



Axos Acquires Verdant Commercial Capital

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axos

Safe Harbor

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Transaction Summary

Modest 10% Premium to Book Value Paid at Closing

Financial Summary

- **\$4M initial book value premium (10%) paid at closing for 100% membership interest in Verdant Commercial Capital ("VCC")**
 - \$35M-\$40M potential earn-out paid over a 4-Year measurement period contingent on VCC achieving a 15% target ROE – capped at \$50M
- **\$1.1 billion net loans and leases at 8/31/2025**
 - Approximately \$750M on-balance sheet securitizations at a weighted average 365 bps spread over VCC's lease yields
 - \$350M loans/leases at 400+ bps spread over 2-3 year swap rate
 - 463M originations year-to-date (7/31/2025)
- Low historical credit losses – under 50 bps annual net charge-offs/average loans/leases

Management & Operations

- Management team has 30+ years experience operating and growing equipment leasing businesses independently and inside regional banks
- Technology and service are key differentiators
- Loan originations and servicing are centralized in a cloud-based, industry-standard system
- Team successfully built and scaled multi-funder model with rated securitizations and syndication network of 60+ banks/non-banks
- Seasoned sales team across all major geographic markets and relationships with OEMs

Timeline

- **9/19/2025: Deal Signed**
- **9/30/2025: Projected Closing Date**
 - Pay off subordinated debt and warehouse lines VCC has outstanding with ~7.4% average cost of funds
 - Replace with lower-cost deposit funding from Axos
- **Post-close:**
 - Maintain existing on-balance sheet securitizations
 - Integrate and implement operational efficiency initiatives
 - Identify opportunities to originate and hold larger ticket deals and cross-sell deposit and lending products

Vendor-Based Model Provides Large Market Opportunities with Repeat Customers

Verdant targets specific vertical markets with sales, credit and ops team who are experts in these markets

Vertical	Industrial 	Specialty Vehicle 	Golf, Sports & Entertainment 	Manufacturing 	Tech & Office Automation 	Energy Efficiency & Renewables 
Representative Asset Types	• Material Handling • Construction • Factory Automation • Production Lines	• Vocational • Shuttle Buses • Tow Trucks	• Golf Cars • Turf Equipment • Scoreboards, Lighting, Field Turf	• Machine Tools • Fabricating Equipment • Additive Manufacturing • 3D Manufacturing	• Smart Systems • Copiers/Printers • Computers • Networking, Cloud, Storage	• Solar • LED Lighting • HVAC
Illustrative Programs						
Typical Transaction Size	\$100K to >\$20M	\$50K to >\$10M	\$50K to >\$10M	\$50K to >\$20M	\$50K to >\$20M	\$50K to >\$100M
2025 YTD Originations (7/31/2025)	\$142M	\$171M	\$47M	\$35M	\$43M	\$24M
% of Owned Portfolio (7/31/2025)	29%	43%	14%	4%	7%	3%

Full Suite of Product Offerings

Verdant offers a comprehensive product suite, meeting the equipment financing needs of a broad range of customers

Product Summary:

Product	Overview	Portfolio Mix	Size		Typical Term	Weighted Avg. Term
			Average	Max		
Equipment Finance Agreement	- Equipment loan - Verdant has security interest in equipment - No residual risk - Ownership vests with customer - Payments comparable to \$1 out purchase option	67.2%	~\$145k	~\$3.0M	48 – 60 months	62 months
Conditional Sale (\$1 Purchase Option Lease)	- Customer intends to own equipment at the end, purchase option of \$1 - No residual risk - End user is looking for convenient source of capital - Higher monthly payment vs. FMV lease - Often used with longer term contracts	13.2%	~\$115k	~\$4.4M	48 – 60 months	61 months
FMV (True Lease)	- Lessee has the option to buy equipment at the Fair Market Value at the end of term - Verdant takes tax depreciation with minimal residual risk - Offer the most flexibility at the end of term, helpful with upgrades - FMV leases result in lower monthly payments	18.0%	~\$185k	~\$4.5M	36 – 60 months	57 months
TRAC (Terminal Rental Adjustment Clause)	- A TRAC is a tax-oriented lease of qualified motor vehicles and trailers 100% financing. Because the lessor retains the depreciation deduction for the equipment, a lower payment results	1.6%	~\$150k	~\$900k	36 – 60 months	67 months

