Merrill Lynch International & Co. C.V.
Kaya W.F.G. (Jombi) Mensing 36
Curaçao

MERRILL LYNCH INTERNATIONAL & CO. C.V. FILES ANNUAL FINANCIAL REPORT

Curaçao, April 30, 2015 – Merrill Lynch International & Co. C.V. today informs its security holders that its Annual Financial Report for the year ended December 31, 2014, together with the audit report and statement made by responsible persons thereon, has been filed with the Luxembourg Stock Exchange, the Officially Appointed Mechanism of Luxembourg, Merrill Lynch International & Co. C.V.'s home Member State. A copy of this Annual Financial Report and the statement made by responsible persons are attached to this release.

Merrill Lynch International & Co. C.V. makes available free of charge on the website referred to below its Annual and Half-Yearly Financial Reports filed with the Luxembourg Stock Exchange as soon as reasonably practicable after Merrill Lynch International & Co. C.V. electronically files these documents with the Luxembourg Stock Exchange. These documents are posted on Bank of America Corporation's website at http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=merrill_lynch under "Subsidiary Financials".

The Luxembourg Stock Exchange maintains a website that contains reports and other information that issuers are required to file with it. These materials may be obtained electronically by accessing the Luxembourg Stock Exchange's home page at http://www.bourse.lu/Accueil.jsp

Copies of the above referenced information will also be made available, free of charge, by calling +1 904.987.1360 or upon written request to:

Merrill Lynch International & Co. C.V.
Kaya W.F.G. (Jombi) Mensing 36
Curaçao

Contact: Eric R. Billings, Bank of America Merrill Lynch, +1 904.987.1360

Bank of America
Merrill Lynch

To the best of our knowledge, the financial statements of **Merrill Lynch International & Co. C.V.** (the "Partnership") for the year ended 31 December 2014 have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Partnership.

The General Partner's Annual Report includes a fair review of the development and performance of the business and the position of the Partnership, together with a description of the principal risks and uncertainties that it faces.

Angel Alvarez
For and on behalf of
ML Cayman Holdings Inc., as General Partner

Registered number 11705 (0)

MERRILL LYNCH INTERNATIONAL & CO. C.V.

GENERAL PARTNER'S ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2014

GENERAL INFORMATION

General Partner	ML Cayman Holdings Inc.
Officers of the General Partner	Angel Alvarez Bruce Blanco Debra Zachter
Limited Partner	Merrill Lynch International Services Limited
Registered Office	Kaya W.F.G. (Jombi) Mensing 36 Curacao
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants 7 More London Riverside London SE1 2RT

MERRILL LYNCH INTERNATIONAL & CO. C.V.

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GENERAL PARTNER'S ANNUAL REPORT
For the year ended 31 December 2014

The General Partner presents its non-statutory annual report and the audited financial statements of Merrill Lynch International & Co. C.V. (the "Partnership") for the year ended 31 December 2014.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

The General Partner is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Partnership Agreement requires the General Partner to prepare financial statements for each financial year. The General Partner has prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is responsible for ensuring that the Partnership's financial statements are provided for inclusion on the BAC website. 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 the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Partnership are:

- the issuance of warrants and related financial instruments. The market risks associated with these warrants and related financial instruments are hedged with affiliated companies, with residual income or expense relating to this business recharged to affiliated companies under service agreements; and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which the Partnership receives fee income, with residual income or expense relating to this business recharged to affiliated companies under service agreements.

The profit for the year, after taxation, amounted to $2,148,000 (2013: $10,274,000).

The turnover for the year amounted to $127,551,000 (2013: $234,631,000), with the decrease primarily driven by the sale of the Partnership's international wealth management businesses to the Julius Baer group.

The administrative expenses for the year amounted to $150,511,000 (2013: $241,040,000), with the decrease primarily driven by the decrease in service fee expense charged by Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliated company.

GENERAL PARTNER'S ANNUAL REPORT
For the year ended 31 December 2014

The head office of the Partnership is in Curacao with a branch in Dubai. The Partnership ceased its operations from the Panama branch on 30 September 2014 with the intention to formally close the branch. Pursuant to BAC's decision to sell its international wealth management business to the Julius Baer group, the wealth management businesses conducted through Panama ("MLICO Panama") and Dubai ("MLICO Dubai") were sold during the year ended 31 December 2013.

The Partnership continues to receive residual income from the wealth management business through MLICO Panama due to the ongoing transfer of assets under management relating to this business to the Julius Baer group. This transfer is expected to be completed during 2015.

RISK MANAGEMENT

The Partnership's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks) are described in the notes to the financial statements (see note 18).

PARTNERSHIP'S POLICY FOR PAYMENT OF CREDITORS

The current policy is to pay creditors and other suppliers in accordance with the terms of payment agreed at the time the contract is made.

GOING CONCERN

The Partnership currently has sufficient capital to maintain its operations. Based on the above, the Partnership continues to adopt the going concern basis in preparing the financial statements.

