MERRILL LYNCH B.V.

UNAUDITED

INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED

30 JUNE 2015

An original copy was signed by Armstrong E. Okobia and Angela C. Jones, Managing Directors, on 19th August 2015.

CONTENTS

DIRECTORS' REPORT
For the six months ended 30 June 2015

The directors present their report and the unaudited financial statements of Merrill Lynch B.V. (the "Company") for the six months ended 30 June 2015.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Directors' confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

- the Directors' report gives a true and fair view regarding the position on the balance sheet date, the state of affairs during the financial year of the Company, and the principal risks confronting the Company.

The Dutch Civil Code requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU").

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS as adopted by the EU. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Business review

The Company was incorporated on November 12, 2012 in Amsterdam, The Netherlands. The statutory address of the Company is Amstelplein 1, 1096 HA Amsterdam, The Netherlands.

The ultimate parent of the Company is Bank of America Corporation ("BAC").

Principal activities and future developments

The principal activities of the Company are the issuance of structured notes and economically hedging these instruments through derivatives and fully-funded total return swaps. In addition the Company grants intercompany loans to affiliated entities and places deposits with BAC and Merrill Lynch International ("MLI").

During the second half of 2015, Bank of America Issuance B.V, an affiliated entity which also issues structured notes, is expected to be merged with the Company. The directors expect the principal activities to continue during 2015.

DIRECTORS' REPORT (continued)
For the six months ended 30 June 2015

Business review (continued)

Financial performance
The directors are satisfied with the Company's performance for the financial period ended 30 June 2015 and the financial position at the end of the period. The profit for the financial period, after taxation, amounted to $6,817,000 (2014: profit $21,912,000).

Dividends

During the six month period, the Company declared that an amount of $7,858,000 (2014: $15,847,000) be paid as a dividend to its parent, Merrill Lynch International Inc.

Risk management

The Company's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks) are described in the notes to the financial statements (see note 19).

Composition of the board

The size and composition of the Board of Managing Directors and the combined experience reflects the best fit for profile and strategy of the Company. Currently one member of the Board is male and one is female. The Company is aware of the gender diversity goals as set out in the article 2:276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new Managing Directors.

DIRECTORS' REPORT (continued)
For the six months ended 30 June 2015

Board of Directors

Managing Directors
(together authorised to represent the Company)

A.E. Okobia

A.C. Jones

Board of Directors
19th August 2015

STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015

		SIX MONTHS ENDED 30 JUNE	
	Note	**2015 $'000**	2014 $'000
Net gain on financial instruments held for trading	3	**47,628**	65,761
Net loss on financial instruments designated at fair value through profit or loss	4	**(61,412)**	(79,231)
Interest income	5	**20,236**	39,921
Operating income	6	**14**	755
		6,466	27,206
Administrative expenses		**(56)**	(571)
Total profit before tax		**6,410**	26,635
Tax credit/(charge)	7	**407**	(4,723)
Profit for the year		**6,817**	21,912
Other comprehensive income		**-**	-
Total comprehensive income		**6,817**	21,912

Comprehensive income derives wholly from continuing operations.

The profit and total comprehensive income for the period are attributable to the owner of the Company.

The notes on pages 9 to 31 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	AS AT 30 JUNE 2015 $'000	AS AT 31 DECEMBER 2014 $'000
ASSETS			
Non-current assets			
Amounts owed by affiliated undertakings	9	**1,921,127**	2,205,319
Financial assets designated at fair value through profit or loss	8	**191,472**	319,662
Financial instruments held for trading	10	**93,526**	84,665
Deferred tax asset	11	**79**	-
Total non-current assets		**2,206,204**	2,609,646
Current assets			
Amounts owed by affiliated undertakings	9	**461,395**	414,499
Financial assets designated at fair value through profit or loss	8	**98,313**	48,252
Financial instruments held for trading	10	**54,211**	80,972
Total current assets		**613,919**	543,723
Total assets		**2,820,123**	3,153,369
EQUITY AND LIABILITIES			
Equity			
Issued share capital	16	**0**	0
Other reserves	16	**2,771**	2,771
Other equity capital	16	**750,000**	750,000
Retained earnings		**31,756**	32,797
Total equity attributable to the owners of the company		**784,527**	785,568
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	12	**1,436,217**	1,842,733
Financial instruments held for trading	10	**39,744**	27,050
Deferred tax liability	11	**-**	555
Total non-current liabilities		**1,475,961**	1,870,338
Current liabilities			
Financial liabilities designated at fair value through profit or loss	12	**435,808**	419,076
Amounts owed to affiliated undertakings	13	**109,431**	47,006
Financial instruments held for trading	10	**1,586**	26,685
Dividend payable	15	**11,853**	3,994
Income tax payable	11	**857**	602
Accrued expenses and other liabilities	14	**100**	100
Total current liabilities		**559,635**	497,463
Total liabilities		**2,035,596**	2,367,801
Total equity and liabilities		**2,820,123**	3,153,369

The notes on pages 9 to 31 form part of these financial statements.

The financial statements on pages 5 to 31 were approved by the Board of Directors on 19 August 2015 and signed on its behalf by A.E. Okobia and A.C. Jones.

