Registered number: 1009248

Bank of America Merrill Lynch International Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2015

Bank of America Merrill Lynch

Contents

Bank of America Merrill Lynch International Limited – Company Information

Directors	A. S. Wilmot-Sitwell M. Butler B. Elfring J. A. Gollan B. Mensah (appointed 3 March 2015) J. S. Przewozniak J. M. Taylor S. A. James (appointed 22 February 2016) A. D. Schroeder (appointed 29 February 2016) D. F. Guest (appointed 3 March 2016)
Registered Number	1009248
Registered Office	2 King Edward Street London EC1A 1HQ
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

A. Strategic Report
For the Year Ended 31 December 2015

Bank of America Merrill Lynch

A. Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report on Bank of America Merrill Lynch International Limited ("BAMLI", the "Company") for the year ended 31 December 2015.

These financial statements are the first that the Company has prepared following the adoption of Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework'. Further details can be found in the Accounting Policies, note 1.

The Company has taken advantage of the exemption in Section 401 of the Companies Act 2006 from the obligation to prepare and deliver consolidated financial statements. Accordingly these financial statements include the results of the Company and not its group.

BAMLI is a wholly owned subsidiary of Bank of America, N.A. ("BANA") and the ultimate parent of the Company is Bank of America Corporation (NYSE:BAC) ("BAC"). The Company provides a range of financial services as well as acting as a service company for companies in the BAC group. BAMLI's activities form part of BAC's Global Banking and Markets operations in the Europe, Middle East and Africa region ("EMEA"). Clients principally include large multinational groups, financial institutions, governments and government entities. The activities of the subsidiary companies are set out in note 20 to the financial statements.

BAMLI's head office is in the United Kingdom with branches in Dublin, Madrid, Paris and Amsterdam.

The Company has the ability to conduct business with international clients and to trade throughout the European Economic Area. BAMLI is registered as a bank in the United Kingdom and is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. The Company's branches are authorised and regulated by the PRA.

As at 31 December 2015, the Company was rated by Fitch (A/F1) and Standard & Poor's (A/A-1).

Market Environment

The Eurozone continued to grow modestly in 2015, as the European Central Bank ("ECB") began a program of significant purchases of sovereign debt, helping to keep bond yields low and to maintain stability in southern European markets. Core inflation in the Eurozone stabilised early and then edged higher over the year. The Euro/US Dollar exchange rate continued to decline early in the year driven by the differing directions of US and Eurozone monetary policies, further boosting European competitiveness. However, the Eurozone remains vulnerable to economic slowing in emerging markets. Late in the year, the ECB extended its horizon for bond purchases, but failed to increase their size.

The global interest rate environment continues to operate at historically low levels across major economies. At its final meeting of the year, the Federal Open Market Committee ("FOMC") raised its target range for the Federal funds rate by 25 basis points, its first rate tightening in over nine years. At the same time, the Federal Reserve repeated its expectation that policy would be normalized gradually, and would remain accommodative for the foreseeable future.

There was loan growth throughout the year in Europe as a result of continued easing in credit standards for loans to enterprises and an increase in demand for loans. Competition was the main factor driving the easing in credit standards and the low general level of interest rates was a key contributing factor for the increase in demand.

Risk Management

The Group'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 34).

Business Review

The Company's performance during 2015 reflects the continued growth in BAMLI's lending activities as it becomes the key banking entity for BAC in EMEA, as well as the first full year for the Company acting as support services employer for BAC's UK operations. On a wider basis, the Company has established European branch operations in Dublin, Madrid, Paris and Amsterdam, with assets and activity transferred from existing branches and legal entities within the BAC group.

As part of the Paris branch migration, Merrill Lynch France SAS ("MLF") and its subsidiary Merrill Lynch Capital Markets France SAS ("MLCMF") were contributed to the Company by BANA. Subsequently MLCMF was absorbed into MLF by way of a simplified merger, and MLF was absorbed into BAMLI by way of a universal transfer. As a result of these transactions, the results of MLF and MLCMF have been accounted for as if they were always part of BAMLI, and comparative financial information has been restated accordingly. See note 37 for further details.

The directors expect the Company's growth and European branch expansion to continue in 2016.

Divisional Performance

The Group's results are derived from Support Services and Global Banking and Markets activities which represent reportable segments as disclosed in note 3.

BAMLI's Support Services segment contributed $1,262 million to total operating income following a full year of income since the transfer of staff and support services in 2014.

The Global Banking and Markets segment contributed $594 million in terms of total operating income driven primarily by increased corporate, leasing and asset backed lending activities.

Summary Income Statement

	2015 $000	2014 $000	Change $000
Net interest, fee and commission income	495,557	370,377	125,180
Dealing profits and fair value income	5,187	89,689	(84,502)
Other operating income	1,419,180	939,790	479,390
Impairment charge for credit losses	(64,150)	(89,490)	25,340
Total operating income	**1,855,774**	**1,310,366**	**545,408**
Administrative expenses	(1,375,602)	(953,622)	(421,980)
Depreciation and other operating expense	(311,125)	(163,128)	(147,997)
Profit before tax	**169,047**	**193,616**	**(24,569)**

Net interest, fee and commission income

This income reflects the performance of BAMLI's lending businesses, consisting primarily of corporate and institutional lending, in addition to certain asset-backed lending, secured lending and leasing activity.

Dealing profits and fair value income

This income reflects the profits on BAMLI's trading asset portfolio as well as certain lending transactions which the Company has designated at fair value.

Other operating income

This income is generated primarily through BAMLI's services to the broader BAC group ("service fee income") relating to its Support Services activity.

Other operating income also includes one time income events which are not determined to be part of the Company's trading activities.

Impairment charge for credit losses

This represents the provision for credit losses on BAMLI's lending businesses.

Administrative expenses

Expenses are driven by compensation and overhead costs and direct trading related costs.

Depreciation and other operating expenses

Depreciation expenses are incurred by the Company on fixed assets acquired as part of its support services activities. Other operating expenses primarily relate to service fee expenses resulting from 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. Service fee expense increased significantly during the year as a result of the growth in BAMLI's overall Global Banking and Markets activities.

Capital

BAMLI makes "Pillar 3" disclosures as required under the Capital Requirements Directive IV ("CRD IV").

BAMLI's Capital Resources increased year on year from $6,665 million in 2014 to $6,825 million primarily driven by the Company's profitability.

Liquidity

The Company is subject to the Basel III liquidity requirements legislated by the European Commission's Capital Requirement Regulations and Capital Requirements Directive ("CRR/CRD IV"). Rules implementing the requirement for credit institutions to comply with the Liquidity Coverage Ratio ("LCR") were finalised by the European Commission in October 2014. The Company is required to meet a minimum LCR from October 2015. In Supervisory Statement 24/15 the PRA retained their requirement for firms to demonstrate overall liquidity adequacy; this is consistent with the internal risk appetite referenced in note 34 of the financial statements.

Subsequent Events

Following the year end, the Company has been impacted by the following transactions as part of the ongoing expansion of its European branch network and alignment as primary provider of support services:

The Company acquired the entire ordinary share capital of Merrill Lynch Financial Services Limited from an affiliated company for cash consideration totalling $16.4 million.

The Company established a branch in Frankfurt, with assets and liabilities transferred from other affiliated companies in the BAC group.

The Company also established a branch in Antwerp.

BANA transferred the ownership of Merrill Lynch Management GmbH ("MLM") to the Company as a capital contribution. As part of the reorganisation, MLM reregistered as a partnership and the assets and liabilities of the partnership were transferred to the Company by way of universal succession.

The overall impact of these transactions has not had a material impact to the income statement or statement of financial position of the Company.

Financial Key Performance Indicators

The results of the Company were as follows:

The profit on ordinary activities before taxation amounted to $169 million (2014: $194 million)

The profit on ordinary activities after taxation amounted to $184 million (2014: $197 million)

Total operating income for the year amounted to $1,856 million (2014: $1,310 million)

Return on assets was 0.50% (2014: 0.90%) and return on equity was 2.60% (2014: 2.90%)

Total assets at 31 December 2015 are $33,554 million (2014: $21,346 million)

Net assets at 31 December 2015 are $6,887 million (2014: $6,704 million)

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: $nil).

This report was approved by the board on 7 April 2016 and signed on its behalf:

A. S. Wilmot-Sitwell
Director

B. Directors' Report

For the Year Ended 31 December 2015

B. Directors' Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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 the Companies Act 2006. 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.

Matters Covered in the Strategic Report

Details regarding a review of the business, including future developments, principal risks and uncertainties, dividends and subsequent events are provided in the strategic report on pages 5 to 9.

The directors who served during the year were:

A. S. Wilmot-Sitwell

M. Butler

D. De Giorgi (resigned 15 May 2015)

B. Elfring

J. A. Gollan

B. Mensah (appointed 3 March 2015)

J. S. Przewozniak

J. M. Taylor

F. Vicario (resigned 15 May 2015)

R. W. Hume-Kendall (resigned 13 February 2015)

Directors' Third Party Indemnity Provisions

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Employee Involvement

BAC is committed to ensuring that employees share in its success. Employees participate in performance-based incentive schemes and have a substantial sum invested in the shares of BAC, see note 12. They are kept informed of matters of concern to them in a variety of ways including newsletters, the intranet and management briefings. These communications help achieve a common awareness among employees of the financial conduct and economic factors affecting BAC. Employees are also provided with opportunities to share their views and provide feedback on matters that are important to them through, for example, employee surveys and forums.

Disabled Employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Group. Training, career development and promotion of disabled persons is, as far as possible, identical to that of employees who are not disabled.

