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**PUBLIC**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-48969

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **EFG Capital International Corp.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

701 Brickell Avenue, 9th Floor

(No. and Street)

Miami

Florida

33131

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

1441 Brickell Avenue, Suite 1100

Miami

Florida

33131

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

SEC  
Mail Processing  
Section

MAR 04 2014

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Washington, DC	124

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

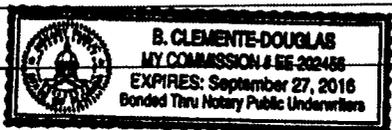
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Juan Massens, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EFG Capital International Corp., as of February 28th, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



*[Handwritten Signature]*

Notary Public

*[Handwritten Signature]*  
Signature  
Financial and Operations Principal  
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# **EFG Capital International Corp. and Subsidiary**

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

**Consolidated Financial Statement of Financial Condition  
December 31, 2013**

# **EFG Capital International Corp. and Subsidiary**

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

**Index**

**December 31, 2013**

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## Report of Independent Certified Public Accountants

To the Stockholder and Board of Directors  
of EFG Capital International Corp.

We have audited the accompanying consolidated statement of financial condition of EFG Capital International Corp. and its subsidiary (a wholly owned Subsidiary of EFG Holdings Corp.) as of December 31, 2013.

### ***Management's Responsibility for the Consolidated Statement of Financial Condition***

Management is responsible for the preparation and fair presentation of the consolidated statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a consolidated statement of financial condition that is free from material misstatement, whether due to fraud or error.

### ***Certified Public Accountants' Responsibility***

Our responsibility is to express an opinion on the consolidated statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated statement of financial condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the accompanying consolidated statement of financial condition presents fairly, in all material respects, the financial position of EFG Capital International Corp. and its Subsidiary at December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

February 28, 2014

**EFG Capital International Corp. and Subsidiary**  
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)  
**Consolidated Statement of Financial Condition**  
**December 31, 2013**

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<b>Assets</b>	
Cash and cash equivalents	\$ 28,196,566
Cash segregated under federal and other regulations	15,000
Due from customers	13,649,071
Term deposits	211,423
Accounts receivable	1,481,684
Due from employees	436,209
Securities owned, at fair value (\$349,704 escrow deposit)	349,704
Furniture, equipment and leasehold improvements, net	1,591,416
Intangible assets, net	3,034,445
Goodwill	5,896,809
Other assets	848,525
	<hr/>
Total assets	\$ 55,710,852
<b>Liabilities and Stockholder's Equity</b>	
Accounts payable	\$ 35,805
Due to broker	13,582,562
Accrued expenses and other liabilities	14,637,686
Deferred tax liability	287,059
Subordinated loans from related party	8,000,000
	<hr/>
Total liabilities	36,543,112
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	12,812,083
Retained earnings	6,355,647
	<hr/>
Total stockholder's equity	19,167,740
	<hr/>
Total liabilities and stockholder's equity	\$ 55,710,852
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The accompanying notes are an integral part of these consolidated financial statements.

**EFG Capital International Corp. and Subsidiary**  
**(a wholly-owned subsidiary of EFG Capital Holdings Corp.)**  
**Consolidated Statement of Financial Condition**  
**December 31, 2013**

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**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.

**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 that are not held for sale in the ordinary course of business. The Company's cash equivalents are mainly comprised of money market accounts.

**Securities Owned, at Fair Value**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. 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. Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the consolidated statement of financial condition.

Securities are recorded at fair value as described in Note 3.

**EFG Capital International Corp. and Subsidiary**  
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**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. While the Company does not hold customer funds or securities, and all transactions are conducted on a delivery versus payment basis, the Company records the fails to deliver (included in receivable from customers at December 31, 2013) and fails to receive (due to brokers at December 31, 2013) on its financial statements until the time that the transactions settle. All open transactions as of December 31, 2013 settled shortly after year-end.

**Furniture, Equipment and Leasehold Improvements**

Furniture, equipment and leasehold improvements are recorded at cost. 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 purchase price in excess of the fair value of identifiable tangible and intangible assets and liabilities at the date of the acquisition in 2005 of the broker-dealer. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually. Identifiable intangible assets with a finite life are amortized on a straight-line basis over the estimated useful lives of 3 to 15 years.

