In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to [...] an alteration of manner of [...] with accounting requiremen[...]

FRIDAY

L76856W1
LD4 18/05/2018 #21
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ❶	Bank of America Merrill Lynch International Designated Activity Company
UK establishment number	B R 0 0 0 8 3 3 9

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ❷ Companies Act 2014

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸ International Financial Reporting Standards as adopted by E.U.

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☑ **Yes.** Go to **Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company

A4 **Audited accounts**

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the *appropriate accounting* organisation or body.
Name of organisation or body ❶	Irish law and International Standards on Auditing (UK and Ireland)	

A5 **Unaudited accounts**

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ **No.** ☐ **Yes.**

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature **X** [signature] **X** For and on behalf of Merrill Lynch Corporate Services Limited

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name Merrill Lynch Corporate Services Limited

Address 2 King Edward Street

Post town London

County/Region

Postcode E C 1 A 1 H Q

Country United Kingdom

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Registered number: 229165

BANK OF AMERICA MERRILL LYNCH INTERNATIONAL DESIGNATED ACTIVITY COMPANY

(Formerly Merrill Lynch International Bank Designated Activity Company)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

GENERAL INFORMATION

Directors	M. Butler D. F. Guest P. P. Keegan J. G. Murphy J. D. Preddy J. M. Taylor
Secretary	Merrill Lynch Corporate Services Limited 2 King Edward Street London EC1A 1HQ United Kingdom
Registered Number	229165
Registered Office	Central Park Leopardstown Dublin 18
Auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1

CONTENTS

The directors present their report and the financial statements of Bank of America Merrill Lynch International Designated Activity Company ("BAMLI DAC", the "Company") for the financial year ended 31 December 2017.

The Company is a registered bank in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland ("CBI"). BAMLI DAC is headquartered in Dublin with a branch office in London.

On 1 September 2017 the ownership of the Company was transferred from its immediate parent BofAML EMEA Holdings 1 Limited to Bank of America, National Association ("BANA"). Subsequently, on 2 October 2017 the Company changed its name from Merrill Lynch International Bank Designated Activity Company to BAMLI DAC. The Company is a wholly owned subsidiary of BANA and the ultimate parent of the Company continues to be Bank of America Corporation (NYSE:BAC) ("BAC").

During the year, the Company elected to prepare its financial statements under Financial Reporting Standard 100 ("FRS 100") - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") - Reduced Disclosure Framework. The change in the basis of preparation has not resulted in any adjustments in the recognition or measurement requirements previously applied in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and is further discussed in note 1.1.

PRINCIPAL ACTIVITIES

The Company forms part of BAC's Global Banking and Markets operations in the Europe, Middle East and Africa ("EMEA") region. In recent years, pursuant to BAC's legal entity strategy, the Company has largely de-risked itself from Global Banking and Markets ("GBAM") activity and no longer originates new business. BAMLI DAC retains a residual GBAM trading business where the market risk is hedged and a small GBAM legacy loan portfolio which is being run off.

FUTURE DEVELOPMENTS AND MARKET ENVIRONMENT

The UK government triggered Article 50 on 29 March 2017, which marks the start of the formal process of the UK's exit from the European Union ("EU"). Negotiations between the EU and UK regarding this exit are ongoing and consist of three phases: a withdrawal agreement, a new trade deal and an arrangement for a transition period. There has been limited progress on the agreement of the withdrawal bill which is expected to be finalised in the next 12 months. Nevertheless, a high degree of uncertainty remains on the timing and the details of a future trade agreement and transition phase. In this context, the ultimate impact of the UK's exit remains unclear and episodes of economic and market volatility may continue to occur. If uncertainty resulting from the UK's exit negatively impacts economic conditions, financial markets and consumer confidence, the Company performance, financial position and/or operational model could be adversely affected.

In order to ensure that it can continue to conduct business and service clients in the EU, BAC announced, in 2017, that Dublin is the preferred location for its principal EU legal entities following the UK's departure from the EU. In accordance with this strategy the BAMLI DAC Board, on 9 March 2018, approved a motion to proceed with a cross border merger (subject to shareholder, regulatory and relevant court process approval) with Bank of America Merrill Lynch International Limited ("BAMLI Ltd"), which is registered and headquartered in the UK. BAMLI Ltd, a wholly owned subsidiary of BANA, is authorised as a credit institution and regulated and supervised by the Prudential Regulation Authority and the Financial Conduct Authority. We expect this cross border merger to complete prior to the UK's exit from the EU.

FUTURE DEVELOPMENTS AND MARKET ENVIRONMENT (continued)

Considering the market environment in which the Company operates, the Eurozone region posted its strongest GDP growth in ten years, despite heightened political uncertainty and fragmentation. In this context, the European Central Bank decided to taper its quantitative easing program even if domestic inflationary pressures remained historically weak.

RESULTS AND DIVIDENDS

The Company's profit on ordinary activities after taxation was $7,595,000 (2016: $134,190,000) as set out in the income statement.

The results reflect the Company's minimal exposure to fair value fluctuations and credit risk following the significant de-risking that has been undertaken over recent years in line with BAC's legal entity strategy. The Company continues to migrate remaining exposures to affiliated companies where possible, unwinding trades with remaining counterparties or allowing residual positions to mature.

The directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: $nil).

CAPITAL

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

The Company's tier 1 capital was $2,239,000,000 (2016: $2,229,000,000), and the Company's total capital ratio at 31 December 2017 as reported to the CBI was 93% (2016: 91%), significantly exceeding the minimum capital requirement.

CORPORATE GOVERNANCE

The Company is subject to the CBI Corporate Governance Requirements for Credit Institutions 2015. The Board formally reviews the corporate governance structure of the Company, including its branch, on an annual basis to ensure that it meets regulatory and legal requirements and industry best practice.

PRINCIPAL RISKS AND UNCERTAINTIES

BAMLI DAC faces seven key risks in its daily operations; market, credit, operational, liquidity, reputational, strategic and compliance risk. The Company's risk management objectives and policies as well as exposures in relation to the seven key risk types are described in the notes to the financial statements (see note 28).

RISK GOVERNANCE

The BAMLI DAC Board ensures appropriate risk management and controls through the BAMLI DAC Board Risk Committee ("BAMLI DAC BRC") and the BAMLI DAC Audit Committee.

The BAMLI DAC BRC assists the BAMLI DAC Board in fulfilling their responsibility for reviewing all Bank wide risk-creating activities and to ensure that they are restricted to those activities that can be prudently managed.

The BAMLI DAC Audit Committee assists the BAMLI DAC Board in fulfilling its oversight responsibilities relating to BAMLI DAC's internal financial controls; the preparation and integrity of BAMLI DAC's financial statements; BAMLI DAC's relationship with its External Auditor, including pre-approval of any non-audit services; and the performance and independence of BAMLI DAC's Internal Audit and Compliance functions.

The BAMLI DAC Risk Management Committee ("BAMLI DAC RMC") reports to the BAMLI DAC BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BAMLI DAC BRC, the BAMLI DAC Board or other committees, as appropriate) market risk, credit risk, operational risk (in conjunction with the Operational Risk Committee ("ORC")), balance sheet, capital and liquidity management, country risk, stress testing and concentration risk management activities of the Bank (including any branches and subsidiaries).

BAMLI DAC's ORC reports to the BAMLI DAC BRC and is responsible for providing management oversight of operational risk within the activities of the Bank.

REVIEW OF FINANCIAL STATEMENTS AND RELATED ESTIMATES AND JUDGEMENTS

The Audit Committee discharges its responsibility for the monitoring and integrity of the financial statements through:

- review of the financial statements for completeness and compliance with relevant accounting standards and other regulatory and legal requirements;
- reporting to the Board on the consistency and appropriateness of critical accounting policies and any changes thereto, taking into account the views of the external auditor;
- review of any correspondence from regulators in relation to financial reporting;
- review of the going concern statement;
- review and challenge of significant financial reporting judgements, estimates and the actions and judgements of management including those in respect of valuation of financial instruments; and

Further detail on the critical accounting estimates and judgements is provided in note 2.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law.

