EFG Capital International Corp. and Subsidiary

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

Consolidated Statement of Financial Condition - Unaudited

June 30, 2017

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Assets	
Cash and cash equivalents	$ 24,808,463
Cash segregated under federal and other regulations	3,500,000
Due from broker	866,581
Due from customers	8,172,809
Accounts receivable	959,625
Due from employees	1,228,807
Securities owned, at fair value ($98,929 escrow deposit)	98,929
Furniture, equipment and leasehold improvements, net	950,053
Intangible assets, net	1,447,779
Goodwill	5,896,809
Deferred tax asset	1,193,513
Other assets	612,028
Total assets	$ 49,735,396
Liabilities and Stockholder's Equity	
Accounts payable	$ 4,291,033
Due to broker	8,670,164
Due to customers	272,712
Accrued expenses and other liabilities	6,392,802
Subordinated loans from related party	8,000,000
Total liabilities	27,626,711
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	13,546,140
Retained earnings	8,562,535
Total stockholder's equity	22,108,685
Total liabilities and stockholder's equity	$ 49,735,396

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 as well as in a special reserve bank account for the exclusive benefit of Brokers and Dealers; both pursuant to 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, 2017) and fails to receive (included in due to brokers at June 30, 2017) on its financial statements until the time that the transactions settle. All open transactions as of June 30, 2017 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 business combinations 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 as of October 31st. A reporting unit, as defined under applicable accounting guidance, is a business segment or one level below a business segment. The reporting unit for purposes of evaluation of Goodwill is the net assets and reported operations derived from the client relationship officers and their book of business that has been retained since their acquisition in 2005.

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, management opted to bypass the qualitative assessment and perform a quantitative 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, 2016. An impairment analysis will be conducted for the year ended December 31, 2017 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, 2016, revealed no impairment, which will be reassessed for the year ended December 31, 2017.

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.

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 other income or expense.

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, 2017.

New Accounting Pronouncements

In January of 2017, the FASB issued Accounting Standards Update ("ASU") 2017-04 "Intangibles-Goodwill and Other (Topic 350)". This amendment is to simplify the test of goodwill for entities by eliminating Step 2 from the goodwill impairment test. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019 for public business entities that file with the SEC. Public business entities that are not SEC filers should adopt for fiscal years beginning after December 15, 2020 and all others entities for fiscal years beginning after December 15, 2021. The Company is currently evaluating this guidance to determine the impact on its financial statements.

In May of 2017, the FASB issued Accounting Standards Update ("ASU") 2017-09 "Compensation – Stock Compensation (Topic 718)". This amendment is to provide clarity and reduce diversity in practice as well as cost and complexity. This guidance is effective for annual periods beginning after December 15, 2017 for all entities. The Company is currently evaluating this guidance to determine the impact on its financial statements.

In May 2014, the FASB issued new guidance related to *Revenue from Contracts with Customers*. This guidance supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Accounting Standards Codification. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This guidance is effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating this guidance to determine the impact on its financial position, results of operations and cash flows.

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, 2017, the Company held a U.S. Treasury Bill with fair value measurement classification as a level 1 with a fair market value of $98,929.

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, 2017, 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, 2017 $3,000,000 of cash was segregated in a special reserve bank account for the exclusive benefit of customers as well as $500,000 of cash segregated in a special reserve bank account for the exclusive benefit of Brokers and Dealers; both under SEC Rule 15c3-3.

5. Securities Owned, at Fair Value

At June 30, 2017 securities owned consists of the following:

U.S. Treasury Bills	$ 98,929
	$ 98,929

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, 2017:

	Useful Lives (in years)	
Furniture	5	$ 1,300,883
Equipment	3 - 5	4,578,990
Leasehold improvements	3 - 7	2,693,445
Artwork	Indefinite	89,445
		8,662,763
Less: Accumulated depreciation and amortization		(7,712,710)
		$ 950,053

7. Intangible Assets, Net

Intangible assets consist of the following at June 30, 2017:

	Useful Lives (in years)	
Customer relationships	15	$ 6,800,000
Broker-dealer license	-	50,000
		6,850,000
Less: Accumulated amortization		(5,402,221)
		$ 1,447,779

8. Related Party Transactions

The following table sets forth the Company's related party assets and liabilities as of June 30, 2017:

Assets	
Cash and cash equivalents	$ 390,809
Accounts receivable	569,782
Due from employees	1,228,807
Total assets	2,189,398
Liabilities	
Accounts payable	174,389
Accrued expenses and other liabilities	314,188
Subordinated loans	8,000,000
Total liabilities	8,488,577

As of June 30, 2017, the Company held cash at EFG Bank and at EFG Bank & Trust (Bahamas) Ltd in the amounts of $340,693 and $50,116, respectively, as a result of revenue generating and intercompany transactions during the period then ended. These balances are included in cash and cash equivalents in the accompanying statement of financial condition.

As of June 30, 2017, the Company had various balances due from related party entities including EFG Bank & Trust (Bahamas) Ltd for $260,159, EFG Asset Management (Americas) Corp. for $207,328, and various other entities for a combined total of $102,295, 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, 2017, due from employees amounted to $1,228,807.

As of June 30, 2017, the Company had various balances due to related party entities including EFG Capital Holdings Corp. for $77,859, EFG Capital Services LLC for $76,530, and EFG Private Bank Limited for $20,000, 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 2016, the SLA maturity was extended to September 30, 2018. The SLA has an outstanding balance of $8,000,000 and carries an interest rate of 5.16% per annum, of which was previously an interest rate of 4.35% per annum. As of June 30, 2017, the Company has accrued interest related to the SLA for $314,188. 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 2016, the RSLA credit period was extended to expire on September 30, 2019. As of June 30, 2017, the RSLA has no outstanding balance.

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, 2017, 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, 2017. 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 Peru.

Lease obligations under the above-mentioned agreements as of June 30, 2017 are as follows:

Year	
2017	1,055,274
2018	2,160,064
2019	2,224,705
2020	2,291,483
2021	2,347,589
2022 and thereafter	4,621,210
	$ 14,700,325

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, 2017 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, 2017, the Company had net capital (as defined) of $17,218,977 which was $15,914,128 in excess of that required. The Company's net capital ratio was 1.14 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.

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 value of the awards are based on the Stock Price of EFGI at the time of the grant. The compensation costs associated with the RSUs are amortized over a 3 year vesting period. There were 1,067,957 RSUs granted during the six month period ended June 30, 2017 and there were 1,907,082 unvested RSUs as of June 30, 2017.

The RSU incentive awards under the above-mentioned plan as of June 30, 2017 are as follows:

Year granted	Fair value at grant date	Dec. 31, 2016 unamortized	Current year grants	Current year forfeitures	Current year amortization	June 30, 2017 unamortized
2014	1,344,073	107,100	-	-	(107,100)	-
2015	4,683,552	1,687,772	-	-	(807,930)	879,842
2016	5,030,759	3,056,417	379,506	-	(802,832)	2,633,091
2017	6,266,392	-	6,266,392	-	(601,340)	5,665,052
		$ 4,851,289	$ 6,645,898	$ -	$ (2,319,202)	$ 9,177,985

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 29, 2017, the date the financial statements were available to be issued, noting one event warranting disclosure. EFG has been made aware of a proceeding that may result in an expense of approximately $1,000,000.00 to the Company and therefore has accrued said amount. This amount is not reflected in the results of the Company as of June 30, 2017.

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