PARTNERS

The Partners who served during the year and up to the date of signing this report were as follows:

ML Cayman Holdings Inc. (General Partner)

Merrill Lynch International Services Limited (Limited Partner)

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

The General Partner at the date of approval of this report confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- the General Partner has taken all the steps that it ought to have taken as General Partner in order to make itself aware of any relevant audit information and to establish that the Partnership' auditors are aware of that information.

This report was approved by the General Partner and authorised for issue on 24 April 2015 and signed on its behalf by:

Angel Alvarez

Angel Alvarez
For and on behalf of ML Cayman Holdings Inc., as General Partner

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNER OF MERRILL LYNCH INTERNATIONAL & CO. C.V.

Report on the financial statements

Our opinion

In our opinion, Merrill Lynch International & Co. C.V.'s financial statements (the "financial statements"):

- give a true and fair view of the state of the limited partnership's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the provisions of the Limited Partnership Agreement.

What we have audited

Merrill Lynch International & Co. C.V.'s financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the general partner

As explained more fully in the Statement of General Partner's Responsibilities set out on page 1, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Limited Partnership Agreement and for no other purpose. We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the limited partnership, save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNER OF MERRILL LYNCH INTERNATIONAL & CO. C.V.

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the limited partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the general partner; and
- the overall presentation of the financial statements.

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

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

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
24 April 2015

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

	Note	**2014 $'000**	2013 $'000
TURNOVER	2	**127,551**	234,631
Administrative expenses		**(150,511)**	(241,040)
OPERATING LOSS	3	**(22,960)**	(6,409)
Gain on sale of wealth management business	21	**1,952**	6,587
Interest receivable and similar income	4	**27,377**	11,557
Interest payable and similar charges	5	**(4,221)**	(1,327)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,148**	10,408
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	**-**	(134)
PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNER'S PROFIT ALLOCATION		**2,148**	10,274
GENERAL PARTNER'S PROFIT ALLOCATION	15	**(2,148)**	(10,274)
RESULT FOR THE FINANCIAL YEAR AFTER PARTNER'S PROFIT ALLOCATION		-	-

Turnover and operating loss are derived wholly from continuing operations.

There were no recognised gains and losses for the current or preceding financial year other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

The notes on pages 8 to 28 form part of these financial statements.

BALANCE SHEET
As at 31 December 2014 **Registered number 11705 (0)**

	Note	$'000	2014 $'000	$'000	2013 $'000
FIXED ASSETS					
Tangible fixed assets	7		-		5
			-		5
CURRENT ASSETS					
Long inventory positions	9	**3,615,952**		4,043,759	
Trade debtors	10	**36,360**		63,378	
Other debtors and prepayments	11	**7,270,747**		5,348,859	
Cash at bank and in hand		**4,266**		3,469	
		10,927,325		9,459,465	
CREDITORS: amounts falling due within one year					
Short inventory positions	12	**5,190,370**		5,491,135	
Trade creditors	13	**5,160,221**		3,387,423	
Other creditors including taxation and social security	14	**78**		6,425	
Partners' capital and income accounts	15	**576,656**		574,487	
		10,927,325		9,459,470	
NET CURRENT LIABILITIES			-		(5)
TOTAL ASSETS LESS CURRENT LIABILITIES			-		-
NET ASSETS			-		-

The financial statements on pages 5 to 28 were approved and authorised for issue by the General Partner on 24 April 2015. They were signed on its behalf by:

Angel Alvarez
For and on behalf of ML Cayman Holdings Inc., as General Partner

The notes on pages 8 to 28 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		**(22,960)**	(6,409)
Write-off of tangible fixed assets	7	**-**	264
Depreciation	7	**5**	218
Decrease/(increase) in long inventory	9	**427,807**	(1,963,019)
Decrease in trade debtors	10	**27,018**	997,373
Increase in other debtors and prepayments excluding tax	11	**(1,898,711)**	(3,842,738)
(Decrease)/increase in short inventory	12	**(300,765)**	1,686,540
Increase in trade creditors	13	**1,772,798**	3,123,268
Decrease in other creditors excluding tax	14	**(6,347)**	(972)
Net cash outflow from operating activities		**(1,155)**	(5,475)

CASH FLOW STATEMENT

	Note	2014 $'000	2013 $'000
Net cash outflow from operating activities		**(1,155)**	(5,475)
Taxation	17	**-**	(198)
Capital receipts	17	**-**	386
Receipts on sale of wealth management business	21	**1,952**	6,587
Increase in cash	17	**797**	1,300
Cash at beginning of year		**3,469**	2,169
Cash at year end		**4,266**	3,469

The notes on pages 8 to 28 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of accounting

These non statutory financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

1.2 Accounting convention

The financial statements have been prepared under the historical cost convention, as modified to include inventories at fair value. The Partnership does not maintain historical cost information on inventories at fair value as this is not relevant to the operation of the business.

1.3 Turnover

Turnover includes:

Service fee income
Charges made to affiliated companies to remunerate the Partnership for services provided or reimburse expenditure incurred by the Partnership are recognised on an accruals basis.