Irish company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, comprising FRS 100 and FRS 101).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

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

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates that are reasonable and prudent*;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the 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:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities and financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

DIRECTORS' COMPLIANCE STATEMENT

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up setting out the Company's policies, which, in the in the directors' opinion, are appropriate to ensure compliance with the Company's relevant obligations;
- appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements or structures has been conducted in the financial year to which this report relates.

ELECTRONIC DISTRIBUTION

The directors are responsible for ensuring that the Company's financial statements are provided for inclusion on the website of the Company's ultimate parent undertaking, BAC. The work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ACCOUNTING RECORDS

To comply with the requirement that adequate books and accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the directors have ensured that appropriately qualified accounting personnel have been employed and that appropriate computerised accounting records are maintained. The accounting records are located at the Company's registered office.

DIRECTORS

The directors who served during the year were:

M. Butler
D. F. Guest (Independent Non-Executive Director)
P. P. Keegan (Chief Executive)
J. G. Murphy (Independent Non-Executive Director)
J. D. Preddy
J. M. Taylor (Chairperson)
A. S. Wilmot-Sitwell (resigned 13 March 2018)

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and the company secretary had no beneficial interest in the shares of the Company that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the Directors' report.

POLITICAL CONTRIBUTIONS

The directors have satisfied themselves that there were no political contributions during the year (2016: $nil) that require disclosure under the Electoral Act 1997.

SUBSEQUENT EVENTS

On 9 March 2018, the BAMLI DAC Board approved a motion to proceed with the proposed cross border merger with BAMLI Ltd subject to shareholder, regulatory and relevant court process approval.

AUDITORS

The auditors, PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with section 383(2), of Companies Act and a resolution that they be reappointed will be proposed at the Annual General Meeting.

This report was approved by the board on 27 March 2018 and signed on its behalf by:

P. P. Keegan
Chief Executive

J. M. Taylor
Chairperson

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Independent auditors' report to the members of Bank of America Merrill Lynch International Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion Bank of America Merrill Lynch International Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Statement of Financial Position as at 31 December 2017;
- the Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, as applicable to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the company.

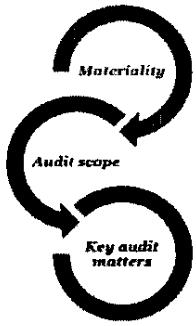
Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2017 to 31 December 2017.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.ie

Chartered Accountants

Our audit approach

Overview



Materiality	• Overall materiality: $22 million – based on 1% of total equity
Audit scope	• We performed a full scope audit of the company's financial statements, based on materiality levels
Key audit matters	• Valuation of financial instruments held at fair value through profit and loss

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments held at fair value through profit and loss *Refer to note 1.14, note 1.18, note 2, note 16 and note 29 to the financial statements* Financial instruments held at fair value in the statement of financial position of the Company comprise of the Trading assets and Derivative financial instruments. These financial instruments are valued at fair value in line with Generally Accepted Accounting Practice in Ireland. The Company is currently in run-off and no new derivatives were entered into during the financial year. Management significantly de-risked the balance sheet over the recent years and have a policy to enter into back to back trades to match the terms of derivative assets, certain of the trading assets and derivative liabilities. We focused on this area because it represents the principal element of the financial statements.	Management operate an independent price verification ("IPV") control involving the performance of input price testing to external market pricing sources. We performed testing of this control across a sample of positions held. We tested, on sample basis, the directly priced trading assets and the key inputs used in the valuation of derivative financial instruments to independent pricing sources. We compared the matching derivative assets, certain trading assets and derivative liabilities to ensure that the values of assets matched with the value of liabilities. We confirmed the fair values of the inter-group derivative financial instruments. No matters were noted as a result of these procedures.

pwc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company has two branches – Dublin branch and London branch. In establishing the overall approach to the audit, we determined the type of work that needed to be performed at each branch by us or by component PwC auditors operating under our instructions ('component auditors'). Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

Our involvement in the work of the component auditors included meetings between the component auditors and senior members of the engagement team, review of the results of their audit procedures including the nature, timing and extent of the work impacting our audit opinion and frequent communications by the engagement team to corroborate that our audit plan was appropriately executed.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$22 million
How we determined it	1% of total equity
Rationale for benchmark applied	The use of total equity is appropriate as it reflects the key area of focus of management and users of the financial statements.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to 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.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

pwc

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 15 September 2009 to audit the financial statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2009 to 31 December 2017.

John McDonnell

John McDonnell
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

27 March 2018

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $000	2016 $000
Interest receivable and similar income		**14,329**	9,603
Interest payable and similar charges		**(1,986)**	(1,540)
NET INTEREST INCOME	3	**12,343**	8,063
Fees and commissions receivable		**248**	449
Fees and commissions payable		**(114)**	(753)
NET FEES AND COMMISSIONS RECEIVABLE/(PAYABLE)		**134**	(304)
Dealing (losses)/profits		**(12,055)**	3,520
Other operating income	4	**14,404**	47,069
TOTAL OPERATING INCOME		**14,826**	58,348
Administrative expenses	5	**(7,559)**	(37,985)
Depreciation		**-**	(607)
Provision for credit losses	10	**310**	234
Other operating expenses		**(360)**	(11,181)
TOTAL OPERATING EXPENSES		**(7,609)**	(49,539)
NON-OPERATING INCOME	11	**-**	121,540
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**7,217**	130,349
Taxation on profit on ordinary activities	12	**378**	3,841
PROFIT FOR THE FINANCIAL YEAR		**7,595**	134,190

The notes on pages 16 to 52 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $000	2016 $000
Profit for the financial year		**7,595**	134,190
Items that will not be reclassified to profit or loss:			
Actuarial losses relating to retirement benefit obligations	22	**(1,479)**	(2,272)
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		-	136
Exchange differences transferred to profit and loss on closure of foreign operations		-	(69,536)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,116**	62,518

The notes on pages 16 to 52 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 $000	2016 $000
ASSETS			
Cash held at central banks		**473,163**	2,343
Loans and advances to banks	13	**387,689**	440,130
Loans and advances to customers	14	**-**	24,869
Reverse repurchase agreements		**11,714**	16,407
Market and client receivables	15	**1,204,537**	1,111,275
Trading assets	16	**1,476,518**	1,770,385
Derivative financial instruments		**1,505,000**	1,537,469
Other assets	17	**40,041**	91,885
TOTAL ASSETS		**5,098,662**	4,994,763
LIABILITIES			
Deposits by banks	18	**32,641**	39
Deposits by customers	19	**-**	322
Market and client payables	20	**531,112**	623,836
Derivative financial instruments		**2,172,193**	2,018,088
Other liabilities	21	**17,107**	22,942
Accruals and deferred income		**1,774**	1,632
Retirement benefit obligations	22	**97,826**	88,011
TOTAL LIABILITIES		**2,852,653**	2,754,870
CAPITAL AND RESERVES			
Called up share capital	23	**32,067**	32,067
Capital contribution reserve	24	**59,447**	59,447
Profit and loss account	24	**2,154,495**	2,148,379
TOTAL EQUITY		**2,246,009**	2,239,893
TOTAL LIABILITIES AND EQUITY		**5,098,662**	4,994,763

On behalf of the board:

P. P. Keegan	**J. M. Taylor**
Chief Executive	Chairperson
27 March 2018	

The notes on pages 16 to 52 form part of these financial statements.

BANK OF AMERICA MERRILL LYNCH INTERNATIONAL DESIGNATED ACTIVITY COMPANY
STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

	Called up share capital	Capital contribution reserve	Profit and loss account	Total
	$000	$000	$000	$000
At 1 January 2017	32,067	59,447	2,148,379	2,239,893
Comprehensive income for the year				
Profit for the year	-	-	7,595	7,595
Actuarial losses relating to retirement scheme	-	-	(1,479)	(1,479)
Total comprehensive income for the year	-	-	6,116	6,116
As at 31 December 2017	32,067	59,447	2,154,495	2,246,009

	Called up share capital	Capital contribution reserve	Profit and loss account	Total
	$000	$000	$000	$000
At 1 January 2016	32,067	59,447	2,085,861	2,177,375
Comprehensive income for the year				
Profit for the year	-	-	134,190	134,190
Currency translation differences	-	-	(69,400)	(69,400)
Actuarial losses relating to retirement scheme	-	-	(2,272)	(2,272)
Total comprehensive income for the year	-	-	62,518	62,518
As at 31 December 2016	32,067	59,447	2,148,379	2,239,893

The notes on pages 16 to 52 form part of these financial statements

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION ON FINANCIAL STATEMENTS

During the year, the Company has moved from IFRS as adopted by the European Union to FRS 100 and FRS 101, as allowable under section 290 of Irish Companies Act 2014. The financial statements have therefore been prepared in accordance with Irish Companies Act 2014, FRS 100 and FRS 101.