STATEMENT OF CASH FLOWS
As at 30 June 2015

	Notes	AS AT 30 JUNE 2015 $000	AS AT 30 JUNE 2014 $000
Cash flow generated from operating activities			
Profit/(loss) before tax		**6,410**	26,635
Adjustments for non-cash items:			
Net gain on financial instruments held for trading	3	**(47,628)**	(65,761)
Net loss on financial instruments designated at fair value through profit or loss	4	**61,412**	79,231
Interest income	5	**(20,236)**	(39,921)
Cash used in operations		**(42)**	184
Placement of intercompany deposits	9	**(15,416)**	(54,198)
Repayment of intercompany deposits	9	**364,984**	466,525
Placement of fully-funded total return swaps	8	**(309,564)**	(512,081)
Repayment of fully-funded total return swaps	8	**386,330**	512,081
Settlement of derivatives and coupons received/ (paid)	10	**39,027**	5,718
Proceeds from issuance of structured notes	12	**146,980**	289,565
Redemption of structured notes	12	**(605,018**	(739,195)
Net (decrease)/increase in intercompany payables	13	**(7,281)**	31,121
Net cash generated from operating activities		**-**	-
Cash flows from financing activities			
Proceeds from other share capital issuance		**-**	-
Dividend paid		**-**	-
		-	-
Net cash movement in cash and cash equivalents			
Cash and cash equivalents at beginning of year		**-**	-
Cash and cash equivalents at end of year		-	-

The notes on pages 9 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
As at 30 June 2015

Movements in shareholders' equity during the period ended 30 June 2015 are as follows:

	Note	Issued share capital $000	Other reserves $000	Other equity capital $000	Retained earnings $000	Total Equity $000
Balance at 31 December 2014		**0**	**2,771**	**750,000**	**32,797**	**785,568**
Profit for the year		-	-	-	6,817	**6,817**
Dividends declared	15	-	-	-	(7,858)	**(7,858)**
Other comprehensive income		-	-	-	-	**-**
Balance at 30 June 2015		**0**	**2,771**	**750,000**	**31,756**	**785,527**

Movements in shareholders' equity during the period ended 30 June 2014 are as follows:

	Note	Issued share capital $000	Other reserves $000	Other equity capital $000	Retained earnings $000	Total Equity $000
Balance at 31 December 2013		0	2,771	750,000	9,062	761,833
Profit for the year		-	-	-	21,912	21,912
Dividends declared	15	-	-	-	(7,858)	(7,858)
Other comprehensive income		-	-	-	-	-
Balance at 30 June 2014		0	2,771	750,000	23,166	775,887

The notes on pages 9 to 31 form part of these financial statements.

1. General information

The Company is a private company with limited liability (Besloten Vennootschap met Beperkte Aansprakelijkheid) incorporated under the laws of the Netherlands on 12 November 2012.

The principal activities of the Company are the issuance of structured notes and economically hedging these instruments through derivatives and fully-funded total return swaps. In addition the Company grants intercompany loans to affiliated entities and places deposits with BAC and Merrill Lynch International ("MLI"). The directors expect the principal activities to continue during 2015.

The Company has its registered address at Amstelplein 1 Rembrandt Tower, 11th Floor 1096 HA Amsterdam, the Netherlands. Merrill Lynch International Incorporated ("MLID") is the Company's immediate parent; BAC is the Company's ultimate parent, refer to note 18.

2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and the additional requirements of Title 9 Book 2 of the Netherlands Civil Code in accordance with article 362 section 8 and 9 of the Netherlands Civil Code for entities which prepare their financial statements in accordance with IFRS as adopted by the EU.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the management to exercise their judgement in the process of applying the Company's accounting policies, for example, determining the fair value of financial instruments. The financial statements were prepared using the going concern assumption and the directors expect the principal activities to continue in 2015.

The financial statements are prepared under the historical cost convention as modified to include financial assets and liabilities (including derivative instruments) designated at fair value through profit or loss.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2015 that would be expected to have a material impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for the following set out below:

2. Accounting Policies (continued)

2.1 Basis of preparation (continued)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2.2 Translation of foreign currencies

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

Transactions in foreign currencies are translated into US dollars at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Exchange gains and losses are recognised as net gain/(loss) on financial instruments designated at fair value through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction.

2.3 Financial instruments

a) Classification

(i) Financial instruments designated at fair value through profit or loss.

All structured notes issued and fully-funded total return swaps are classified as financial instruments designated at fair value through profit or loss upon initial recognition. Designation of any financial asset or financial liability at fair value through profit or loss is made upon initial recognition at the Company's discretion provided that certain conditions are met. These investments are managed and their performance is evaluated on a fair value basis, in accordance with the Company's structured notes program. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

2. Accounting Policies (continued)

2.3 Financial instruments (continued)

a) Classification (continued)

(ii) Financial instruments held for trading

All derivative financial instruments are classified as financial instruments held for trading. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or floating payments that are not quoted in an active market other than fully-funded return swaps classified as financial instruments designated at fair value through profit or loss. Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

b) Recognition

The Company recognises a financial instrument on its statement of financial position when it becomes a party to the contractual provisions of the instrument.

c) Measurement

Financial instruments are measured initially at fair value (generally transaction price) plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of these financial instruments.

