

BofA Securities Europe SA

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM 25 SEPTEMBER 2018 TO 31 DECEMBER
2019**

SOCIÉTÉ ANONYME WITH SHARE CAPITAL OF €5,276,300,000

**51 RUE LA BOÉTIE, 75008 PARIS FRANCE
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BofA Securities Europe SA

STATEMENT OF ASSETS AS AT 31 DECEMBER 2019

		31 December 2019
	Note	€M
Cash and deposits with the central banks and central clearing houses	1	600
Government securities and sovereign debt	2	7,413
Debtors - Receivables from banks	3	3,841
Debtors – Receivables from other customers	4	13,317
Bonds and fixed income securities	2	433
Equity investments and other long-term securities	2	3,939
Investments in related companies		-
Shares in related companies		-
Intangible assets		-
Tangible assets		-
Subscribed but unpaid share capital		-
Settlement accounts		-
Other assets	5	8,382
Regularisation accounts	6	8,725
		<hr/> 46,650

These are the first financial statements for the Company accordingly there are no comparative figures to present. At the beginning of the period the Company had subscribed share capital of EUR 50,000.

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STATEMENT OF LIABILITIES AS AT 31 DECEMBER 2019

		31 December 2019
	Note	€M
Cash on account and deposits from central banks and central clearing houses		-
Creditors – Payables to banks	7	300
Creditors – Payables to other customers	8	7,997
Debts represented by a security		-
Other liabilities	9	23,993
Regularisation accounts	10	9,189
Settlement accounts		-
Provisions for liabilities and charges	11	22
Subordinated debts		-
Fund for general banking risks (FRBG)		-
Equity excluding FRBG	12	5,149
<i>Capital</i>	12	5,276
<i>Share premium</i>		-
<i>Reserves</i>		-
<i>Revaluation reserve</i>		-
<i>Regulated provisions and investment subventions</i>		-
<i>Retained Earnings - carried forward</i>		-
<i>Loss for the financial period</i>	12	(127)
		<hr/> 46,650

These are the first financial statements for the Company accordingly there are no comparative figures to present. At the beginning of the period the Company had subscribed share capital of EUR 50,000.

BofA Securities Europe SA

**STATEMENT OF OFF BALANCE SHEET EXPOSURES
AS AT 31 DECEMBER 2019**

	Note	31 December 2019 €M
Financing commitments		890
Received		890
Given		-
Warranty commitments		-
Received		-
Given		-
Underwriting commitments		-
Received		-
Given		-
Total		890

A USD 1 billion committed facility has been granted to the Company by an affiliate. This facility is undrawn. At 31 December 2019 it represents EUR 890 million of financing commitments received.

The Company has two non-binding financing facilities from affiliates. The total of these uncommitted facilities is USD 6.1 billion (EUR 5.4 billion), of which USD 4.4 billion (EUR 3.9 billion) is undrawn.

These are the first financial statements for the Company accordingly there are no comparative figures to present. At the beginning of the period the Company had no commitments.

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INCOME STATEMENT AS AT 31 DECEMBER 2019

		31 December 2019
	Note	€M
INCOME STATEMENT		
+ Interest and similar income	16	153
- Interest and similar expenses	17	198
+ Income from variable income securities		-
+ Commissions – income	18	57
- Commissions – expenses	18	63
+/- Trading gains / (losses)	19	116
+/- Investment gains / (losses)		-
+ Other banking income	20	186
- Other bank operating expenses	20	54
Net banking income		197
- General operating expenses	21	324
- Allowances for depreciation and amortisation		-
Net operating result		(127)
+/- Cost of risk		-
Total operating result		(127)
+/- Gains / (losses) on fixed assets		-
result before tax		(127)
+/- Exceptional gain / (loss)		-
- Corporate Income Tax	22	-
+/- contributions to / drawn downs from the General Banking Risk Fund (FRBG)		-
Net result	12	(127)

These are the first financial statements for the Company accordingly there is no comparative figures to present.