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 IFRS that have been adopted in the European Union. References to accounting standards in these financial statements will accordingly relate to applicable International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS").

Accordingly, the change in the basis of preparation has not resulted in any recognition and measurement amendments, and consequently the principal accounting policies are unchanged from the prior year.

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

(a) New standards, amendments and interpretations

There are no standards, amendments or interpretations that are effective for the first time for the financial year beginning on 1 January 2017 that had a material impact on the Company.

(b) New standards, amendments and interpretations not yet adopted

The Company applies the disclosure exemption under FRS 101 from the requirements of paragraphs 30 and 31 of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, to provide additional information for the users of the financial statements, the Company has provided the below information regarding IFRS 9 - Financial Instruments ("IFRS 9") and IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") which are effective for accounting periods beginning on or after 1 January 2018. The Company has adopted IFRS 9 and IFRS 15 from 1 January 2018.

Below, we have set out a summary of the expected impacts of the new standards, based on information currently available.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 - Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

1.2 NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY (continued)

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income with no recycling of gains and losses to the income statement.

A global project team was established for the implementation of IFRS 9, including senior management from the business, Risk, Finance and other functions as necessary to review the impact of the changes and revise accounting processes and internal controls.

Under the new classification and measurement requirements, the majority of the Company's financial assets and liabilities will continue to be measured on the same bases as currently adopted under IAS 39. On adoption of the new standard, and following review of the business model for each portfolio of financial assets, securities totalling approximately $845,000,000 held to meet every day and regulatory liquidity requirements will change measurement basis from FVPL to FVOCI as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Overall these changes will not result in a material adjustment to equity as at the date of adoption of IFRS 9.

IFRS 9 implements an expected credit loss model that replaces the incurred loss impairment model used in IAS 39. Expected credit losses are recorded on a 12-month or lifetime basis depending on whether there has been a significant increase in the credit risk of the financial instrument. The Company will incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit losses using a variety of economic scenarios aligned to those used for other purposes such as strategic planning and budgeting. The introduction of the expected credit loss model will not result in a material adjustment to equity as at the date of adoption of IFRS 9.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The new standard does not impact the timing or measurement of the Company's revenue recognition as it is consistent with the Company's existing accounting for contracts within the scope of the new standard. The new accounting standard does not have a material impact on the Company's income statement or statement of financial position.

1.3 INCORPORATION AND DOMICILE INFORMATION

The Company is a designated activity company incorporated and domiciled in Ireland, with a branch operating in United Kingdom. The registered office is located at Central Park, Leopardstown, Dublin 18.

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. As mentioned in the Directors' report the Company intends to merge with another BAC affiliate company.

1.6 FOREIGN CURRENCIES

The financial statements have been presented in US dollars as this is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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

Non-monetary assets and liabilities in a foreign currency that are not measured at fair value are not subsequently re- translated for movements in prevailing exchange rates. Exchange gains and losses on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

The financial statements of branches whose functional currency is not US dollars are translated to US dollars at the exchange rate prevailing at the reporting date for the statement of financial position and at the exchange rate prevailing at the date of the transaction for the income statement.

1.7 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. Previously service fee income was included in fees and commissions, this has now been re-presented in other operating income. The presentation of the comparative period has been updated for consistency.

1.8 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. Interest on impaired assets is recognised using the original effective interest rate on the impaired value of the loan.

1.9 FEES AND COMMISSIONS

Loan facility and arrangement fees are deferred and recognised over the life of the facility.

1.10 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. Previously in note 3, interest on debt securities and other fixed income securities, and negative interest on trading assets was included in net interest income. This has been re-presented in dealing profits together with interest on other instruments classified as held for trading. Presentation of the comparative period has been updated for consistency.

1.11 CURRENT AND DEFERRED TAXATION

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 Irish 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 statement of financial position 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 statement of financial position date and is measured at the 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.

1.12 RETIREMENT BENEFIT SCHEMES

The Company participates in defined benefit and defined contribution pension schemes.

For the defined benefit schemes, the Company recognises a net asset or liability, being the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit asset or liability.

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.

1.13 INVESTMENTS

Investments represent investments in unlisted equity instruments for which the fair value is not reliably measurable. As such these investments are recorded at cost less provision for impairment.

1.14 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.

The subsequent measurement of financial assets depends on their classification as follows:

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 measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. All remaining financial assets are classified as loans and receivables, as the Company no longer has any assets which are classified 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. Gains and losses relating to trading instruments are presented as dealing profits. Gains and losses relating to derivatives held for non-trading activities are presented within operating income or expense respectively.

b) *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.

1.15 SECURITIES FINANCING TRANSACTIONS

Securities acquired in reverse sale and repurchase transactions are reported as collateralised financings and are recorded at their contractual amount plus accrued interest. 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.

1.16 IMPAIRMENT OF FINANCIAL ASSETS HELD AT AMORTISED COST

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.

1.17 DERECOGNITION OF FINANCIAL ASSETS

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

1.18 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. All remaining financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation under the liability is discharged, is cancelled or expires.

1.19 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.

1.20 TRADE AND SETTLEMENT DATED TRANSACTIONS

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

1.21 SHARE BASED PAYMENTS

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

For most awards, expense is generally recognised proportionately 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, BAC accrues the expense in the year prior to grant. For employees that become retirement eligible during the vesting period, BAC recognises expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

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.

1.22 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.

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. The resulting accounting estimates will, by definition seldom equal the related actual results. It also requires management to exercise judgement in the process of applying the Company's accounting policies. 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.

Valuation of financial instruments
The Company's accounting policy for valuation of financial instruments is included in notes 1.14 and 1.18. 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 29 further discusses the valuation of financial instruments.

3. NET INTEREST INCOME

	2017 $000	2016 $000
Interest receivable and similar income		
Loans and advances to customers and banks	**2,014**	4,113
Other	**12,315**	5,490
	14,329	9,603
Interest payable and similar charges		
Deposits from customers and banks	**(477)**	(1,127)
Negative interest	**(1,405)**	-
Other	**(104)**	(413)
	(1,986)	(1,540)
Net interest income	**12,343**	8,063
Amounts above included:		
Net interest income from affiliated companies	**10,793**	3,996

4. OTHER OPERATING INCOME

	2017 $000	2016 $000
Service fee income	**1,787**	28,712
Other	**12,617**	18,357
	14,404	47,069

Other income primarily consists of income arising from cross currency swaps with affiliates.

5. ADMINISTRATIVE EXPENSES

	2017 $000	2016 $000
Staff costs (see note 7)	**8,414**	34,389
Occupancy recharges	**433**	1,676
Operating lease rentals	**-**	2,002
Bank and investment firm resolution repayment	**(3,509)**	(2,165)
Other administrative expenses	**2,221**	2,083
	7,559	37,985

The Company has no operating lease commitments at the end of 2017.

Bank and investment firm payments were originally expensed through administrative expenses.

6. 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:

	2017	2016
	$000	$000
Fees for the audit of the Company	**324**	285
Fees for audit related assurance services	**24**	-
	348	285

7. STAFF COSTS

	2017	2016
	$000	$000
Wages and salaries	**5,431**	25,938
Social security costs	**359**	1,456
Pension costs – defined benefit (note 22)	**2,270**	6,495
Pension costs – defined contribution (note 22)	**354**	500
	8,414	34,389

Included within wages and salaries are charges relating to share based compensation plans, see note 9 for further details.