After initial recognition, financial instruments held for trading or designated fair value through profit or loss are measured at fair value, with changes in their fair value recognised as gains or losses in the statement of comprehensive income.

Transaction costs on financial instruments at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised as part of the effective interest rate.

Impairment

Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment. Interest calculated using the effective interest rate method is recognised in the statement of comprehensive income.

Management assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The loss is recognised in the statement of comprehensive income.

2. Accounting Policies (continued)

2.3 Financial instruments (continued)

c) Measurement (continued)

Impairment (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

d) Fair value measurement principles

For financial instruments where there is no quoted market price (unlisted financial instruments), fair values have been estimated using quoted prices for instruments with characteristics either identical or similar to those held by the Company.

e) Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when they are extinguished, that is to say when the obligation is discharged or cancelled or expires.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5 Segmental reporting

The Company's results are wholly derived from a single class of business, being the Global Markets segment. It is not possible to allocate net operating income or net assets to any particular geographical source as one transaction may involve parties situated in a number of different geographical areas.

2.6 Shareholders' equity

All issued ordinary shares are classified as equity.

The perpetual borrowing from Merrill Lynch International Inc. is classified as equity according to IAS 32 and any dividend on the borrowing is subject to prior declaration by the Board of Directors.

2. Accounting Policies (continued)

2.7 Income and expense recognition

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Interest income received by the Company may be subject to withholding tax imposed in the country of origin. Interest arising from financial instruments designated at fair value through profit or loss is included in the change in fair value of financial instruments designated at fair value through profit or loss.

2.8 Current and deferred income tax

Current tax is measured at the amount expected to be paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period date and are expected to apply when the related deferred income tax asset is realised.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2.9 Statement of cash flows

The Statement of cash flows is prepared according to the indirect method. The Statement of cash flows shows the Company’s cash flows for the period divided into cash flows from operating, investing and financing activities and how the cash flows have affected the Company's cash. Transactions related to the issuance of structured notes are classified as operating activities.

2.10 Dividend distribution

Dividend distributions in respect of the perpetual borrowing are recognised as a liability in the financial statements in the period in which the dividends are approved by the Board of Directors.

2.11 Critical accounting estimates and judgment in applying accounting policies

Application of the accounting policies in the preparation of the financial statements requires the Board of Directors to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The following significant accounting policies are made to determine fair values that require complex estimates:

2. Accounting Policies (continued)

2.11 Critical accounting estimates and judgment in applying accounting policies (continued)

Financial instruments measured at fair value

The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs.

Where models are used to determine fair values, they are periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflects actual data and comparative market prices. These estimation techniques are necessarily subjective in nature and involve several assumptions.

3. Net gain on financial instruments held for trading

	SIX MONTHS ENDED 30 JUNE	
	2015	2014
	$000	$000
Gain on financial instruments held for trading	**68,993**	81,625
Loss on financial instruments held for trading	**(21,365)**	(15,864)
Net gain arising on derivatives	**47,628**	65,761

4. Net loss on financial instruments designated at fair value through profit or loss

	SIX MONTHS ENDED 30 JUNE	
	2015	2014
	$000	$000
Change in fair value of fully funded swaps	**(7,584)**	(16,987)
Change in fair value of structured notes	**(53,764)**	(62,154
Net loss arising on foreign currency holdings	**(64)**	(90)
	(61,412)	(79,231)

The change in fair value of instruments designated at fair value include a loss of $1,948,000 (2014: gain of $30,538,000) which is attributable to changes in credit spreads of BAC.

5. Interest income

	SIX MONTHS ENDED 30 JUNE	
	2015	2014
	$000	$000
Finance income	**20,236**	39,921

Finance income represents interest income on deposits and intercompany loans.

6. Operating income

Operating income relates to service fee income from MLI.

7. Tax charge/(credit)

	SIX MONTHS ENDED 30 JUNE	
	2015	2014
	\$000	\$000
Current tax		
Current tax on profit/(loss) for the period	**276**	358
Adjustments in respect of prior periods	**(49)**	-
Foreign taxes	**-**	-
Total current tax charge	**227**	358
Deferred tax		
Origination and reversal of temporary differences	**(634)**	4,366
Total deferred tax charge/(credit)	**(634)**	4,366
Total tax charge/(credit)	**(407)**	4,723

The tax for the period is reconciled to the standard rate of corporation tax in the Netherlands (2015: <€200k at 20% and >€200k at 25%, 2014: <€200k at 20% and >€200k at 25%).

	SIX MONTHS ENDED 30 JUNE	
	2015	2014
	\$'000	\$'000
Profit/(loss) before tax	**6,410**	26,635
Tax calculated at standard rate of corporation tax 25% (2014: 25%)	**1,603**	6,659
Tax effects of:		
Net credit not subject to tax	**(1,961)**	(1,934)
Impact of foreign exchange differences on the tax charge	**-**	-
Adjustments in respect of prior periods	**(49)**	-
Total tax (credit)/charge	**(407)**	4,723

Temporary differences arise on the recognition of gains or losses as BAC credit spreads change.