The Company was incorporated on 25 September 2018 and the Income Statement reflects the results of the Company's operations from that date to 31 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

The following notes form part of these financial statements.

Reporting period

These are the first financial statements for BofA Securities Europe SA (hereinafter 'the Company') and the reporting period is based on the 66 weeks from incorporation on 25 September 2018 to the end of the accounting period on 31 December 2019. On incorporation, the initial capital issued was EUR 50,000.

Accounting policies and principles

The financial statements have been prepared in accordance with the ANC n° 2014-07 guidelines (26th November 2014) and French accounting principles that apply to Investment Firms.

The principal accounting policies, which have been applied consistently throughout the current period, except where noted, are set out below.

Trade date and settlement dated transactions

Sales/purchases of inventory are accounted for following the article 2371-4 of the Regulation ANC 2014-07.

- Funding financial instruments (e.g. securities financing transactions) are recognised and derecognised on the statement of financial position on a settlement date basis.
- Trading Financial Instruments are recognised and derecognised on the statement of financial position on a trade date basis. The Company records securities sales by derecognising the corresponding security from inventory.

Bonds and fixed income securities & Equities other variable income securities

The inventory portfolio is made up of two different securities type:

- Transaction securities:

The securities are recognised/derecognised at their fair value including interest (if any). Acquisition costs are recorded in the Income Statement under "commissions".

The fair values of long and short inventory positions are primarily determined based on actively traded markets where prices are based on either direct market quotes or observed transactions. The securities are valued daily and the changes in fair value are recorded in "trading gains / (losses)".

- Placement securities:

The placement securities portfolio was comprised entirely of government bonds for the duration of the period.

The securities are recorded in the "placement" securities portfolio on the trade date at their acquisition price, which includes acquisition costs.

When the purchase price of fixed income securities exceeds the amount to be received at final repayment, the difference is amortised over the residual life of the securities. In the event that the acquisition price of fixed income security is less than the redemption amount, the difference will crystallise through the income statement over the residual life of the security.

At each reporting date the Company reviews its placement securities portfolio; unrealised losses resulting from differences between the book value and the fair value of each security are taken to the income

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

statement and the book value of the affected security is permanently written down. Unrealised gains on similar securities cannot be recognised or used to offset or defer losses from being taken to the income statement.

Repurchase and reverse repurchase transactions

The Company enters into resale and repurchase agreements and securities borrow and loan transactions to accommodate customers and earn interest rate spreads (also referred to as "matched-book transactions"), to obtain securities for settlement and to finance inventory positions. Resale and repurchase agreements are accounted for at fair value as secured financing transactions. All the repurchase transactions are accounted for in accordance with the Regulation ANC 2014-07.

Securities received under reverse repurchase agreements (and securities delivered under repurchase agreements respectively) are generally not recognised (and derecognised respectively) on the balance sheet because there is a commitment from the lender to repurchase the underlying securities at a fixed price.

The financing of these transactions gives rise to a counterparty receivable (payable respectively) which is recognised in recognised in "Debtors - Reverse repurchase agreements" (and "Creditors repurchase agreements").

Income on these transactions is accounted for as "interest".

Securities Lending and Borrowing – with securities as collateral

Securities lent are derecognised and replaced by a receivable which is initially recorded at (and subsequently revalued to) the same book value as the underlying security.

The securities borrowed are recognised in the trading portfolio only when the agreements provide the borrower the right of re-use over the securities (as per the French Code *monétaire et financier*, art. L 211-38.III). A payable is also recognised (recorded at the same book value as the securities and accounted for as a trading liability).

The income is recognised in Income Statement as an "interest" on a prorata basis.

The treatment described above applies equally to securities lent or borrowed as collateral.

Derivatives

During the period all derivatives traded by the Company were on the "Organised Market" or over the counter. The Company does not adopt hedge accounting for any derivatives transaction.

