

Country by Country Reporting

Merrill Lynch International Bank Designated Activity Company

Year ended December 2016

Country by Country Reporting – Merrill Lynch International Bank Designated Activity Company (“MLIB”)

Reported under IFRS for year ended 31 December 2016

A Country by Country Reporting (‘CBCR’) obligation was introduced through Article 89 of the EU Directive 2013/36/EU, otherwise known as the Capital Requirements Directive IV (‘CRD IV’). This document satisfies our reporting obligations for the 2016 financial year.

Nature of activities and geographical location

MLIB’s ultimate parent company and controlling party is Bank of America Corporation (‘BAC’). During 2016 as part of various group reorganisations, the Company disposed of all significant and material investments in subsidiary undertakings. MLIB’s head office is in Ireland, with a branch in London. The Frankfurt, Milan and Rome branches were closed in 2016. MLIB has a subsidiary in the UK being Merchip Nominees Ltd. Also during 2016, the following subsidiaries, in the UK, Majestic Acquisitions Limited and Wave Lending Holdings Limited, and in Ireland, Merrill Lynch Financial Services Limited, were sold to affiliates in the year. An organisational chart depicting select major operating subsidiaries of BAC is available at <http://investor.bankofamerica.com>.

MLIB is a credit institution and is registered as a licensed bank pursuant to section 9 Central Bank Act 1971. MLIB is regulated by the Central Bank of Ireland. Pursuant to BAC’s legal entity strategy, the Company has largely de-risked itself from Global Markets and Global Banking (‘GM & GB’) activity and no longer originates new business. The Company retains a residual rates and currencies business where the market risk is hedged. The Company also retains a small GM & GB legacy loan portfolio which is being run off on loan maturity. The Company completed the migration of its Global Wealth and International Management (‘GWIM’) portfolio in 2016.

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At this stage, the MLIB London Branch, which is registered in the UK, comprises only of a small number of Global Markets derivative clients, who for various different reasons have not yet been migrated to other affiliates.

Country by Country reporting for the year ended December 2016

Jurisdiction	Net operating income	Profit/(Loss) before tax	Total tax paid/(refunded)	Corporation tax paid/(refunded)	Social security paid	Irrecoverable VAT paid/(recovered)	Bank Levy paid	Public subsidies received	Average number of employees
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
Ireland	26,878	99,820	613	(118)	298	433	0	0	20
Italy	10,677	3,624	(4,852)	(5,240)	330	58	0	0	8
Germany	8,605	(8,457)	(2,761)	(2,981)	263	(43)	0	0	15
United Kingdom	2,934	(69,259)	3,592	1,335	263	662	1,332	0	5
Singapore	0	0	710	710	0	0	0	0	0
MLIB Consolidated Total	49,094	25,728	(2,698)	(6,294)	1,154	1,110	1,332	0	48

Notes to the Report

The table above contains the following for MLIB for the year ending 31 December 2016:

- The CBCR is prepared on a consolidated basis for MLIB and its subsidiaries. The consolidated basis includes the impact of the 2016 disposal of subsidiaries as discussed on page 1.
- The Company disposed of its investments in all material subsidiary undertakings during the year. Accordingly the 31 December 2016 financial statements, including comparative information, present information about the Company on a standalone basis, whereas in prior years the financial statements were presented on a consolidated basis.
- Total tax paid/(refunded) shows the total tax MLIB and its subsidiaries paid, suffered or refunded in each country in 2016. The above columns analyse this total into its components.
- Corporation tax, bank levy and social security represent the actual payments or refunds made to the tax authorities during 2016. An element of the payments will relate to prior years and therefore the figures will not represent taxes charged in the period.
- Corporation tax is lower in certain territories owing to the receipt of tax exempt income and the availability of losses. Corporation tax paid in Singapore relates to a prior year, the Singapore branch was closed in 2015.
- Social security paid represents the payroll taxes paid or borne by MLIB based on individual country rules.
- Irrecoverable VAT ('Value Added Tax') suffered has been calculated on the basis of the amounts accrued in the profit and loss account for the period. This is considered to be an appropriate representation of cash paid by the entity. Irrecoverable VAT is the cost borne by MLIB of only being able to reclaim a proportion of the VAT we incur. The numbers do not include any element of VAT collected from others or reclaimed.
- Bank levy in the UK is paid by another group company as 'paying entity'. The amount disclosed represents the amount of the total paid which is attributable to MLIB. This tax does not relate directly to profits earned in the year and is a tax paid in the UK based on balance sheet liabilities.
- The average number of employees is an average of monthly total full time equivalent employees, based on employees legally employed by MLIB and its subsidiaries excluding contractors. The financial statements include contractors.