EFG Capital International Corp. and Subsidiary

(A wholly-owned subsidiary of EFG Capital Holdings Corp.)

Consolidated Statement of Financial Condition - Unaudited

June 30, 2016

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Consolidated Financial Statements

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Assets	
Cash and cash equivalents	$ 23,008,049
Cash segregated under federal and other regulations	2,000,000
Due from broker	241,985
Due from customers	2,691,104
Accounts receivable	767,584
Due from employees	196,534
Securities owned, at fair value ($100,090 escrow deposit)	100,090
Furniture, equipment and leasehold improvements, net	1,034,486
Intangible assets, net	1,901,112
Goodwill	5,896,809
Deferred tax asset	713,836
Other assets	795,825
Total assets	$ 39,347,414
Liabilities and Stockholder's Equity	
Accounts payable	$ 1,733,862
Due to broker	2,647,165
Due to customers	239,837
Accrued expenses and other liabilities	6,551,412
Subordinated loans from related party	8,000,000
Total liabilities	19,172,276
Commitments and contingencies (Notes 9 and 10)	
Stockholder's equity	
Common stock ($.01 par value, 1,000 shares authorized, issued and outstanding)	10
Additional paid-in capital	13,387,915
Retained earnings	6,787,213
Total stockholder's equity	20,175,138
Total liabilities and stockholder's equity	$ 39,347,414

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

EFG Capital International Corp. (“EFG” or the “Company”) is a wholly-owned subsidiary of EFG Capital Holdings Corp. (the “Parent”), which is owned by EFG International AG (“EFG International”), which is headquartered in Switzerland and listed in the Swiss Stock Exchange. The Company’s principal office is located in Miami, Florida.

The Company is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company provides its customers with investment and brokerage related financial services. The Company buys and sells securities for customers, primarily from Latin America, acting in an agency capacity and charging a commission, or in a principal capacity earning mark ups and mark downs on a riskless principal trading basis. The Company also introduces its customer to affiliates, who provide customers with various financial services, and is compensated under fee sharing arrangements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of EFG and its wholly-owned subsidiary, EFG Asesores Financieros Peru SRL (a Peruvian limited liability partnership). All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company has defined cash and cash equivalents as highly liquid instruments with original maturities of less than three months. The Company’s cash equivalents are mainly comprised of money market accounts.

Cash Segregated Under Federal and Other Regulations

The Company maintains cash segregated in a special reserve bank account for the exclusive benefit of its customers under SEC Rule 15c3-3.

Fails to Receive/Deliver

Pursuant to Rule 15c3-3, the Company records fails to receive/deliver for transactions where clearance and settlement does not occur pursuant to the agreed upon date that are to be settled by EFG Bank AG (“EFG Bank”). The Company records the fails to deliver (included in due from customers at June 30, 2016) and fails to receive (included in due to brokers at June 30, 2016) on its financial statements until the time that the transactions settle. All open transactions as of June 30, 2016 settled shortly after month-end.

Securities Owned, at Fair Value
Proprietary securities transactions in regular-way trades are recorded on a trade date basis. In addition, profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Securities are recorded at fair value as described in Note 3.

Furniture, Equipment and Leasehold Improvements
Furniture, equipment and leasehold improvements are recorded at cost less accumulated depreciation. Additions and improvements are capitalized. Routine maintenance and repairs are expensed when incurred. Depreciation is provided on a straight-line basis using estimated useful lives of three to five years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Goodwill and Intangible Assets
Goodwill represents the excess of consideration transferred in the business combination, occurring in 2005, over the fair value of net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for potential impairment on an annual basis, or when events or circumstances indicate a potential impairment. The annual impairment test is performed in the second semester. A reporting unit, as defined under applicable accounting guidance, is a business segment or one level below a business segment.

The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a two-step impairment test is unnecessary. However, if the Company concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The second step involves calculating an implied fair value of goodwill for each reporting unit for which the first step indicated possible impairment. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit, as determined in the first step, over the aggregate fair values of the assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. Measurement of the fair values of the assets and liabilities of a reporting unit is consistent with the requirements of the fair value measurements accounting guidance, which defines fair value as an exit price, meaning the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The adjustments to measure the assets, liabilities and intangibles at fair value are for the purpose of measuring the implied fair value of goodwill and such adjustments are not reflected in the balance sheet. If the implied fair value of goodwill exceeds the goodwill assigned to the reporting unit, there is no impairment. If the goodwill assigned to a reporting unit exceeds the implied fair value of goodwill, an impairment charge is recorded for the excess.