Fee income
Mutual fund distribution fees are recognised on an accruals basis.

Principal trading
Realised and unrealised profits and losses on financial instruments held for trading, including dividend income on cash equities, are recognised within turnover. Positions held in financial instruments are hedged using derivatives with an affiliated Company, with residual income or expense relating to this business recharged to affiliated companies under service agreements.

1.4 Segmental reporting

The Partnership's activities are the issuance of warrants and related financial instruments, and the distribution of Merrill Lynch managed funds and other managed fund products, which represents two separate classes of business. The Partnership does not meet the additional disclosure requirements of Statement of standard accounting practice ("SSAP") 25, 'Segmental Reporting' and has therefore chosen not to present any additional segmental analysis.

1.5 Translation of foreign currencies

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

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date. Exchange gains and losses are recognised in the profit and loss account. The financial statements of branches whose functional currency is not US dollars are translated into US dollars at the closing rate of exchange for the balance sheet and at the rate ruling on the date of the transaction for the profit and loss account.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less provisions for impairment, and are written down to their estimated residual value on a straight-line basis over their expected useful lives, as shown below.

Short-term leasehold improvements are depreciated on a straight-line basis over the shorter of the remaining period of the lease or ten years.

The office equipment is depreciated between two to five years.

1. ACCOUNTING POLICIES (continued)

1.7 Financial assets

The Partnership recognises financial assets in the balance sheet when it becomes a party to the contractual provisions of the instrument. The Partnership classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition.

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

The Partnership classifies its derivative assets as long inventory which are held for trading and are measured at fair value through profit and loss. All remaining financial assets are classified as loans and receivables.

(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: (a) those that the entity upon initial recognition designates as at fair value through profit or loss; or (b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are 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 profit and loss account.

1.8 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value through the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

1.9 Financial liabilities

The Partnership recognises financial liabilities in the balance sheet when it becomes a party to the contractual provisions of the instrument. The Partnership classifies issued warrants as short inventory positions which are held for trading and are measured at fair value through profit and loss. Gains and losses are recognised through the profit and loss account as they arise. All remaining financial liabilities are carried at amortised cost using the effective interest method.

1.10 Impairment of financial assets held at amortised cost

The Partnership assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a 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 profit and loss account.

1.11 Going concern

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

1. ACCOUNTING POLICIES (continued)

1.12 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised as a liability or an asset if, prior to the balance sheet date, the Partnership has entered into transactions or events have occurred that give rise to timing differences giving the Partnership an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

1.13 Offsetting

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

1.14 De-recognition of financial assets

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

1.15 Interest receivable and similar income

Interest receivable and similar income comprise interest received on balances with affiliated companies and is recognised on an accruals basis using the effective interest method.

1.16 Interest payable and similar charges

Interest payable and similar charges comprise interest payable on balances with affiliated companies and appropriations payable to the Limited Partner, which are recognised on an accruals basis using the effective interest method.

1.17 Leases

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

1.18 Partners' capital and income accounts

Partner capital is credited to the relevant partner's account within Partners' capital and income accounts. Capital contributions that meet the definition of debt under Financial Reporting Standard 25, 'Financial instruments: Presentation' ("FRS 25") are recorded as liabilities due to a finite life and contractual payment provisions to each of the partners within the Partnership.

Where applicable, interest on Partners' capital is treated as dividends or interest depending on the classification of the contributions as set out above.

Partners' rights and entitlements are described in note 15.

2. TURNOVER

	2014 $'000	2013 $'000
Service fee income	1,168	13,836
Fee income	131,441	217,148
Net principal trading	(5,059)	1,953
Other revenue	1	1,694
	127,551	234,631

3. OPERATING LOSS

Operating loss is stated after charging the following:

	2014 $'000	2013 $'000
Charges under operating leases on land and buildings	304	408
Depreciation of tangible fixed assets (see note 7)	5	218
Employee costs (see note 6)	961	6,135
Loss/(gain) on foreign exchange	78	(87)
Service fee expense	147,878	232,795
Auditors' remuneration (see below)	32	40
Other operating expenses	1,251	1,531

The service fee expense primarily relates to distribution fees paid to Merrill Lynch Pierce Fenner & Smith Inc and service fees recharged by affiliated companies.

Analysis of auditors' remuneration is as follows:

	2014 $'000	2013 $'000
Total audit fees:		
Fees payable to the Partnership's auditors for the audit of the Partnership's branches	32	40

	2014 $'000	2013 $'000
Audit fees and non-audit fees for the Partnership were borne by an affiliated Company and were as follows:		
Total audit fees:		
Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements	68	62
Total non-audit fees:		
Other assurance services	83	78

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 $'000	2013 $'000
Interest receivable and similar income:		
- From affiliated companies	**27,377**	11,557

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 $'000	2013 $'000
Interest payable and similar charges:		
- To Limited Partner	**21**	20
- To other affiliated companies	**4,200**	1,307
	4,221	1,327

In accordance with FRS 25 the appropriations paid to the Limited and Preferred Partners are classified as liabilities and distributions accruing to them are classified as interest payable and similar charges.