Disclosure of Information to Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- That director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 7 April 2016 and signed on its behalf:

A. S. Wilmot-Sitwell
Director

C. Independent Auditors' Report

To the Members of Bank of America Merrill Lynch International Limited

Bank of America
Merrill Lynch

C. Independent Auditors' Report to the Members of Bank of America Merrill Lynch International Limited

Report on the Financial Statements

Our opinion

In our opinion, Bank of America Merrill Lynch International Limited's financial statements ("the financial statements"):

- Give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Bank of America Merrill Lynch International Limited's financial statements, included within the Directors' Report and Financial Statements (the "Annual Report") comprise:

- The Statement of Financial Position as at 31 December 2015;
- The Income Statement and Statement of Other Comprehensive Income for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on Other Matters Prescribed by The Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other Matters on which We are Required to Report by Exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or the any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors; and
- The overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Lawrence Wilkinson

Lawrence Wilkinson (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP

7 More London Riverside
London SE1 2RT

7 April 2016

D. Income Statement

For the Year Ended 31 December 2015

D. Income Statement for the Year Ended 31 December 2015

	Note	2015 $000	2014 $000
Interest income		**345,242**	235,381
Interest expense		**(49,339)**	(29,929)
Net interest income	4	**295,903**	205,452
Fee and commission income	5	**204,958**	169,710
Fee and commission expense		**(5,304)**	(4,785)
Net fee and commission income		**199,654**	164,925
Dealing profits		**174,127**	112,047
Net expense from financial instruments designated at fair value		**(168,940)**	(22,358)
Other operating income	6	**1,419,180**	939,790
Other operating expenses		**(257,839)**	(147,260)
Administrative expenses		**(1,375,602)**	(953,622)
Depreciation and amortisation		**(53,286)**	(15,868)
Impairment charge for credit losses	7	**(64,150)**	(89,490)
Profit on ordinary activities before taxation	8	**169,047**	193,616
Taxation on profit on ordinary activities	13	**14,750**	3,121
Profit for the financial year		**183,797**	196,737

The notes on pages 35 to 73 form part of these financial statements.

E. Statement of Other Comprehensive Income

For the Year Ended 31 December 2015

Bank of America Merrill Lynch

E. Statement of Other Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 $000	2014 $000
Profit for the financial year		**183,797**	196,737
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Currency translation differences		**(2,231)**	(2,435)
Gains/(losses) on valuation of available-for-sale financial assets		**335**	(7,626)
Total comprehensive income for the year		**181,901**	186,676

F. Statement of Financial Position

As at 31 December 2015

F. Statement of Financial Position as at 31 December 2015

	Note	2015 $000	2014 $000
Assets			
Market and client receivables		**9,533**	298,957
Loans and advances to banks	14	**7,995,620**	4,382,325
Loans and advances to customers	15	**17,367,483**	12,420,419
Reverse repurchase agreements		**2,550,000**	-
Trading assets	17	**4,034,381**	3,295,696
Derivative financial instruments		**240,878**	148,819
Financial assets designated at fair value	18	**533,120**	414,968
Available for sale securities	19	**23,188**	22,356
Investments in group undertakings	20	**219,012**	35,410
Property, plant and equipment	21	**173,668**	89,999
Other assets	22	**309,683**	190,432
Prepayments and accrued income	23	**97,085**	46,757
Total assets		**33,553,651**	21,346,138
Liabilities			
Market and client payables		**109,659**	99,197
Deposits by banks	24	**20,320,034**	12,637,909
Deposits by customers	25	**5,402,723**	1,025,305
Derivative financial instruments		**163,460**	415,546
Financial liabilities designated at fair value		**146,690**	52,641
Other liabilities	26	**314,941**	305,534
Accruals and deferred income	27	**209,116**	106,100
Total liabilities		**26,666,623**	14,642,232

	Note	2015 $000	2014 $000
Capital and reserves			
Called up share capital	31	**889,552**	889,552
Share premium account		**720,798**	720,798
Foreign exchange reserve		**(9,821)**	(7,590)
Available for sale reserve		**4,076**	3,741
Capital contribution reserve		**4,600,000**	4,600,000
Merger reserve		**5,347**	5,347
Profit and loss account		**677,076**	492,058
Total equity		**6,887,028**	6,703,906

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 April 2016.

M. Butler
Director

The notes on pages 35 to 73 form part of these financial statements.

G. Statement of Changes in Equity

As at 31 December 2015 and 31 December 2014

G. Statement of Changes in Equity as at 31 December 2015 and 31 December 2014

Statement of Changes in Equity as at 31 December 2015

	Called up share capital $000	Share premium account $000	Available for sale reserve $000	Foreign exchange reserve $000	Capital contribution reserve $000	Merger reserve $000	Retained earnings $000	Total equity $000
At 1 January 2015	889,552	720,798	3,741	(7,590)	4,600,000	5,347	492,058	6,703,906
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	183,797	183,797
Currency translation differences	-	-	-	(2,231)	-	-	-	(2,231)
Revaluation gains taken to reserves	-	-	335	-	-	-	-	335
Other comprehensive income for the year	-	-	335	(2,231)	-	-	-	(1,896)
Total comprehensive income for the year	-	-	335	(2,231)	-	-	183,797	181,901
Contributions by and distributions to owners								
BAC group share based payment costs not recharged	-	-	-	-	-	-	1,221	1,221
At 31 December 2015	889,552	720,798	4,076	(9,821)	4,600,000	5,347	677,076	6,887,028

Statement of Changes in Equity as at 31 December 2014

	Called up share capital $000	Share premium account $000	Available for sale reserve $000	Foreign exchange reserve $000	Capital contribution reserve $000	Merger reserve $000	Retained earnings $000	Total equity $000
At 1 January 2014	889,552	720,798	11,367	(5,155)	4,600,000	5,347	280,593	6,502,502
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	196,737	196,737
Currency translation differences	-	-	-	(2,435)	-	-	-	(2,435)
Revaluation gains on disposals recycled through income statement	-	-	(2,293)	-	-	-	-	(2,293)
Revaluation losses taken to reserves	-	-	(5,333)	-	-	-	-	(5,333)
Other comprehensive income for the year	-	-	(7,626)	(2,435)	-	-	-	(10,061)
Total comprehensive income for the year	-	-	(7,626)	(2,435)	-	-	196,737	186,676
Contributions by and distributions to owners								
BAC group share based payment costs not recharged	-	-	-	-	-	-	14,728	14,728
At 31 December 2014	889,552	720,798	3,741	(7,590)	4,600,000	5,347	492,058	6,703,906

The notes on pages 35 to 73 form part of these financial statements.

H. Notes to the Financial Statements
For the Year Ended 31 December 2015

Bank of America Merrill Lynch

H. Notes to the Financial Statements for the Year Ended 31 December 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006, Financial Reporting Standard 100 ("FRS 100") – Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework.

FRS 100 and FRS 101 set out the disclosure exemptions for the individual financial statements of entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards that have been adopted in the European Union ("EU-adopted IFRS"). References to accounting standards in these financial statements will accordingly relate to applicable International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"). Both FRS 100 and FRS 101 have both been applied for the first time.

The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year.

Adoption of FRS 101 has resulted in no opening balance adjustments to the statement of financial position and no restatements of the income statement. As a result no additional reconciliation or comparative disclosure has been provided as a result of the first time adoption.

The financial statements have been prepared under the historical cost convention, as modified to include certain assets and liabilities at fair value.

The Company does not maintain historical cost information on items at fair value as this is not relevant to the operation of the business.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 New and amended standards adopted by the company

There are no FRS 101 standards or interpretations that are effective for the first time for the financial year beginning 1 January 2015 that have had a material impact on the Company.

1.3 Incorporation and domicile information

The Company is a private limited company and is incorporated and domiciled in the United Kingdom, with branches operating in Dublin, Paris, Madrid and Amsterdam.

1.4 Financial Reporting Standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

1.5 Going concern

The directors have a reasonable expectation, based on current and anticipated future performance, that the Company will continue in operational existence for the foreseeable future. The financial statements have, therefore, been prepared on a going concern basis.

1.6 Consolidated financial statements

The Company has taken advantage of the exemption in Section 401 of the Companies Act 2006 from the obligation to prepare and deliver consolidated financial statements as the Company is a wholly owned subsidiary of BAC, which prepares consolidated financial statements that include the Company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

1.7 Segmental analysis

The Company operates two operational activities, comprising Support Services and Global Banking and Markets business. The Board review and analyse performance of the Company based on these activities. Segment performance is not analysed geographically as the Company operates globally under one management structure.

1.8 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 using the rates of exchange ruling at the reporting date.

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

Exchange gains and losses are recognised in the income statement, other than for available for sale equity securities as disclosed in note 1.19.

The financial statements of branches whose functional currency is not US dollars are translated into US dollars at the closing rate of exchange for the balance sheet and at the rate ruling on the date of the transaction for the profit and loss account. Translation differences arising on the profit and loss for the current year and on opening net assets of these branches are recognised in the statement other comprehensive income and recorded as a movement in reserves.

1.9 Service fee income

Charges made to affiliated companies to remunerate the Company for services provided or to reimburse the Company for expenditure incurred, are recognised on an accruals basis and recorded within other operating income.

1.10 Interest income and expense

Interest income and expense for all interest bearing financial instruments are recognised on an accruals basis using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all amounts received or paid by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument and all other premiums and discounts.

1.11 Fees and commissions

Loan facility and arrangement fees are deferred and recognised over the life of the facility. Loan syndication fees are recognised as revenue when syndication has been completed and the Company has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Investment banking fees are accrued when services for the transactions are substantially completed.

1.12 Dealing profits

Dealing profits include the profits and losses arising on both the purchase and sale of trading instruments and from their revaluation to fair value. Interest and dividend income earned from these investments are also shown within dealing profits.

1.13 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

1.14 Finance leases

Where assets are leased out under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable less any unguaranteed residual value of the underlying assets is recognised as unearned interest income.

Income from finance leases is recognised using the actuarial method to give a constant periodic rate of return on the investment. Gains and losses arising from early terminations are taken to the income statement as incurred. Finance lease revenue is included within interest income, previously this was presented within other operating income. Comparative presentation has been amended accordingly.

Finance leases are included within loans and advances to customers.

1.15 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Current tax, including UK corporation tax and foreign taxes, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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.

