COR CLEARING LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2018

1200 Landmark Center • Suite 800
Omaha, Nebraska 68102
402.384.6100 • 800.811.3487
www.corclearing.com • Member FINRA & SIPC

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	$ 12,332,052
Cash segregated in compliance with federal and other regulations	142,466,035
Deposits with clearing organizations	3,838,717
Securities owned, at fair value	13,282,091
Receivable from brokers, dealers and clearing organizations	8,303,405
Receivable from customers	208,683,064
Securities borrowed	131,453,835
Notes receivable	808,378
Property and equipment, net of accumulated depreciation and amortization of $3,190,488	2,100,804
Goodwill	17,754,395
Other assets	4,999,135
TOTAL ASSETS	$ 546,021,911

LIABILITIES AND MEMBER'S EQUITY

Payable to banks	$ 85,200,000
Securities Sold Not Yet Purchased	724
Payable to customers	226,943,071
Securities loaned	164,528,814
Payable to brokers, dealers, and clearing organizations	14,274,073
Accounts payable and accrued liabilities	6,113,764
Total liabilities	497,060,446
Member's equity	48,961,465
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 546,021,911

See notes to statement of financial condition.

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NOTES TO STATEMENT OF FINANCIAL CONDITION as of December 31, 2018

1. Basis of Presentation and Nature of Operations

Basis of Presentation COR Clearing LLC (the "Company") is a wholly-owned subsidiary of COR Securities Holdings Inc. (the "Parent") and is headquartered in Omaha, Nebraska

Nature of Operations The Company is a securities broker-dealer and provides clearing services to other broker-dealers on a fully disclosed basis. The Company is required to comply with all applicable rules and regulations of the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority, Inc. (FINRA), and the various securities exchanges in which it maintains membership.

2. Significant Accounting Policies

Use of Estimates The preparation of the Statement of Financial Condition, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

Cash and Cash Equivalents The Company defines cash and cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase.

Cash Segregated in Compliance with Federal and Other Regulations Cash segregated in compliance with federal regulations consist primarily of qualified deposits in special reserve bank accounts for the exclusive benefit of customers in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934 (the "Exchange Act") and other regulations.

Customer Transactions Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers, including those that collateralize margin or other similar transactions, are not reflected in the statement of financial condition. Customer securities transactions are recorded on a settlement date basis in the statement of financial condition. The customer receivables are recorded net of an allowance for doubtful accounts of $769,027.

Securities Owned Securities owned that are readily marketable are valued at fair value based on quoted market prices. Securities owned that are not readily marketable are carried at fair value based on management's estimate of fair value. The change in fair value is included in income for the quarter. As of December 31, 2018, the Company had securities owned with a fair value of $8,968,511 on deposit with the Options Clearing Corporation (OCC) for option contracts written or purchased in customer accounts. The securities cannot be sold or repledged by the OCC.

Securities Borrowed and Securities Loaned Securities borrowed and securities loaned transactions are reported as collateralized financings and recorded at the amount of collateral advanced or received. Securities borrowed transactions generally require the Company to deposit cash with the lender. With respect to securities loaned, the Company generally receives collateral in the form of cash in an amount in excess of the fair value of securities loaned. The Company monitors the fair value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded, as necessary.

Property and Equipment Property and equipment is recorded at cost less allowances for depreciation and amortization. Depreciation is computed using the straight-line method over the remaining useful lives of the assets, ranging from 3 to 7 years.

Income Taxes The Company has elected, under the provision of the Internal Revenue Code, to be treated as a disregarded entity under the entity classification domestic default rules. The income and losses of the Company pass through to the member who incurs the tax obligation or receives the tax benefit. The Company has determined that no material uncertain tax positions exist as of December 31, 2018. The Company's open tax years for federal and state income tax purposes are calendar years 2013 through 2018. It is the policy of the Company to recognize accrued interest and penalties related to uncertain tax positions, should any exist, in Accounts Payable and Accrued Liabilities.

Goodwill The Company has goodwill recorded from a December 28, 2011 purchase transaction. The Company tests goodwill for impairment on an annual basis as or when there is evidence that events or changes in circumstances indicate that the carry amount of the asset may not be recoverable. Recoverability of goodwill is measured using a discounted cash flow model and a guideline companies market multiple approach. The calculated fair value was substantially in excess of the current carrying value and there was no impairment recorded for the quarter ended December 31, 2018.

Recently Issued Accounting Pronouncements In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment, which is intended to simplify the test for goodwill impairment by eliminating Step 2 from the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity will still have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative test is necessary. ASU 2017-04 should be applied prospectively and is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. ASU 2017-04 will be effective for the Company's fiscal year beginning July 1, 2020. The Company does not expect this ASU to have a material impact on its statement of financial condition.