6. STAFF COSTS

Staff costs were as follows:	2014 $'000	2013 $'000
Salaries and benefits	**922**	5,247
Social security and other costs	**39**	888
	961	6,135

The average number of persons employed by the Partnership during the year was:

	2014 No.	2013 No.
By activity:		
Trading, sales and advisory	**-**	8
Support, operations and technology	**2**	15
	2	23

During the year ended 31 December 2013 the majority of employees within the Panama and Dubai branches transferred to the Julius Baer group as part of the sale of the wealth management business. Two administrative employees were retained until 30 September 2014 to assist with this transition.

7. TANGIBLE FIXED ASSETS

	Leasehold improvements $'000	Office equipment $'000	Total $'000
Cost			
At 1 January 2014	1,138	809	1,947
Additions	-	-	-
Disposals and write-off	-	-	-
At 31 December 2014	1,138	809	1,947
Accumulated depreciation			
At 1 January 2014	1,138	804	1,942
Charge for the year	-	5	5
Disposals and write-off	-	-	-
At 31 December 2014	1,138	809	1,947
Net book value			
At 31 December 2014	-	-	-
At 31 December 2013	-	5	5

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 $'000	2013 $'000
The tax for the year is made up as follows:		
Current tax:		
Tax on profits of the year	-	-
Adjustments in respect of prior year	-	-
Foreign tax	-	134
Total current tax	-	134

Factors affecting tax charge for year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the Curacao applicable to the Partnership of 3% (2013: 3%). The differences are explained below:

	2014 $'000	2013 $'000
Profit on ordinary activities before taxation	**2,148**	10,408
Profit on ordinary activities multiplied by the standard rate of corporation tax in Curacao of 3% (2013: 3%)	**64**	312
Effects of:		
Timing difference with respect to losses	**(5)**	(107)
Tax exempt gain on sale of wealth management business	**(59)**	(205)
Impact of foreign taxes	-	134
Current tax charge for year	-	134

The Partnership is subject to taxes on income earned both within and outside Curacao. Branches of the Partnership operating outside Curacao are subject to income taxes at rates applicable in those countries. Tax expense represents management's calculation of taxes due on earnings and the effect of changes in estimates for the prior year.

Management is of the opinion that it is uncertain that the Partnership will be able to generate sufficient future taxable income within the period of reliable forecasting to recover the deferred tax asset. The Partnership has unrecognised deferred tax assets totalling $1,689,000 (2013: $1,710,000).

9. LONG INVENTORY POSITIONS

	2014 $'000	2013 $'000
Contractual agreements:		
Options and swaps	**3,615,952**	4,043,759

10. TRADE DEBTORS

	2014 $'000	2013 $'000
Amounts owed by affiliated companies	**36,360**	63,378

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand or within one year.

11. OTHER DEBTORS AND PREPAYMENTS

	2014 $'000	2013 $'000
Amounts owed by affiliated companies	**7,270,583**	5,348,548
Other debtors and prepayments	**102**	249
Taxation	**62**	62
	7,270,747	5,348,859

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand or within one year. Included within this is an amount of $1,360,432,000 (2013: $1,313,627,000) used by the Partnership as part of its management of market risk.

12. SHORT INVENTORY POSITIONS

	2014 $'000	2013 $'000
Issued warrants, options and swaps	**5,190,370**	5,491,135

13. TRADE CREDITORS

	2014 $'000	2013 $'000
Amounts owed to affiliated companies	**5,160,221**	3,387,423

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand or within one year. Included within this is $4,230,000,000 (2013: $2,623,000,000) cash collateral received from an affiliated company.

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2014 $'000	2013 $'000
Amounts owed to affiliated companies	**58**	5,712
Other creditors and accruals	**20**	703
Social security	**-**	10
	78	6,425

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand.

15. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $'000	Limited Partner $'000	Total $'000
At 1 January 2013	564,006	187	564,193
Interest on partners capital (note 5)	-	20	20
Profit for 2013	10,274	-	10,274
At 31 December 2013	574,280	207	574,487
Interest on partners capital (note 5)	-	21	21
Profit for 2014	2,148	-	2,148
At 31 December 2014	576,428	228	576,656

The rights and entitlements of the Partners in relation to allocations of Profits shall be divided into General Partner and the Limited Partner.

The General Partner's interest entitles the holder to voting rights in the Partnership and 100% of net profit / loss after the allocation of net profit / loss due to the Limited Partner. Payment of this appropriation is at the discretion of the Partnership as per the terms of the partnership agreement.

The Limited Partner's interest entitles the holder to no voting rights in the Partnership and net profits or losses up to the value of 10% of the average amount in their capital account. Payment of this amount is non-discretionary under the terms of the partnership agreement.