8. Financial assets designated at fair value through profit or loss

The below table presents the aggregated amounts of the Company's financial assets designated at fair value through profit and loss, categorised by maturity dates:

		AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Fully-funded total return swaps				
Current assets				
Less than 1 year	**98,304**	**98,313**	50,701	47,717
Credit spread adjustment	**-**	**-**	-	535
		98,313		48,252
Non-current assets				
From 12 months to 5 years	**175,592**	**178,979**	355,299	303,759
Over 5 years	**12,000**	**11,884**	12,000	11,793
Credit spread adjustment	**-**	**609**	-	4,110
		191,472		319,662
Total assets		**289,785**		367,914

The financial assets designated at fair value represent fully-funded total return swaps held with MLI. The carrying and fair value amounts are denominated in the following currencies:

		AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Fully-funded total return swaps				
USD	**225,348**	**222,634**	363,803	302,608
EUR	**27,305**	**31,917**	25,316	33,978
MXN	**20,137**	**20,118**	-	-
GBP	**8,493**	**9,699**	20,353	21,685
AUD	**4,613**	**4,809**	4,914	4,998
Credit spread adjustment	**-**	**609**	-	4,645
		289,785		367,914

All fully-funded total return swaps are linked to the performance of various market indices. A fully-funded total return swap is defined as a total return swap where the cash from the related issuance is placed with the swap counterparty as a single transaction.

The indexed linked amounts are calculated based on the movement of the underlying indices of each fully-funded total return swap.

The credit spread adjustment represents a credit valuation adjustment which is linked to BAC credit spreads, for more information refer to note 19.

The fair value of the fully-funded total return swaps are determined by using valuation techniques based on valuation models, for more information refer to accounting policy note 2.11.

9. Amounts owed by affiliated undertakings

	AS AT 30 JUNE 2015 $000	AS AT 31 DECEMBER 2014 $000
Non-current assets		
Investment in ML&Co. Canada Ltd	**7,027**	7,027
Intercompany loan	**750,000**	750,000
Money market deposit	**1,164,100**	1,448,292
	1,921,127	2,205,319
Current assets		
Intercompany loans	**184,414**	72,178
Money market deposit	**276,981**	342,321
	461,395	414,499
	2,382,522	2,619,818

The investment in Merrill Lynch & Co., Canada Ltd is in non-voting preference shares.

Money market deposits and intercompany loans mainly consist of funds raised through the issuance of structured notes and are carried at amortised cost. The balances are predominantly denominated in USD, EUR and GBP and are not past due or impaired.

Money market deposits are uncollateralised and are owed by BAC and MLI.

Non-current money market deposits at amortised cost have a fair value of $1,220,466,000 (2014: $1,364,506,000). Current money market deposits at amortised cost have a fair value of $334,793,000 (2014: $346,122,000).

Non-current intercompany loans represent a fixed rate placement with BAC. The intercompany loan has a fair value of $776,780,000 (2014: $790,360,000).

Current intercompany loans are extended on a short term basis and as a result there are immaterial differences between the carrying values and the fair values of the loans.

10. Financial instruments held for trading

	AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014	
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Non-current assets				
Total return swaps	**854,214**	**90,799**	949,742	81,705
Cross currency swaps	**21,652**	**2,727**	21,652	2,960
		93,526		84,665
Current assets				
Total return swaps	**244,592**	**54,211**	397,178	80,972
		54,211		80,972
Total assets		**147,738**		165,637

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the six months ended 30 June 2015

10. Financial instruments held for trading (continued)

	AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014	
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Non-current liabilities				
Total return swaps	**309,079**	**(39,744)**	236,329	(27,050)
		(39,744)		(27,050)
Current liabilities				
Total return swaps	**39,507**	**(1,586)**	201,383	(26,685)
		(1,586)		(26,685)
Total liabilities		**(41,330)**		(53,735)

The total return swaps and cross currency swaps are transacted with affiliates, mainly MLI and are predominantly denominated in USD, EUR and GBP. The Company settles derivative contracts on an individual basis and therefore derivative assets and liabilities are shown gross in the statement of financial position with no netting applied.

The financial assets held for trading are the only financial instruments that fall under an enforceable master netting agreement, but do not net settle in the normal course of business and so netting is not applied.

11. Tax liability

	Deferred tax $000	**Current tax $000**	**Total $000**
Tax liability as at 31 December 2014	555	602	1,157
Credited/(charged) to the statement of comprehensive income	(634)	227	(407)
Impact of foreign tax exchange	-	28	28
Tax paid	-	-	-
Tax (asset)/liability as at 30 June 2015	**(79)**	**857**	**778**

Tax due to temporary differences arises on the recognition of gains or losses as BAC credit spreads change.