All derivatives are measured at fair value and gains or losses are recorded in trading gains / (losses). As per article 2525-1 of the ANC 2014-07, the fair value measurement includes valuation adjustments to cover uncertainties related to the valuation exercise and future management fees.

For listed derivatives ("Organised markets"), valuations are primarily based on direct market quotes or observed transactions. The fair values of derivative assets and liabilities traded in the over-the-counter ("OTC" as defined by the article 2515-1&2 of the Regulation ANC-2014-07) market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices, and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. When third party pricing services are used, the methods and assumptions are reviewed by the Company. The fair value of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors,

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

where appropriate.

In addition, the Company incorporates within its fair value measurements of OTC derivatives a valuation adjustment to the net position.

- For the purposes of assessing the credit risk valuation adjustment ("CVA"), positions are netted by counterparty, and the fair value for net long exposures is adjusted for counterparty credit risk whilst the fair value for net short exposures is adjusted for the Company's own credit risk.
- The Company also incorporates a Funding Valuation Adjustment ("FVA") within its fair value measurements to include funding costs on uncollateralised derivatives and derivatives where the Company is not permitted to use the collateral it receives. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.
- The Company also incorporates a valuation adjustment to provide for future management costs.

At initial recognition, the nominal amounts underlying a derivative are recorded "off-balance sheet".

The Company enters into ISDA master agreements or their equivalent ("master netting agreements") with its derivative counterparties. These agreements are commonly used to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. In addition, to reduce the risk of loss, the Company usually requires collateral that is permitted by documentation such a Credit Support Annex to an ISDA.

The premiums paid or received when purchasing or selling options are accounted for on the face of the financial statements in "Other Assets / Other Liabilities". Differences resulting from changes in the fair value of premiums for options contracts, determined by reference to market pricing, are reflected in income statement ("Trading gains / (losses) "). The corresponding revaluation of the premium is presented on the balance sheet by a reduction to or increase to the "Other Assets / Other Liabilities".

Linear derivatives are recorded at fair value, with those that are receivable booked to regularisation receivables accounts and those that are payable booked in regularisation payable accounts. The fair value movements on linear derivatives (derivatives term instruments) contracts (mainly swaps and futures) are reflected in the income statement (Trading gains / (losses)). The corresponding adjustment to the balance sheet is recorded in the relevant Regularisation accounts ("*Comptes de régularisation*").

Transactions in foreign currency

The financial statements have been presented in EUR, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are subsequently re-translated into the functional currency using the exchange rates prevailing at the reporting date. Exchange gains and losses on monetary assets and liabilities are recognised in the income statement.

Awards of BAC shares to employees

The Company awards Bank of America Corporation ("BAC") shares to its employees as part of the incentive compensation plans. A liability for the cost of compensating BAC for the share issuance is provided for on the balance sheet in "Provisions for Liabilities and Charges" and expensed through "General operating expenses".

For most awards, the expense is generally recognised proportionately over the vesting period, net of estimated forfeitures. The expense for the share award is adjusted monthly during the vesting period by reference to the market value of the underlying shares and reflects the actual expense when the shares vest.

For awards to employees that meet retirement eligibility criteria, BAC accrues the expense in the period

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prior to grant. For employees that become retirement eligible during the vesting period, the Company recognises expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

Tangible and intangible assets

The Company does not have any tangible or intangible assets. The Company is charged rental and occupancy costs for the use of the building under a lease and charged for the use of equipment and other services via service agreements with an affiliate. The resulting expenses are reflected in the line "General operating expenses" in the Income statement

Accounting for revenues and expenses

Interest and similar income and expense

Interest and similar income and interest expense comprises interest calculated using the effective interest rate method.

Trading gains / (losses)

Trading gains / (losses) comprises realised and unrealised gains and losses on trading, including dividend income on cash equities. Unrealised gains, which represents changes in fair value of inventories, are recognised within trading revenue as they arise.