Any Partner may withdraw from the Partnership at the end of any accounting period provided written notice is received by 1 November of any accounting period or on any other date approved by the General Partner.

In accordance with FRS 25 the General and Limited Partnership Interests meet the definition of debt. Accordingly, Partners' capital and Partners' income is recorded within liabilities.

16. OPERATING LEASE COMMITMENTS

At 31 December 2014 the Partnership had annual commitments in respect of leases of land and buildings as follows:

	2014 $'000	2013 $'000
Expiry date:		
Within 1 year	**74**	152
After five years	**-**	-
	74	152

During the year ended 31 December 2013 the Partnership's Panama Branch lease transferred to the Julius Baer group as part of the sale of the wealth management business.

17. CASH FLOW

Gross cash flows	**2014 $'000**	2013 $'000
Capital receipts/(expenditure)		
Disposal of tangible fixed assets	-	395
Purchase of tangible fixed assets	-	(9)
	-	386
Taxation		
Taxation paid	-	(198)

17. CASH FLOW (continued)

Analysis and reconciliation of net funds	As at 1 January 2014 $'000	Cash flows $'000	Other changes $'000	As at 31 December 2014 $'000
Cash at bank and in hand	3,469	797	-	4,266
Debt due within one year	(3,968,335)	-	(1,768,621)	(5,736,956)
Liquid resources	5,348,859	-	1,921,888	7,270,747
Net funds	**1,383,993**	**797**	**153,267**	**1,538,057**

Reconciliation of net cash flow to movement in net funds	**2014 $'000**
Increase in cash during the year	**797**
(Increase) in amounts owed to affiliated companies	**(1,768,621)**
Increase in liquid resources	**1,921,888**
Change in net funds	**154,064**
Net funds as at 31 December 2013	**1,383,993**
Net funds as at 31 December 2014	**1,538,057**

Adjustment to Partners' capital and income account

	2014 $'000	2013 $'000
Increase in Partners' capital and income account	**2,169**	10,294
Profit for the year transferred to Partners' capital	**(2,148)**	(10,274)
Unsettled interest payable to Partners	**(21)**	(20)
Decrease to Partners' capital	**-**	-
Total movement in other debtors and prepayments	**(1,921,888)**	(3,853,050)
Net unsettled interest receivable from affiliated companies	**23,177**	10,250
Increase in other debtors and prepayments	**(1,898,711)**	(3,842,800)

18. RISK MANAGEMENT

Legal Entity Governance

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

18. RISK MANAGEMENT (continued)

The risk management approach has five components:

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

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

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

Market risk

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. The Partnership seeks to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments.

Value at Risk

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

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

A VAR model is an effective tool in estimating ranges of potential gains and losses on the Group's trading portfolios. There are however many limitations inherent in a VAR model as it utilises historical results over a defined time period to estimate future performance. Historical results may not always be indicative of future results and changes in market conditions or in the composition of the underlying portfolio could have a material impact on the accuracy of the VAR model.

To ensure that the VAR model reflects current market conditions, the historical data underlying the Group's VAR model is updated on a weekly basis, and the assumptions underlying the model are regularly reviewed.

The table that follows presents VAR analysis independently for each risk category for 2014 and 2013. Additionally, high and low VAR is presented independently for each risk category and overall.

3 year 99% Daily VAR	Year end 2014 $'000's	High 2014 $'000's	Daily average 2014 $'000's	Low 2014 $'000's
Total	**100**	**1,414**	**233**	**82**
Interest rate risk	36	176	51	28
Currency risk	28	261	50	12
Equity price risk	82	1,387	201	58
Commodity risk	-	1	-	-

18. RISK MANAGEMENT (continued)

3 year 99% Daily VAR	Year end 2013 $'000's	High 2013 $'000's	Daily average 2013 $'000's	Low 2013 $'000's
Total	**381**	**798**	**187**	**45**
Interest rate risk	70	439	78	35
Currency risk	82	279	54	5
Equity price risk	371	814	121	9

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

Credit risk

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

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

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

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

The primary credit risks of the Partnership relate to its derivatives trading activities with affiliates and fee income due from third party and affiliate companies for fund services. There were no Credit exposures that were past due but not impaired at 31 December 2014.

The Partnership's trading positions are only exposed to credit risk with other affiliated companies. The Partnership is primarily exposed to Merrill Lynch International (MLI), a UK investment firm regulated by the Prudential Regulation Authority. MLI's credit rating is A / A-1 (S&P); A / F1 (Fitch) (as at 31 December 2014). Residual exposures are mainly to other subsidiaries of BAC. BAC's credit rating is A- / A-2 (S&P); A / F1 (Fitch) (as at 31 December 2014).

Derivatives Trading

The Partnership enters into International Swaps and Derivatives Association, Inc. master agreements or their equivalent ("master netting agreements") with the its major derivative counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms.