The Company has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period. For the annual impairment test in 2015 and 2014, management opted to bypass the qualitative assessment.

An impairment loss recognized cannot exceed the amount of goodwill assigned to a reporting unit. An impairment loss establishes a new basis in the goodwill and subsequent reversals of goodwill impairment losses are not permitted under applicable accounting guidance.

Intangible assets consist of the customer relationships acquired in 2005. These intangible assets were initially recorded at fair value, and amortized on a straight line basis over their estimated useful lives of 3 to 15 years. Intangible assets are reviewed for impairment if events or circumstances indicate that impairment may exist.

No impairment losses have been recognized on goodwill and intangible assets through December 31, 2015. An impairment analysis will be conducted for the year ended December 31, 2016 before year end.

Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Management's analysis for the year ended December 31, 2015, revealed no impairment, which will be reassessed for the year ended December 31, 2016

Stock-based Compensation
The Company participates in the Parent's equity incentive plan that awards Restricted Stock Units of EFG International's common stock to certain employees. The Company accounts for the stock-based compensation under the US GAAP provisions, which establishes that compensation expense is recognized for awards granted at the awards' fair value as of grant date over the requisite service period of the award, which is generally the awards' vesting period.

Administrative and Other Service Fees
Administrative and other service fees include intercompany revenue from service level agreements, arranger fees, and revenue sharing agreements. Administrative and other service fees are recorded on an accrual basis.

Principal Transactions and Commissions
Principal transactions, commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Other Income
Other income includes rebates, retrocessions, and trailer fees, as well as other miscellaneous income transactions. Other income is recorded on an accrual basis.

Translation of Foreign Currencies
Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange, whereas the income statement accounts are translated at average rates of exchange for the year. Gains or losses resulting from foreign currency transactions are included in net income.

Income Taxes
The Company is included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the Company filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company follows guidance related to accounting for uncertainty in income taxes. Uncertainty in income taxes are recognized as tax benefits only if it is 'more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company did not have any uncertainty in income taxes, as defined above, as of June 30, 2016.

New Accounting Pronouncements
In February of 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02 "Leases (Topic 842)". This amendment is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It affects any entity that enters into a lease. This guidance is effective for fiscal years and interim reporting periods beginning after December 15, 2018 for public business entities, not-for-profit entities, and employee benefit plans that file with the SEC. For all other entities, amendments in this Update are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. The Company is currently evaluating this guidance to determine the impact on its financial statements.

In March of 2016, the FASB issued Accounting Standards Update ("ASU") 2015-09 "Compensation – Stock Compensation (Topic 718)". This amendment is to identify, evaluate, and improve areas of US GAAP for which cost and complexity can be reduced and simplified. This guidance is effective for annual periods beginning after December 15, 2016 for public business entities. For all other entities, amendments in this Update are effective for annual periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. The Company is currently evaluating this guidance to determine the impact on its financial statements.

3. Fair Value Measurement

Financial instruments are classified based on a three-level valuation hierarchy required by US GAAP. The valuation is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 inputs are quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data. Accordingly, the degree of judgment exercised in determining fair value is greater for instruments in this category.

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 based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2016, the Company held a U.S. Treasury Bill with fair value measurement classification as a level 1 with a fair market value of $100,090.

Level 1 Valuation Techniques
The fair value measurement of the U.S. Treasury security is classified as level 1 of the fair value hierarchy, as it is based on quoted market prices in active markets.

As of June 30, 2016, the Company did not have any financial instruments classified as either Level 2 or Level 3.

4. Cash Segregated Under Federal Regulations

As of June 30, 2016, $1,500,000 of cash was segregated in a special reserve bank account for the exclusive benefit of customers and $500,000 of cash segregated was segregated in a special reserve bank account for the exclusive benefit of brokers and dealers, both pursuant to SEC Rule 15c3-3.

5. Securities Owned, at Fair Value

At June 30, 2016 securities owned consists of the following:

U.S. Treasury Bills	$ 100,090
	$ 100,090

Some of the Company's securities owned are deposited in escrow in connection with clearing and depository agreements with third-parties. See Note 9.

6. Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements, net, consist of the following at June 30, 2016:

	Useful Lives (in years)	
Furniture	5	$ 1,301,694
Equipment	3 - 5	4,252,362
Leasehold improvements	3 - 7	2,555,581
Artwork	Indefinite	74,445
		8,184,082
Less: Accumulated depreciation and amortization		(7,149,596)
		$ 1,034,486

Depreciation expense was $477,862 for the year ended June 30, 2016.