Other banking income and Other bank operating expenses

Charges made to affiliates to remunerate the Company for services provided or to reimburse the Company for expenditure incurred, are recognised on an accruals basis. This income is generated through the Company's services to the broader BAC group. Service fee income is computed under arm's length principles in accordance with BAC's Global Transfer Pricing Policy.

Commissions

Investment and brokerage services

Commissions earned on fulfilling customer orders is recognised on an accrual basis. Commission revenue earned from certain customer equity transactions is recorded gross of related brokerage, clearing and exchange fees.

Investment banking income

Investment banking income includes Equity & Debt Capital Market activities. The revenues from these services are recognised when the performance obligations related to the underlying transactions are completed.

Retirement indemnity

The Company's current policy is to not accrue for any future retirement indemnity and to instead book the full expense for retirement indemnity at the point that an eligible employee retires, this is due to the current head count, employee turnover and the ages of current employees. No employees retired in the current period.

The Company continues to monitor its exposure and keep this policy under review.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

1 Cash and deposits with the central banks and central clearing houses

	31 December 2019
	<i>€M</i>
Due from central banks	600
Total	600

Cash and Deposits due from central bank represents the balance on account with the Banque de France EUR 600 million at period-end.

2 Bonds and fixed income securities & Equity investments and other long-term securities

The securities included in this balance are wholly comprised of listed equity and debt that belong to the "Transaction Portfolio" (Portefeuille de transaction).

The securities held in the "placement" portfolio is made of government bonds held for treasury management purposes.

Securities portfolio by type of issuer

As at 31 December 2019

	Issued by public bodies	Issued by other issuers	Total
	<i>€M</i>	<i>€M</i>	<i>€M</i>
Transaction Portfolio	6,357	4,372	10,729
Government securities and sovereign debt	6,357	-	6,357
Bonds and other fixed income securities	-	433	433
Stock and other variable income securities	-	3,939	3,939
Placement Portfolio	1,056	-	1,056
Total	7,413	4,372	11,785

Included in this portfolio is EUR 4.1 billion of loaned securities. Interest receivable on the securities portfolio is EUR 0.5 million.

Bonds and other fixed income securities – maturity table

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	<i>€M</i>	<i>€M</i>	<i>€M</i>	<i>€M</i>	<i>€M</i>
Bonds and other fixed income securities	95	4	85	249	433
Total	95	4	85	249	433

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

3 Debtors – Receivables from banks

	31 December 2019
	€M
Ordinary accounts receivable	311
Reverse repurchase agreements	3,530
Total	3,841

Receivables from banks represent EUR 3.5 billion of securities received in relation to reverse repurchase agreements and EUR 0.3 billion of cash at bank.

Reverse repurchase agreement receivables from banks - Maturity table

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	€M	€M	€M	€M	€M
Reverse repurchase agreements with banks	3,530	-	-	-	3,530
Total	3,530	-	-	-	3,530

4 Debtors - Receivables from other customers

	31 December 2019
	€M
Reverse repurchase agreements with other customers	12,985
Other	332
Total	13,317

Receivables from other customers largely comprises EUR 13 billion of securities received in relation to reverse purchase agreements with clients.

Reverse repurchase agreement receivables from other customers - Maturity table

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	€M	€M	€M	€M	€M
Reverse repurchase agreements with other customers	11,970	-	-	1,015	12,985
Total	11,970	-	-	1,015	12,985

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

5 Other assets

	31 December 2019
	<i>€M</i>
Non-linear / Conditional derivatives purchased	1,889
<i>Interest rate option contracts</i>	427
<i>Foreign exchange option contracts</i>	151
<i>Other contracts</i>	1,311
Margin call cash accounts	5,568
Other various debtors	925
Total	8,382

- Other conditional contracts includes equities options and index options totalling EUR 1.2 billion.
- Margin call cash accounts includes cash collateral posted for trading purposes.
- Other various debtors is largely comprised of balances receivable from affiliates for margin placed with affiliates or intercompany receivables in respect of recharges for intragroup services.