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In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to develop credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, with early adoption permitted. Therefore, ASU 2016-13 will be effective for the Company's fiscal year beginning on July 1, 2020. The Company is currently assessing the impact this ASU will have on its statement of financial condition.

In February 2016, the FASB issued ASU 2016-02, Leases, which replaces the existing guidance in ASC 840, Leases. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. The guidance will be effective for annual reporting periods beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the impact that ASU 2016-02 will have on its statement of financial condition and related disclosures.

3 Receivable From and Payable to Brokers, Dealers, and Clearing Organizations

Receivable from and payable to brokers, dealers, and clearing organizations are comprised of the following as of December 31, 2018:

Receivable:	
Brokers and dealers	$ 2,041,041
Clearing organizations	974,380
Securities failed to deliver	5,287,984
	$ 8,303,405
Payable:	
Brokers and dealers	$ 11,895,709
Clearing organizations	666,389
Securities failed to receive	1,711,975
	$ 14,274,073

4. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the inputs as follows:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company does not have any Level 1 assets or liabilities.

Level 2 — Inputs are observable, either directly or indirectly, but do not qualify as Level 1 inputs. The Company's Level 2 assets and liabilities include debt obligations of U.S. government and agencies and state and municipal obligations.

Level 3 — Inputs are unobservable inputs for the asset or liability and typically reflect the Company's assumptions that it believes market participants would use in pricing the asset or liability. This category includes unregistered equity securities.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the availability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

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At December 31, 2018, the Company's assets measured at fair value consist of the following:

Assets:	Level 1	Level 2	Level 3	Total
Equities	$ -	$ -	$ 2,476,145	$ 2,476,145
State and Municipal obligations	-	1,837,435	-	1,837,435
U.S. Government and agency securities	-	8,968,511	-	8,968,511
Total assets at fair value	$ -	$ 10,805,946	$ 2,476,145	$ 13,282,091

Liabilities:	Level 1	Level 2	Level 3	Total
Equities	-	-	724	$ 724
Total liabilites at fair value	$ -	$ -	$ 724	$ 724

For the quarter ended December 31, 2018, there were no transfers in or out of Level 1, 2, or 3.

The fair value of all other financial instruments reflected in the statement of financial condition (consisting of primarily receivables from and payables to brokers, dealers and clearing organizations and customers, securities borrowed and loaned) except for notes receivable, approximates the carrying value due to the short-term nature of the financial instruments and pricing characteristics of the financial instruments. Based on the nature of the notes receivable and subordinated borrowings, the Company has concluded that it is not practicable to determine the fair value of these financial instruments.

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

Furniture and equipment	$ 1,268,176
Capital lease assets	1,804,864
Assets in Progress	1,140,594
Software	1,077,658
	5,291,292
Less: Accumulated depreciation and amortization	(3,190,488)
	$ 2,100,804

6. Regulatory Requirements

The Company is subject to the SEC Uniform Net Capital (Rule 15c3-1 of the Exchange Act). Under this rule, the Company has elected to operate under the alternate method and is required to maintain minimum net capital of $250,000 or 2% of aggregate debit balances arising from client transactions, as defined. On December 31, 2018, the Company had net capital of $23,393,341 which was $19,119,478 in excess of the required net capital requirement of $4,273,863. The Company's percentage of net capital to aggregate debit items was 10.95%. Under the alternate method, the Company may not repay subordinated debt, pay cash distributions, or make any unsecured advances or loans to its parent or employees if such payment would result in net capital of less than 5% of aggregate debit balances or less than 120% of its minimum dollar requirement.

The Company, as a clearing broker, is subject to SEC Customer Protection Rule (Rule 15c3-3 of the Exchange Act) which requires segregation of funds in a special reserve account for the benefit of customers. At December 31, 2018, the Company had a deposit requirement under the Rule of $130,612,087 but maintained a deposit of $135,809,320. On January 2, 2019 the Company made a withdrawal of $3,100,000.

Certain broker-dealers have chosen to maintain brokerage customer accounts at the Company. To allow these broker-dealers to classify their assets held by the Company as allowable assets in their computation of net capital, the Company computes a separate reserve requirement for Proprietary Accounts of Brokers (PAB). At December 31, 2018, the Company had a deposit requirement of $8,445,945 and maintained a deposit of $6,656,715. On January 2, 2019 the Company made a deposit of $2,300,000.

7. Offsetting of Securities Financing Agreements

The Company enters into securities borrowed and securities loaned transactions. The Company executes these transactions to facilitate customer match-book activity, cover short positions and customer securities lending. The Company manages credit exposure from certain transactions by entering into master securities lending agreements. The relevant agreements allow for the efficient closeout of transactions, liquidation and set-off of collateral against the net amount owed by the counterparty following a default. Default events generally include, among other things, failure to pay, insolvency or bankruptcy of a counterparty.