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

	2017	2016
	No.	No.
Support, operations and technology	**18**	59
Trading, sales and advisory	**-**	11
	18	70

8. DIRECTORS' REMUNERATION

Of the directors that served during the year, 7 (2016: 7) were remunerated by the Company and the amounts included below are those relating to their services as directors for the Company based on an estimated time allocation basis.

	2017	2016
	$000	$000
Non-executive directors fees	**134**	133
Emoluments	**1,678**	1,336
Pension contributions	**39**	37

9. SHARE BASED PAYMENTS

BAC administers a number of equity compensation plans, with awards being granted predominantly from the Bank of America Corporation Key Employee Equity Plan ("KEEP"). Under the KEEP, BAC grants stock-based awards, including stock options, restricted stock and restricted stock units ("RSUs").

For most awards, expense is generally recognised proportionately over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet career retirement eligibility criteria, the Company accrues the expense in the year prior to grant. For employees that become retirement eligible during the vesting period, the Company recognises expense from the grant date to the date on which the employee becomes career retirement eligible, net of estimated forfeitures.

Certain awards contain claw back provisions which permit BAC 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 period to 31 December 2017 was $1,985,000 (2016: $503,000).

Restricted stock units

An RSU is deemed equivalent in fair market value to one share of BAC common stock.

In 2017 the RSUs are authorised to settle predominantly in shares of common stock of BAC which generally vest in three equal annual instalments beginning one year from the grant date. Awards granted prior to 2016 were predominantly cash settled.

Recipients of RSU awards may receive cash payments equivalent to dividends.

Other stock plans

At 31 December 2017, 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.

No options were exercised during the current or preceding year.

All options outstanding as of 31 December 2017 were vested and exercisable with a weighted-average remaining contractual term of 0.13 years (2016: 0.70 years), and have no aggregate intrinsic value. The range of exercises prices for all options outstanding is $40 - $50.

10. PROVISION FOR CREDIT LOSSES

	2017	2016
	$000	$000
Provision release for loans and receivables (see note 14)	**179**	123
Provision release for unfunded lending commitments	**131**	111
	310	234

The provision for unfunded lending commitments is included within other liabilities.

11. NON-OPERATING INCOME

	2017	2016
	$000	$000
Gain on closure of branches	-	76,442
Gain on sale of subsidiaries	-	43,190
Gain on Global Wealth and Investment Management ("GWIM") business divestiture	-	1,908
	-	121,540

In 2016, the gain on closure of branches included the release of $69,536,000 cumulative translation adjustment to profit and loss from other reserves following migration of foreign branch operations in Frankfurt and Milan.

Gain on sale of subsidiaries in 2016 mainly related to the disposal of the entire share capital of Majestic Acquisitions Limited and Wave Lending Holdings Limited.

Gain on GWIM business divestiture of $1,908,000 related to the release of accruals on branches closed during 2016.

12. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2017	2016
	$000	$000
Corporation tax		
Current tax on profits for the year	**2,524**	724
Adjustments in respect of prior periods	**(2,902)**	(4,565)
Taxation on profit on ordinary activities	**(378)**	(3,841)

Factors affecting tax 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:

	2017	2016
	$000	$000
Profit on ordinary activities before tax	**7,217**	130,349
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland 12.5% (2016: 12.5%)	**902**	16,294
Impact of foreign taxes	**2,524**	724
Movement of previously unrecognised tax losses	**(1,156)**	(8,586)
Non-taxable income	-	(5,637)
Movement of previously unrecognised temporary differences	**254**	(2,071)
Adjustments in respect of prior periods	**(2,902)**	(4,565)
Total tax credit for the year	**(378)**	(3,841)

12. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The corporate tax rates for the branches of the Company are shown below:

Ireland	12.50%
UK	27.25%

Deferred taxation

Management is of the opinion that it is uncertain that the Company will be able to generate sufficient future taxable income as at the reporting date, having considered historic performance, to recover the deferred tax asset. The amount of deferred tax asset not recognised by the Company for the financial year ended 31 December 2017 was $459,000,000 (2016: $457,000,000), principally in relation to tax losses.

13. LOANS AND ADVANCES TO BANKS

	2017	2016
	$000	$000
Analysed by maturity:		
On demand	**65,689**	69,972
Within three months	**322,000**	370,158
Total loans and advances to banks	**387,689**	440,130
Amounts above include:		
Due from affiliated companies	**379,520**	430,338

No impairment for credit losses have been provided for in respect of loans and advances to banks.

14. LOANS AND ADVANCES TO CUSTOMERS

	2017	2016
	$000	$000
Analysed by maturity:		
On demand	-	4,952
Within three months	-	9,376
Between one year and five years	-	15,672
	-	30,000
Impairment for credit losses:		
At 1 January	**(5,131)**	(5,254)
Charge off on impaired loans	**4,952**	-
Impairment release for the year (see note 10)	**179**	123
At 31 December	-	(5,131)
Total loans and advances to customers	-	24,869
Amounts above include:		
Due from affiliated companies	-	9,376

15. MARKET AND CLIENT RECEIVABLES

	2017 $000	2016 $000
Analysed by maturity:		
On demand	**1,204,537**	1,111,275

Market and client receivables mainly relate to cash collateral.

16. TRADING ASSETS

	2017 $000	2016 $000
Government debt securities	**1,419,748**	1,735,363
Corporate bonds	**46,509**	24,850
Traded loans	**10,261**	10,172
Total trading assets	**1,476,518**	1,770,385
Analysed by maturity:		
Within three months	**523,107**	1,213,852
Between three months and one year	**618,772**	294,318
Between one year and five years	**-**	10,543
More than five years	**334,639**	251,672
	1,476,518	1,770,385

17. OTHER ASSETS

	2017 $000	2016 $000
Amounts due from affiliated companies	**6,558**	67,450
Taxation	**16,623**	11,135
Investments	**6,700**	6,669
Other	**10,160**	6,631
	40,041	91,885

Previously certain amounts due from affiliated companies were included in loans and advances to customers, this has been re-presented in other assets for the current and prior year.

18. DEPOSITS BY BANKS

	2017 $000	2016 $000
Analysed by maturity:		
On demand	3,890	39
Between three months and one year	28,751	-
	32,641	39
Amounts above include:		
Due to affiliated companies	32,638	-

19. DEPOSITS BY CUSTOMERS

	2017 $000	2016 $000
Analysed by maturity:		
Within three months	-	322
Amounts above include:		
Due to affiliated companies	-	-

20. MARKET AND CLIENT PAYABLES

	2017 $000	2016 $000
Analysed by maturity:		
On demand	531,112	623,836

Market and client payables mainly relate to cash collateral.

21. OTHER LIABILITIES

	2017 $000	2016 $000
Amounts owed to affiliated companies	11,550	21,471
Tax creditor	2,962	2
Other accruals and provisions	2,595	1,469
	17,107	22,942

Previously amounts due to affiliated companies were included in deposits by customers, this has been re-presented in other liabilities for the current and prior year.

22. RETIREMENT BENEFIT SCHEMES

The Company participates in a number of defined benefit and defined contribution pension schemes.

Defined contribution scheme

The major defined contribution scheme is the Bank of America Merrill Lynch Ireland Pension Scheme. The costs of defined contribution schemes are a percentage of each employee's salary based on their length of service and are charged to the income statement in the period in which they fall due.

The Company's pension cost for the year in respect of defined contribution schemes was $354,000 (2016: $500,000).

Defined benefit scheme – Germany

The Company is responsible for certain defined benefit obligations relating to former employees of the Frankfurt branch of BAMLI DAC. There are no active members in these plans and no ongoing accrual of benefits. Employer contributions relate to the payment of benefits. The plans are as follows:

ML International Bank Defined Pension Plan is sponsored by the BAMLI DAC London Branch. The Plan relates to the former German GWIM activity. The defined benefit obligations are unfunded pension liabilities.

ML Capital Markets Bank Defined Benefit Plan is sponsored by BAMLI DAC head office and consists of liabilities for non-active members following the transfer of the active German employees and liabilities to BAMLI Ltd Frankfurt branch in 2016. The defined benefit obligations are unfunded pension liabilities.