7. Intangible Assets, Net

Intangible assets consist of the following at June 30, 2016:

	Useful Lives (in years)		
Customer relationships	15	$	6,800,000
Broker-dealer license	-		50,000
			6,850,000
Less: Accumulated amortization			(4,948,888)
		$	1,901,112

Amortization expense amounted to $226,667 for the six month period ended June 30, 2016 and is estimated at $453,333 for each of the next four years and $87,780 on the fifth year.

8. Related Party Transactions

The following table sets forth the Company's related party assets and liabilities as of June 30, 2016:

Assets		
Cash and cash equivalents	$	477,707
Accounts receivable		255,525
Due from employees		196,534
Total assets		929,766
Liabilities		
Accounts payable		243,729
Accrued expenses and other liabilities		265,834
Subordinated loans		8,000,000
Total liabilities		8,509,563

As of June 30, 2016, the Company held cash at EFG Bank and at EFG Bank & Trust (Bahamas) Ltd in the amounts of $409,721 and $67,986, respectively, as a result of revenue generating and intercompany transactions during the year then ended. These balances are included in cash and cash equivalents in the accompanying statement of financial condition.

As of June 30, 2016, the Company had various balances due from related party entities including EFG Bank & Trust (Bahamas) Ltd for $180,579, EFG Bank Cayman for $13,727, and various other entities for a combined total of $61,219, as a result of various intercompany transactions, as of the period then ended. These balances are included in accounts receivable in the accompanying statement of financial condition.

The Company from time-to-time advances funds to its employees at stated maturity dates and interest rates as evidenced by executed promissory notes. At June 30, 2016, due from employees amounted to $196,534.

As of June 30, 2016, the Company had various balances due to related party entities including EFG Bank AG for $197,990, EFG Capital Services LLC for $29,229, and EFG Capital Advisors Inc. for $16,510, as a result of various intercompany transactions, as of the period then ended. These balances are included in accounts payable in the accompanying statement of financial condition.

The Company originally entered into a subordinated loan agreement ("SLA") with EFG International in September 2005. In September 2015, the SLA maturity was extended to September 30, 2016. The SLA has an outstanding balance of $8,000,000 and carries an interest rate of 4.3511% per annum. As of June 30, 2016, the Company has accrued interest related to the SLA for $265,834. The SLA was made under agreements pursuant to rules and regulations of the Securities and Exchange Commission, approved by FINRA and is subordinated to claims of general creditors. Under the terms of the SLA any repayments prior to its due date are subject to written approval by FINRA. The amount of the subordinated liability is considered part of the Company's regulatory capital. It is the Company's intention to renew the SLA before it becomes due.

The Company entered into a second subordinated loan agreement ("RSLA") with EFG International in September 2011 which took the form of a revolving line of credit with a limit of $5 million. On September 2014, the RSLA credit period was extended to expire on September 30, 2017. As of June 30, 2016, the RSLA has no outstanding balance.

Included in the consolidated statement of operations are revenues and expenses resulting from various securities trading and financing activities with certain affiliates, as well as fees for the introduction of customers to the affiliate and certain royalties and services performed by affiliates under the terms of various agreements.

The following table sets forth the Company's related party revenues and expenses for the six month period ended June 30, 2016:

Revenues	
Administrative and other services fees	$ 14,092,100
Principal transactions	481,012
Commissions and brokerage fees	29,139
Other income	16,572
Total revenues	$ 14,618,822
Expenses	
Royalty, management and operating support fees	$ 1,204,140
Professional fees	3,786,615
Interest expense	175,934
Total expenses	$ 5,166,689

Effective January 1, 2012, the Company entered into a revenue sharing agreement with EFG Bank which allows the Company to be compensated at an amount determined in the agreement for the introduction of customers to the affiliate and other fees. The agreement has been renewed in January 2015 for a term of two years ending on December 31, 2016. The Company earned revenue of $9,419,323 from EFG Bank pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statement of operations.

Effective January 1, 2013 the Company entered into a revenue sharing agreement with EFG Bank Cayman Branch which allows the Company to be compensated at an amount determined in the agreement for the introduction of customers to the affiliate and other fees. The agreement has been renewed in January 2015 for a term of two years ending on December 31, 2016. The Company earned revenue of $106,229 pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statements of operations.

Effective January 1, 2013 the Company entered into a revenue sharing agreement with EFG Bank & Trust (Bahamas) Ltd which allows the Company to be compensated at an amount determined in the agreement for the introduction of customers to the affiliate and other fees. The agreement has been renewed in January 2015 for a term of two years ending on December 2016. The Company earned revenue of $1,104,267 pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statements of operations.