The following table presents information about the offsetting of these instruments and related collateral amounts as of December 31, 2018:

	Gross Assets/ Liabilities	Amounts Offset	Net Balance Sheet Amount	Financial Collateral	Net Amount
Assets:					
Securities borrowed	$ 131,453,835	$ -	$ 131,453,835	$ (131,453,835)	$ -
Liabilities:					
Securities loaned	$ 164,528,814	$ -	$ 164,528,814	$ (164,528,814)	$ -

8. Benefit Plans

The Company has a 401(k) and profit sharing plan which is made available to all employees. Profit sharing contributions and matching 401(k) contributions are determined at the discretion of the Board of Managers and Member

9. Payable to Banks

The Company has a total of $155,000,000 uncommitted secured lines of credit available for borrowing as needed. As of December 31, 2018, there was $75,700,000 outstanding. These credit facilities bear interest at rates based on the Federal Funds rate and are due upon demand. One credit facility with a line of $40,000,000, expires in October 2019. The remaining credit facilities have no expiration.

The Company has a $35,000,000 committed unsecured line of credit available for limited purpose borrowing. As of December 31, 2018, borrowings outstanding totaled $9,500,000. This credit facility bears interest at rates based on the Federal Funds rate and are due upon demand. This credit facility expires in November of 2019.

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10. Commitments and Contingencies

The Company maintains various operating and capital leases, which expire at varying dates from January 2019 to August 2023. Capital leases of $415,099, net of $1,389,765 of accumulated depreciation, are included in Property and Equipment, Net on the Statement of Financial Condition.

Following is a schedule of the remaining lease payments:

Quarter Ending December 31	Operating Leases	Capital Leases
2019	$ 729,169	$ 206,373
2020	615,818	141,537
2021	337,108	91,495
2022	81,096	-
Thereafter	61,752	-
Total future minimum obligations	$ 1,824,943	$ 439,405
Present Value of Future Minimum Capital Lease Payments		$ 439,405

The Company is subject to lawsuits, arbitration, claims, and other legal proceedings in connection with its business. A substantial adverse judgment or other unfavorable resolution of these matters could have a material adverse effect on the Company's statement of financial condition. Management is of the opinion that the Company has adequate legal defenses with respect to the legal proceedings to which it is a defendant or respondent and the outcome of these pending proceedings is not likely to have a material adverse effect on the statement of financial condition of the Company.

In the normal course of business, the Company discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry. These matters could result in censures, fines, or other sanctions. Management believes the outcome of any resulting actions will not be material to the Company's statement of financial condition. However, the Company is unable to predict the ultimate outcome of these matters.

11. Financial Instruments with Off-Balance-Sheet Risk

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. The Company's clearing agreements with broker-dealers for which it provides clearing services indemnify the Company if customers fail to satisfy their contractual obligation.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the policy to review, as necessary, the credit standing of each counterparty.

The Company temporarily loans securities to other broker-dealers in connection with its business. The Company receives cash as collateral for the securities loaned. Increases in securities prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company controls this risk by requiring credit approvals for counterparties, by monitoring the market value of securities loaned on a daily basis, and by requiring additional cash as collateral when necessary.

The Company temporarily borrows securities from other broker-dealers in connection with its business. The Company deposits cash as collateral for the securities borrowed. Decreases in securities prices may cause the fair value of the securities borrowed to fall below the amount of cash deposited as collateral. In the event the counterparty to these transactions does not return the cash deposited, the Company may be exposed to the risk of selling the securities at prevailing market prices. The Company controls this risk by requiring credit approvals for counterparties, by monitoring the collateral values on a daily basis, and by requiring collateral to be returned by the counterparties when necessary.

As of December 31, 2018, non-customer and customer margin securities of approximately $380,620,121 and stock borrowings of approximately $131,453,835 were available to the Company to utilize as collateral on various borrowings or for other purposes. The Company utilized $164,528,814 of these available securities as collateral for securities loaned and $4,035,154 for OCC margin requirements.

The Company provides guarantees to securities clearinghouses and exchanges. Under related agreements, the Company is generally required to guarantee the performance of other members. Under the agreements, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. The Company's

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liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, the potential for the Company to be required to make payments under these agreements is remote. Accordingly, no contingent liability is carried on the statement of financial condition for these transactions.

12. Subsequent Events

On January 28, 2019, 100% of the Parent was acquired by a subsidiary of Axos Financial Inc, in an all-cash transaction. The Company also made capital distributions on February 4, 2019 to the Parent for $1,775,000.

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Net Capital as of January 31, 2019

COR Clearing LLC is subject to the Uniform Net Capital Rule (15c3-1) of the Securities and Exchange Commission and is required to maintain a minimum amount of net capital. We compute our net capital under the alternate method, as defined in the Rule. As of January 31, 2019, COR Clearing LLC had net capital and a net capital requirement of $23,839,729 and $4,414,024, respectively.