ML Capital Markets Bank Deferred Compensation Plan ("DCP") is also sponsored by BAMLI DAC head office and also consists of liabilities for non-active members following the transfer of the active German employees and liabilities to BAMLI Ltd Frankfurt branch in 2016. This DCP is partially funded by insurance contracts.

Total defined benefit employer contributions made in 2017 were $1,404,000 and expected total 2018 contributions are $2,773,000. Employer contributions are generally made in accordance with the benefit formula.

Defined benefit scheme – United Kingdom

The Company was one of a number of BAC employer companies which participated in the Bank of America Merrill Lynch UK Pension Plan (the "Plan" formerly the Merrill Lynch (UK) Pension Plan and the Merrill Lynch (UK) Final Salary Pension Plan). Merrill Lynch International ("MLI"), the sponsoring entity to the Plan, recognises the present value of the defined benefit obligation, the fair value of the Plan assets, and the associated costs of the Plan in its financial statements. The Plan was closed to new entrants with effect from 30 June 1997, and to future accrual from existing members with effect from 30 June 2004.

The Company moved its London branch employees to another BAC employer company in October 2016. As a result, the Company ceased to participate in the Plan from that date and, under UK pension law, the Company became liable for a statutory pension debt which is the additional cost of securing its members' benefits via the purchase of annuity policies over its members' share of the Plan's assets. A provision of $3,708,000 was included in the 2016 financial statements. A payment was subsequently made to the Trustees of the Plan on 6 December 2017 for $4,382,000 and the difference of $674,000 has been recognised as a charge to the income statement during 2017. This fully discharges the Company from its obligations in respect of this Plan.

22. RETIREMENT BENEFIT SCHEMES (continued)

	2017 $000	2016 $000
Fair value of scheme assets	4,237	3,655
Present value of defined benefit obligations	(102,063)	(91,666)
Net pension liability on the statement of financial position	(97,826)	(88,011)

	2017 $000	2016 $000
Current service cost	-	127
Interest expense	1,596	2,660
Statutory pension debt expense	674	3,708
Net defined benefit pension expense on income statement	2,270	6,495

The movement in the defined benefit liability over the year is as follows:

	Present value of obligation $000	Fair value of plan assets $000	Total $000
At 1 January 2017	(91,666)	3,655	(88,011)
Statutory pension debt expense	(674)	-	(674)
Interest (expense)/income	(1,665)	69	(1,596)
Pension expense recognised in income statement	(2,339)	69	(2,270)
Gain experience on defined benefit obligation	(1,479)	-	(1,479)
Total amounts recognised in other comprehensive income	(1,479)	-	(1,479)
Exchange differences	(12,365)	513	(11,852)
Contributions			
Employer	4,382	1,404	5,786
Payments from plan			
Benefit payments	1,404	(1,404)	-
As at 31 December 2017	(102,063)	4,237	(97,826)

22. RETIREMENT BENEFIT SCHEMES (continued)

The movement in the defined benefit liability over the prior year is as follows:

	Present value of obligation $000	Fair value of plan assets $000	Total $000
At 1 January 2016	(94,535)	3,882	(90,653)
Current service cost	(127)	-	(127)
Statutory pension debt expense	(3,708)	-	(3,708)
Interest expense	(2,735)	75	(2,660)
Pension expense recognised in income statement	(6,570)	75	(6,495)
Gain experience on defined benefit obligation	146	-	146
Loss due to financial assumption changes	(2,409)	(9)	(2,418)
Total amounts recognised in other comprehensive income	(2,263)	(9)	(2,272)
Exchange differences	1,877	(293)	1,584
Contributions			
Employer	-	1,562	1,562
Payments from plan			
Benefit payments	1,562	(1,562)	-
Transfers out	8,263	-	8,263
As at 31 December 2016	(91,666)	3,665	(88,011)

The principle actuarial assumptions were as follows:

	2017	2016
Discount rate	**1.75%**	1.54%
Pension growth rate	**2.00%**	2.00%
CPI inflation	**2.00%**	2.00%

	2017	2016
Life expectancy for males aged 65	**19.4**	19.1
Life expectancy for females aged 65	**23.5**	23.2
Life expectancy at 65 for male currently aged 50	**21.2**	21.3
Life expectancy at 65 for female currently aged 50	**25.4**	25.3

The mortality assumptions are based on actuarial advice in accordance with published statistics and past experience and allow for expected future improvements in mortality rates.

22. RETIREMENT BENEFIT SCHEMES (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Defined benefit obligation $000
Current value as at 31 December 2017	**102,063**
Following a 1.0% increase in the discount rate	
Change	**(15,606)**
New value	**86,457**
Following a 1.0% increase in the inflation assumption	
Change	**12,800**
New value	**114,863**
Following an increase in life expectancy of one year	
Change	**2,907**
New value	**104,970**

The Plan exposes the Company to a number of risks, the most significant of which are:

Changes in bond yields

Corporate bond yields of a term and currency similar to the liabilities are used to as a basis for setting the discount rate for each plan. A decrease in Eurozone corporate bond yields will increase the value placed on the Plan's liabilities for accounting purposes.

Inflation risk

A proportion of the Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities.

Life expectancy

The majority of the Plan's liabilities are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

23. CALLED UP SHARE CAPITAL

	2017	2016
	$	$
Allotted, called up and fully paid		
32,067,010 (2016: 9,207,075) ordinary shares of $1 each	**32,067,010**	9,207,075
Nil (2016: 426,642) S ordinary shares of $20 each	-	8,532,840
Nil (2016: 14,320,617) A ordinary shares of $1 each	-	14,320,617
Nil (2016: 377) B ordinary shares of $1 each	-	377
Nil (2016: 163) IR ordinary shares of $1 each	-	163
Nil (2016: 4,012) IT ordinary shares of $1 each	-	4,012
Nil (2016: 1,080) NL ordinary shares of $1 each	-	1,080
Nil (2016: 846) SP ordinary shares of $1 each	-	846
	32,067,010	32,067,010

All shares in issue at 31 December 2016 ranked pari passu in all respects save that upon the return of capital, such capital shall be applied in the following order of priority: ordinary shares followed by the B ordinary shares, IR ordinary shares, IT ordinary shares, NL ordinary shares, SP ordinary shares, A ordinary shares and finally the S ordinary shares. Any surplus after the repayment of such amounts were distributed between the holders of the shares in proportion to their holdings.

On the 25 September 2017 the Company subdivided and re-designated 426,642 issued S ordinary shares of $20 each into 8,532,840 ordinary Share of $1 each. The Company then re-designated all issued A ordinary Shares, B ordinary Shares, IR ordinary Shares, IT ordinary Shares, NL ordinary Shares, and SP ordinary Shares into 14,327,095 issued ordinary shares of $1 each.

24. RESERVES

Capital contribution

Merrill Lynch Europe Limited released the Company of intra-group pension obligation recharges of $59,447,000 in 2015. This was treated as a capital contribution.

Profit and loss account

The Company has disclosed a single profit and loss account reserve incorporating all comprehensive income amounts as well as the effect of the cancellation of share premium in previous years which created additional distributable reserves. Previously this amount was separately presented as other reserves. Comparative presentation has been updated for consistency.

25. OTHER FINANCIAL COMMITMENTS

The Company has undrawn commitments of $272,266,000 (2016: $379,331,000), financial guarantees of $3,356,000 (2016: $6,452,000) and purchase commitments of $3,427,000 (2016: $3,008,000).