6 Regularisation accounts – receivables

	31 December 2019
	<i>€M</i>
Linear derivatives	8,595
<i>Foreign exchange contracts</i>	3,664
<i>Other underlying instruments</i>	4,931
Other regularisation accounts	130
Total	8,725

Linear derivatives includes swaps, forwards and futures held at fair value.

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**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

7 Creditors - payables to banks

	31 December 2019
	€M
Repurchase agreements with banks	300
Total	300

Repurchase agreements with banks - Maturity table

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	€M	€M	€M	€M	€M
Repurchase agreements with banks	300	-	-	-	300
Total	300	-	-	-	300

8 Creditors – Payables to other customers

	31 December 2019
	€M
Repurchase agreements with other customers	7,934
Other	63
Total	7,997

Repurchase agreements with other customers - Maturity table

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	€M	€M	€M	€M	€M
Repurchase agreements with other customers	7,916	-	18	-	7,934
Total	7,916	-	18	-	7,934

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

9 Other liabilities

	31 December 2019
	<i>€M</i>
Non-linear / Conditional derivatives sold	1,987
<i>Interest rate option contracts</i>	402
<i>Foreign exchange option contracts</i>	152
<i>Other contracts</i>	1,433
Short sales	8,683
Securities owed	5,654
Cash collateral received on deposit	5,629
Other various creditors	2,040
Total	23,993

- Other conditional contracts includes derivatives on equities options and index options totalling EUR 1.3 billion.
- Other various creditors includes EUR 1.5 billion drawn down on the uncommitted financing facility from affiliates wholly owned by BAC. The remaining EUR 0.5 billion represents other amounts payable to affiliates.

10 Regularisation accounts – payables

	31 December 2019
	<i>€M</i>
Linear derivatives	9,078
<i>Foreign exchange contracts</i>	4,768
<i>Other underlying instruments</i>	4,310
Other regularisation accounts	111
Total	9,189

Linear derivatives comprises swaps, forwards and futures held at fair value.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

11 Provisions for liabilities and charges

	Provisioning €M	Reversals €M	Total €M
Provisions for risks and expenses	22		22
Total	22	-	22

Provisions for risks and expenses comprises employee incentive share scheme liabilities.

12 Equity excluding FRBG

Schedule of changes in equity

	Called up Share Capital €M	Share Premium €M	Other Reserves €M	Profit and Loss Account €M	Total €M
At 25 September 2018	0	-	-	-	0
New shares issued	5,276	-	-	-	5,276
Loss for the financial period	-	-	-	(127)	(127)
At 31 December 2019	5,276	-	-	(127)	5,149

On incorporation, the initial capital issued was EUR 50,000.

At 31 December 2019, the Company's issued share capital in the amount of EUR 5,276,300,000 was comprised of 527,630,000 ordinary shares each with a par value of EUR 10 each.

During the period there were three issuances of new shares. All these new shares carry the same rights as the existing shares, were issued to existing shareholders in proportion to their existing holdings, and are fully paid up.

- on 19 November 2018 the Company issued 54,000,000 new ordinary shares
- on 14 January 2019 the Company issued 208,625,000 new ordinary shares
- on 19 July 2019 the Company issued 265,000,000 new ordinary shares

Throughout the period and at 99.9% of the share capital was held by NB Holdings Corporation and the remaining 0.1% of the share capital was held by Merrill Lynch Group Holdings I, L.L.C.

13 Balance Sheet by Currency

At 31 December 2019

	EUR €M	Other currencies €M	Total €M
Total Balance Sheet	29,110	17,540	46,650

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

14 Derivatives notionals by type of market and underlying instruments

Below is a summary of the derivative notionals by type of market, instrument and maturity at 31 December 2019.