12. Financial liabilities designated at fair value through profit or loss

The below table presents the aggregated amounts of the Company's financial liabilities designated at fair value through profit and loss, categorised by maturity dates:

	AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014	
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Structured notes				
Current liabilities				
Less than 1 year	**382,403**	**433,114**	397,343	426,230
Credit spread adjustment	**-**	**2,694**	-	(7,154)
		435,808		419,076
Non-current liabilities				
From 12 months to 5 years	**1,137,829**	**1,156,128**	1,567,640	1,582,213
From 5 years to 10 years	**105,897**	**102,211**	95,598	93,389
Over 10 years	**127,190**	**175,296**	144,850	170,446
Credit spread adjustment	**-**	**2,582**	-	(3,315)
		1,436,217		1,842,733
		1,872,024		2,261,809

The financial liabilities designated at fair value through profit or loss represents structured notes issued to investors, the structured notes are not collateralised. The carrying and fair value amounts of the structured notes are denominated in the following currencies:

	AS AT 30 JUNE 2015		AS AT 31 DECEMBER 2014	
	Notional $000	**Fair Value $000**	Notional $000	Fair Value $000
Structured notes				
EUR	**771,671**	**827,299**	907,309	971,604
USD	**760,968**	**799,527**	994,401	973,200
GBP	**82,709**	**100,045**	127,562	141,699
JPY	**25,007**	**26,080**	62,722	64,234
SEK	**35,178**	**43,113**	40,687	50,079
AUD	**9,832**	**12,921**	13,054	16,749
SKK	**18,546**	**21,390**	20,080	22,930
CHF	**18,546**	**10,077**	20,588	11,222
MXN	**26,827**	**19,039**	7,124	8,769
CLP	**4,084**	**7,258**	4,304	6,208
SGD	**-**	**-**	5,601	5,584
Credit spread adjustment	**-**	**5,275**	-	(10,469)
		1,872,024		2,261,809

12. Financial liabilities designated at fair value through profit or loss (continued)

The structured notes program does not include an early repayment option by the holder, hence the Company is not legally obliged to redeem the notes until they mature.

All structured notes are hybrid instruments with a structured component linked to the performance of various market indices. The ultimate return on the notes is dependent on the performance of the underlying indices. The indexed linked amounts are calculated based on the movement of the underlying indices of each structured note.

The credit spread adjustment represents a debit valuation adjustment which is linked to BAC credit spreads. The fair value of the structured notes, is determined by using valuation techniques based on valuation models, for more information refer to accounting policy note 2.11.

13. Amounts owed to affiliated undertakings

	AS AT 30 JUNE 2015 $000	AS AT 31 DECEMBER 2014 $000
Intercompany loans payable	**109,431**	47,006

Amounts owed to affiliated undertakings are comprised of intercompany loans denominated in USD which are due and payable on demand. Due to the short term nature of the loans there is no material difference between the fair value and the carrying values.

14. Accrued expenses and other liabilities

	AS AT 30 JUNE 2015 $000	AS AT 31 DECEMBER 2014 $000
Accrued audit fees	**100**	100

Payments will be made to Pricewaterhousecoopers Accountants B.V. in relation to the statutory audit. Payments will be made by an affiliate entity and recharged to the Company.

15. Dividend payable

During the year the Company declared that an amount of $7,858,000 (2014: $15,847,000) be paid as a dividend to Merrill Lynch International Inc. The directors do not recommend the payment of a further dividend in respect of the period ended 30 June 2015. The dividend accrued represents payments declared by the Board of Directors on the $750,000,000 other equity capital, please refer to note 16.

16. Share capital

	AS AT 30 JUNE 2015 $000	AS AT 31 DECEMBER 2014 $000
Issued share capital	**0**	0
Other reserves	**2,771**	2,771
Other equity capital	**750,000**	750,000
	752,771	752,771

Issued share capital in 2015 comprises 12,988 Ordinary shares of equal voting rights at $0.01 each. (2014: 12,998 ordinary shares at $0.01 each).

16. Share capital (continued)

Other equity capital carry no voting rights and comprises a perpetual borrowing from Merrill Lynch International Inc. issued on 1 January 2013. The borrowing carries a rate of 2.08% per annum and payments are accrued subject to prior declaration by the Board of Directors, please refer to note 15.

17. Financial instruments by category

The following table analyses the carrying amount of the Company's financial assets and liabilities by category and by statement of financial position heading:

Summary of financial instruments at 30 June 2015

	Notes	Loans and receivables $000	Financial instruments held for trading $000	Financial instruments designated at fair value through profit or loss $000
Assets				
Amounts owed by affiliated undertakings	9	**2,382,522**	**-**	**-**
Financial assets designated at fair value through profit or loss	8	**-**	**-**	**289,785**
Financial instruments held for trading	10	**-**	**147,738**	**-**
		2,382,522	**147,738**	**289,785**
Liabilities				
Financial liabilities designated at fair value through profit or loss	12	**-**	**-**	**1,872,024**
Financial instruments held for trading	10	**-**	**41,330**	**-**
Amounts owed to affiliated undertakings	13	**109,431**	**-**	**-**
		109,431	**41,330**	**1,872,024**

17. Financial instruments by category (continued)

Summary of financial instruments at 31 December 2014

	Notes	Loans and receivables $000	Financial instruments held for trading $000	Financial instruments designated at fair value through profit or loss $000
Assets				
Amounts owed by affiliated undertakings	9	3,105,041	-	-
Financial assets designated at fair value through profit or loss	8	-	-	512,080
Financial instruments held for trading	10	-	206,241	-
		3,105,041	206,241	512,080
Liabilities				
Financial liabilities designated at fair value through profit or loss	12	-	-	2,856,870
Financial instruments held for trading	10	-	51,198	-
Amounts owed to affiliated undertakings	13	116,182	-	-
		116,182	51,198	2,856,870

18. Related party transactions

Related party transactions are transfers of resources, services or obligations between related parties and the Company, regardless of whether a price has been charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Company.