18. RISK MANAGEMENT (continued)

While the Partnership makes every effort to execute such agreements, it is possible that a counterparty may be unwilling to sign such an agreement and, as a result, would subject the Partnership to additional risk. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes

In addition, to reduce the risk of loss, the Partnership usually requires collateral that it is permitted by documentation such as repurchase agreements or Credit Support Annex to an International Swap Dealers Association Master Agreement ("ISDA"). From an economic standpoint, the Partnership evaluates risk exposures net of related collateral that meets specified standards. The Partnership also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable us to terminate or reset the terms of our derivative contracts under certain defined conditions.

Operational risk

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

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

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

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

Liquidity risk

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

Reputational Risk

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

Reputational risk is managed through established policies and controls as part of the core business and risk management processes. The control environment aims to prevent reputational risk events before they occur. Employees are expected to follow the Bank's Code of Conduct and not engage in any

18. RISK MANAGEMENT (continued)

activity that could harm the Bank's reputation. In each business reputational risk is mitigated by the following activities: New Product Reviews, Conflict of Interest Management and appropriate risk management practices and controls.

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

Strategic Risk

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

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

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

Compliance Risk

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

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

19. FAIR VALUE INFORMATION

Fair value hierarchy

In accordance with FRS 29, 'Financial Instruments: Disclosures', the Partnership has categorised its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities recorded on the balance sheet are categorised based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Partnership has the ability to access (an example of which is certain Government securities).

19. FAIR VALUE INFORMATION (continued)

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate bonds, which can trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter ("OTC") derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include OTC derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs, principally correlation in respect of the level 3 inventory held by the Partnership, that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's view about the assumptions a market participant would use in pricing the asset or liability (examples include long-dated or complex derivatives).

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorised is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 2) and unobservable (Level 3). Therefore, gains and losses for such assets and liabilities categorised within the Level 3 reconciliations below may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

Valuation techniques

The following outlines the valuation methodologies for the Partnership's material categories of assets and liabilities:

Listed derivative contracts

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorised in Level 1 of the fair value hierarchy. Listed derivatives that are not actively traded are valued using the same approaches as those applied to OTC derivatives; they are generally categorised in Level 2 of the fair value hierarchy.

OTC derivative contracts

OTC derivative contracts include swap and option contracts related to equity prices. Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be either observed or modelled using a series of techniques, and model inputs from comparable benchmarks, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, and simulation models or a combination thereof. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgement, and the pricing inputs are observed from actively quoted markets, as is the case for certain option contracts.

In the case of more established derivative products, the pricing models used by the Partnership are widely accepted by the financial services industry. A substantial majority of OTC derivative products valued by the Partnership using pricing models fall into this category and are categorised in Level 2 of the fair value hierarchy.

19. FAIR VALUE INFORMATION (continued)

Other derivative products, including complex products that have become illiquid, require more judgement in the implementation of the valuation technique applied due to the complexity of the valuation assumptions and the reduced observability of inputs. This includes certain types of derivatives with both volatility and correlation exposure where direct trading activity or quotes are unobservable. These instruments involve significant unobservable inputs and are categorised in Level 3 of the fair value hierarchy.

The Partnership trades various derivative structures with equity underlyings. Depending on the type of structure, the model inputs generally include interest rate yield curves, equity underlier price curves, implied volatility of the underlying equities and, in some cases, the implied correlation between these inputs. The fair value of these products is determined using executed trades and broker and consensus data to provide values for the aforementioned inputs. Where these inputs are unobservable, relationships to observable equities and data points, based on historic and / or implied observations, are employed as a technique to estimate the model input values. Equity derivatives are generally categorised in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorised in Level 3 of the fair value hierarchy.

The following tables provide a summary of the changes in fair value of the Partnership's Level 3 financial assets and liabilities for the year ended 31 December 2014:

	Long inventory positions Options and swaps **$'000**	**Short inventory positions** Issued warrants, options and swaps **$'000**
At 1 January 2014	88,362	(88,362)
Total (losses)/gains recognised in the profit and loss account	(30,145)	30,567
Purchases	-	-
New issuances	67,663	(67,663)
Sales	-	-
Settlements	(71,710)	71,710
Transfers out	(65,989)	65,989
Transfers in	264,690	(264,690)
At 31 December 2014	252,871	(252,449)

	Long inventory positions Options and swaps **$'000**	**Short inventory positions** Issued warrants, options and swaps **$'000**
At 1 January 2013	180,388	(180,388)
Total (losses)/gains recognised in the profit and loss account	(66,679)	66,679
Purchases	-	-
New issuances	53,576	(53,576)
Sales	12,105	(12,105)
Settlements	(70,939)	70,939
Transfers out	(168,676)	168,676
Transfers in	148,587	(148,587)
At 31 December 2013	88,362	(88,362)

19. FAIR VALUE INFORMATION (continued)

Transfers between levels of the fair value hierarchy

Transfers out of Level 3 to Level 2 were primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

Transfers into Level 3 from Level 2 were primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

Transfers between Level 2 and Level 3 occur on a regular basis for these instruments due to changes in the impact of unobservable inputs on the value of the instrument as a whole.

