

Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 28, 2019



Axos Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-37709
(Commission File Number)

33-0867444
(IRS Employer Identification
Number)

4350 La Jolla Village Drive, Suite 140, San Diego, CA
(Address of principal executive offices)

92122
(Zip Code)

Registrant's telephone number, including area code: **(858) 350-6200**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On January 28, 2019, Axos Clearing, LLC (“Parent”) and Axos Clarity MergeCo., Inc. (“Merger Sub”), each a subsidiary of Axos Financial, Inc. (the “Registrant” or “Axos”), completed the previously announced acquisition by merger of COR Securities Holdings Inc. (“COR Securities Holdings”), pursuant to the terms of the Agreement and Plan of Merger, dated as of September 28, 2018 (the “Merger Agreement”). Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Merger Sub merged with and into COR Securities Holdings (the “Merger”), with COR Securities Holdings surviving the Merger (the “Surviving Company”) as a wholly-owned subsidiary of Axos and Parent. In addition, Axos entered into a Guaranty of Payment and Performance of Agreement and Plan of Merger (the “Guaranty”) in favor of the stockholders of COR Securities Holdings, pursuant to which Axos will guaranty the obligations of Parent and Merger Sub under the Merger Agreement. The Merger Agreement was approved by the Board of Directors of each of Axos and COR Securities Holdings, and contains customary representations, warranties and covenants by COR Securities Holdings, as well as indemnification by COR Securities Holdings’ principal stockholders, subject to the limitations contained in the Merger Agreement.

The total consideration paid by Axos, subject to certain adjustments and conditions in the Merger Agreement, is an amount in cash (the “Closing Consideration”) equal to (i) \$80,000,000, (ii) plus the amount by which Adjusted Excess Regulatory Net Capital of COR Securities Holdings (as defined in the Merger Agreement) exceeds (or minus the amount by which Adjusted Excess Regulatory Net Capital is less than) \$12,525,948, (iii) minus the amount of Net Debt of COR Securities Holdings (as defined in the Merger Agreement), and (iv) minus the amount of Transaction Expenses (as defined in the Merger Agreement). In addition, an aggregate of \$7,500,000 of the Closing Consideration will be deducted from the amount paid at closing, and Axos will issue subordinated notes (“Notes”) to the principal stockholders of COR Securities Holdings in an equal principal amount, with a maturity of 15 months, to serve as the sole source of payment of indemnification obligations of the principal stockholders of COR Securities Holdings under the Merger Agreement.

The foregoing description of the Merger Agreement and Guaranty does not purport to be complete and is qualified in its entirety by reference to the full text of such agreements, copies of which are attached hereto as Exhibits 2.1 and 10.1 and are incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off- Balance Sheet Arrangement of the Registrant.

The information about the Guaranty and Notes set forth in Item 2.01 above is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure

On January 29, 2019, Axos issued a press release announcing its completion of the acquisition of COR Securities Holdings. A copy of the press release is attached hereto as Exhibit 99.1.

This Item 7.01 of Form 8-K and the copy of the press release attached hereto as Exhibit 99.1 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended (“Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such a filing. The furnishing of the information under this item is not intended to, and does not, constitute a determination or admission by the Registrant that the information under this item is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Registrant or any of its affiliates. The information is presented as of January 28, 2019, and the Registrant does not assume any obligation to update such information in the future.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 2.1 [Agreement and Plan of Merger by and among Axos Clearing, LLC, Axos Clarity MergeCo., Inc., COR Securities Holdings Inc., the Seller Parties thereto and the Holder Representative, dated September 28, 2018* \(incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant on October 1, 2018\).](#)
- 10.1 [Guaranty of Payment and Performance of Agreement and Plan of Merger \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on October 1, 2018\).](#)
- 99.1 [Press Release dated January 29, 2019](#)

* Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished to the SEC upon request.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Axos Financial, Inc.

Date: January 29, 2019

By: /s/ Andrew J. Micheletti
Andrew J. Micheletti
EVP and Chief Financial Officer

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Section 2: EX-99.1 (EXHIBIT 99.1)



Axos Financial, Inc. Closes COR Clearing LLC Acquisition

Transaction Expected to be Accretive to Earnings per Share by 6% in Fiscal Year 2020

SAN DIEGO, CA – (BUSINESSWIRE) – January 29, 2019 – Axos Financial, Inc. (NYSE: AX) (“Axos” or the “Company”) announced that its subsidiary, Axos Clearing, LLC, has completed the acquisition of the parent company of COR Clearing LLC (“COR Clearing”) after receiving all required regulatory approvals. The Company expects the transaction to be accretive to diluted earnings per common share (“EPS”) by approximately 6% in Fiscal Year ending June 30, 2020 and 7% in Fiscal Year ending June 30, 2021.

Headquartered in Omaha, Nebraska, COR Clearing is a leading, full-service correspondent clearing firm for more than 60 independent broker-dealers and 90,000 customers. COR Clearing, a wholly-owned subsidiary of Axos Financial, Inc., will be rebranded Axos Clearing.

“This transaction adds another component to our strategy of distributing financial services through a specialized and scalable technology platform,” stated Greg Garrabrants, President and Chief Executive Officer of Axos Financial, Inc. Mr. Garrabrants continued, “COR provides us with an experienced team and a solid foundation to grow our securities business. The approximately \$470 million of low-cost deposits held by COR’s clients afford us the flexibility to further reduce our funding costs. The addition of approximately \$35 million of annual fee income will diversify our non-interest income and boost our best-in-class return on equity.”

About Axos Financial, Inc.

Axos Financial, Inc. is the holding company for Axos Bank, formerly known as BofI Federal Bank. Axos Bank is a nationwide bank that provides financing for single and multifamily residential properties, small-to-medium size businesses in target sectors, and selected specialty finance receivables. With nearly \$10 billion in assets, Axos Bank provides consumer and business banking products through its low-cost distribution channels and affinity partners. Axos Financial, Inc.’s common stock is listed on the NYSE under the symbol “AX” and is a component of the Russell 2000® Index and the S&P 600® Index. For more information about Axos Bank, please visit <https://www.axosbank.com>.

About COR Clearing LLC

Headquartered in Omaha, Nebraska, COR Clearing is a full-service, independent securities clearing firm servicing retail and online

broker-dealers and registered investment advisers throughout the United States. COR Clearing is a registered broker-dealer in all 50 states and is regulated by FINRA, the SEC, and additional Self-Regulatory Organizations (SROs). COR Clearing is the wholly-owned subsidiary of COR Securities Holdings Inc. More information is available at <https://www.corclearing.com>.

Forward-Looking Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties, including without limitation statements relating to the integration and growth of COR Clearing's businesses, the projections of Axos Financial's performance and earnings per share resulting from the transaction. 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 press release. 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 changes in interest rates, inflation, government regulation, general economic conditions, conditions in the real estate markets in which we operate and other factors beyond our control. These and other risks and uncertainties detailed in Axos Financial's periodic reports filed with the Securities and Exchange Commission could cause actual results to differ materially from

those expressed or implied in any forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement, and Axos Financial undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this press release.

Contact:

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