1.16 Pensions

The Company operates defined contribution plans which receive contributions calculated as a percentage of each employee's plan salary based on their length of service. The Company's legal or constructive obligation for these plans is limited to the contributions. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17 Investments in group undertakings

Investments held as fixed assets are shown at cost less provisions for impairment.

At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. In the event of impairment, the carrying amount of the asset is reduced accordingly and the amount of the loss is recognised in the income statement.

1.18 Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets where available. Where derivatives are not quoted in an active market, appropriate valuation techniques are used including recent transactions, discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains and losses arising from changes in the fair value of derivatives are included in the income statement in the period in which they arise.

1.19 Financial assets

The Company recognises financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables and available for sale. Management determines the classification of financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets are designated at fair value through profit or loss when doing so significantly reduces measurement inconsistencies that would otherwise arise if related instruments were treated as held for trading and the underlying financial assets were carried at amortised cost or when doing so is consistent with the Company's risk management strategy.

The Company classifies certain securities and loans as held for trading or designates them as at fair value through profit or loss. All derivatives are categorised as held for trading. All remaining financial assets are classified either as loans and receivables or as available for sale.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

(b) Available for sale financial assets

Available for sale financial assets are those intended to be held for an undefined period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available for sale financial assets are non-derivative financial assets which are initially recognised at fair value including direct and incremental transaction costs. Interest calculated using the effective interest method is recognised in the income statement on an accruals basis. Gains or losses arising from changes in the fair value of available for sale financial assets are recognised in a separate component of reserves, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in reserves is recognised in the income statement.

Translation differences on available for sale debt securities are recognised in the income statement and translation differences on available for sale equity securities are recognised in reserves.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit or loss or available for sale.

Loans and receivables are initially recognised at fair value plus direct and incremental transaction costs and are then carried at amortised cost using the effective interest method less an allowance for any impairment. Interest calculated using the effective interest method is recognised in the income statement.

1.20 Securities financing transactions

Securities acquired in reverse sale and repurchase transactions are reported as collateralised financings. The Company measures the fair value of securities purchased against the collateral on a daily basis and additional collateral is obtained or excess is returned to ensure that such transactions are appropriately collateralised. Securities acquired in reverse sale and repurchase transactions are not shown on the statement of financial position. The cash position is recorded as a loan. The difference between the sale price and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

1.21 Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	– 5 to 40 years
Leasehold improvements	– 3 to 15 years
Office equipment	– 2 to 15 years

Depreciation policies are reviewed on a regular basis and are revised in line with actual useful life compared to original estimates.

1.22 Impairment of financial assets held at amortised cost and available for sale assets

The Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired at each reporting date. 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 carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a non-equity instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

1.23 De-recognition of financial assets

The Company de-recognises 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 secured borrowing for the proceeds received.

1.24 Financial liabilities

The Company recognises financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Derivative liabilities are categorised as held for trading and measured at fair value through profit or loss. Loan commitments that the entity designates as financial liabilities at fair value through profit or loss are recorded on the statement of financial position at fair value at inception of the agreement. Subsequent movements in fair value are recorded in the income statement within net income from financial instruments designated at fair value. All remaining financial liabilities are carried at amortised cost using the effective interest method.

1.25 Offsetting

Where the Company intends to settle (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, and the Company has the legal right to do so, the balance included within the financial statements is the net balance due to or from the counterparty.

1.26 Share based payments

BAC grants equity based payment awards to employees of the Company under various incentive schemes.

As this is a group share based payment arrangement, all awards are treated by the Company as equity settled share based payment plans and are measured based on the fair value of those awards at grant date.

The fair value determined at the grant date is expensed over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. The Company has entered into a chargeback agreement with BAC under which it is committed to pay BAC the market value at grant date as well as subsequent movements in fair value of those awards to BAC at the time of delivery to its employees.

1.27 Trade and value dated transactions

In general, funding financial instruments (e.g. loans and deposits) are recognised and derecognised on a value (settlement) date basis and trading instruments (e.g. debt securities, derivatives, etc.) are recognised and derecognised on a trade date basis. Traded loans are recognised and derecognised on a value (settlement) date basis.

1.28 Financial guarantees and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the debt.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any increase in the liability relating to guarantees is recognised in the income statement under other operating expenses.

Loan commitments that the Company designates as financial liabilities at fair value through profit or loss are recognised as disclosed in note 1.24.

2. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRS 101 requires the use of accounting estimates and assumptions concerning the future. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

2.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of loans and timing of loss recognition

The Company's accounting policy for losses in relation to the impairment of loans and advances to customers and banks is described in note 1.22. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience and experience of losses that have been incurred but not yet identified for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows. Notes 14 and 15 detail the movement in the impairment provision for the year.

(b) Valuation of financial instruments

The Company's accounting policy for valuation of financial instruments is included in notes 1.19 and 1.24. 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. Note 35 further discusses the valuation of financial instruments.

3. Segmental Analysis

The segmental analysis of the Company's results and financial position is set out below. The Company operates two principal activities, comprising Support Services and the Global Banking and Markets business.

	Support Services $000	Global Banking and Markets $000	Total $000
2015			
Net interest income	**-**	**295,903**	**295,903**
Net fee and commission income	**-**	**199,654**	**199,654**
Dealing profits	**-**	**174,127**	**174,127**
Net expense from financial instruments designated at fair value	**-**	**(168,940)**	**(168,940)**
Other operating income	**1,262,054**	**157,126**	**1,419,180**
Impairment charge for credit losses	**-**	**(64,150)**	**(64,150)**
	1,262,054	**593,720**	**1,855,774**
Total expenses	**(1,178,866)**	**(507,861)**	**(1,686,727)**
	83,188	**85,859**	**169,047**

	Support Services $000	Global Banking and Markets $000	Total $000
2014			
Net interest income	-	205,452	205,452
Net fee and commission income	-	164,925	164,925
Dealing profits	-	112,047	112,047
Net expense from financial instruments designated at fair value	-	(22,358)	(22,358)
Other operating income	855,453	84,337	939,790
Impairment charge for credit losses	-	(89,490)	(89,490)
	855,453	454,913	1,310,366
Total expenses	(799,546)	(317,204)	(1,116,750)
	55,907	137,709	193,616

The Support Services segment does not constitute a significant proportion of the Company's assets and liabilities, being primarily driven by support costs incurred and recharged to affiliated companies. As such a breakdown of net assets by segment is not considered necessary.

4. Net Interest Income

	2015 $000	2014 $000
Interest income and similar income		
Money market	**11,615**	5,175
Loans and advances to customers and banks	**329,816**	226,116
Other	**3,811**	4,090
	345,242	235,381
Interest expense and similar charges		
Money market	**(40,457)**	(22,974)
Other	**(8,882)**	(6,955)
	(49,339)	(29,929)
Net interest income	**295,903**	205,452
Net interest expense from affiliated companies	**(36,180)**	(23,103)

5. Fee and Commission Income

	2015 $000	2014 $000
Investment banking fees	**81,172**	85,889
Commission and other fees	**123,786**	83,821
	204,958	169,710

Commission and other fees is comprised primarily of loan fees.

6. Other Operating Income

	2015 $000	2014 $000
Service fee income	**1,375,928**	903,485
Other	**43,252**	36,305
	1,419,180	939,790

7. Impairment Charge for Credit Losses

	2015 $000	2014 $000
Loans and advances to banks (see note 14)	**(1,206)**	(2,947)
Loans and advances to customers (see note 15)	**(62,944)**	(86,543)
	(64,150)	(89,490)

8. Profit on Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 $000	2014 $000
Operating lease rentals: Land and buildings	**52,073**	1,670
Occupancy recharges	**16,800**	102,279
Staff costs (see note 10)	**1,007,885**	699,914
Foreign exchange gains	**(17,970)**	(12,533)
Service fee income	**(1,375,928)**	(903,485)
Service fee expense	**248,158**	134,535

Operating lease agreements that are held by an affiliated entity and recharged to the Company are represented through occupancy recharges. The contractual commitments arising under those operating lease agreements rest with that affiliated company. For contractual commitments that rest with the Company, see note 32.

9. Auditors' 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:

	2015 $000	2014 $000
Fees for the audit of the Company	**633**	565
Other fees payable	**164**	46

Included within other fees payable are client asset audit fees which amount to $33,000 (2014: $46,000) and fees relating to the Company's Madrid branch for local reporting of $121,000 (2014: $nil) and fees relating to Country By Country Reporting of $10,000 (2014: $nil).

10. Staff Costs

Staff costs were as follows:

	2015 $000	2014 $000
Wages and salaries	**837,710**	579,985
Social security costs	**107,285**	73,626
Cost of defined contribution pension scheme	**62,890**	46,303
	1,007,885	699,914

Included within wages and salaries are charges relating to share based compensation plans, see note 12 for further details.

In accordance with the Capital Requirements Regulation (EU) No 575/2013 ("CRR") the Company's disclosure in respect of remuneration under CRR article 450 (consolidated along with all other BAC entities operating in the UK) will be posted at http://investor.bankofamerica.com in conjunction with the publication of these financial statements.

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Support, operations and technology	**5,614**	3,575
Trading, sales and advisory	**69**	40
	5,683	3,615

On 1 January 2015, following a review of the employing and servicing arrangements of BAC's EMEA operations, 543 employees transferred into the Company's Dublin branch from affiliated companies. The Company recharges the costs of these employees, plus a markup, to other BAC group companies as part of its servicing arrangements.

11. Directors' Remuneration

Of the directors that served during the year, ten (2014: nine) were remunerated in relation to their services as a director of the Company and the amounts included below are based on an estimated time allocation basis. Emoluments in relation to services performed for other affiliated companies are not disclosed in these financial statements.

