EFG Capital International Corp. and Subsidiary

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

Consolidated Statement of Financial Condition - Unaudited

June 30, 2020

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Assets	
Cash and cash equivalents	$ 11,318,966
Cash segregated under federal and other regulations	3,500,000
Due from broker	138,227
Due from customers	10,804,344
Accounts receivable	2,390,827
Due from employees	466,018
Securities owned, at fair value ($99,875 escrow deposit)	8,136,289
Furniture, equipment, leasehold improvements and software, net	2,390,987
Other assets	873,545
Operating lease right-of-use asset	6,070,593
Total assets	$ 46,089,796
Liabilities and Stockholder's Equity	
Accounts payable	1,666,595
Due to broker	10,798,746
Due to customers	138,036
Accrued expenses and other liabilities	5,683,488
Subordinated loans from related party	8,000,000
Operating lease liability	7,172,803
Total liabilities	33,459,668
Stockholder's equity	
Common stock ($.01 par value, 1,000 shares authorized, issued and outstanding)	10
Additional paid-in capital	25,255,561
Accumulated deficit	(12,625,443)
Total stockholder's equity	12,630,128
Total liabilities and stockholder's equity	$ 46,089,796

The accompanying notes are an integral part of this consolidated financial statement.

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 statement includes 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 SEC 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") or EFG Bank & Trust (Bahamas) Ltd. The Company records the fails to deliver (included in due from customers at June 30, 2020) and fails to receive (included in due to brokers at June 30, 2020) on its financial statements until the time that the transactions settle. All open transactions as of June 30, 2020 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. As of June 30, 2020, the Company maintained a security escrow deposit in the amount of $99,875 as well as a US Treasury Bill in the amount of $8,036,414.

Furniture, Equipment, Leasehold Improvements and Software, net

Furniture, equipment and leasehold improvements are recorded at the cost of acquisition less accumulated depreciation. Leasehold improvements include direct construction costs and other costs related to the development of the property that have been capitalized and have been placed in service as of June 30, 2020.

Routine maintenance and repairs are expensed when incurred. Depreciation is recorded on a straight-line basis using estimated useful lives of three to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement and/or incentive, or the term of the lease.

Software is recorded at cost less accumulated amortization. Software licenses purchased are capitalized if the terms include the right to use in excess of twelve months. Amortization is recorded on a straight-line basis using estimated useful lives of three to five years.

Leasehold incentives received from lessors are recorded in Accrued expense and other liabilities on the consolidated statement of financial condition. Leasehold incentives are amortized over the term of the lease.

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. Beginning in 2018, the Company entered into its own equity incentive plan with EFG International that also awards Restricted Stock Units of EFG International’s common stock. 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.

Revenue from Contracts with Customers
The Company records revenue from contracts with customers in accordance with *Accounting Standards Codification 606 (the "Standard").* The Standard requires the use of significant judgement to determine whether performance obligations are satisfied at a point in time or over time; how to determine and allocate the transaction prices; when to recognize revenue as each performance obligation is satisfied; and whether constraints or variable consideration should be applied due to uncertain future events.

The Company provides services to clients that require the completion of performance obligations in order to recognize revenue. Revenue is recognized when (or as) a service is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to, and the customer obtains control of that service.

Contract Balances
Receivables from contracts with customers within the scope of ASU are $375,000 as of June 30, 2020 and are recorded in Accounts Receivable in the Consolidated Statement of Financial Position. The Company does not have any other contract assets or contract liability balances as of June 30, 2020.

Unsatisfied Performance Obligations
The Company does not have any unsatisfied performance obligations from contracts with customers within the scope of ASU as of June 30, 2020.

Disaggregated Revenue

The Company's revenues disaggregated by major source are as follows:

Disaggregated Revenues	
Revenue sharing	$ 12,134,664
Principal transactions	7,097,259
Commissions and brokerage fees	5,281,342
Rebates and trailer fees	1,446,345
Administrative and other services fees	160,000
Other	104,935
Total revenues	$ 26,224,546

For the six month period ended June 30, 2020, the Company recorded no revenues related to performance obligations satisfied in prior periods.

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 uncertain tax positions. Uncertain tax positions are recognized 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 expense or 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 expense or benefit is recorded.

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.

As of June 30, 2020, the Company held two U.S. Treasury Bills with fair value measurements classification as a level 1 with fair market values of $99,875 and $8,036,414.

Level 1 Valuation Techniques

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

As of June 30, 2020, 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, 2020 $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, 2020 securities owned consists of the following:

U.S. Treasury Bills	$	8,136,289
	$	8,136,289

U.S. Treasury Bills amounting to $99,875 are deposited in escrow in connection with clearing and depository agreements with third-parties. See Note 8.