**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.

Goodwill is tested annually for impairment or if events and circumstances indicate that the assets might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill.

Management's analysis for the year ended December 31, 2013, revealed no impairment of goodwill or other indefinite life intangibles.

**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.

**EFG Capital International Corp. and Subsidiary**  
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**Administrative and Other Service Fees**

Administrative and other service fees include rebates, retrocessions, and trailer fees, as well as 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.

**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 EFG Capital Holdings Corp. ("Holdings"). 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 Holdings. 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 uncertain tax positions. Uncertain tax positions 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 uncertain tax positions, as defined above, as of December 31, 2013.

**New Accounting Pronouncement**

***Financial Instruments and Disclosures***

In February 2013, the Financial Accounting Standards Board ("FASB") issued an amendment to an Accounting Standards Update ("ASU") issued in May 2011 that clarifies the requirement to disclose "the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3)" which does not apply to nonpublic entities for items not measured at fair value in the statement of financial position but for which fair value is disclosed. Contrary to the exemption of the initial ASU in May 2011 to exempt all nonpublic entities for a particular disclosure, the new amendment clarifies that the disclosure applies to all entities, but is optional for nonpublic entities with total assets less than \$100 million on the date of the financial statements. The amendment is effective upon issuance and has been considered by the Company in preparation of these consolidated financial statements as of December 31, 2013.

***Fair Value Measurement and Disclosures***

In July 2013, the Financial Accounting Standards Board ("FASB") issued an amendment to an Accounting Standards Update ("ASU"), initially issued in May 2011, that defers indefinitely the effective date of certain disclosures of qualitative information about the significant unobservable inputs used in Level 3 fair value measurements for investments held by nonpublic employee benefit

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plans. The deferral in this amendment is effective upon issuance of financial statements that have not been issued and has been considered by the Company in preparation of these consolidated financial statements as of December 31, 2013.

**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 inputs that is significant to the fair value measurement in its entirety.

The following tables present the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2013.

	Fair Value Measurements using			Assets/Liabilities at fair value
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Securities Owned				
U.S. Treasury Bills	\$ 349,704	\$ -	\$ -	\$ 349,704
Total assets at fair value	\$ 349,704	\$ -	\$ -	\$ 349,704
<b>Liabilities</b>				
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

**Level 1 Valuation Techniques**

The fair value measurements of the U.S. Treasury and equity securities are classified as level 1 of the fair value hierarchy as they are based on quoted market prices in active markets.

As of December 31, 2013, the Company did not have any financial instruments classified as either Level 2 or Level 3.

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**4. Cash Segregated Under Federal Regulations**

The Company periodically segregates cash in a special reserve bank account under the provisions of subparagraph k(2)(i) of Rule 15c3-3 of the SEC to comply with possession or control requirements. At December 31, 2013, \$15,000 has been restricted and segregated in an account for the purpose of Rule 15c3-3.

**5. Securities Owned**

At December 31, 2013 securities owned consists of the following:

U.S. Treasury Bills	\$ 349,704
	<u>\$ 349,704</u>

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 December 31, 2013:

	Useful Lives (in years)	
Furniture	5	\$ 1,123,749
Equipment	3 - 5	3,408,008
Leasehold improvements	3 - 7	2,177,280
Artwork	Indefinite	55,551
		<u>6,764,588</u>
Less: Accumulated depreciation and amortization		(5,173,172)
		<u>\$ 1,591,416</u>

Depreciation expense was \$677,890 for the year ended December 31, 2013.

**7. Intangible Assets**

Intangible assets consist of the following at December 31, 2013:

	Useful Lives (in years)	
Customer relationships	15	\$ 6,800,000
Broker-dealer license	-	50,000
		<u>6,850,000</u>
Less: Accumulated amortization		(3,815,555)
		<u>\$ 3,034,445</u>

Amortization expense amounted to \$453,333 for the year ended December 31, 2013 and is estimated at \$453,333 for each of the next five years.