The following parties are considered related parties:

MLID, the Company's immediate parent is the holder of all 12,998 ordinary shares ($129.98) The Company has entered into loan contracts with MLI and ML&Co. Canada Ltd, as set out in note 9.

MLID is the holder of Other equity capital of $750,000,000 which carry no voting rights and returns accrued on the borrowing is subject to prior declaration by the Board of Directors.

The Company has deposits placed with BAC, which at 30 June 2015 amounted to $915,106,000 (2014: $1,147,034,000) which are interest bearing, generating interest income of $394,000 (2014: $643,579).

The Company has deposits placed with MLI, which at 30 June 2015 amounted to $525,975,000 (2014: $656,357,000) which are interest bearing, generating interest income of $278,000 (2014: $375,000).

BAC as the ultimate controlling party has the power to govern the Company.

The Board of Directors received no remuneration during the year in relation to services to the Company (2014: $nil).

19. Financial risk management

Legal Entity Governance

Legal entity risk governance is built on the BAC approach to risk management as documented in the BAC Risk Framework. BAC takes a comprehensive approach to risk management, integrating it with strategic, capital and financial operating plans. BAC manages risk systematically, with focus on BAC as a whole and by business, Governance and Control Functions ("GFCs"), geography, legal entity and / or branch (where appropriate), product, service and transactions.

The risk management approach has five components:

- Risk culture;
- Risk appetite;
- Risk governance;
- Risk reporting; and
- Risk management processes.

The seven key types of risk faced by BAC Businesses as defined in the Risk Framework are market, credit, operational, liquidity, reputational, strategic and compliance risks.

Set out below is a summary of the Company's approach to each of the risk types.

Market risk

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions.

The Company seeks to mitigate market risk associated with structured notes by employing economic hedging strategies that correlate rate, price and spread movements of these financial instruments with related financing and hedging activities. The Company uses total return swaps to economically hedge its market exposures.

a) Interest rate risk

Interest rate risk represents exposures to instruments whose values vary with the level or volatility of interest rates. The Company has economically hedged its interest rate risk on the structured notes by entering into total return swaps. Interest price risk is economically hedged using a total return swap.

b) Foreign exchange risk

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the U.S. Dollar. The Company's trading assets and liabilities include both cash instruments denominated in and derivatives linked to U.S Dollar and Euro amongst others. Currency price risk is economically hedged using a total return swap.

c) Equity market risk

Equity market risk represents exposures to securities that represent an ownership interest in a corporation in the form of domestic and foreign common stock or other equity-linked instruments. Equity price risk is economically hedged using a total return swap.

d) *Credit spread risk*

Credit spread risk is the potential for loss due to changes in credit spreads. Credit spreads represent the credit risk premiums required by market participants for a given credit level. Credit spread risk is economically hedged using a total return swap.

19. Financial risk management (continued)

Market risk (continued)

e) *Commodity risk*

Commodity risk represents exposures to instruments traded in the petroleum, natural gas, power and metals markets. Commodity price risk is economically hedged using a total return swap. Given the fact that the above risks are materially hedged, no further information on sensitivity analysis is presented.

Credit Risk

The Company defines credit risk as the loss arising from the inability or failure of a borrower or counterparty to meet its obligations. The Company defines the credit exposure to a counterparty as the loss potential arising from product classifications, including loans, leases, derivatives and other extensions of credit.

In line with the BAC Risk Framework, the credit department manages credit risk based on the risk profile of the borrower or counterparty, which includes repayment sources, underlying collateral (if any), and the expected impacts of the current and forward-looking economic environment on these borrowers. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes.

Credit management includes the following processes:
• Establishing credit risk appetite
• Credit origination
• Portfolio management
• Loss mitigation activities

Managing through these processes creates a comprehensive consolidated view of our enterprise wide credit risk activities, thus providing executive management the information required to guide or redirect strategic plans.

BAC has established policies and procedures for mitigating credit risk on principal transactions, including establishing and reviewing limits for credit exposure, maintaining collateral, purchasing credit protection and continually assessing the creditworthiness of counterparties. These limits were not exceeded during the period ended 30 June 2015.

The credit risks of the Company arise from the affiliate hedging of structured note issuance via derivatives, as well as the intercompany loans to and deposits and senior loans placed with affiliates. The Company restricts its exposure to credit losses on derivative instruments by entering into a master netting arrangement with an affiliate counterparty. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the affiliate are terminated and settled on a net basis.

Additionally, the Company grants intercompany loans and places deposits with affiliates. None of the loans to affiliate companies is past due or impaired. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period.

The Company is exposed to a significant concentration of credit risk related to money market deposits totalling $1,441,081,000 (2014: $1,790,613,000), all with affiliated undertakings. Financial assets held for trading and financial assets designated at fair value through profit or loss are predominantly taken out with MLI. At the end of the reporting period, the credit rating for outstanding long term debt of the affiliated undertakings is Baa2 (Moody's) and A (S&P) for BAC and MLI respectively, (2014: BAA2 and A for BAC and MLI).