	Due in less than 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after more than 5 years	Total
	€M	€M	€M	€M	€M
Linear derivatives	338,538	86,640	101,450	168,531	695,159
<u>OTC market</u>	338,538	86,640	101,450	168,531	695,159
Interest rate contracts	4,600	24,090	71,921	146,036	246,647
Foreign exchange contracts	317,552	43,085	10,371	782	371,790
Other underlying instruments	16,386	19,465	19,158	21,713	76,722
Non linear derivatives	83,075	48,223	61,651	25,393	218,342
<u>Organised market</u>	34,002	15,205	21,269	217	70,693
Interest rate contracts	-	-	-	-	-
Foreign exchange contracts	-	-	-	-	-
Other underlying instruments	34,002	15,205	21,269	217	70,693
<u>OTC market</u>	49,073	33,018	40,382	25,176	147,649
Interest rate contracts	3,536	17,249	23,577	19,204	63,566
Foreign exchange contracts	33,694	11,327	5,226	755	51,002
Other underlying instruments	11,843	4,442	11,579	5,217	33,081
Total	421,613	134,863	163,101	193,924	913,501

At 31 December 2019 almost half the derivatives notionals have a maturity of less than 3 months.

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15 Derivatives trading

The Company enters into International Swaps and Derivatives Association, Inc. ("ISDA") master agreements or their equivalent ("master netting agreements") with its derivative counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes. In addition, to reduce the risk of loss, the Company usually requires collateral that is permitted by documentation such as repurchase agreements or Credit Support Annex to an ISDA. From an economic standpoint, the Company evaluates risk exposures net of related collateral that meets specified standards. The Company also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable it to terminate or reset the terms of the derivative contracts under certain defined conditions.

Derivative Notionals and Book Value

	Notional €M	Derivatives Assets €M	Derivatives Liabilities €M
Linear derivatives	695,159	8,595	9,078
Foreign exchange contracts	371,790	3,664	4,768
Other underlying instruments	323,369	4,931	4,310
Non linear derivatives	218,342	1,889	1,987
Foreign exchange contracts	63,566	427	402
Other underlying instruments	51,002	151	152
Other underlying instruments	103,774	1,311	1,433
Total	913,501	10,484	11,065

16 Interest and similar income

	31 December 2019 €M
Interest income from credit institutions	4
Interest income from customers	48
Interest income from fixed income securities	101
	153

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

17 Interest and similar expenses

	31 December 2019
	<i>€M</i>
Interest expense from credit institutions	4
Interest expense from customers	94
Interest expense from fixed income securities	99
Other interest expenses	1
	<hr/> 198

18 Commissions income and expenses

	31 December 2019
	<i>€M</i>
Income from securities financing transactions	27
Income from the provision of financial services	30
Commissions - income	<hr/> 57
Operating expenses	25
Clearing and exchange expenses	38
Commissions - expenses	<hr/> 63

Commissions income and expense primarily relates to brokerage fees arising from the Company's activities in fulfilling client orders for purchases and sales of global equities and traded bonds on global exchanges.

Operating expenses include bank and brokerage fees.

Brokerage fees income totals EUR 42 million.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

19 Trading gains / (losses)

	31 December 2019
	€M
Gains from securities transactions	40
Gains from financial instrument transactions	77
Loss from foreign exchange transactions	(1)
	<hr/> 116

This income reflects the performance of the Company's trading businesses. These businesses largely operate through derivative contracts with corporate or institutional investors. Hedging strategies are employed in a number of ways and can include purchasing or selling stock, bonds, asset-backed securities corporate debt.

20 Other banking income and Other bank operating expenses

	31 December 2019
	€M
Other banking operating revenues	186
Other banking income	<hr/> 186
Other banking operating expenses	54
Other bank operating expenses	<hr/> 54

Other banking income comprises service fee income. This includes EUR 73 million due to remote trading, EUR 75 million arising on sales, EUR 23 million for brokerage services.

Other banking operating expenses comprises intercompany service fee expenses. This includes EUR 29 million on remote trading, EUR 9 million arising on sales, EUR 11 million for brokerage services.

This income / expense is generated through services that the Company provides to and receives from the broader BAC group. Service fee income / expense is computed under arm's length principles in accordance with BAC's Global Transfer Pricing Policy.