	2015 $000	2014 $000
Remuneration paid to directors of the Company comprised:		
Directors' emoluments	**7,147**	8,755
Company contributions to defined contribution pension schemes	**48**	27
Remuneration paid to directors includes amounts paid to the highest paid director as follows:		
Emoluments	**2,503**	3,681
Pension contributions	**19**	9

These amounts are the portion of emoluments and pension contributions attributable for services to BAMLI, and include payments made by other BAC group companies.

In 2015 no directors (2014: nil) exercised options over the $1 ordinary shares of BAC awarded to them during the period of their directorship.

Nine directors, including the highest paid director, received or were due to receive shares under a long term incentive scheme (2014: seven). Retirement benefits are accruing to nine (2014: six) directors, including the highest paid director, under a defined contribution pension scheme operated by BANA and to two (2014: two) directors, under a hybrid defined benefit and contribution scheme (the Bank of America Merrill Lynch UK Pension Plan) see note 28.

12. Share Based Payments

BAC administers a number of equity compensation plans, with awards being granted predominantly from the Corporation's Key Associate Stock Plan ("KASP"). On May 6, 2015, Bank of America shareholders approved the amendment and restatement of the KASP, and renamed it the Bank of America Corporation Key Employee Equity Plan ("KEEP"). Under the KEEP, the Corporation grants stock-based awards, including stock options, restricted stock and restricted stock units ("RSUs"). Grants in 2015 comprised RSUs which generally vest in three equal annual instalments beginning one year from the grant date.

For most awards, expense is generally recognised ratably over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Corporation records the expense upon grant. For employees that become retirement eligible during the vesting period, the Corporation recognizes expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

RSUs may be settled in cash or in shares of common stock depending on the terms of the applicable award. Certain awards contain claw back provisions which permit the Corporation to cancel all or a portion of the award under specified circumstances.

The total pre-tax compensation cost recognised in profit and loss for share-based compensation plans for the year ended 31 December 2015 was $49,407,000 (2014: $40,657,000).

Fair market value was determined using the BAC share price at 31 December 2015 of $16.83 (2014: $17.89).

Other stock plans

At 31 December 2015, non-qualified stock options remain outstanding under the legacy Merrill Lynch Long-Term Incentive Compensation Plan, used for grants to executive officers, and Long-Term Incentive Compensation Plan for Managers and Producers, a broad-based plan.

Restricted stock units

A restricted stock unit is deemed equivalent in fair market value to one share of Bank of America common stock. Awards of RSUs may be settled in common stock or cash. Recipients of RSU awards may receive cash payments equivalent to dividends.

The table below presents the status at 31 December 2015 of the RSUs and changes during 2015.

	Restricted stock units
Outstanding, beginning of 2015	**6,273,872**
Granted	**3,786,575**
Exercised	**(4,319,006)**
Cancelled, forfeited or released from contingencies	**(190,287)**
Transferred (to)/from affiliated companies	**976,162**
Outstanding, 31 December 2015	**6,527,316**

Non-Qualified Stock Options

The table below presents the status of all option plans at 31 December 2015 and changes during 2015.

	Options outstanding	Weighted average exercise price $	Weighted average share price at date of exercise $
Outstanding, beginning of 2015	**226,729**	**49.42**	-
Granted	-	-	-
Exercised	-	-	-
Cancelled, forfeited or released from contingencies	**(7,140)**	**(46.68)**	-
Transferred (to)/from affiliated companies	**24,325**	**51.12**	-
Outstanding, 31 December 2015	**243,914**	**49.67**	-
Exercisable, 31 December 2015	**243,914**	**49.67**	-

All options outstanding as of 31 December 2015 were vested and exercisable with a weighted-average remaining contractual term of 1.00 years (2014: 2.08 years), and have no aggregate intrinsic value.

The table below summarises the range of exercise prices and the weighted average remaining contractual life for all options outstanding at 31 December 2015 and 2014.

	2015		2014	
	Number	Weighted average remaining contractual life in years	Number	Weighted average remaining contractual life in years
$40.00-$50.00	**112,469**	**0.40**	14,000	0.07
$50.00-$60.00	**119,455**	**0.49**	10,500	0.10
$60.00-$70.00	**11,990**	**0.10**	202,229	1.92

13. Taxation on Profit on Ordinary Activities

	2015 $000	2014 $000
Corporation tax		
Current tax on profits for the year	**995**	-
Adjustments in respect of previous periods	**337**	-
Double taxation relief	**(995)**	-
	337	-
Foreign tax		
Foreign tax on income for the year	**1,563**	(20)
Total current tax	**1,900**	(20)
Deferred tax		
Origination and reversal of temporary differences	**(16,650)**	(3,101)
Total deferred tax	**(16,650)**	(3,101)
Taxation on profit on ordinary activities	**(14,750)**	(3,121)

Factors affecting tax charge/(credit) for the year

The tax on the Company's profit before tax differs from the amount that would arise using the tax rate applicable as follows:

	2015 $000	2014 $000
Profit on ordinary activities before tax	**169,047**	193,616
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	**34,232**	41,608
Effects of:		
Expenses not deductible for tax purposes	**7,938**	1,343
Impact of foreign taxes	**2,662**	567
Adjustments to tax charge in respect of prior periods	**337**	-
Adjustments to temporary differences in respect of prior periods	**(11,356)**	105
Tax losses claimed from affiliates for no payment	**(44,195)**	(47,201)
Taxable income not included in the income statement	**-**	218
Re-measurement of deferred tax – change in the UK tax rate	**(4,368)**	239
Total tax charge/(credit) for the year	**(14,750)**	(3,121)

Factors that may affect future tax charges

During 2015, the deferred tax balances were re-measured as a result of the changes in the UK main corporation tax rate which were substantively enacted on 26 October 2015, to 19% from 1 April 2017 and to 18% from 1 April 2020; and the imposition of an 8% surcharge on banking profits with effect from 1 January 2016. The re-measurement resulted in a net increase in the recognised deferred tax asset of $4,368,000. (2014: decrease of $238,000). The deferred asset is summarised below.

A further reduction to the UK corporation tax rate was announced in the March 2016 Budget, reducing the rate to 17% from 1 April 2020. This change had not been substantively enacted at the reporting date and therefore is not recognised in these financial statements.

	2015 $000	2014 $000
Deferred tax asset/(liability)		
Accelerated capital allowances	**2,817**	3,299
Compensation and social security costs	**16,759**	-
Available for sale securities	**(1,432)**	(935)
Other temporary differences	**157**	(372)
Deferred tax asset	**18,301**	1,992

	2015 $000	2014 $000
Movements in deferred tax		
Deferred tax asset/(liability) at 1 January	**1,992**	(3,015)
Asset transferred from an affiliated company	**156**	-
Tax relating to components of other comprehensive income	**(497)**	1,906
Deferred tax credited to the income statement	**12,282**	3,339
Re-measurement of deferred tax - change in UK tax rate	**4,368**	(238)
Deferred tax asset (see note 22)	**18,301**	1,992

14. Loans and Advances to Banks

	2015 $000	2014 $000
Analysed by maturity:		
On demand	**319,297**	36,589
Within three months	**3,974,726**	2,110,530
Between three months and one year	**1,596,644**	1,250,699
Greater than one year	**2,110,530**	799,067
	8,001,197	4,386,696
Impairment for credit losses:		
At 1 January	**(4,371)**	(1,424)
Impairment charge for the year (see note 7)	**(1,206)**	(2,947)
At 31 December	**(5,577)**	(4,371)
Total loans and advances to banks	**7,995,620**	4,382,325
Amounts above include:		
Due from affiliated companies	**4,216,004**	1,999,243

15. Loans and Advances to Customers

	2015 $000	2014 $000
Analysed by maturity:		
On demand	**5,580**	-
Within three months	**935,412**	1,410,573
Between three months and one year	**927,997**	1,061,114
Greater than one year	**15,643,389**	10,049,192
	17,512,378	12,520,879
Impairment for credit losses:		
At 1 January	**(100,460)**	(14,655)
Charge off on impaired loans	**24,057**	-
Purchased loans	**(4,520)**	-
Disposed loans	**190**	738
Impairment charge for the year (see note 7)	**(62,944)**	(86,543)
Recoveries	**(1,218)**	-
At 31 December	**(144,895)**	(100,460)
Total loans and advances to customers	**17,367,483**	12,420,419
Amounts above include:		
Due from affiliated entities	**572,401**	776,213

Loans and advances to customers includes $121,353,000 (2014: $134,891,000) of lease and hire purchase receivables. See note 16 for further detail regarding these finance leases.

16. Finance Lease Receivables

The Company is involved in the provision of leasing and hire purchase activities. The below table summarises the Company's leasing balances.

	Total Future Payments $000	Unearned interest income $000	Present value $000
December 2015			
Not later than one year	**40,147**	**2,698**	**41,913**
Between one and five years	**52,466**	**1,917**	**61,124**
Later than five years	**18,269**	**-**	**18,316**
	110,882	**4,615**	**121,353**

	Total Future Payments $000	Unearned interest income $000	Present value $000
December 2014			
Not later than one year	57,048	5,398	54,349
Between one and five years	68,484	5,332	78,059
Later than five years	1,099	77	2,483
	126,631	10,807	134,891

Unguaranteed residual values of assets leased under finance leasing arrangements at the reporting date are estimated at $15,086,000 (2014: $19,067,000).

17. Trading Assets

	2015 $000	2014 $000
Government debt securities	**2,444,344**	1,373,371
Other debt securities	**237,718**	447,699
Traded loans	**1,352,317**	1,474,461
Trading assets – debt	**4,034,379**	3,295,531
Equity securities	**2**	165
	4,034,381	3,295,696
Trading assets – debt analysed by maturity		
Due within one year	**2,503,713**	1,532,030
Due after one year	**1,530,666**	1,763,501
	4,034,379	3,295,531

18. Financial Assets Designated at Fair Value

	2015 $000	2014 $000
Financial assets designated at fair value	**533,120**	414,968

Financial assets designated at fair value comprise secured and unsecured loans to banks: $172,843,000 (2014: $193,814,000) and secured and unsecured loans to customers $360,277,000 (2014: $221,154,000).

