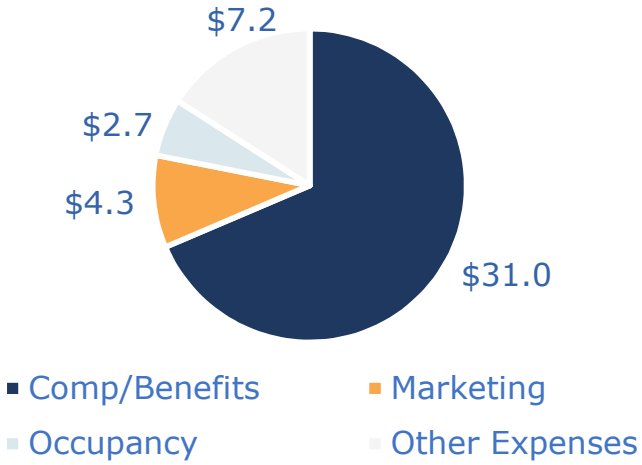
EAS/AAS Financials

Diversified Mix of Asset- and Transaction-based Revenues

2020 Net Revenues ($MM)*



2020 Operating Expenses ($MM)



- 1% Projected EPS Accretion in FY 2022

- AUC (7/28/21): $24.8 billion
- Sweep Deposits (7/28/21): $1.2 billion
- 1H CY 2021 Fee Income: $15.3 million
- 1H CY 2021 NII: $12.1 million
- 1H CY 2021 Revenues: $27.4 million
- 1H CY 2021 Operating Expenses: $22 million

- FY 2022 EPS Accretion Scenario Analysis assuming 100% of EAS sweep deposits are held off-balance sheet

Rate Earned on Deposits	EPS Accretion
50 bps	+1%
75 bps	+2%
100 bps	+3%
150 bps	+4%

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

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

*Not included in EPS accretion or tangible book value earn-back analysis

Contact Information

Greg Garrabrants, President and CEO
Andy Micheletti, EVP/CFO
investors@axosfinancial.com
http://investors.axosfinancial.com

Johnny Lai, VP Corporate Development and Investor Relations
Phone: 858.649.2218
Mobile: 858.245.1442
jlai@axosfinancial.com