Fair value

The following tables present the Partnership's fair value hierarchy for those assets and liabilities measured at fair value as of 31 December 2014.

	31 December 2014 Fair Value Measurement		
	Level 2 $'000	Level 3 $'000	Total $'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	3,363,081	252,871	3,615,952
Short inventory positions			
Issued warrants, options and swaps	4,937,921	252,449	5,190,370

	31 December 2013 Fair Value Measurement		
	Level 2 $'000	Level 3 $'000	Total $'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	3,955,397	88,362	4,043,759
Short inventory positions			
Issued warrants, options and swaps	5,402,773	88,362	5,491,135

Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis

The table below provides information on the valuation techniques, significant unobservable inputs and their ranges and averages for each major category of assets and liabilities measured at fair value on a recurring basis with a significant Level 3 balance.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs:

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Derivative assets $'000s					
Options and swaps	$252,871	Industry standard derivative pricing[1]	Equity correlation	20% to 98%	65%
			Long-dated equity volatilities	6% to 69%	24%

19. FAIR VALUE INFORMATION (continued)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Derivative liabilities $'000s					
Issued warrants, options and swaps	$252,449	Industry standard derivative pricing[1]	Equity correlation	20% to 98%	65%
			Long-dated equity volatilities	6% to 69%	24%

[1] Includes models such as Monte Carlo simulation and Black-Scholes.

For equity derivatives a significant change in long-dated rates, volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Corporation is long or short the exposure.

The following provides a description of significant unobservable inputs included in the table above for all major categories of assets and liabilities:

Correlation

A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movements of two variables (i.e., how the change in one variable influences a change in the other variable). The correlation ranges may be wide since any two underlying inputs may be highly correlated (either positively or negatively) or weakly correlated.

Volatility

The measure of the variability in possible returns for an instrument given how much that instrument changes in value over time. Volatility is a pricing input for options and, generally, the lower the volatility, the less risky the option. The level of volatility used in the valuation of a particular option depends on a number of factors, including the nature of the risk underlying that option (e.g., the volatility of a particular underlying equity security may be significantly different from that of a particular underlying commodity index), the tenor and the strike price of the option.

Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

All financial instruments are valued in accordance with the techniques outlined in the fair value hierarchy. Some of these techniques, such as those used to value instruments categorised in Level 3 of the fair value hierarchy, are dependent on unobservable parameters and the fair value for these financial instruments has been determined using parameters appropriate for the valuation methodology based on prevailing market evidence. It is recognised that the unobservable parameters could have a range of reasonably possible alternative values.

In estimating the change in fair value, to provide information about the variability of the fair value measurement, the unobservable parameters were varied to the extremes of the ranges of reasonably possible alternatives using statistical techniques, such as dispersion in comparable observable external inputs for similar asset classes, historic data or judgement if a statistical technique is not appropriate.

Where a financial instrument has more than one unobservable parameter, the sensitivity analysis reflects the greatest reasonably possible increase or decrease to fair value by varying the assumptions individually. It is unlikely that all unobservable parameters would be concurrently at the extreme range of possible alternative assumptions and therefore the sensitivity shown below is likely to be greater than the actual uncertainty relating to the financial instruments.

19. FAIR VALUE INFORMATION (continued)

The following tables present the sensitivity of the fair value of Level 3 financial assets and financial liabilities to reasonably possible alternative assumptions, providing quantitative information on the potential variability of the fair value measurement.

	31 December 2014 Effect of reasonably possible alternative assumptions		
	Fair value	Increase in fair value	Decrease in fair value
	$'000	$'000	$'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	252,871	2,280	(2,280)
Short inventory positions			
Issued warrants, options and swaps	252,449	2,280	(2,280)

20. RELATED PARTY TRANSACTIONS

The Partnership has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard 8, 'Related Party Disclosures', as both the Partnership and the related parties are wholly owned subsidiary undertaking and the consolidated financial statements of the ultimate parent Company are publicly available as noted in note 23.

There were no related party transactions other than those with affiliated undertakings covered by the exemption noted above.

21. GAIN ON SALE OF INTERNATIONAL WEALTH MANAGEMENT BUSINESS

	2014	2013
	$'000	$'000
International Wealth Management Business Sale	**1,952**	6,587

Pursuant to BAC's decision to sell its international wealth management business to the Julius Baer group, the wealth management businesses conducted through the Partnership branches in Panama and Dubai were sold on 6 November 2013 and 6 December 2013 respectively.

Upon completion of the sale of the branches, the MLICO Panama and MLICO Dubai employees entered into new employment contacts with Julius Baer group.

As detailed in the business review on page 1, the Partnership intends to close its Panama branch, following completion of the sale of its international wealth management business to the Julius Baer Group. The Partnership continues to transfer assets under management relating to the international wealth management business to the Julius Baer group. The Partnership will continue to receive gains in relation to this transaction until the completion of this transfer. Future receipts are expected to be immaterial and will diminish over time.