19. Available for Sale Securities

	2015 $000	2014 $000
Available for sale securities – Debt		
At 1 January	**-**	106,917
Redemptions	**-**	(107,959)
Net gains transferred from equity	**-**	(2,293)
Foreign exchange gains recorded in income statement	**-**	27
Gain from changes in fair value	**-**	3,308
	-	-
Available for sale securities – Equity		
At 1 January	**22,356**	31,581
Foreign exchange losses recorded in reserves	**(1,489)**	(2,007)
Gain/(loss) from changes in fair value	**2,321**	(7,218)
	23,188	22,356
At 31 December	**23,188**	22,356
Deferred tax on available for sale securities (see note 13)	**(1,432)**	(935)

20. Investments in Group Undertakings

	Investments in subsidiary companies $000	Other fixed asset investments $000	Total $000
Cost or valuation			
At 1 January 2015	**1**	**35,409**	**35,410**
Additions	**209,086**	**-**	**209,086**
Disposals	**-**	**(25,484)**	**(25,484)**
At 31 December 2015	**209,087**	**9,925**	**219,012**
Net book value			
At 31 December 2015	**209,087**	**9,925**	**219,012**
At 31 December 2014	1	35,409	35,410

The following were group undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Subsidiary undertakings				
Merrill Lynch (Camberley) Limited	United Kingdom	Ordinary	100%	Owner of data centre
Alie Street Investments Limited	United Kingdom	Ordinary	100%	Asset backed financing
Alie Street Investments 6 Limited	United Kingdom	Ordinary	100%	Asset backed financing
Alie Street Investments 8 Limited	United Kingdom	Ordinary	100%	Asset backed financing
Alie Street Investments 12 Limited	United Kingdom	Ordinary	100%	Asset backed financing
Alie Street Investments 16 Limited	United Kingdom	Ordinary	100%	Asset backed financing
Alie Street Investments 24 Limited	United Kingdom	Ordinary	100%	Asset backed financing
Fugu Credit Limited	United Kingdom	Ordinary	100%	Asset backed financing
Other fixed asset investments				
Athenee CDO Plc	Ireland	Notes	100%	Issuer of credit linked notes

The investment in Athenee CDO Plc, purchased 9 May 2014, consists of a 100% holding of specified series of credit linked notes issued by this entity.

BAMLI has no voting rights attached to its holding of these loan notes, however, this entity has been included as a subsidiary of BAMLI given that BAMLI has exposure to variable returns from the notes and through its 100% holding has the power to affect these returns.

On 4 March 2015, the Company purchased Merrill Lynch (Camberley) Limited ("ML Camberley") from an affiliated company for a consideration of $209,086,000.

Following the maturity of the notes, the interest in Infiniti SPC Limited was disposed during the year, generating a gain on disposal of $7,775,000.

Following the maturity of the notes, the interest in Alchemy Capital Plc 2008-1 was disposed during the year, generating a loss on disposal of $552,000.

The directors believe that the value of the investments is supported by their underlying net assets.

21. Property, Plant and Equipment

	Freehold property $000	Leasehold Improvements $000	Office equipment $000	Total $000
Cost				
At 1 January 2015	**74,293**	**7,578**	**237,090**	**318,961**
Additions	**970**	**6,559**	**62,194**	**69,723**
Transfers from affiliated companies	**7,171**	**95,761**	**275,444**	**378,376**
Disposals	**-**	**(98)**	**(145,973)**	**(146,071)**
Foreign exchange adjustments	**-**	**(899)**	**(758)**	**(1,657)**
At 31 December 2015	**82,434**	**108,901**	**427,997**	**619,332**
Depreciation				
At 1 January 2015	**53,556**	**6,410**	**168,996**	**228,962**
Transfers from affiliated companies	**2,353**	**6,449**	**44,484**	**53,286**
Transfers	**3,986**	**69,366**	**237,563**	**310,915**
Disposals	**-**	**(98)**	**(145,906)**	**(146,004)**
Foreign exchange adjustments	**-**	**(777)**	**(718)**	**(1,495)**
At 31 December 2015	**59,895**	**81,350**	**304,419**	**445,664**
Net book value				
At 31 December 2015	**22,539**	**27,551**	**123,578**	**173,668**
At 31 December 2014	20,737	1,168	68,094	89,999

22. Other Assets

	2015 $000	2014 $000
Amounts due from affiliated companies	**251,958**	174,349
Deferred tax (see note 13)	**18,301**	1,992
Other	**39,424**	14,091
	309,683	190,432

23. Prepayments and Accrued Income

	2015 $000	2014 $000
Accrued income	**43,657**	44,106
Prepayments	**53,428**	2,651
	97,085	46,757

24. Deposits by Banks

	2015 $000	2014 $000
Analysed by maturity:		
On demand	**57,534**	55,283
Within three months	**22,431**	25,270
Between three months and one year	**18,608,180**	12,204,278
Between one year and five years	**1,631,889**	353,078
	20,320,034	12,637,909
Amounts above include:		
Due to affiliated companies	**20,320,034**	12,637,817

25. Deposits by Customers

	2015 $000	2014 $000
Analysed by maturity:		
On demand	**3,860,837**	-
Within three months	**-**	-
Between three months and one year	**1,110,508**	1,025,305
Between one year and five years	**431,378**	-
	5,402,723	1,025,305
Amounts above include:		
Due to affiliated companies	**1,595,700**	1,025,305

26. Other Liabilities

	2015 $000	2014 $000
Amounts owed to affiliated companies	**268,876**	250,897
Other	**46,065**	54,637
	314,941	305,534

27. Accruals and Deferred Income

	2015 $000	2014 $000
Accrued interest payable	**12,837**	11,022
Other accruals	**196,279**	95,078
	209,116	106,100

28. Pensions

Following a transition of employment contracts, all employees formally employed by the London branch of Bank of America N.A. ("BANA London") and seconded to BAMLI are now employed directly by BAMLI. These employment contracts were transferred along with the other employees from other affiliated companies.

All BAMLI employees, with the exception of certain directors (see note 11), participate in the Bank of America Merrill Lynch UK Pension Plan Money Purchase Section (formally the ML UK Pension Plan) ("the Plan"). Employees in the Bank of America UK Pension Plan transferred to the Plan on transition of their employment contract.

The Plan Money Purchase Section, is a defined contribution scheme operated by Merrill Lynch International ("MLI"). BAMLI became a participating employer of the Plan from 1 April 2014.

The costs of defined contribution pension schemes are a percentage of each employee's plan salary based on the length of service and are charged to the income statement in the period in which they fall due. Until April 2014, BAMLI received a recharge of these costs from BANA London under secondment agreements.

The pension cost for the year was $62,890,000 (2014:$46,303,000), in respect of defined contribution plans.

29. Financial Instruments by Category

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

	Designated at fair value $000	Held for trading $000	Loans and receivables $000	Available for sale $000	Other financial liabilities $000	Total $000
31 December 2015						
Market and client receivables	-	-	9,533	-	-	9,533
Loans and advances to banks	-	-	7,995,620	-	-	7,995,620
Loans and advances to customers	-	-	17,367,483	-	-	17,367,483
Reverse repurchase agreements	-	-	2,550,000	-	-	2,550,000
Trading assets	-	4,034,381	-	-	-	4,034,381
Derivative financial instruments	-	240,878	-	-	-	240,878
Financial assets designated at fair value	533,120	-	-	-	-	533,120
Available for sale securities	-	-	-	23,188	-	23,188
Financial Assets	533,120	4,275,259	27,922,636	23,188	-	32,754,203
Market and client payables	-	-	-	-	109,659	109,659
Deposits by banks	-	-	-	-	20,320,034	20,320,034
Deposits by customers	-	-	-	-	5,402,723	5,402,723
Derivative financial instruments	-	163,460	-	-	-	163,460
Financial liabilities designated at fair value	146,690	-	-	-	-	146,690
Financial Liabilities	146,690	163,460	-	-	25,832,416	26,142,566

	Designated at fair value $000	Held for trading $000	Loans and receivables $000	Available for sale $000	Other financial liabilities $000	Total $000
31 December 2014						
Market and client receivables	-	-	298,957	-	-	298,957
Loans and advances to banks	-	-	4,382,325	-	-	4,382,325
Loans and advances to customers	-	-	12,420,419	-	-	12,420,419
Trading assets	-	3,295,696	-	-	-	3,295,696
Derivative financial instruments	-	148,819	-	-	-	148,819
Financial assets designated at fair value	414,968	-	-	-	-	414,968
Available for sale securities	-	-	-	22,356	-	22,356
Financial Assets	414,968	3,444,515	17,101,701	22,356	-	20,983,540
Market and client payables	-	-	-	-	99,197	99,197
Deposits by banks	-	-	-	-	12,637,909	12,637,909
Deposits by customers	-	-	-	-	1,025,305	1,025,305
Derivative financial instruments	-	415,546	-	-	-	415,546
Financial liabilities designated at fair value	52,641	-	-	-	-	52,641
Financial Liabilities	52,641	415,546	-	-	13,762,411	14,230,598

All financial instruments are at fair value, except for loans and advances to banks, loans and advances to customers and certain financial liabilities for which carrying amounts are considered to approximate fair value.

30. Reserves

Available for sale reserve

The available for sale reserves comprise the gains and losses arising from changes in the fair value of available for sale securities.

Merger reserve

The merger of subsidiaries has been accounted for using the predecessor method of accounting. As a result merger reserves have been created for the merger of Merrill Lynch France SAS and Merrill Lynch Capital Markets (France) SAS which occurred during the current year. See note 37 for further detail.

Foreign exchange reserve

The foreign exchange reserve consists of translation differences arising on the profit and loss for the current year and on opening reserves on branches whose functional currency is not US dollars.

Profit and loss reserve

The difference between equity-settled share scheme awards costs as calculated in accordance with IFRS 2 Share Based Payments and the amounts recharged for such awards by the intermediate parent undertaking is included within profit and loss reserves.