26. FINANCIAL INSTRUMENTS BY CATEGORY

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

31 December 2017	**Held for trading $000**	**Loans and Receivables $000**	**Other financial liabilities $000**	**Total $000**
ASSETS				
Cash held at central banks	-	**473,163**	-	**473,163**
Loans and advances to banks	-	**387,689**	-	**387,689**
Reverse repurchase agreements	-	**11,714**	-	**11,714**
Market and client receivables	-	**1,204,537**	-	**1,204,537**
Trading assets	**1,476,518**	-	-	**1,476,518**
Derivative financial instruments	**1,505,000**	-	-	**1,505,000**
Other assets	-	**40,041**	-	**40,041**
	2,981,518	**2,117,144**	-	**5,098,662**
LIABILITIES				
Deposits by banks	-	-	**32,641**	**32,641**
Market and client payables	-	-	**531,112**	**531,112**
Derivative financial instruments	**2,172,193**	-	-	**2,172,193**
Other liabilities	-	-	**17,107**	**17,107**
	2,172,193	-	**580,860**	**2,753,053**

31 December 2016	Held for trading $000	Loans and Receivables $000	Other financial liabilities $000	Total $000
ASSETS				
Cash held at central banks	-	2,343	-	2,343
Loans and advances to banks	-	440,130	-	440,130
Loans and advances to customers	-	24,869	-	24,869
Reverse repurchase agreements	-	16,407	-	16,407
Market and client receivables	-	1,111,275	-	1,111,275
Trading assets	1,770,385	-	-	1,770,385
Derivative financial instruments	1,537,469	-	-	1,537,469
Other assets	-	91,885	-	91,885
	3,307,854	1,686,909	-	4,994,763
LIABILITIES				
Deposits by banks	-	-	39	39
Deposits by customers	-	-	322	322
Market and client payables	-	-	623,836	623,836
Derivative financial instruments	2,018,088	-	-	2,018,088
	-	-	22,942	22,942
	2,018,088	-	647,139	2,665,227

27. OFFSETTING

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

31 December 2017

	Gross amount presented $000	Financial instruments $000	Cash collateral $000	Net amount $000
Assets				
Derivative financial instruments	**1,505,000**	**(306,494)**	**(466,743)**	**731,763**
Liabilities				
Derivative financial instruments	**2,172,193**	**(306,494)**	**(1,193,147)**	**672,552**

31 December 2016

	Gross amount presented $000	Financial instruments $000	Cash collateral $000	Net amount $000
Assets				
Derivative financial instruments	1,537,469	(302,095)	(545,925)	689,449
Liabilities				
Derivative financial instruments	2,018,088	(302,095)	(1,106,692)	609,301

Financial instruments
The Company can undertake a number of financial instrument transactions with a single counterparty and may enter into ISDA master netting agreement or their equivalent ("master netting agreements") with that counterparty. Such an agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract. These agreements are commonly used to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. A master netting arrangement commonly creates a right of set-off that becomes enforceable and affects the realisation or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

The Company enters into master netting agreements with the Company's major derivative counterparties.

Where there is not an intention to settle on a net basis in the normal course of business, the balances have not been offset in the statement of financial position and have been presented separately in the table above.

Cash collateral
Cash collateral relates to collateral received and pledged against derivatives and which have not been offset in the statement of financial position.

28. RISK MANAGEMENT

Legal entity governance

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 DAC). The Risk Framework applies to all employees. It provides an understanding of BAMLI DAC'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 DAC's risk management approach:

- Culture of Managing Risk Well;
- Risk Appetite and Risk Limits;
- Risk Management Processes;
- Risk Data Management, 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 changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings.

Market risk is composed of price risk and interest rate risk:

Price risk: Trading positions within BAMLI DAC are subject to various changes in market based risk factors. The majority of this risk is generated by the activities in interest rate, foreign exchange and credit markets. In addition, the values of asset and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility.

Interest rate risk: This is the risk to current or projected financial condition and resilience arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (re-pricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products (options risk). Interest rate risk arises in BAMLI DAC's non-trading book from differences in re-pricing, rate and maturity characteristics between its assets and liabilities. Interest rate risk is measured as the potential change in net interest income or economic value of equity caused by movements in market interest rates.

Market risk measurement

At the asset and liability level, market risk is assessed by evaluating the impact of individual risk factors on individual exposures. At the aggregate level, price risk is assessed primarily through risk models, including Value at risk ("VaR") models. BAMLI DAC's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the banking book is also assessed.

28. RISK MANAGEMENT (continued)

Value at risk

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. A single model is used consistently across the trading portfolios, and it uses a historical simulation approach based on a three-year window of historical data. The primary VaR statistic is equivalent to a 99 percent confidence level. This means that for a VaR with a one day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

The table that follows presents the Company's average and year-end VaR for 2017 and 2016. Additionally, high and low VaR is presented independently for each risk category and overall.

99% Daily VaR		**Daily**		
	Year-end	**High**	**Average**	**Low**
	2017	**2017**	**2017**	**2017**
	\$000	**\$000**	**\$000**	**\$000**
Total	**193**	**230**	**193**	**132**
Credit risk spread	**125**	**187**	**123**	**56**
Currency risk	**25**	**193**	**110**	**25**
Interest rate risk	**154**	**160**	**119**	**68**

99% Daily VaR		Daily		
	Year-end	High	Average	Low
	2016	2016	2016	2016
	\$000	\$000	\$000	\$000
Total	175	387	205	167
Credit risk spread	124	186	155	122
Currency risk	56	154	66	43
Interest rate risk	101	347	120	60

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

Credit risk

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations.

Credit risk is created when BAMLI DAC commits to, or enters in to, an agreement with a borrower or counterparty. BAMLI DAC defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives and other extensions of credit.

Credit risk management

BAMLI DAC manages credit risk to a borrower or counterparty based on its risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected effects 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.

28. RISK MANAGEMENT (continued)

BAMLI DAC uses a number of actions to mitigate losses, including increased frequency and intensity of portfolio monitoring for moderate to weak risk profiles, hedging, and transferring management of deteriorated commercial exposures to special asset officers.

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 units ("FLUs") and certain legal entity strategic plans, if necessary.

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

Derivatives trading

The Company enters into ISDA master agreements or their equivalent ("master netting agreements") with its derivative counterparties. Master netting agreements provide risk mitigation in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset when closing out the trades upon event of default. Master netting agreements are standardised in the industry but are negotiated bilaterally with some terms, credit terms in particular negotiated by the parties. 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 in the event of counterparty default, the Company usually requires collateral documented in the Credit Support Annex ("CSA") 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. These terms are taken into account in calculating the potential counterparty credit exposure if they are not mandatory terms.

Commercial lending

The Company conducts its commercial lending activities with corporate entities. Depending on market conditions, the Company may seek to mitigate or reduce loan exposure through third party syndications, secondary loan sales or the purchase of single name and basket credit default swaps.

The Company typically provides corporate lending facilities to clients for 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.

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.

28. RISK MANAGEMENT (continued)

31 December 2017	**AAA to AA**	**A to BBB**	**BB and lower**	**Not rated**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Cash held at central banks	-	473,163	-	-	473,163
Loans and advances to banks	-	382,239	24	5,426	387,689
Reverse repurchase agreements	-	11,714	-	-	11,714
Market and client receivables	-	1,195,173	-	9,364	1,204,537
Trading assets	845,435	574,313	46,509	10,261	1,476,518
Derivative financial instruments	-	997,147	507,850	3	1,505,000
Total financial assets	845,435	3,633,749	554,383	25,054	5,058,621
Guarantees and commitments	-	231,693	-	47,356	279,049
Maximum credit exposure	845,435	3,865,442	554,383	72,410	5,337,670

31 December 2016	AAA to AA	A to BBB	BB and lower	Not rated	Total
	$000	$000	$000	$000	$000
Cash held at central banks	-	2,343	-	-	2,343
Loans and advances to banks	-	440,060	3	67	440,130
Loans and advances to customers	-	-	15,560	9,309	24,869
Reverse repurchase agreements	-	16,407	-	-	16,407
Market and client receivables	-	1,110,998	-	277	1,111,275
Trading assets	1,277,249	-	482,963	10,173	1,770,385
Derivative financial instruments	-	966,505	570,964	-	1,537,469
Total financial assets	1,277,249	2,536,313	1,069,490	19,826	4,902,878
Guarantees and commitments	-	338,339	-	50,452	388,791
Maximum credit exposure	1,277,249	2,874,652	1,069,490	70,278	5,291,669

There were $9,467,000 third party credit exposures that were past due but not impaired at 31 December 2017 (2016: $272,000). Of these exposures, $9,467,000 (2016: $272,000) were between 0 and 30 days past due.

