EFG Capital International Corp. and Subsidiary

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

Consolidated Statement of Financial Condition Pursuant to Rule 17a-5 of the Securities and Exchange Act

June 30, 2022

EFG Capital International Corp. and Subsidiary
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)
Index
June 30, 2022

EFG Capital International Corp. and Subsidiary
(a wholly-owned subsidiary of EFG Capital Holdings Corp.)
Consolidated Statement of Financial Condition
June 30, 2022

Assets		
Cash and cash equivalents	$	8,046,859
Cash segregated under federal and other regulations		3,500,124
Due from broker		702,255
Due from customers		2,474,074
Accounts receivable		2,431,329
Due from employees		901,160
Securities owned, at fair value		9,956,039
Furniture, equipment, leasehold improvements and software, net		1,028,336
Other assets		554,346
Operating lease right-of-use asset		2,706,407
Total assets	$	32,300,929
Liabilities and Stockholder's Equity		
Accounts payable	$	1,133,577
Due to broker		2,444,427
Due to customers		702,205
Accrued expenses and other liabilities		5,159,838
Subordinated loans from related party		8,000,000
Operating lease liability		3,233,288
Total liabilities	$	20,673,335
Stockholder's Equity		
Common stock ($.01 par value, 1,000 shares authorized, issued and outstanding)	$	10
Additional paid-in capital		30,238,378
Accumulated deficit		(18,610,794)
Total stockholder's equity	$	11,627,594
Total liabilities and stockholder's equity	$	32,300,929

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 customers 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 consolidated 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"). The Company records the fails to deliver (included in due from customers at June 30, 2022) and fails to receive (included in due to brokers at June 30, 2022) on its consolidated financial statements until the time that the transactions settle. All open transactions as of June 30, 2022, settled shortly after year-end.

Loans and Advances to Employees
Loans and advances to employees are stated at the outstanding balance of funds due for repayment of cash advances. The carrying amount may be reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. As management believes that the amounts are fully collectible and are therefore stated at net realizable value, management has not recorded an allowance for doubtful accounts.

The Company uses employee forgivable loans as a tool for recruitment. The forgivable loans have stated maturity dates and interest rates with forgivable components of both principal and interest based on meeting various targets.

Leases
The Company determines if an arrangement is a lease at inception. The Company's lease for office space is classified as an operating lease. Operating leases are included in the right-of-use ("ROU") assets and lease liabilities in the Company's consolidated statement of financial condition. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising for the lease. A lease liability and corresponding ROU asset are recognized based on the present value of the minimum lease payments and do not include other variable contractual obligations, such as operating expenses, real estate taxes and employee parking. These costs are accounted for as period costs and expensed as incurred. When calculating the measurement of ROU assets and liabilities, the Company uses its incremental borrowing rate based on information available as of the lease commencement date. The subsequent measurement of the lease will result in the recognition of a single lease expense amount that is recorded on a straight-line basis over the lease term.

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, 2022, the Company maintained a U.S. Treasury Bill in the amount of $9,956,039.

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, 2022.

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.

Furniture, Equipment, Leasehold Improvements and Software, net (cont.)

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 2019, 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 the 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.

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 consolidated financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the consolidated 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.

3. Fair Value Measurement (cont.)

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.

Level 1 Valuation Techniques

The fair value measurements 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, 2022, 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, 2022, $3,000,106 of cash was segregated in a special reserve bank account for the exclusive benefit of customers as well as $500,018 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, 2022, the Company maintained a U.S. Treasury Bill in the amount of $9,956,039.

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

Furniture, equipment, leasehold improvements and software net, consist of the following at June 30, 2022:

	Useful Lives (in years)	
Furniture	5	$ 2,151,789
Equipment and Software	3 - 5	5,674,159
Leasehold improvements	3 - 7	4,663,836
Artwork	Indefinite	165,395
		12,655,179
Less: Accumulated depreciation and amortization		$ (11,626,843)
		$ 1,028,336

7. Related Party Transactions

The following table sets forth the Company's related party assets and liabilities as of June 30, 2022:

Assets		
Cash and cash equivalents		$ 1,751,861
Accounts receivable		3,162,900
Due from employees		901,160
Total assets		$ 5,815,921
Liabilities		
Accounts payable		$ 137,031
Accrued expenses and other liabilities		258,438
Subordinated loans from related party	7	8,000,000
Total liabilities		$ 8,395,469

As of June 30, 2022, the Company held cash at EFG Bank AG and at EFG Bank & Trust (Bahamas) Ltd in the amounts of $981,462 and $770,398, respectively, as a result of revenue generating and intercompany transactions during the year then ended. These balances are included in cash and cash equivalents in the accompanying consolidated statement of financial condition.