Other reserves

During 2013, the immediate parent made a capital contribution to the Company of $4,600,000,000.

31. Called Up Share Capital

	2015 $	2014 $
Allotted, called up and fully paid		
889,551,451 Ordinary shares of $1 each	**889,551,451**	889,551,451
310 Preference shares of $1 each	**310**	310
	889,551,761	889,551,761

The holders of the preference shares are entitled to a non-cumulative fixed dividend of $246 per 155 preference shares, payable quarterly. The preference shareholder has the right to any dividends arising on the preference shares until the date of redemption of the preference shares.

The preference shares entitle the preference shareholder to attend general meetings of the Company, however, the preference shareholder shall have no voting rights except on the winding up of the Company or in the event that any dividend on the preference shares has remained unpaid for a period exceeding two years from the date such a dividend was due and payable. On a return of assets in the event of the winding up of the Company, the holder of the preference shares shall rank first in priority, and shall be entitled to (i) a sum equal to any unpaid accruals of fixed dividends up to the date of the return of capital and (ii) the nominal amount and the remainder of the premium paid up on each preference share.

BAMLI may redeem the preference shares in whole at any time at the option of the Company. The premium payable on the redemption of any of the preference shares is the premium paid up on each preference share.

32. Operating Lease Commitments

The below table represents the amounts payable under non-cancellable operating leases.

	2015 Land and buildings $000	2014 Land and buildings $000
Due within one year	**57,862**	1,555
Due between one and five years	**229,388**	9,429
Due beyond five years	**88,093**	7,509
	375,343	18,493

The Company is not subject to any contingent rent, nor has any restrictions as a result of these operating lease commitments. Terms are renewable at market rates at the end of the lease term.

33. Other Financial Commitments

The below table represents the amounts payable under other financial commitments.

	2015 $000	2014 $000
Undrawn commitments	**26,030,710**	14,686,437
Purchase commitments	**253,332**	629,117
Financial guarantees	**417,985**	168,538
	26,702,027	15,484,092

34. Risk Management

Legal entity risk governance

The Company ensures suitable risk management and controls through the BAMLI Board Risk and Audit Committee ("BRC") of the BAMLI Board of Directors and the BAMLI Risk Management Committee ("RMC").

The BAMLI BRC is responsible for the oversight of senior management's responsibilities regarding the identification of, management of, and planning for market risk, credit risk, liquidity risk, operational risk and reputational risk.

The BAMLI RMC reports to the BAMLI BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BAMLI BRC, the BAMLI Board or other committees, as appropriate) market risk, credit risk, operational risk, balance sheet, capital, liquidity management and stress testing activities.

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including BAMLI). The Risk Framework applies to all the employees. It provides an understanding of BAMLI's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk and are accountable for identifying, escalating and debating risks facing the Company. The following are the five components of BAMLI's risk management approach:

- Risk Culture;
- Risk Appetite;
- Risk Management Processes;
- Risk Data Aggregation and Reporting; and
- Risk Governance

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.

Trading positions within BAMLI are subject to various changes in market based risk factors. The majority of this risk is generated by the trading activities in the interest rate, foreign exchange, and credit markets. In addition, the values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. BAMLI seek to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments.

Value at risk ("VaR") is a common statistic used to measure market risk as it allows the aggregation of market risk factors, by including the effects of portfolio diversification. VaR represents the expected loss for a given portfolio, probability and time horizon and produces a value such that there is a set probability that the mark to market ("MTM") loss on the portfolio over the given time horizon does not exceed this value.

The Company uses the historical simulation approach based on a three year window of historical data. The Company's primary VaR statistic is equivalent to a 99% confidence level with a one day holding period.

A VaR model is an effective tool in estimating ranges of potential gains and losses on the Company's trading portfolios. There are, however, limitations inherent in a VaR model as it utilises historical results over a defined time period to estimate future performance. Historical results may not always be indicative of future results and changes in market conditions and the composition of the underlying portfolio could have a material impact on the accuracy of the VaR model. To ensure that the VaR model reflects current market conditions, the historical data underlying the Company's VaR model is updated on a weekly basis, and the assumptions underlying the model are regularly reviewed.

The table that follows presents VaR analysis independently for each risk category for 2015 and 2014. Additionally, high and low VaR is presented independently for each risk category and overall:

	Year end 2015 $000	High 2015 $000	Average 2015 $000	Low 2015 $000
99% Daily VAR				
Credit spread risk	**5,405**	**5,584**	**3,389**	**2,733**
Equity price risk	**-**	**29**	**4**	**-**
Currency risk	**962**	**1,995**	**373**	**157**
Interest rate risk	**259**	**431**	**244**	**139**
Total	**5,280**	**5,481**	**3,412**	**2,733**

	Year end 2014 $000	High 2014 $000	Average 2014 $000	Low 2014 $000
99% Daily VAR				
Credit spread risk	4,866	6,983	3,883	1,563
Currency risk	292	702	288	1
Interest rate risk	187	742	408	177
Total	4,867	7,045	3,905	1,573

In addition to VAR measures, the market risk department utilise a range of other risk measures including sensitivity analysis and stress testing to monitor exposures and to manage them using a robust set of limits.

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 credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives and other extensions of credit.

Credit risk to a borrower or counterparty is managed based on their risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected impacts of the current and forward-looking economic environment on the borrowers or counterparties. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes.

Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

These processes create a comprehensive and consolidated view of companywide credit risks, thus providing executive management with the information required to guide or redirect front line unit and certain legal entity strategic plans, if necessary.

The primary credit risks of the Company relate to its commercial lending activities. BAMLI has limited derivative exposure.

Commercial Lending

The Company's commercial lending activities consist primarily of corporate and institutional lending, in addition to certain asset-backed and secured lending. Depending on market conditions, the Company may seek to mitigate or reduce loan exposure through third-party syndications, securitisations, secondary loan sales or the purchase of single name and basket credit default swaps.

The Company typically provides drawn and committed but undrawn corporate and institutional lending facilities to clients for general corporate purposes, backup liquidity lines, bridge financings, and acquisition related activities. While these facilities may be supported by credit enhancing arrangements such as property liens or claims on operating assets, the Company generally expects repayment through other sources including cash flow and/or recapitalisation. Asset-backed and other secured finance facilities are typically secured by assets such as commercial mortgages, residential mortgages, auto loans, leases, consumer loans and other receivables. Credit assessment for these facilities relies primarily on the amount, asset type, quality, and liquidity of the supporting collateral, as the performance of the collateral and/or associated cash flows are the expected source of repayment.

Impaired loans are measured based on the present value of payments expected to be received, observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral.

The following table analyses the carrying amount and maximum credit exposure of the Company's financial assets by external credit rating or internal equivalent thereof. Where there is no rating, the balances are classified as not rated. Although the table reflects the Company's gross exposure, the Company manages its credit exposures on a net basis.

Derivatives Trading

The Company enters into International Swaps and Derivatives Association, Inc. ("ISDA") master agreements or their equivalent ("master netting agreements") with 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.

	AAA to AA $000	A to BBB $000	BB and lower $000	Not Rated $000	Total $000
2015					
Market and client receivables	-	9,533	-	-	9,533
Loans and advances to banks	4,279,204	3,567,618	148,798	-	7,995,620
Loans and advances to customers	292,299	9,456,646	7,528,767	89,771	17,367,483
Reverse repurchase agreements	-	2,550,000	-	-	2,550,000
Trading assets	2,434,935	192,915	72,719	1,333,812	4,034,381
Derivative financial instruments	-	240,878	-	-	240,878
Financial assets designated at fair value	-	-	533,120	-	533,120
Available for sale securities	-	-	-	23,188	23,188
Total financial assets	7,006,438	16,017,590	8,283,404	1,446,771	32,754,203
Guarantees and commitments	-	20,068,691	4,368,011	2,265,325	26,702,027
Maximum credit exposure	7,006,438	36,086,281	12,651,415	3,712,096	59,456,230

	AAA to AA $000	A to BBB $000	BB and lower $000	Not Rated $000	Total $000
2014					
Market and client receivables	-	298,957	-	-	298,957
Loans and advances to banks	2,065	4,033,070	342,689	4,501	4,382,325
Loans and advances to customers	155,089	5,333,438	5,697,392	1,234,500	12,420,419
Trading assets	1,391,074	101,324	42,794	1,760,504	3,295,696
Derivative financial instruments	-	106,521	-	42,298	148,819
Financial assets designated at fair value	-	59,712	355,256	-	414,968
Available for sale securities	-	-	-	22,356	22,356
Total financial assets	1,548,228	9,933,022	6,438,131	3,064,159	20,983,540
Guarantees and commitments	395,159	10,996,613	2,811,127	1,281,193	15,484,092
Maximum credit exposure	1,943,387	20,929,635	9,249,258	4,345,352	36,467,632

There were $7 million third party credit exposures that were past due but not impaired at 31 December 2015 (2014: $46 million).

The Company holds limited collateral or other credit enhancements to cover its credit risk associated with its financial assets. The following table reflects by asset class of financial instrument the amount that best represents the Company's maximum exposure to credit risk and a quantification of the extent to which collateral and other credit enhancements mitigate credit risk as viewed by management.

	Exposure $000	Mitigation $000
2015		
Market and client receivables	9,533	9,533
Loans and advances to banks	7,995,620	-
Loans and advances to customers	17,367,483	367,734
Reverse repurchase agreements	2,550,000	2,550,000
Trading assets	4,034,381	89,758
Derivative financial instruments	240,878	238,194
Financial assets designated at fair value	533,120	292,506
Other assets	309,683	-
Prepayments and accrued income	97,085	-
	33,137,783	3,547,725
Guarantees and commitments	26,702,027	1,447,233
	59,839,810	4,994,958

	Exposure $000	Mitigation $000
2014		
Market and client receivables	298,957	298,957
Loans and advances to banks	4,382,325	-
Loans and advances to customers	12,420,419	868,000
Trading assets	3,295,696	305,067
Derivative financial instruments	148,819	148,819
Financial assets designated at fair value	414,968	309,000
Other assets	190,432	-
Prepayments and accrued income	46,757	-
	21,198,373	1,929,843
Guarantees and commitments	15,484,092	-
	36,682,465	1,929,843

For all asset classes, where credit risk mitigation exceeds the maximum exposure to credit risk, the credit risk mitigation balance is limited to 100% of the maximum exposure to credit risk.