Collateral

The Company applies various methods to reduce the risk on individual transactions, including obtaining collateral, in the form of physical and financial assets, netting arrangements and guarantees.

The fair value of financial assets accepted as collateral that the Company is permitted to freely sell or repledge is $528,675,000 (2016: $607,014,000). The fair value of financial assets accepted as collateral that have been sold or repledged is $528,675,000 (2016: $607,014,000). Where collateral is sold or repledged, the Company is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard collateral and securities financing activities.

The Company has pledged $1,195,803,000 (2016: $1,124,503,000) of its financial assets, as collateral for derivative financial instruments.

28. RISK MANAGEMENT (continued)

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.

	Maximum exposure to credit risk 2017 $000	**Mitigated credit risk 2017 $000**	Maximum exposure to credit risk 2016 $000	Mitigated credit risk 2016 $000
Cash held at central banks	**473,163**	-	2,343	-
Loans and advances to banks	**387,689**	-	440,130	-
Loans and advances to customers	-	-	24,869	15,493
Reverse repurchase agreements	**11,714**	**11,714**	16,407	16,407
Market and client receivables	**1,204,537**	**1,195,070**	1,111,275	1,111,003
Trading assets	**1,476,518**	**631,083**	1,770,385	482,963
Derivative financial instruments	**1,505,000**	**1,013,000**	1,537,469	988,641
Other assets	**40,041**	-	91,855	-
Guarantees and commitments	**279,049**	-	388,791	-

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.

Market and client receivables primarily relate to cash collateral pledged by the Company in respect of derivative liabilities. The credit risk of such balances is fully mitigated through the use of CSA and master netting agreements as detailed above.

Trading assets include government securities, corporate bonds and traded loans. The credit risk mitigation balance for this asset class represents the value of total return swaps on government securities, corporate bonds and traded loans. Government issued securities may benefit from additional credit enhancement, notably through government guarantees; however, the valuation of these is less certain and their financial effect has not been quantified.

Derivative financial instruments activity is generally documented under ISDA master netting agreements. These provide the contractual framework within which dealing activity across a broad range of OTC products is conducted and contractually binds both parties to apply close-out netting across all transactions covered by the agreement, if either party defaults or if another pre-agreed termination event occurs. A CSA is generally executed in conjunction with an ISDA master netting agreement. Under the CSAs, collateral is passed between the parties to mitigate the counterparty risk inherent in any outstanding positions. The credit risk mitigation balance for derivative financial instruments accordingly reflects the netting available for derivative instruments under the terms of master netting agreements and the value of any collateral, generally in the form of cash, held against derivative assets. Further credit risk mitigation is provided on the derivatives portfolio through the purchase of CDS protection and via a deed of indemnity, however the financial effect of this has not been quantified.

28. RISK MANAGEMENT (continued)

The Company's off balance sheet exposure to credit risk is principally comprised of third party undrawn commitments and guarantees. Depending on the terms of the arrangement, the Company may have recourse to additional credit risk mitigation in the event that a guarantee is called upon or a loan commitment is drawn and subsequently defaults. However, the valuation of such credit mitigating measures is less certain and their financial effect has not been quantified.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Process risk is the risk that a predetermined process necessary to conduct business does not function properly or leads to undesired results. People risk is the risk that business objectives will not be met due to human resource deficiencies (e.g., improper conduct, inadequate staffing). Systems risk is the risk that arises from systems and / or tools that are deficient, unstable or overly complex for the intended use and are key to conducting BAC's activities. External events risk is the risk that arises from factors outside of BAC's span of control.

Operational risks are associated with the following seven operational loss event categories: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damage to physical assets; business disruption and systems failures; and execution, delivery and process management.

Operational risk management

Since operational risk is inherent in every activity across the enterprise, BAC relies on all employees to conduct themselves properly, contribute to an effective internal control environment and manage operational risk within their roles.

Operational risk must be managed by all employees as part of their day-to-day activities. FLUs and CFs are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. Independent risk management teams actively oversee the FLUs/CFs to monitor adherence to the program and identify, advise and challenge operational risks.

Consistent operational risk management across all legal entities within BAC globally is supported through the implementation of the Operational Risk Management - Enterprise policy and the supporting standards, and adherence to the operational risk management program.

A key element of the program is the BAMLI DAC Risk Self-Assessment which captures the operational exposures faced by BAMLI DAC, and entails: ongoing identification, measurement, mitigation, monitoring, reporting and escalation of applicable current and emerging operational risk and causes. In addition, other operational risk management processes are in place such as review and reporting of internal and external operational loss data and the execution of scenario analysis. Scenarios are targeted to identify plausible, low-frequency, high-severity operational loss events. Risk reduction and mitigation activities are developed and enacted when potential operational risk losses are assessed or control gaps identified.

28. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers, under a range of economic conditions.

Liquidity risk management

Each of the FLUs are accountable for managing liquidity risk by establishing appropriate processes to identify, measure, monitor and control the risks associated with their activities. Global Risk Management ("GRM") provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of BAMLI DAC's liquidity risk management processes.

The BAMLI DAC Liquidity Risk Policy ("LRP") establishes the overarching governance, controls and risk management practices to monitor and manage liquidity risk across BAMLI DAC and is approved by the BAMLI DAC Board.

The BAMLI DAC Board sets the liquidity risk appetite that is the minimum amount of liquidity that must be held to meet net modelled outflows under an internally-developed combined stress scenario and to comply with regulatory requirements. GRM is responsible for maintaining a liquidity risk limits framework to ensure that the entity is managed within its liquidity risk appetite.

Daily liquidity reporting enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Regular liquidity risk reports are sent to the BAMLI DAC Board, BRC and Senior Management.

BAMLI DAC is subject to the following regulatory liquidity requirements:

- Liquidity Coverage Ratio ("LCR") – as defined by the European Commission's Delegated Act on the LCR: requires BAMLI DAC 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.

As of 31 December 2017 and 31 December 2016, BAMLI DAC was in excess of both internal and regulatory liquidity requirements.

As legislated by the European Commission's Capital Requirement Regulations and Capital Requirements Directive ("CRR/CRD IV"), BAMLI DAC is expected to comply with the Net Stable Funding Ratio ("NSFR"), requiring BAMLI DAC 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 by the European Commission 23 November 2016 of an extensive package of proposed legislative amendments to the EU prudential framework ("CRDII/CRDV"). The aim of the package is to implement a number of important globally agreed standards, including NSFR. The NSFR will apply at a level of 100% to credit institutions and systemic investment firms two years after the date of entry into force of the proposed Regulation.

28. RISK MANAGEMENT (continued)

The following table shows the liability maturity profile of the Company:

31 December 2017

	On demand $000	Due within 1 year $000	Total $000
Non derivative financial instruments			
Deposits by banks	**3,890**	**28,751**	**32,641**
Market and client payables	**531,112**	**-**	**531,112**
Other liabilities	**17,107**	**-**	**17,107**
Off balance sheet			
Guarantees and commitments	**279,049**	**-**	**279,049**
Derivative financial instruments	**2,172,193**	**-**	**2,172,193**

31 December 2016

	On demand $000	Due within 1 year $000	Total $000
Non derivative financial instruments			
Deposits by banks	39	-	39
Deposits by customers	-	322	322
Market and client payables	623,836	-	623,836
Other liabilities	22,942	-	22,942
Off balance sheet			
Guarantees and commitments	388,791	-	388,791
Derivative financial instruments	2,018,088	-	2,018,088

The Company has recorded all derivative financial instruments 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 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.

28. RISK MANAGEMENT (continued)

Reputational risk

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

BAC manages reputational risk through established policies and controls in the business and risk management processes to mitigate 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 ("ERC") and the Management Risk Committee ("MRC"), which provide primary oversight of reputational risk. Additionally, top reputational risks are reviewed by the GRM Leadership team and the BAC Board.

For the EMEA region there is a specialist committee, the EMEA Reputational Risk Committee, 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 by other current control frameworks or lines of business.

Reputational risk items relating to BAMLI DAC are considered as part of the EMEA Reputational Risk Committee.