As of June 30, 2022, the Company had various balances due from related party entities including EFG Asset Management for $508,565, EFG Bank & Trust (Bahamas) for $317,637, EFG Asset Management UK for $495,214, and various other entities for a combined total of $43,700, as a result of various intercompany transactions, during the year then ended. These balances are included in accounts receivable in the accompanying consolidated statement of financial condition.

The Company uses employee forgivable loans as a tool for recruitment. The forgivable loans have stated maturity dates and interest rates with forgivable components of both principal and interest based on meeting various targets. At June 30, 2022, due from employees amounted to $901,160.

As of June 30, 2022, the Company had various balances due to related party entities including Bank AG of $91,587, and EFG International of $45,444 as a result of intercompany transactions occurring during the year 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 2020, the SLA maturity was extended to September 30, 2022. The SLA has an outstanding balance of $8,000,000 and carries an interest rate of 1.82% per annum. As of June 30, 2022, the Company has accrued interest related to the SLA for $258,243. 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.

7. Related Party Transactions (cont.)

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 $5,000,000. In September 2020, the RSLA credit period was extended to expire on September 30, 2023. As of June 30, 2022, 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 consists of cash and is included within cash and cash equivalents 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, 2022, 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, 2022. 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

The Company is required 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, 2022, the Company recognized $2,706,407 as an operating lease ROU asset and $3,233,288 as an operating lease liability in the accompanying consolidated statement of financial condition. The remaining lease term is 1.4 years. The incremental borrowing rate determined and used for purposes of discounting lease payments is 6.3%.

9. Commitments and Contingencies (cont.)

Lease obligations, under the above-mentioned agreements as of June 30, 2022 are as follows:

Year	
2022	$ 1,197,127
2023	2,242,273
	$ 3,439,400
Less: discount to present value of lease liability	(206,112)
Total lease liability	$ 3,233,288

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 year ended June 30, 2022, and through the date these consolidated financial statements were 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, 2022, the Company had net capital (as defined) of $12,982,320, which was $12,346,295 in excess of that required. The Company's ratio of aggregate indebtedness to net capital was 0.73 to 1.

The accounts of the Company's subsidiary, EFG Asesores Financieros Peru SRL, 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 "Savings Plan") to provide retirement benefits for eligible employees. All employees are immediately eligible to participate in the Savings Plan and are automatically enrolled on the first of the following month. Employees may elect to make salary deferral contributions, as defined, up to $20,500 each year, adjusted annually in accordance with regulations. The Company may make discretionary annual contributions in accordance with the provisions of the Savings 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 2019 (together the "Plans"). The Plans mirrors 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 2018-2021 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. There were 224,955 RSUs granted for the year ended December 31, 2022 and there were 575,446 unvested RSUs as of June 30, 2022.

The RSU incentive awards under the above-mentioned plan as of June 30, 2022 are as follows:

Year granted	Fair Value at grant date	Dec. 31, 2021 unamortized	Current year grants	Current year forfeitures	Current year amortization	June 30, 2022 unamortized
2019	3,548,801	168,543	-	-	(168,543)	-
2020	3,032,709	907,753	-	-	(332,394)	575,359.07
2021	2,593,773	1,875,579	-	-	(394,286)	1,481,293.43
2022	1,479,938	-	1,479,938	-	(61,411)	1,418,527.49
		$ 2,951,875	$ 1,479,938	$ -	(956,633)	3,475,179.99

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 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. The Company's senior managers participating in the award received a target award of 704,667 shares with a fair value at grant date amounting to $3,455,216. During the year the Company did not incur any amortization costs due to the award as the awards minimum thresholds were no longer deemed to be achievable.

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 consolidated 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

13. Financial Instruments with Off-Balance Sheet and Credit Risk (cont.)

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. Income Taxes

The Company is subject to U.S. federal income tax, as well as state income tax primarily in Florida. The Company is not currently subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2018.

The Company has accumulated approximately $797,673 of state and federal net operating loss carryforwards. The state net operating loss carryforwards begin to expire after 2036. 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. A valuation allowance related to deferred tax assets is required when it is considered more likely than not that all or part of the benefit related to such assets will not be realized. In assessing the need for a valuation allowance, the Company considered both positive and negative evidence in concluding that as of June 30, 2022, a full valuation allowance was necessary against its net deferred tax assets

The Company follows the ASC 740 accounting guidance for uncertainty in income taxes. Tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2022, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

15. Subsequent Events

The Company considered subsequent events through August 29, 2022, the date the consolidated financial statements were available to be issued, noting no events warranting disclosure or adjustments to the consolidated financial statements.

****