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. The implementation of quality assurance controls within processes provides for a consistent approach in the execution of business controls and the ability to benchmark the effectiveness and efficiency of controls that are common across multiple business processes.

Operational risk must be managed by all employees as part of their day-to-day activities. Front line units 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 front line units and control functions to monitor adherence to the operational risk management program and to advise and challenge operational risk exposures.

Liquidity risk

Liquidity risk is the potential inability to meet contractual and contingent financial obligations, both on or off-balance sheet, as they fall due. The primary objective of liquidity risk management is to ensure BAMLI can meet expected and unexpected cash flow and collateral needs while continuing to support our businesses and customers with the appropriate funding sources, under a range of economic conditions.

The BAMLI Board is ultimately responsible for BAMLI's liquidity risk management, delegating additional oversight to the BAMLI BRC and BAMLI RMC. The Businesses are the first lines of defence in liquidity risk management, partnering with Global Liquidity Risk Management ("GLRM") and Global Funding, functions within Corporate Treasury, to achieve liquidity risk management objectives. GLRM and Global Funding are responsible for carrying out the day-to-day monitoring and management of BAMLI liquidity risk and resources, providing timely information to the BAMLI RMC, BAMLI BRC, and BAMLI Board. CFO Risk serve as the second line of defence, providing independent risk management, and Audit serves as the third line of defence. Compliance, another second line of defence, provides independent monitoring and testing of compliance with laws, regulations, and internal Company standards that impact liquidity risk management.

The approach to managing BAMLI's liquidity risk has been established by the BAMLI Board, aligned to BAC processes, but tailored to meet BAMLI's business mix, strategy, activity profile, risk appetite, and regulatory requirements. Key components include:

- The BAMLI Liquidity Risk Policy, which is approved annually by the BAMLI Board and formally articulates the principles for managing liquidity risk within BAMLI, including requirements for internal stress testing, limits and guidelines, reporting and monitoring, roles and accountabilities, and regulatory requirements.
- The liquidity risk appetite, established by the BAMLI Board, requiring BAMLI to maintain sufficient excess liquidity resources to meet net modelled outflows under an internally developed combined stress scenario and to comply with regulatory requirements.
- The BAMLI Contingency Funding Plan, which details senior management's strategy to address potential liquidity shortfalls during periods of stress.

BAMLI is subject to the following PRA liquidity requirements:

- LCR: requires MLI to hold a sufficient buffer of eligible High Quality Liquid Assets ("HQLA") to cover potential cash outflows during the first month of a liquidity stress event
- PRA Voluntary variation of Permission ("VVOP"): requires BAMLI to hold the following eligible liquidity resources in aggregate greater than the sum of £135M and an amount equal to BAMLI's 90-day operating expenses:
  - Excess Liquidity
  - Unencumbered trading assets (post haircuts)

As legislated by the European Commission's Capital Requirement Regulations and Capital Requirements Directive ("CRR/CRD IV"), from 1 January 2018 BAMLI is expected to comply with the Net Stable Funding Ratio ("NSFR") requiring BAMLI to maintain sufficient levels of stable funding to support the liquidity profile of its assets. The NSFR remains subject to further consultation in Europe following the publication of the Basel committee's final standard on 31 October 2014. The Basel standard continues to work toward minimum 100% NSFR compliance from 1 January 2018.

As of December 2015, BAMLI was in excess of both internal and regulatory liquidity requirements.

Undiscounted cash flows – financial liabilities

	On demand $000	<3 mths $000	>3 mths <1 yr $000	>1 yr <5 yrs $000	>5 yrs $000	Total $000
31 December 2015						
Non-Trading Financial Liabilities						
Market and client payables	109,659	-	-	-	-	109,659
Deposits by banks	57,534	22,431	18,608,180	1,631,889	-	20,320,034
Deposits by customers	3,860,837	-	1,110,508	431,378	-	5,402,723
Financial liabilities designated at fair value	146,690	-	-	-	-	146,690
	4,174,720	22,431	19,718,688	2,063,267	-	25,979,106
Guarantees and commitments	26,449,109	-	6,168	104,266	142,484	26,702,027
Trading liabilities						
Derivative financial instruments	163,460	-	-	-	-	163,460

	On demand $000	<3 mths $000	>3 mths <1 yr $000	>1 yr <5 yrs $000	>5 yrs $000	Total $000
31 December 2014						
Non-Trading Financial Liabilities						
Market and client payables	99,197	-	-	-	-	99,197
Deposits by banks	55,283	25,270	12,204,278	353,078	-	12,637,909
Deposits by customers	-	-	1,025,305	-	-	1,025,305
Financial liabilities designated at fair value	52,641	-	-	-	-	52,641
	207,121	25,270	13,229,583	353,078	-	13,815,052
Guarantees and commitments	14,855,118	628,974	-	-	-	15,484,092
Trading liabilities						
Derivative financial instruments	415,546	-	-	-	-	415,546

The Company has recorded all derivative financial instrument liabilities in the “on demand” category to reflect the common market practice of terminating such liabilities at fair value upon a client’s request, although the Company is generally not contractually obliged to do so. The Company has provided the present value rather than contractual undiscounted cash flows for these instruments. The Company considers it unlikely that, in any given period, all of the liabilities will unwind in the short-term. The Company manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows. Guarantees and commitments and financial liabilities designated at fair value are undiscounted and are shown on the basis of the earliest date they can be called. All other figures are undiscounted and show contractual maturities.

Reputational risk

Reputational risk is the potential that negative perceptions of the Company’s conduct or business practices will adversely affect its profitability or operations through an inability to establish new or maintain existing customer/client relationships.

Reputational risk is managed through established policies and controls as part of the business and risk management processes, programs and approaches to mitigating reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events. Ultimately, to ensure that Reputational Risk is mitigated through regular business activity, awareness of Reputational Risk is integrated into the overall governance process, as well as incorporated into the roles and responsibilities for employees. Given the nature of Reputational Risk, BAC does not set quantitative limits for the level of acceptable risk. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

At the enterprise level, Reputational Risk is reviewed by the Enterprise Risk Committee and the Management Risk Committee, which provide primary oversight of Reputational Risk. Additionally, the Global Risk Management Leadership team and the BAC Board review the top reputational risks as part of the Summary Risk Report process. Each front line unit and control function has a committee whose charter includes oversight of reputational risk. That oversight includes providing approval for business activities that present elevated levels of reputational risks. For the EMEA region there is a specialist committee, the EMEA Reputational Risk Committee (“RRC”), whose charter includes consideration of Reputational Risk issues and to provide guidance and approvals for activities that represent specific Reputational Risks which have been referred for discussion other current control frameworks. The EMEA RRC provides updates to the MLI BRC on a quarterly basis.

Strategic risk

Strategic risk is the risk that results from incorrect assumptions about external and/or internal factors, inappropriate business plans ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments (such as competitor actions, changing customer preferences, product obsolescence and technology developments).

Strategic risk is managed through the following approaches: (1) The strategic planning process specifically addresses many forms of strategic risk. The BAC boards of directors review and approve the strategic plans after considering strategic risks in addition to other types of risk. (2) The strategic plans are consistent with risk appetite and specifically address strategic risks. (3) The executive management team continuously monitors business performance throughout the year to assess strategic risk and find early warning signals so that risks can be proactively managed.

The strategic plan is reviewed and approved annually by the Board alongside the capital plan, financial operating plan and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures, and recovery and resolution plans are reviewed and approved by the Board as required. Routines exist to discuss the Strategic Risk implications of new business and product entries and other strategic initiatives, and to provide approvals where appropriate. Control Functions provide key input, oversight and challenge to front line unit and regional level strategic assessments.

Front line units present tracking updates to executive management on their business performance. Updates take into account analyses of performance relative to the financial operating plan and risk appetite and performance relative to peers. Topical presentations are made to address any developments or considerations as it relates to strategic planning.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation arising from the failure to comply with requirements of applicable laws, rules and regulations.

Front line units are responsible for the proactive identification, management and escalation of compliance risks across BAMLI. Global Compliance is responsible for setting BAC-wide policies and standards and provides independent challenge and oversight to the front line units. BAMLI’s approach to the management of compliance risk is further described in the Global Compliance Policy, which outlines the requirements of BAC’s global compliance program and defines roles and responsibilities related to the implementation, execution and management of the compliance program by Global Compliance.

Global Compliance is a separate function with governance routines and executive reporting distinct from those of the front line units and other control functions. Global Compliance also collaborates with other control functions to provide additional support for specific remediation efforts and shares responsibility with the front line units, Global Risk Management and other control functions for mitigating reputational risk.

The Global Compliance Executive leads the Global Compliance organisation, which together with the front line units, also has primary responsibility for the aggregated identification, management and escalation of compliance risks and compliance-related matters across BAMLI.

Security and collateral

At 31 December 2015 the fair value of financial assets accepted as collateral that the Company is permitted to use, sell or repledge in the absence of default was $2,708,301,000 (2014: $99,197,000). The actual fair value of financial assets accepted as collateral that have been used, sold or repledged was $107,301,000 (2014: $99,197,000). The collateral obtained is composed of cash and government and agency securities. The Company is obliged to return cash or equivalent securities as appropriate.

Security has been given by the Company by way of specific and general charges in respect of certain contractual commitments. The collateral pledged is in the form of cash. At 31 December 2015 the Company had delivered cash collateral of $1,718,000 (2014: $298,957,000) against contractual commitments under derivative liability positions.