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21 General operating expenses

Staff costs

	31 December 2019
	<i>€M</i>
Personnel costs	95
Pension Expenses	7
Other social charges	31
Taxes on Remuneration	3
Rights to shares	26
Staff costs	162

Average head count for the 66 week period was 154 employees and there were a total of 292 employees at 31 December 2019.

Other social charges mainly include social security contributions for employees (mainly URSSAF: Organisations for the Collection of Social Security and Family Benefit Contributions).

Other administrative charges

	31 December 2019
	<i>€M</i>
Tax	39
External services	17
Other operating expenses	106
Other administrative charges	162

Tax includes irrecoverable VAT, levies for CVAE and C3S, and Stamp Duty.

Other operating expenses includes legal entity shared expenses of EUR 98 million. Legal entity shared service expenses relate to the purchase of services from other affiliates in the BAC group. The charges are computed under arm's length principles reflecting the economic contribution of the affiliate in accordance with BAC's Global Transfer Pricing Policy.

22 Corporate Income Tax

The Company is in a tax loss position for the period, after the book-to-tax adjustments (e.g., add backs of the provisions for bonus and other variable remunerations as well as to the corresponding social charges for FY19 and add back of the amount of company social solidarity contribution that should be paid in 2020 for FY19). Therefore, no CIT charge has been booked by the Company for FY19.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

23 Auditor remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	BDO	PwC	Total
	<i>€000</i>	<i>€000</i>	<i>€000</i>
Audit of the financial statements for the period ended 31 December 2019	250	352	602
Other services	-	7	7
Total	250	359	609

24 Segmental breakdown

The Company's results are wholly derived from the Global Banking and Markets business which represents a single class of business. Within Global Banking and Markets, three principal business divisions operate within the Company. These three principal business divisions are Fixed Income, Currencies and Commodities ("FICC"), Equities, and Investment Banking ("IBK").

The Company operates in three geographic regions, being Europe, Middle East and Africa ("EMEA"), the Americas and Asia Pacific ("APAC"). Due to the highly integrated nature of international financial markets, the Company identifies its geographic performance based on the business unit structure used to manage the capital or expense deployed in the region as applicable.

The table below presents the total revenues of the Company by geographic region:

	EMEA	Americas	APAC	Total
	<i>€M</i>	<i>€M</i>	<i>€M</i>	<i>€M</i>
+ Interest and similar income	147	6	-	153
+ Commissions - income	53	2	2	57
+/- Trading gains / (losses)	101	13	2	116
+ Other banking income	152	34	-	186
Total	453	55	4	512

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

25 Counterparty risk

Credit risk

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk is created when the Company commits to, or enters into, an agreement with a borrower or counterparty. The Company defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives and other extensions of credit. Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

These processes create a comprehensive and consolidated view of the Company's credit risks, thus providing executive management with the information required to guide or redirect front line units ("FLU's") and certain legal entity strategic plans, if necessary.

As one of BAC's main investment firms outside of the US, the Company's credit strategy and origination is focused on its trading, securities and derivatives activities which account for the majority of its credit exposure.

26 Consolidating entity

The Company is a wholly owned subsidiary of Bank of America Corporation, which prepares consolidated financial statements that include the Company. These financial statements present information about the Company as an individual undertaking.

27 Directors' remuneration

The executive directors are not specifically remunerated for their social corporate mandate. The allowance paid to non-executive directors amounts to EUR 360,010.

28 Cash advance granted to directors

In compliance with French trade code (article L.227-10), no cash advance or loan has been granted to any of the directors.

29 Non adjusting subsequent events

Direct and indirect effects of the coronavirus outbreak are impacting the global economy, markets, and the Company's counterparties and clients. The Company cannot predict the coronavirus's potential future direct or indirect effects; however, the Company is taking actions to mitigate the impacts on the Company. The coronavirus's effects could have a material negative impact on the Company's future results of operations. This has been treated as a non adjusting subsequent event.