Effective January 1, 2010, the Company entered into service level agreements with EFG Capital Holdings and some of its subsidiaries, which allow the Company to be compensated at an amount determined in the agreements for management and operational support. The Company earned revenue of $60,000 pursuant to the agreements during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statement of operations.

Effective April 1, 2012, the Company entered into a service level agreement with EFG Asset Management (Americas) Corp. (“EFGAM”) which allows the Company to be compensated at an amount determined in the agreements for management and operational support. The Company earned revenue of $175,002 pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statement of operations.

Effective April 1, 2012, the Company entered into a revenue sharing agreement with EFGAM which allows the Company to be compensated at an amount determined in the agreement for the introduction of customers to the affiliate and other fees. The Company earned revenue of $3,079,391 from EFGAM pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statement of operations.

Effective January 1, 2014, the Company entered into a revenue sharing agreement with EFG Capital Advisors Inc. (“EFGCA”) which allows the Company to be compensated at an amount determined in the agreement for the introduction of customers to the affiliate and other fees. The Company earned revenue of $147,888 from EFGCA pursuant to the agreement during the six month period ended June 30, 2016 and is included in administrative and other services fees in the consolidated statement of operations.

The Company performed various broker-dealer services for affiliates of EFG International driven by customer transactions of those affiliates and recognized revenues of $526,722 during the six month period ended June 30, 2016. These amounts are included in principal transactions, commissions and brokerage fees, and other income in the consolidated statement of operations.

Effective January 1, 2006, the Company entered into a service level agreement with EFG International which allows EFG International to be compensated for management and operational services provided to the Company. As of June 30, 2016, the Company incurred $141,403 in fees associated with these agreements. The amount is included in royalty, management and operating support fees in the consolidated statement of operations.

Effective January 1, 2015, the Company entered into a service level agreement with EFG Bank which allows EFG Bank to be compensated for IT services provided to the Company. As of June 30, 2016, the Company incurred $458,002 in fees associated with this agreement. The amount is included in royalty, management and operating support fees in the consolidated statement of operations.

Effective January 1, 2013, the Company entered into a sub-license and marketing services agreement with EFG International which allows EFG International to be compensated for the sub-licensing of its trademarks to the Company. As of June 30, 2016, the Company incurred $604,735 in royalty fees associated with this agreement. The amount is included in royalty, management and operating support fees in the consolidated statement of operations.

Effective April 1, 2012 the Company entered into a research and marketing agreement with EFGAM which requires EFGAM to provide securities investment research and marketing publications for the use of the company and the company's clients. In the six month period ended June 30, 2016, the Company incurred $2,122,578 in fees associated with this agreement. The amount is included in professional fees in the consolidated statement of operations.

Effective January 1, 2013 the Company entered into a service level agreement with EFG Capital Services LLC ("EFG Services") which requires EFG Services to provide professional services including, but not limited to, human resources and information technology. The Company incurred expenses of $1,664,037 pursuant to the agreement during the six month period ended June 30, 2016 and is included in professional fees in the consolidated statement of operations.

For the six month period ended June 30, 2016, the Company incurred interest expense of $175,934 related to the SLA and is included in interest expense in the consolidated statement of operations.

9. Clearing Agreements

Clearing and depository operations for the Company's securities transactions are provided by Pershing, a third party clearing organization, and EFG Bank, an affiliate. Pursuant to the Company's agreement with Pershing, the Company is required to maintain $100,000 in security escrow deposit. The deposits consist of U.S. Treasury Bills included within securities owned in the consolidated statement of financial condition.

Sub-Clearing Agreements

The Company has entered into sub-clearing agreements with foreign financial institutions. The Company executes transactions for customers of the broker-dealers in exchange for a percentage commission or mark-up and in some cases, a minimum monthly fee.

Guarantees

The Company applies the provisions of the FASB's guidance, which provides accounting and disclosure requirements for certain guarantees. The Company has agreed to indemnify the clearing organization for losses that it may sustain from the customer accounts introduced by the Company. At June 30, 2016, there were no customer balances maintained at its clearing organizations and subject to such indemnification. The Company has experienced no losses or claims historically under the terms of this indemnification and, accordingly, has recorded no liability at June 30, 2016. In accordance with the margin agreement between the clearing organizations and customers, customer balances are collateralized by customer securities and supported by other types of recourse provisions including the right to request customers to deposit additional collateral or reduce securities positions without the consent of the customer.

10. Commitments and Contingencies

Leases
The Company rents office premises and telecommunications equipment under non-cancelable operating lease agreements. The Company currently has offices in Miami and Key Biscayne.