Therefore, the international wealth management business does not meet the requirements of Financial Reporting Standard No. 3 (FRS 3) *Reporting Financial Performance*, to be classified as discontinued operations and is consequently classified as discontinuing operations. The distribution of Merrill Lynch managed funds and other managed fund products remains a principal activity of the Partnership.

22. SHARE BASED PAYMENTS

Prior to its acquisition by BAC, Merrill Lynch sponsored several employee compensation plans that provided eligible employees with stock-based compensation or options to purchase stock. In connection with the acquisition, all stock-based compensation plans of Merrill Lynch were assumed by BAC and awards under those plans became payable in BAC common stock. Other than the Merrill Lynch & Co., Inc. Employee Stock Compensation Plan ("ESCP") and the Merrill Lynch & Co., Inc. Employee Stock Purchase Plan ("ESPP"), existing Merrill Lynch plans were frozen as to new grants, although all previously granted awards outstanding under such plans continue to be governed by the applicable terms of the plan under which the awards were granted.

Following the acquisition, grants with respect to BAC common stock may be made to eligible legacy Merrill Lynch employees under the ESCP as well as the BAC 2003 Key Associate Stock Plan ("KASP").

The total pre-tax compensation cost recognised in profit and loss for share-based compensation plans for 2014 was $55,196 debit (2013: $202,406 debit).

Fair market value was determined using the BAC share price at 31 December 2014 of $17.89 (2013: $15.57).

Below is a description of the Partnership's share-based payment compensation plans.

Equity Compensation Plan

Bank of America shareholders approved the KASP to be effective January 1, 2003. Awards to Merrill Lynch employees may also be made under the KASP effective as of January 1, 2009. Restricted stock awards generally vest in three equal annual instalments beginning one year from the grant date, with the exception of certain awards to financial advisors that vest eight years from grant date, and an award of restricted stock shares that was vested on the grant date but is released from restrictions over 18 months. Shares that are cancelled, forfeited, or settled in cash from the frozen Merrill Lynch Long Term Incentive Compensation Plan and Financial Advisor Capital Accumulation Award Plans will become available to grant under the KASP.

Financial Advisor Capital Accumulation Award Plans ("FACAAP")

The FACAAP is no longer an active plan and no awards were granted in the years 31 December 2009 to 2014. Prior to 2009, the FACAAP provided for awards to eligible employees in Merrill Lynch's Global Wealth Management division. Payment for an award was contingent upon continued employment for a period of time and subject to forfeiture during that period. Awards granted in 2003 and thereafter are generally payable eight years from the date of grant in a fixed number of shares of BAC common stock.

For outstanding awards granted prior to 2003, payment is generally made ten years from the date of grant in a fixed number of shares of BAC common stock unless the fair market value of such shares is less than a specified minimum value, in which case the minimum value is paid in cash. There were no cash payments made in lieu of shares in the year ended 31 December 2014.

Restricted Shares and Units

Restricted Shares are shares of BAC common stock carrying voting and dividend rights. A Restricted Unit is deemed equivalent in fair market value to one share of common stock. Awards of Restricted Units may be settled in common stock or cash. Recipients of Restricted Unit awards may receive cash payments equivalent to dividends.

22. SHARE BASED PAYMENTS (continued)

The activity for Restricted Shares and Units under the above plans during 2014 is as follows:

	Restricted Shares/Units
Outstanding, beginning of 2014	84,299
Granted – 2014	5,049
Paid, forfeited, or released from contingencies	(40,336)
Outstanding, end of 2014	**49,012**

Non-Qualified Stock Options
The activity for Non-qualified Stock Options under LTIC Plans for 2014 is as follows:

	Successor Partnership	
	Options Outstanding	Weighted average exercise price
Outstanding, beginning of 2014	609	69.6
Granted – 2014	-	-
Exercised	-	-
Forfeited	(609)	(69.6)
Outstanding, end of 2014	-	-
Exercisable, end of 2014	-	-

All outstanding options are fully vested or are expected to vest. There were no stock options granted from 2010 to 2014. Proceeds from the exercise of stock options were not significant from 2010 to 2014.

The table below summarises the range of exercise prices and the weighted average remaining contractual life for all options outstanding at year end:

Range of exercise prices	2014 Number	2014 weighted average remaining contractual life (years)	2013 Number	2013 weighted average remaining contractual life (years)
\$40.00-\$50.00				
\$60.00-\$70.00	-	-	609	0.2

Prior to Bank of America's acquisition of Merrill Lynch, the fair value of option awards with vesting based solely on service requirements was estimated on the date of grant based on a Black-Scholes option pricing model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is based on the current dividend rate at the time of grant.

23. PARENT UNDERTAKINGS

The General Partner of the Partnership is ML Cayman Holdings Inc., 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 ("U.S.A"). The parent Company of the largest and smallest group that includes the Partnership and for which group financial statements are prepared is BAC. Copies of BAC's financial statements can be obtained from the Corporate Secretary's office, 214 North Tryon Street, Charlotte, North Carolina, 28255, U.S.A.