**EFG Capital International Corp. and Subsidiary**  
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)  
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**8. Related Party Transactions**

The following table sets forth the Company's related party assets and liabilities as of December 31, 2013:

<b>Assets</b>	
Cash and cash equivalents	\$ 280,557
Accounts receivable	628,794
Due from employees	436,209
Total assets	1,345,560
<b>Liabilities</b>	
Accounts payable	21,589
Accrued expenses and other liabilities	92,609
Subordinated loans	8,000,000
Total liabilities	8,114,198
Net related party liability position	\$ 6,768,638

As of December 31, 2013, the Company has a balance due to EFG Bank & Trust (Bahamas) for \$21,589 as a result of intercompany transactions occurring during the year then ended. This balance is included in accounts payable in the accompanying statement of financial condition.

The Company originally entered into a subordinated loan agreement ("SLA") with EFG International on September 2005. On September 2013, the SLA maturity was extended to September 30, 2014. The SLA has an outstanding balance of \$8,000,000 and carries an interest rate of 4.481% per annum. As of December 31, 2013, the Company has accrued interest related to the SLA for \$92,609. 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. On September 2013, the RSLA credit period was extended to expire on September 30, 2014. As of December 31, 2013, the RSLA has no outstanding balance due to prepayment of \$2,000,000 in January 2013, following written approval by FINRA.

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 December 31, 2013, due from employees amounted to \$436,209.

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 year ended December 31, 2013:

**EFG Capital International Corp. and Subsidiary**  
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)  
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<b>Revenues</b>	
Administrative and other services fees	\$ 24,730,322
Commissions and principal trading	<u>2,815,837</u>
Total revenues	<u>\$ 27,546,159</u>
<b>Expenses</b>	
Royalty, management and operating support fees	\$ 2,181,531
Professional fees	3,940,441
Interest expense	<u>370,675</u>
Total expenses	<u>\$ 6,492,647</u>

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 expired on December 31, 2012 and has been renewed in January 2013 for a term ending on December 31, 2014. The Company earned revenue of \$17,337,004 from EFG Bank pursuant to the agreement during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying consolidated statement of operations.

Effective January 1, 2013 the Company entered into a new revenue sharing agreement with EFG Bank Cayman Branch which allows the Company to be compensated at an amount determined in the agreements for the introduction of customers to the affiliate and other fees. The agreement is for a term of two years, ending on December 31, 2014. The Company earned revenue of \$741,068 pursuant to the agreement during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying consolidated statements of operations.

Effective January 1, 2013 the Company entered into a new revenue sharing agreement with EFG Bank & Trust (Bahamas) Ltd which allows the Company to be compensated at an amount determined in the agreements for the introduction of customers to the affiliate and other fees. The agreement is for a term of two years, ending on December 2014. The Company earned revenue of \$565,622 pursuant to the agreement during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying 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 \$438,000 pursuant to the agreements during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying 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 \$307,404 pursuant to the agreement during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying 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

**EFG Capital International Corp. and Subsidiary**  
**(a wholly-owned subsidiary of EFG Capital Holdings Corp.)**  
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introduction of customers to the affiliate and other fees. The Company earned revenue of \$5,341,224 from EFGAM pursuant to the agreement during the year ended December 31, 2013 and is included in administrative and other services fees in the accompanying consolidated statement of operations.

The Company performed broker-dealer services for affiliates of EFG International driven by customer transactions of those affiliates and recognized commission revenue of \$2,815,837 during the year ended December 31, 2013. This amount is included in principal transactions and commissions and brokerage fees in the accompanying consolidated statement of operations.

Effective January 1, 2006, the Company entered into a service level agreement with EFG International which allows the EFG International to be compensated at an amount determined in the agreement for management, operational, IT, and other services. In 2013, the Company paid \$2,181,531 in fees associated with these agreements. The amount is included in royalty, management and operating support fees in the accompanying 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 2013, the Company paid \$2,110,919 in fees associated with this agreement. The amount is included in professional fees in the accompanying consolidated statement of operations.

Effective January 1, 2013 the Company entered into a new 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 \$1,829,522 pursuant to the agreement during the year ended December 31, 2013 and is included in professional fees in the accompanying consolidated statement of operations.

For the year ended December 31, 2013, the Company incurred interest expense of \$370,675 related to the SLA and is included in interest expense in the accompanying consolidated statement of operations.

