BofAML Securities, Inc.

Balance Sheet (Unaudited)
June 30, 2018

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(dollars in millions, except share and per share amounts)

ASSETS		
Deposit with Merrill Lynch, Pierce, Fenner & Smith Incorporated	$	25
Total Assets	$	25
LIABILITIES		
Liabilities	$	-
Total Liabilities		-
STOCKHOLDER'S EQUITY		
Common stock, par value $1 per share; 1,000 shares authorized, issued and outstanding		-
Paid-in capital		25
Total Stockholder's Equity		25
Total Liabilities and Stockholder's Equity	$	25

The accompanying notes are an integral part of the Balance Sheet.

1. Organization and Description of Business

BofAML Securities, Inc (the “Company”) was established on September 1, 2015 with an initial capitalization of 1,000 shares of $1.00 par value common stock. The Company is wholly-owned subsidiary of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), which is a registered broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (“SEC”) and a member firm of the Financial Industry Regulatory Authority (“FINRA”), the New York Stock Exchange (“NYSE”), and other exchanges. MLPF&S is also registered as a futures commission merchant and swap firm with the U.S. Commodity Futures Trading Commission (“CFTC”) and the National Futures Association (“NFA”) and is a member firm of certain futures exchanges, including but not limited to, the Chicago Mercantile Exchange and the Chicago Board of Trade. MLPF&S is a wholly-owned indirect subsidiary of NB Holdings Corporation (“NB Holdings”), which is a wholly-owned subsidiary of Bank of America Corporation (“Bank of America”).

In July 2015, Bank of America announced a decision to separate the retail and institutional broker-dealer activities currently operating through MLPF&S into two distinct legal entities. Retail customers will continue to be serviced through MLPF&S, while institutional clients currently transacting through MLPF&S will move to the Company. The migration of institutional broker-dealer activities to the Company is subject to regulatory approvals and is intended to conclude in the fourth quarter of 2018. When the migration of the institutional broker-dealer activities occurs, the ownership of Merrill Lynch Professional Clearing Corp, Inc. (“MLPCC”), which is currently a wholly-owned, guaranteed broker-dealer subsidiary of MLPF&S, will transfer to the Company.

Following regulatory approvals and the migration of the institutional broker-dealer activities, the Company will act as a broker (i.e., agent) for corporate, institutional, government, and other clients and as a dealer (i.e., principal) in the purchase and sale of corporate debt and equity securities, United States (“U.S.”) Government securities, and U.S. Government agency obligations. The Company will also act as a broker and/or a dealer in the purchase and sale of money market instruments, high yield bonds, municipal securities, financial futures contracts and options, cleared swaps and other financial instruments, including collateralized debt obligations (“CDOs”) and collateralized mortgage obligations (“CMOs”). The Company will hold memberships and/or will have third-party clearing relationships with all major commodity and financial futures exchanges and clearing associations in the U.S. and will also carry positions reflecting trades executed on exchanges outside of the U.S. through affiliates and/or third-party clearing brokers. As an investment banking entity, the Company will provide corporate, institutional, and government clients with a wide variety of financial services, including underwriting the sale of securities to the public, structured and derivative financing, private placements, mortgage and lease financing and financial advisory services, including advice on mergers and acquisitions. The Company will be registered as a broker-dealer with the SEC and will be a member firm of FINRA, the NYSE, and other securities exchanges. The Company will also be registered as a futures commission merchant and swap firm with the CFTC and the NFA and will be a member firm of various futures exchanges. Certain products and services may be provided through affiliates.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Financial Statements are presented in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). The Financial Statements are presented in U.S. dollars, which is the Company’s functional and reporting currency. The Financial Statements are presented in millions except for share and per share amounts.

Use of Estimates

In presenting the Financial Statements management makes estimates. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates and could have a material impact on the Financial Statements, and it is possible that such changes could occur in the near term.

Cash and Cash Equivalents
The Company defines cash equivalents as short-term, highly liquid securities, and interest-earning deposits with maturities, when purchased, of 90 days or less, that are not used for trading purposes.

Deposit with Merrill Lynch, Pierce, Fenner & Smith Incorporated
In 2017, the Company received an equity contribution of $25 million in the form a deposit with its parent, MLPF&S. The deposit with MLPF&S represents cash held in a brokerage account at MLPF&S in the name of the Company. The cash held in the brokerage account is non-interest bearing and is protected by the customer protection requirements of Rule 15c3-3 under the Securities Exchange Act of 1934.