19. Financial risk management (continued)

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational risk may occur anywhere in the Company, including third party business processes, and is not limited to operations functions. Effects may extend beyond financial losses and may result in reputational risk impacts. An operational loss event can be associated with any of the following seven operational loss event categories as outlined by the Basel Committee for Banking Supervision: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damage to physical assets; business disruption and system failures; and execution, delivery and process management.

Since operational risk is inherent in every activity across the Company, the Company relies on all employees to contribute to an effective internal control environment and manage operational risk within their roles. The Company manages operational risk by designing and implementing internal controls to identify, measure, monitor and control risks.

Operational risk must be managed by all employees as part of their day-to-day activities. Business and Control Functions are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. The independent risk management teams actively oversee the businesses and control functions to monitor adherence to the operational risk management program and to advise and challenge operational risk exposures.

Reputational risk

Reputational risk is the potential that negative perceptions of the Company's conduct or business practices will adversely affect its profitability, operations or customers and clients.

Reputational risk is managed through established policies and controls as part of the core business and risk management processes. The control environment aims to prevent reputational risk events before they occur. Employees are expected to follow the Bank's Code of Conduct and not engage in any activity that could harm the Bank's reputation. In each business reputational risk is mitigated by the following activities: New Product Reviews, Conflict of Interest Management and appropriate risk management practices and controls.

The organizational and governance structure in place for reputational risk provides strong oversight at both the Company and individual Business levels. Committees exist at all levels, embedded as part of the overall governance model, to focus on oversight and escalation of reputational risk issues and individual roles and accountabilities of our employees.

Strategic risk

Strategic risk is the risk that results from incorrect assumptions about external and/or internal factors, inappropriate business planning or ineffective / inefficient business strategy execution.

The strategic plan is reviewed and approved annually by the Board with ad-hoc strategic actions approved by the Board as required. At the Business and enterprise levels, Committees exist to assess the strategic risk implications of new business initiatives.

Transparency of our strategic risks is critical to effective risk management. Regular updates are provided to executive management on business performance with more topical presentations made to address other strategic developments when required.

19. Financial risk management (continued)

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions arising from the failure of BAC and its enterprise subsidiaries (which includes the group) to comply with requirements of banking and financial services laws, rules and regulations.

Global Compliance is a separate function with governance routines and executive reporting distinct from those of the Businesses or other GCFs. While GCFs are collectively responsible for overseeing the Company's overall compliance with applicable laws, rules and regulations Global Compliance assumes responsibility for Compliance risk. Global Compliance is responsible for identifying and mitigating Compliance risks, escalating compliance risks and issues, and providing ongoing, objective oversight of compliance risk for the Company.

Liquidity risk

Liquidity risk is the potential inability to meet contractual and contingent financial obligations, both on- or off- balance sheet, as they come due. Liquidity risk relates to the ability of an entity to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern. The Company maintains intercompany loans and other relationships with affiliates to provide funding for its activities as required.

The Liquidity Risk Management Group of BAC is responsible for measuring, monitoring and controlling the BAC Group's liquidity risk. This Group establishes methodologies and specifications for measuring liquidity risk, performs the scenario analysis and liquidity stress testing, and sets and monitors liquidity limits. The Group works with business units to limit liquidity risk exposures and reviews liquidity risks associated with new products and new business strategies.

A maturity analysis of issued notes is presented in note 12. The contractual undiscounted cash flows are disclosed in the table below.

30 June 2015	**Less than 3 months** **$'000**	**Between 3 months and 1 year** **$'000**	**Between 1 and 2 years** **$'000**	**Between 2 and 5 years** **$'000**	**Over 5 years** **$'000**	**Total** **$'000**
Financial liabilities designated at fair value through profit and loss	41,893	391,053	872,143	276,085	277,370	**1,858,545**
Amounts owed to affiliated undertakings	-	109,431	-	-	-	**109,431**
Accrued expenses and other liabilities	-	100	-	-	-	**100**
Total liabilities	**41,893**	**500,584**	**872,143**	**276,085**	**277,370**	**1,968,076**

19. Financial risk management (continued)

Liquidity risk (continued)

A maturity analysis of issued notes is presented in note 12. The contractual undiscounted cash flows are disclosed in the table below.

31 December 2014	Less than 3 months $'000	Between 3 months and 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities designated at fair value through profit and loss	151,569	278,838	393,111	1,135,689	302,588	2,261,795
Amounts owed to affiliated undertakings	-	47,006	-	-	-	47,006
Accrued expenses and other liabilities	-	100	-	-	-	100
Total liabilities	151,569	325,944	393,111	1,135,689	302,588	2,308,901

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its immediate parent and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may pay dividends to its immediate parent, return capital to its immediate parent, or issue new shares. The Company monitors capital on the basis of the capitalisation ratio which is calculated as equity divided by issued debt.

The capitalisation ratio of 41.91% allows sufficient headroom for future issuances of structured notes.

Capitalisation ratio:	**2015 $000**	2014 $000
Equity	**784,527**	785,568
Issued debt	**1,872,024**	2,261,809
Capitalisation ratio	**41.91%**	34,73%

20. Fair value measurement

Financial instruments carried at fair value have been categorised into levels based on the observability of pricing information.

