

RED CAPITAL MARKETS, LLC

Statement of Financial Condition

March 31, 2016

Assets

Cash and cash equivalents	\$	16,166,076
Restricted cash		1,628,745
Securities inventory (note 4)		3,300,228
Remarketing agent receivables		190,174
Accounts receivable – affiliate		560,077
Derivative assets (note 8)		3,066,634
Intangible assets, net (note 11)		484,562
Other assets, net		542,934
		<hr/>
Total assets	\$	<u>25,939,429</u>

Liabilities and Shareholder's Equity

Liabilities:

Accrued compensation	\$	828,921
Lines of credit (note 5)		4,845
Lines of credit – affiliate (note 5)		4,309,235
Derivative liabilities (note 8)		2,417,159
Accounts payable and accrued expenses		12,532
Deferred application fees and borrower deposits		1,627,336
Other liabilities		47,558
		<hr/>
Total liabilities		<u>9,247,585</u>

Commitments and indemnifications (note 9)

Shareholder's equity:

Paid-in capital		10,486,633
Retained earnings		6,205,211
		<hr/>
Total shareholder's equity		<u>16,691,844</u>
		<hr/>
Total liabilities and shareholder's equity	\$	<u>25,939,429</u>

See accompanying notes to financial statements.