Lease obligations under the above-mentioned agreements as of June 30, 2016 are as follows:

Year	
2016	954,486
2017	2,051,910
2018	2,113,461
2019 and thereafter	11,349,688
	$ 16,469,545

Rent expense in the six month period ended June 30, 2016 amounted to $834,831.

Concentration of Credit Risk
The Company and its subsidiary are 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 Company’s policy to review, as necessary, the credit standing of each counterparty

Legal Matters
During the six month period ended June 30, 2016 and through the date these consolidated financial statements were available for issuance, the Company was not involved in any legal proceedings, claims, or litigation that in the opinion of management, will result in a material adverse effect on its financial position.

11. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1 that requires the maintenance of minimum net capital equal to the greater of $250,000 or 6 2/3% of “Aggregate Indebtedness”, and requires that the ratio of aggregate indebtedness to net capital, both as defined, will not exceed 15 to 1. At June 30, 2016, the Company had net capital (as defined) of $16,048,475 which was $15,304,567 in excess of that required. The Company’s net capital ratio was 0.70 to 1.

The accounts of the Company's subsidiary, EFG Asesores Financieros S.R.L, are not included as capital in the computation of the Company's net capital, because the assets of the subsidiary may not be readily available for the protection of the Company's customers, broker-dealers, and other creditors, as permitted by Rule 15c3-1.

12. Savings Investment Plan

The Company maintains a 401(k) Savings Investment Plan (the "Plan") to provide retirement benefits for eligible employees. Generally, all employees who have completed six months of service are eligible to participate in the Plan. Employees may elect to make salary deferral contributions, as defined, up to $18,000 each year, adjusted annually in accordance with regulations. The Company may make discretionary annual contributions in accordance with the provisions of the Plan. The Plan contribution expense incurred by the Company in the six month period ended June 30, 2016 was $281,573.

13. Stock Based Plans

Since 2009, the Company has participated in the Parent's Restricted Stock Units (RSU's) equity incentive plan which provides RSU awards to the employees of the Company as part of EFG International's equity incentive plan. Effectively, EFG International would grant RSU's to Parent, who would subsequently grant to the Company's employees. After a three year vesting period, EFG International transfers the shares to Parent which concurrently would transfer to the Company's employees. Effective 2012, the Company and the Parent no longer participated in the EFG International equity incentive plan, but the Company will continue to participate in Parent's own equity incentive plan that mirrors the EFG International plan and is paid to the employees with EFG International shares. EFG International has committed to provide the Parent on an ongoing basis the shares required to settle the RSU awards with the Company's employees at the end of each vesting period in exchange nominal cash and equity consideration from the Parent for shares granted in subsequent years.

The RSU incentive awards under the above-mentioned plan as of June 30, 2016 are as follows:

Year granted	Fair value at grant date	Dec. 31, 2015 unamortized	Current year grants	Current year forfeitures	Current year amortization	June 30, 2016 unamortized
2013	2,349,929	184,135	-	-	(184,135)	-
2014	1,408,074	579,335	-	-	(221,369)	357,966
2015	4,775,031	3,453,009	-	-	(637,770)	2,815,239
2016	4,682,055	-	4,682,055	-	(367,717)	4,314,338
		$ 4,216,479	$ 4,682,055	$ -	$ (1,410,991)	$ 7,487,543

RSU expense in the six month period ended June 30, 2016 amounted to $1,410,991 and is included in employee compensation and benefits in the consolidated statement of operations.

14. Financial Instruments with Off-Balance Sheet and Credit Risk

In the normal course of business, the Company enters into transactions to buy and sell securities with other broker-dealers in order to fill its customers' orders. The Company may be required, in the unlikely event of non-delivery of securities owned by other broker-dealers, to purchase or sell the securities in the open market to correct a failed settlement. These corrective transactions to buy and sell may result in losses that are not reflected in the accompanying financial statements.

Securities transactions with other brokers and customers can result in concentrations of credit risk. Credit risk is the amount of accounting loss the Company would incur if other broker-dealers or the customer failed to perform their obligations under contractual terms. To mitigate this risk, EFG, together with its affiliates, reviews and monitors the financial condition of the broker-dealers with whom it deals, as well as the size of the transactions it performs with such broker-dealers. As further mitigation of settlement risk, EFG mostly buys or sells securities for its customers when it is certain that either the cash or the securities to settle are available in the customer's custody account.

15. Subsequent Events

The Company considered subsequent events through August 26, 2016, the date the financial statements were available to be issued, noting no events warranting disclosure or adjustments to the financial statements.

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