Strategic and Financial Benefits

Adds Scale in EQF Vertical with 5-Year Duration and Good Risk-Adjusted Returns

Strategic Benefits

- Adds a non-real estate commercial lending business focused on six new specialized industry verticals
- Provides scale and diversification across geographies and loan types
- Good cross-sell potential for low-cost deposits and adjacent lending verticals (i.e. floorplan and middle market lending)
- Makes Axos a top 50 equipment leasing company in the U.S.
- Adds a seasoned team with extensive experience across credit underwriting, capital markets, operations and risk management
- Verdant successfully completed three rated securitizations
- Relationships with top-tier OEMs and 60+ bank and non-bank lenders

Financial Benefits

- Adds ~\$1.1 billion in loans/leases with 48-month+ average duration
- Good risk-adjusted returns: SOFR + 400 bps loan spread and < 50 bps of annualized net charge-offs
- Introduces a new source of fee income (~\$7M/year)
- Replacing VCC's high-cost debt with Axos' lower-cost funding immediately makes the business profitable
 - Identify opportunities to optimize operating expenses
- Allows us to deploy excess capital that is accretive to earnings
- Modest premium paid at closing reduces risk to Axos
 - Quick earn-back on \$4M projected premium paid at closing
 - Earn-out is a fraction of projected net income from the business - contingent on VCC achieving 15% ROE

Strong Historical Credit Performance and Residual Realization

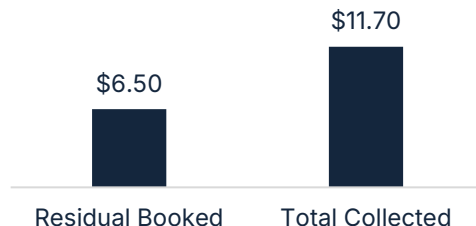
Loan Loss and Allowance	2017	2018	2019	2020	2021	2022	2023	2024	Avg.
Total Allowance for Credit Loss – % of Loans/Leases	0.16%	0.20%	0.21%	0.23%	0.35%	0.36%	0.57%	0.60%	0.33%
Net Charge-Off – % of Loans/Leases	0%	0%	1.25%	0.11%	0.01%	0.14%	0.48%	0.36%	0.39%

Residual Realization Summary:

Year	Completed Booked Residuals	Total Collected	Total Residual Realization %
2017	—	—	0%
2018	\$80,000	\$125,430	156.8%
2019	\$75,169	\$109,618	145.8%
2020	\$80,283	\$187,560	233.6%
2021	\$2,653,977	\$5,230,094	197.1%
2022	\$1,827,178	\$3,346,772	183.2%
2023	\$1,264,931	\$2,097,406	165.8%
2024	\$496,217	\$647,692	130.5%
Total	\$6,477,755	\$11,744,573	181.3%

* Axos will increase the ACL for the acquired portfolio to 1.5% post-close

Residual Realization on Completed Transactions (\$M):



** \$46M Net Residuals on Balance Sheet at 8/31/2025

Projected Deal Economics – Base Case

**ILLUSTRATIVE – \$35M-\$40M PROJECTED EARN-OUT OVER 4-YEARS
MAY BE HIGHER/LOWER BASED ON ACTUAL PERFORMANCE; CAPPED AT \$50M CUMULATIVELY**

	FY 2026	FY 2027	4-Year Earn-Out
Projected Net Income	\$11.2M	\$32.3M	\$155.3M
Projected Net Income Ex-One-Time Expenses*	\$13.8M	\$32.3M	\$157.9M
Projected Earn-Out**	\$0	\$0	\$35M – \$40M
Projected EPS Accretion***	2%-3%	5%-6%	N/A

* FY 2026 includes ~\$5.4M non-cash addition to ACL for the acquired portfolio

** Requires VCC to achieve 15% ROE in each annual measurement period in order for any earn-out to be achieved in that period; shortfalls to the 15% target are carried forward as an offset to future earn-outs

*** Does not include potential tax benefits from accelerated depreciation or other benefits from recently passed federal legislation ("Big Beautiful Bill")