Items requiring increased attention may be escalated from the EMEA Reputational Risk Committee to the Global Reputational Risk Committee as appropriate. Reputational risk items relating to BAMLI DAC are reported to the BAMLI DAC BRC.

28. RISK MANAGEMENT (continued)

Strategic risk

Strategic risk is the risk that results from incorrect assumptions about external and / or internal factors, inappropriate business plans (e.g. too aggressive, wrong focus, ambiguous), ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments in the geographic locations in which BAMLI DAC operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

Strategic risk is managed through the following approaches: (1) The BAC strategic planning process includes an evaluation of the internal and external environment and the group's strengths, weaknesses, opportunities and threats. During the planning process, the BAC Board provides credible challenge to management's assumptions and recommendations, and approves the strategic plans after a comprehensive assessment of the risks. (2) The strategic plans are consistent with risk appetite, capital plan, and liquidity requirements and specifically address strategic risks. (3) The executive management team continuously monitors business performance throughout the year and provides the BAC Board with reports on progress in meeting the strategic plan, as well as whether timelines and objectives are being met and if additional or alternative actions need to be implemented

The BAC Board is responsible for overseeing the strategic planning process and management's implementation of the resulting strategic plan. BAC's strategic plan is reviewed and approved annually by the BAC Board in consideration of the capital plan, financial operating plan, liquidity requirements 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 BAC Board as required. Strategic planning at BAC level is representative of more detailed planning undertaken at the business unit, regional and BAMLI DAC level.

At the business unit, regional and BAMLI DAC level, strategic planning processes are consistent with each other and their output is incorporated as part of BAC planning process. The BAMLI DAC strategy is reviewed and signed-off by the BAMLI DAC Board on an annual basis. Strategic decisions relating to BAMLI DAC are presented and discussed at the BAMLI DAC BRC and the BAMLI DAC Board level.

Routines exist to discuss the strategic risk implications of new, expanded, or modified businesses, products or services and other strategic initiatives, and to provide formal review and approval where appropriate. Independent risk management, Corporate Audit and other CFs provide input, challenge and oversight to FLU and regional level strategic plans and initiatives.

Individual business units provide regular updates to both global and regional management on their business performance and management of strategic risk. Updates take into account analyses of performance relative to the strategic plan, risk appetite, performance relative to peers, the strength of capital and liquidity positions and stress tests. Specific thematic focused presentations are made to the BAC Board as necessary to address any developments or additional considerations as it relates to strategic planning or the strategic plan itself.

Focused regional performance updates are provided to executive leadership and the BAC Board on a periodic basis. The same standards of reporting and escalation are used for BAMLI DAC performance updates which are provided to the BAMLI DAC Board.

28. RISK MANAGEMENT (continued)

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of BAMLI DAC arising from the failure of BAMLI DAC to comply with requirements of applicable laws, rules and regulations and related self-regulatory organisations' standards and codes of conduct.

Compliance risk management

FLUs are responsible for the proactive identification, management and escalation of compliance risks across BAMLI DAC. Global Compliance is responsible for setting BAC-wide policies and standards and provides independent challenge and oversight to the FLUs. BAMLI DAC'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 global compliance risk management program by Global Compliance.

Capital 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 company and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to meet relevant regulatory requirements.

The Company's tier 1 capital was $2,239,000,000 (2016: $2,229,000,000), and the Company's total capital ratio at 31 December 2017 as reported to the CBI was 93% (2016: 91%), significantly exceeding the minimum capital requirement.

Company information is included as part of the Pillar 3 disclosures of BAMLI DAC made available on the firm's website in accordance with part eight of the capital requirements regulations, this can be obtained via http://investor.bankofamerica.com.

The Company makes country by country reporting disclosures as required under capital requirements and can be obtained via http://investor.bankofamerica.com.

29. 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.

Derivative assets and liabilities

The fair values of derivative assets and liabilities traded in the over-the-counter market are determine 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.

Fair value measurement as at 31 December 2017

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Trading assets				
Government securities	1,419,748	-	-	1,419,748
Corporate bonds	-	46,509	-	46,509
Traded loans	-	-	10,261	10,261
Derivative financial instruments	-	1,498,328	6,672	1,505,000
Total assets	1,419,748	1,544,837	16,933	2,981,518
Liabilities				
Derivative financial instruments	-	2,165,521	6,672	2,172,193
Total liabilities	-	2,165,521	6,672	2,172,193

29. FAIR VALUE DISCLOSURES (continued)

Fair value measurement as at 31 December 2016

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Trading assets				
Government securities	1,735,363	-	-	1,735,363
Corporate bonds	-	24,850	-	24,850
Traded loans	-	-	10,172	10,172
Derivative financial instruments	-	1,528,768	8,701	1,537,469
Total assets	1,735,363	1,553,618	18,873	3,307,854
Liabilities				
Derivative financial instruments	-	2,009,387	8,701	2,018,088
Total liabilities	-	2,009,996	8,701	2,018,088

There have been no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy during 2017 and 2016.

Fair values or Level 3 assets and liabilities

Level 3 derivative contracts primarily relate to interest rate and inflation-linked derivatives that are long dated and/or have unobservable model valuation inputs (e.g. unobservable correlation).

Level 3 traded loans primarily relate to loans that have unobservable model valuation inputs.

By definition Level 3 inputs relate to mark-to-model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. This is true whether the financial instrument is considered a cash security, securitised product or structured derivative. Classification on Level 3 is a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of Level 3 inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.
- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Company's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.
- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability. 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.

29. FAIR VALUE DISCLOSURES (continued)

The table below presents a reconciliation of all Level 3 financial instruments measured at fair value. Level 3 assets were $16,933,000 as of 31 December 2017 (2016: $18,873,000) and represented less than 1 percent of assets measured at fair value and total assets for the current and prior year. Level 3 liabilities were $6,672,000 as of 31 December 2017 (2016: $8,701,000).

	Asset derivative financial instruments $000	**Traded loans $000**	**Liability derivative financial instruments $000**
Balance at 1 January 2017	**8,701**	**10,172**	**(8,701)**
Total gains/(losses) recognised within dealing profits	**(1,156)**	**354**	**1,156**
Settlements	**(873)**	**-**	**873**
Sales	**-**	**(265)**	**-**
Balance at 31 December 2017	**6,672**	**10,261**	**(6,672)**
Unrealised gains/(losses)	**(1,280)**	**354**	**1,280**

	Asset derivative financial instruments $000	Traded loans $000	Liability derivative financial instruments $000
Balance at 1 January 2016	13,938	12,552	(13,938)
Total gains/(losses) recognised within dealing profits	(4,463)	2,215	4,463
Settlements	(774)	(4,595)	774
Balance at 31 December 2016	8,701	10,172	(8,701)
Unrealised gains/(losses)	(4,463)	(301)	4,463

There were no transfers into or out of level 3 in the current and prior year.

Sensitivity analysis of unobservable inputs

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the statement of financial position 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. The effect of stressing the unobservable assumptions to a range of reasonably possible alternatives would result in an immaterial change to the fair values.

29. FAIR VALUE DISCLOSURES (continued)

Financial assets and liabilities carried at amortised cost

The below summarises the fair value of the Company's financial assets and liabilities which are carried at amortised cost.

Reverse repurchase agreements are classified as level 2 and the carrying amount is deemed a reasonable approximation of fair value, given the short-term nature of these instruments.

Loans and advances to banks and customers are classified as level 2 and the carrying amount is deemed a reasonable approximation of fair value.

All other debtors and creditors, including amounts with affiliates, in the statement of financial position are classified as level 2. The carrying amounts are a reasonable approximation of their fair value, due to the short term nature of these instruments.

30. 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 wholly owned 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 8.

31. CONTROLLING PARTY

The Company's immediate parent company is BANA 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 consolidated financial statements can be obtained from either of the following website locations: http://investor.bankofamerica.com or www.sec.gov/.

32. SUBSEQUENT EVENTS

On 9 March 2018, the BAMLI DAC Board approved a motion to proceed with the proposed cross border merger with BAMLI Ltd subject to shareholder, regulatory and relevant court process approval.