**9. Clearing Agreements**

Clearing and depository operations for the Company's securities transactions are provided by JP Morgan and Pershing, third party clearing organizations, and EFG Bank. Pursuant to the Company's agreement with JP Morgan Clearing Corp. and Pershing, the Company is required to maintain \$250,000 and \$100,000 in security escrow deposit, respectively. 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 broker-dealers. 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.

**EFG Capital International Corp. and Subsidiary**  
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)  
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**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 December 31, 2013, 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 December 31, 2013. 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, New York, and Key Biscayne.

Lease obligations under the above-mentioned agreements as of December 31, 2013 are as follows:

<b>Year</b>	
2014	1,737,853
2015	1,642,611
2016	1,179,352
2017 and thereafter	-
	\$ 4,559,816

Rent expense in 2013 amounted to \$1,457,801.

The commitment schedule above includes lease obligations in a New York office that has been sub-leased but remains the Company's obligation until May 2014 if sub-lessee were to default. Sub-lease income of \$279,021 has been recognized in 2013 and is included in rent expense in the consolidated statement of operations. Sub-lease income is expected to be \$116,259 over the remaining term of the sub-lease agreement.

The commitment schedule above does not include the lease expense to be recognized in 2014 for the Key Biscayne office as it was fully pre-paid in 2013. The lease term for this space is set to expire on October 31, 2014 and the expense to be recognized in 2014 is \$43,842.

**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.

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**Legal Matters**

During the year ended December 31, 2013 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 December 31, 2013, the Company had net capital (as defined) of \$13,657,834 which was \$11,775,045 in excess of that required. The Company's net capital ratio was 2.07 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 \$17,500 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 2013 was \$462,183.

**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. 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 for an equity consideration from the Parent for the 2010 grants and 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 December 31, 2013 are as follows:

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<b>Year granted</b>	<b>Fair value at grant date</b>	<b>Dec. 31, 2012 unamortized</b>	<b>Current year grants</b>	<b>Current year forfeitures</b>	<b>Current year amortization</b>	<b>Dec. 31, 2013 unamortized</b>
2010	\$ 397,684	\$ 42,309	\$ -	\$ -	\$ (42,309)	\$ -
2011	878,354	364,645	-	(1,846)	(288,275)	74,524
2012	1,738,247	1,300,813	-	(6,994)	(578,336)	715,483
2013	2,349,321	-	2,349,321	(14,892)	(579,347)	1,755,082
		\$ 1,707,767	\$ 2,349,321	\$ (23,732)	\$ (1,488,267)	\$ 2,545,089

**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. Income Taxes**

The components of the income tax expense for the year ended December 31, 2013, are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current tax expense	\$ 568,265	\$ 56,583	\$ 624,848
Deferred tax expense	14,632	2,463	17,095
Income tax expense	<u>\$ 582,897</u>	<u>\$ 59,046</u>	<u>\$ 641,943</u>

The effective income tax rate of 45.89% differed from the federal statutory tax rate of 34%, due primarily to meals and entertainment and changes in state tax rate.

The deferred tax provision consists of income taxes related to the differences between the tax basis of assets and liabilities and their financial reporting amounts.

At December 31, 2013, the tax effect of temporary differences that give rise to significant portions of the deferred tax asset and tax liabilities were:

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<b>Deferred tax assets</b>	
Accrued bonus and compensation	\$ 782,336
Accrued interest to Parent	34,796
Other	42,143
	<u>859,275</u>
<b>Deferred tax liabilities</b>	
Intangible assets	(888,208)
Fixed assets	(257,985)
Other	(141)
	<u>(1,146,334)</u>
 Net deferred tax liability	 <u>\$ (287,059)</u>

In order to determine the realizability of deferred tax assets, the Company considers all available positive and negative evidence, including future reversals or existing temporary differences and projected future taxable income. The Company believes that it is more likely than not that the tax benefit will be realized.

Temporary difference of \$888,208 relates primarily to a 2005 acquisition and will reverse upon sale, amortization, or other liquidation.

**16. Subsequent Events**

The Company considered subsequent events through February 28, 2014, 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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