Financial instruments are considered Level 1 when valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

As at 30 June 2015

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**TOTAL $'000**
Assets				
Financial assets designated at fair value through profit or loss	**-**	**206,437**	**83,348**	**289,785**
Financial instruments held for trading	**-**	**104,083**	**43,654**	**147,737**
Total assets	**-**	**310,520**	**127,002**	**437,522**
Liabilities				
Financial liabilities designated at fair value through profit and loss	**-**	**1,490,230**	**381,795**	**1,872,025**
Financial instruments held for trading	**-**	**33,188**	**8,143**	**41,330**
Total liabilities	**-**	**1,523,417**	**389,938**	**1,913,355**

The table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2014:

As at 31 December 2014

	Level 1 $'000	Level 2 $'000	Level 3 $'000	TOTAL $'000
Assets				
Financial assets designated at fair value through profit or loss	-	336,791	31,123	367,914
Financial instruments held for trading	-	124,928	40,709	165,637
Total assets	-	461,719	71,832	533,551
Liabilities				
Financial liabilities designated at fair value through profit and loss	-	1,990,112	271,697	2,261,809
Financial instruments held for trading	-	50,073	3,662	53,735
Total liabilities	-	2,040,185	275,359	2,315,544

20. Fair value measurement (continued)

Fair values of level 3 assets

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 under the fair value hierarchy.

The Level 3 financial instruments include derivatives and valuation inputs for which there are few transactions and there is little or no observable market data to corroborate inputs to valuation models.

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the valuation control policies applicable across the BAC group. However, as the Company hedges all its market risk with affiliated undertakings, the impact to comprehensive income from the valuation of level 3 financial instruments using the range of possible inputs is zero.

The table below presents, a reconciliation for all Level 3 financial instruments measured at fair value. Level 3 assets were $127,002,000 as of 30 June 2015 (2014: $71,832,000) and represent approximately twenty nine percent of assets measured at fair value and approximately four percent of total assets. Level 3 liabilities were $389,938,000 as of 30 June 2015 (2014: $275,359,000) and represent approximately twenty percent of liabilities measured at fair value and of total liabilities.

	Financial assets designated at fair value through profit and loss $000	Financial instruments held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 1 January 2015	**31,123**	**37,047**	**(271,697)**
Gains recognised in the statement of comprehensive income	**653**	**11,351**	**11,862**
Settlements	**(1,418)**	**(7,212)**	**52,576**
New issuances	**6,650**	**2,494**	**(14,428)**
Transfers in	**47,672**	**-**	**(193,000**
Transfers out	**(1,332)**	**(8,170)**	**32,890**
Balance at 30 June 2015	**83,348**	**35,512**	**(381,795**
Total gains/(losses) for the period included in statement of comprehensive income for financial instruments held at the end of the reporting period	**653**	**11,351**	**11,862**

Transfers in and out of level 3 are primarily due to changes in the impact of unobservable inputs on the value of financial instruments at fair value. Where previously unobservable inputs become more observable, for example due to the passage of time or more independent price quotes received, the transfer is made from level 3 to level 2. For financial assets and financial liabilities designated at fair value, where the impact of the embedded level 3 derivative becomes material to the overall value the fully funded swap or financial liability from one period to the next, the transfer is made from level 2 to level 3.

20. Fair value measurement (continued)

	Financial assets designated at fair value through profit and loss $000	Financial instruments held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 1 January 2014	43,470	(36,008)	(478,997)
Gains/(losses) recognised in the statement of comprehensive income	(1,257)	11,813	71,600
Settlements	(31,474)	58,450	194,090
New issuances	17,352	(356)	(17,607)
Transfers in	3,032	-	(44,992)
Transfers out	-	3,148	4,209
Balance at 31 December 2014	31,123	37,047	(271,697)
Total gains/(losses) for the period included in statement of comprehensive income for financial instruments held at the end of the reporting period	(1,257)	11,813	71,600

21. Events after the reporting period

During the second half of 2015, Bank of America Issuance B.V, an affiliated entity which also issues structured notes, is expected to be merged with the Company. The directors expect the principal activities to continue during 2015.

The financial statements were approved by the Board and authorised for issue on 19th August 2015. They were signed on its behalf by:

A.E. Okobia

A.C. Jones

Amsterdam
19th August 2015

OTHER INFORMATION
For the six months ended 30 June 2015

Profit appropriation

Article 19 of the Company's Articles of Association is as follows:

a) The profits of the Company, according to the annual financial statements adopted by the general meeting, are – insofar as they are not to be preserved for the formation or maintenance of reserves prescribed by law – at the disposal of the general meeting which decides about reservations or payments of profits.

b) Dividends may be paid up only to the amount above the sum of the balances between net assets and paid in capital, increased with reserves which must be maintained by virtue of law.

Based on the net result over the period ended 30 June 2015, the Board of Directors do not recommend the payment of a further dividend in respect of the period ended 30 June 2015.

Distributions to shareholders are subject to two tests, namely, the equity test and the distribution or liquidity test. The Board of Directors must approve a proposed distribution and may only refuse if they know (or ought to reasonably foresee) that the Company after the distribution would no longer be able to repay its debts as and when they fall due.

Post balance sheet events

During the second half of 2015, Bank of America Issuance B.V, an affiliated entity which also issues structured notes, is expected to be merged with the Company. The directors expect the principal activities to continue during 2015.