Fair Value Measurement
Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures ("Fair Value Accounting"), establishes a fair value hierarchy based on the quality of inputs used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For purposes of the fair value hierarchy classification, the Company's deposit with Merrill Lynch, Pierce Fenner & Smith Incorporated is classified as Level 2.

Paid-In Capital
In February 2017, the Company received a capital contribution in the amount of $25 million from MLPF&S. The $25 million has been contributed for the purpose of operating the Company's business and will continue to be used for such purpose.

New Accounting Pronouncements
The Financial Accounting Standards Board ("FASB") issued a new accounting standard effective on January 1, 2019 that requires substantially all leases to be recorded as assets and liabilities on the Balance Sheet. On January 5, 2018, the FASB issued an exposure draft proposing an amendment to the standard that, if approved, would permit companies an option to apply the provisions of the new lease standard either prospectively as of the effective date, without adjusting comparative periods presented, or using a modified retrospective transition applicable to all prior periods presented. The Company is in the process of evaluating the impact of the standard on the financial statements.

The FASB issued a new accounting standard effective on January 1, 2020, with early adoption permitted on January 1, 2019, that will require the earlier recognition of credit losses on loans and other financial instruments based on an expected loss model, replacing the incurred loss model that is currently in use. The standard also requires expanded credit quality disclosures, including credit quality indicators disaggregated by vintage. The Company is in the process of evaluating the impact of the provisions of this new accounting guidance.

3. Stockholder's Equity

The Company is authorized to issue 1,000 shares of $1.00 par value common stock. At June 30, 2018, there were 1,000 shares of common stock issued and outstanding.

4. Related Party Transactions

All expenses related to the Company from its establishment through June 30, 2018 have been borne by MLPF&S, or in the case that the expenses were borne by other legal entities, were allocated to MLPF&S. While certain of these expenses may have been directly related to the Company (e.g. legal and certain other professional fees), such costs were necessary for MLPF&S to incur in order to complete the migration of the institutional broker-dealer activities to the Company. MLPF&S will not seek reimbursement from the Company for any of these incurred expenses. Until this arrangement is superseded, MLPF&S will continue to absorb all expenses related to the Company.

At June 30, 2018, the Company had a $25 million deposit with its parent, MLPF&S (see Note 2).

The Company has established an unsecured borrowing agreement with NB Holdings in the normal course of business. The arrangement is summarized below:

- A $100 million uncommitted six month revolving senior unsecured line of credit. Interest on the line of credit is based on prevailing short-term market rates. The credit line matures on February 1, 2019 and will automatically be extended semi-annually to the succeeding August 1st unless specific actions are taken 180 days prior to the maturity date. At June 30, 2018, no borrowings were outstanding on the line of credit.

5. Subordinated Borrowings

In February 2018, the Company received FINRA approval for a $10 billion subordinated revolving line of credit with NB Holdings. Borrowings under the line of credit have been approved for regulatory capital purposes. At this time, no internal lines have been established that reflect this approval.

6. Subsequent Events

ASC 855, *Subsequent Events*, requires the Company to evaluate whether events, occurring after the Balance Sheet date but before the date the Financial Statements are available to be issued, require accounting as of the Balance Sheet date, or disclosure in the Financial Statements. The Company has evaluated such subsequent events through date of issuance.

In July 2018, the Company established a $100 million uncommitted six month revolving senior unsecured line of credit with Bank of America and a $100 million uncommitted six month revolving senior unsecured line of credit with NB Holdings. Interest on the lines of credit is based on prevailing short-term market rates. The credit lines mature on February 1, 2019 and will automatically be extended semi-annually to the succeeding August 1st unless specific actions are taken 180 days prior to the maturity date.

There were no other material subsequent events which affected the amounts or disclosures in the Financial Statements through August 31, 2018, which is the issuance date of the Financial Statements.

7. Regulatory Requirements

As a proposed Futures Commission Merchant, the Company will be subject to the net capital requirements of CFTC Regulation 1.17. At June 30, 2018, the Company's proposed Net Capital exceeded the minimum requirement of $1.5 million by $23.5 million.