6. Furniture, Equipment, Leasehold Improvements and Software, net

Furniture, equipment, leasehold improvements and software net, consist of the following at June 30, 2020:

	Useful Lives (in years)		
Furniture	5	$	2,131,517
Equipment and Software	3 - 5		5,605,838
Leasehold improvements	3 - 7		4,661,318
Artwork	Indefinite		119,445
			12,518,118
Less: Accumulated depreciation and amortization			(10,127,131)
		$	2,390,987

7. Related Party Transactions

The following table sets forth the Company's related party assets and liabilities as of June 30, 2020:

Assets	
Cash and cash equivalents	$ 526,401
Accounts receivable	1,661,073
Due from employees	466,018
Total assets	2,653,492
Liabilities	
Accounts payable	493,317
Accrued expenses and other liabilities	404,645
Subordinated loans	8,000,000
Total liabilities	8,897,962

As of June 30, 2020, the Company held cash at EFG Bank and at EFG Bank & Trust (Bahamas) Ltd in the amounts of $442,222 and $84,179, 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 consolidated statement of financial condition.

As of June 30, 2020, the Company had various balances due from related party entities including EFG Asset Management (Americas) Corp. for $813,763, EFG Bank & Trust (Bahamas) for $472,279, EFG Private Bank Limited for $368,502, and EFG Bank Cayman for $6,529, as a result of various intercompany transactions, as of the period then ended. These balances are included in accounts receivable in the accompanying consolidated 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, 2020, due from employees amounted to $466,018.

As of June 30, 2020, the Company had various balances due to related party entities including EFG Bank for $430,721 and EFG Capital Services LLC for $62,596, as a result of various intercompany transactions occurring, as of the period then ended. This balance is included in accounts payable in the accompanying consolidated statement of financial condition.

The Company originally entered into a subordinated loan agreement ("SLA") with EFG International in September 2005. In September 2018, the SLA maturity was extended to September 30, 2020. The SLA has an outstanding balance of $8,000,000 and carries an interest rate of 6.67% per annum, of which was previously an interest rate of 5.16% per annum through September 30, 2018. As of June 30, 2020 the Company has accrued interest related to the SLA for $404,645. The SLA was made under agreements pursuant to rules and regulations of the SEC, 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. In

October 2018, the RSLA credit period was extended to expire on September 30, 2021. As of June 30, 2020 the RSLA has no outstanding balance.

8. 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 a U.S. Treasury Bill 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 Financial Accounting Standards Board'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, 2020, 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, 2020. 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.

9. Commitments and Contingencies

Leases
Effective January 1, 2019, the Company adopted the new accounting standards that require lessees to recognize all leases on the balance sheet as right-of-use ('ROU') assets and corresponding lease liabilities. The Company has non-cancelable operating leases for its office spaces in Miami and Peru. Additionally, a portion of the Miami office space has been subleased through the remaining term of the original lease. These contracts generally do not include purchase options or residual value guarantees.

Accordingly, as of June 30, 2020, the Company recognized $6,070,593 as an operating lease ROU asset and $7,172,803 as an operating lease liability in the accompanying consolidated statement of financial condition. The remaining lease term is 3.4 years. The incremental borrowing rate determined and used for purposes of discounting lease payments is 6.3%.

Lease obligations under the above-mentioned agreements as of June 30, 2020 are as follows:

Year		
2020		1,153,030
2021		2,347,589
2022		2,378,937
2023		2,242,273
	$	8,121,829

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

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 for the six month period ended June 30, 2020 and through the date this consolidated financial statement was available for issuance.

10. 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, 2020, the Company had net capital (as defined) of $13,959,801, which was $12,670,020 in excess of that required. The Company's net capital ratio was 1.39 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.

11. Savings Investment Plan

The Company maintains a 401(k) Savings Investment Plan (the "Plan") to provide retirement benefits for eligible employees. All employees are immediately eligible to participate in the Plan and are automatically enrolled on the first of the following month. Employees may elect to make salary deferral contributions, as defined, up to $19,500 each year, adjusted annually in accordance with regulations. The Company may make discretionary annual contributions in accordance with the provisions of the Plan.

12. Stock Based Plans

Restricted stock units

The Company participates in its Parent's equity incentive plan (the "Plan") as well as its own beginning in 2018 (together the "Plans"). The Plans mirror the EFG International plan, and is paid to the employees with EFG International shares. EFG International has committed to provide, on an ongoing basis, to both the Parent and the Company, the shares required to settle the Restricted Stock Units ("RSUs") with the Company's employees at the end of each vesting period. The Company exchanges nominal cash and equity consideration for the 2016-2017 Plans and 2018-2020 Plans, respectively, for shares granted.

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.

Long-term incentive plan introduction in 2019

A one-time long-term incentive plan ("LTIP") for EFG International's senior management (Executive Committee, Global Business Committee and Senior Managers) was implemented in 2019. The LTIP is a plan covering a three-year up to five-year performance period beginning 2019 and rewarding senior management's achievement based on financial and business targets through granting shares of EFG International AG via Restricted Stock Units ("RSUs"). The final amount of RSUs granted under the LTIP is subject to meeting minimum thresholds and depending on the performance achieved. The RSUs granted are subject to a three-year vesting schedule beginning in April 2022 and are subject to EFG International AG achieving certain performance targets.

13. 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 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.

14. Subsequent Events

The Company considered subsequent events through August 30, 2020, 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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