Basel III Pillar 3 disclosures

The Pillar 3 disclosures, required under part eight of CRR, can be obtained via http://investor.bankofamerica.com. The 2015 disclosure will be published in conjunction with the publication of these financial statements.

Country by country reporting

The Company makes Country by Country reporting disclosures as required under CRD IV – these disclosures can be obtained via http://investor.bankofamerica.com.

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 parent and benefits for other stakeholders, to maintain an optimal capital structure and to meet relevant regulatory requirements.

The Company's regulatory capital consists of Tier 1 capital which includes share capital, share premium, capital contribution reserve and audited retained earnings. At 31 December 2015, the Company's total regulatory capital was $6,825 million (2014: $6,665 million). The Company had a surplus of capital resources over the minimum regulatory financial resources requirement.

35. Fair Value Disclosures

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 valuations are 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.

Trading account assets and liabilities and available for sale ("AFS") securities

The fair values of trading account assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. The fair values of AFS securities are generally based on quoted market prices or market prices for similar assets and. Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities and AFS securities. In less liquid markets, market price quotes may not be readily available. Some of these instruments are valued using a net asset value approach, which considers the value of the underlying assets and liabilities. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

Derivative assets and liabilities

The fair values of derivative assets and liabilities traded in the over-the-counter 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. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal

specific factors, where appropriate. Derivative liabilities considered Level 3 relate to total return swaps and credit default swaps for which fair value has been determined consistently with reference to the related hedged assets.

Fair value measurement as at 31 December 2015

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Trading assets	**2,444,343**	**655,556**	**934,482**	**4,034,381**
Derivative financial instruments	**-**	**240,878**	**-**	**240,878**
Financial assets designated at fair value	**-**	**431,624**	**101,496**	**533,120**
Available for sale securities	**-**	**-**	**23,188**	**23,188**
Total assets	**2,444,343**	**1,328,058**	**1,059,166**	**4,831,567**
Liabilities				
Derivative financial instruments	**-**	**163,396**	**64**	**163,460**
Financial liabilities designated at fair value	**-**	**146,690**	**-**	**146,690**
Total liabilities	**-**	**310,086**	**64**	**310,150**

Fair value measurement as at 31 December 2014

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Trading Assets	1,373,373	1,328,722	593,603	3,295,696
Derivative financial instruments	-	148,819	-	148,819
Financial assets designated at fair value	-	414,968	-	414,968
Available for sale securities	-	-	22,356	22,356
Total Assets	1,373,373	1,892,509	615,959	3,881,839
Liabilities				
Derivative financial instruments	-	414,562	984	415,546
Financial liabilities designated at fair value	-	52,641	-	52,641
Total liabilities	-	467,203	984	468,187

There have been no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during 2015 and 2014.

Fair Values of Level 3 Assets and Liabilities

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 in the fair value hierarchy.

The Level 3 financial instruments include corporate loans, bonds, derivatives and unlisted equity investments for which there are few transactions and there is little or no observable market data to corroborate inputs to valuation models.

The table below presents a reconciliation of all Level 3 financial instruments measured at fair value. Level 3 assets were $1,059 million as of 31 December 2015 (2014: $616 million) and represented approximately 22 percent of assets measured at fair value (2014: 13 percent) and approximately 3 percent of total assets (2014: 3 percent). Level 3 liabilities were $64,000 as of 31 December 2015 (2014: $1 million) and less than 0.1 percent of liabilities measured at fair value (2014: 0.2 percent) and 0.2 percent of total liabilities (2014: less than 0.1 percent).

	Trading assets $000	Available for sale securities $000	Derivative financial instruments liabilities $000	Financial assets designated at fair value $000	Total $000
Balance at 1 January 2015	**593,603**	**22,356**	**(984)**	**-**	**614,975**
Gains or Losses:					
Included in earnings – realised	**13,012**	**-**	**(171)**	**-**	**12,841**
Included in earnings – unrealised	**(71,785)**	**-**	**(718)**	**(2,582)**	**(75,085)**
Included in statement of other comprehensive income	**-**	**832**	**-**	**-**	**832**
Purchases	**672,389**	**-**	**-**	**2,566**	**674,955**
Sales	**(359,703)**	**-**	**-**	**-**	**(359,703)**
Issuances	**-**	**-**	**-**	**-**	**-**
Settlements	**(89,632)**	**-**	**2,111**	**(2,179)**	**(89,700)**
Transfer into Level 3	**290,359**	**-**	**(302)**	**106,256**	**396,313**
Transfer out of Level 3	**(113,761)**	**-**	**-**	**(2,565)**	**(116,326)**
Balance at 31 December 2015	**934,482**	**23,188**	**(64)**	**101,496**	**1,059,102**

The transfers into Level 3 from Level 2 during the year were due to lack of observable market pricing data subsequent to purchase. The transfers out of Level 3 to Level 2 during the year were due to increased availability of observable pricing data on underlying positions.

	Trading assets $000	Available for sale securities $000	Derivative financial instruments liabilities $000	Financial assets designated at fair value $000	Total $000
Balance at 1 January 2014	262,113	138,498	(11,249)	139,233	528,595
Gains or Losses:					
Included in earnings - realised	(2,497)	-	-	-	(2,497)
Included in earnings - unrealised	(45,544)	(9,225)	(984)	-	(55,753)
Included in statement of other comprehensive income	-	-	-	-	-
Purchases	370,943	-	-	-	370,943
Sales	(225,236)	-	-	-	(225,236)
Issuances	1,997	-	-	-	1,997
Settlements	(90,594)	(106,917)	3,523	-	(193,988)
Transfer into Level 3	445,081	-	-	-	445,081
Transfer out of Level 3	(122,660)	-	7,726	(139,233)	(254,167)
Balance at 31 December 2014	593,603	22,356	(984)	-	614,975

Sensitivity analysis of unobservable inputs

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the balance sheet 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 Company's valuation control policies.

Were the Company to have valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives then as at 31 December 2015, they could have increased fair value by as much as $22 million (2014: $7 million) or decreased fair value by as much as $52 million (2014: $45 million).

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable inputs and is not predictive or indicative of future movements in fair value. Furthermore, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonable possible alternatives. Hence, the estimates disclosed above are likely to be greater than the true uncertainty in fair value at the balance sheet date.

36. Offsetting

The following table analyses the offsetting of the Company's financial assets and liabilities as presented in the statement of financial position:

	Gross amounts of recognised financial assets/ liabilities $000	Gross amounts offset in statement of financial position $000	Net amount of financial assets/ liabilities on statement of financial position $000	Financial instruments $000	Cash collateral (received)/ paid $000	Net amount $000
31 December 2015						
Assets						
Derivative financial instruments	**240,878**	**-**	**240,878**	**(161,569)**	**(76,625)**	**2,684**
Liabilities						
Derivative financial instruments	**(163,460)**	**-**	**(163,460)**	**161,569**	**121**	**(1,770)**

	Gross amounts of recognised financial assets/ liabilities $000	Gross amounts offset in statement of financial position $000	Net amount of financial assets/ liabilities on statement of financial position $000	Financial instruments $000	Cash collateral (received)/ paid $000	Net amount $000
31 December 2014						
Assets						
Derivative financial instruments	148,819	-	148,819	(105,943)	-	42,876
Liabilities						
Derivative financial instruments	(415,546)	-	(415,546)	105,943	298,060	(11,543)

Financial instruments

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

Cash collateral received

The Company has received financial instruments as collateral against a number of its borrowings.

37. Business Combinations

On 29 September 2015, Merrill Lynch France SAS ("MLF") and its subsidiary Merrill Lynch Capital Markets France SAS ("MLCMF") were contributed to the Company by BANA. On 1 November 2015, MLCMF was absorbed into MLF by way of a simplified merger ('fusion simplifiée'), and MLF was absorbed into BAMLI by way of a universal transfer ('Transmission Universelle de Patrimoine').

As a business combination between entities under common control, the transaction is outside of the scope of IFRS 3 – Business Combinations. The Company's policy for accounting for such transactions is to apply predecessor accounting, in effect presenting the results and balances of MLF and MLCMF as if they had always been part of the Company. Comparative financial information has been restated accordingly.

The impact of MLF and MLCMF for the current and prior year was as follows:

	2015 $000	2014 $000
Revenues	**61,402**	66,451
Net loss	**(10,039)**	(2,011)

The impact on the 2014 Statement of Financial Position was to increase net assets by $5,640,000.

The migration of other assets to the Company's Dublin, Paris, Madrid and Amsterdam branches have not been accounted for as business combinations and as such have not resulted in any restatement of the Company's results.

38. Related Party Transactions

As detailed in note 1.4, the Company has elected to take advantage of the exemption available under FRS 101 for the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Management consider key management personnel to be represented by the board of directors of the Company. Details of the remuneration of the directors are included in note 11.

39. Controlling Party

The Company's immediate parent company is Bank of America, N.A. and the ultimate parent company and controlling party is BAC, which is organised and existing under the laws of the State of Delaware in the United States of America.

The parent company of the largest and smallest group that includes the Company and for which group financial statements are prepared is BAC. Copies of BAC's financial statements can be obtained from either of the following website locations: http://investor.bankofamerica.com or www.sec.gov/.

40. Subsequent Events

Following the year end, the Company has been impacted by the following transactions as part of the ongoing expansion of its European branch network and alignment as primary provider of support services:

The Company acquired the entire ordinary share capital of Merrill Lynch Financial Services Limited from an affiliated company for cash consideration totalling $16,400,000.

The Company established a branch in Frankfurt, with assets and liabilities transferred from other affiliated companies in the BAC group.

The Company also established a branch in Antwerp.

BANA transferred the ownership of Merrill Lynch Management GmbH ("MLM") to the Company as a capital contribution. As part of the reorganisation, MLM reregistered as a partnership and the assets and liabilities of the partnership were transferred to the Company by way of universal succession.

The overall impact of these transactions has not had a material impact to the income statement or statement of financial position of the Company.

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