

Registered no: 56457103

MERRILL LYNCH B.V.

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

MERRILL LYNCH B.V.

COMPANY INFORMATION

Directors	A. Dicko (resigned 1 June 2023) L.J.M. Duijsens A.E.Okobia L. R. Whitley (appointed 1 June 2023)
Registered number	56457103
Registered office	Amstelplein 1, Rembrandt Tower 27 Floor, 1096 HA, Amsterdam The Netherlands
Independent auditors	Mazars Accountants N.V. Delflandlaan 1, P.O. Box 7266 1007 JG Amsterdam The Netherlands

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the audited financial statements of Merrill Lynch B.V. ("MLBV", the "Company") for the year ended 31 December 2023.

Statement of directors' responsibilities

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

The directors confirm that to the best of their knowledge:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended; and
- the directors' report gives a true and fair view of the Company's situation as at the reporting date, the events that occurred during 2023, future outlook, events after the reporting date and the risks to which the Company is exposed.

The Dutch Civil Code requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") and the additional requirements of Title 9 Book 2 of the Netherlands Civil Code in accordance with article 362 section 8 and 9 of the Netherlands Civil Code.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable;
- state whether applicable IFRS's as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS as adopted by the EU and the additional requirements of Title 9 Book 2 of the Netherlands Civil Code in accordance with article 362 section 8 and 9 of the Netherlands Civil Code. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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, Bank of America Corporation ("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.

Principal activities

The principal activities of the Company are the issuance of structured notes, certificates and warrants ("Structured issuances") and economically hedging these instruments through derivatives with affiliated companies. In addition, the Company grants intercompany loans to Merrill Lynch International ("MLI"), a BAC affiliate.

During the year, the Company started to issue warrants in addition to structured notes and certificates. The directors expect the principal activities to continue during 2024.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Business review and market environment

Details about the Company's incorporation and the parent of the Company are disclosed in Note 1 Corporate information.

Outlook

The 2023 market environment was characterised by turbulence in the banking system, as bank failures early in the year caused stress through the banking system that significantly impacted asset prices and volatility. The situation drove investor caution, and 2023 saw record annual inflows into money market funds and Treasuries.

2023 was also dominated by the direction of interest rates, as central banks hiked policy rates in an effort to reduce inflation. Data from BAC Research shows that the sharp increase in inflation in the Eurozone/European Economic area started to stabilise towards the end of the year, but remained above central bank targets. Looking ahead to 2024, market expectations are that inflation will reduce and central banks will start cutting rates.

Geopolitical risk continued to rise in 2023, driven by the continued conflict between Russia and Ukraine, tensions between China and Hong Kong/Taiwan, and relations between the US and China. Additionally, instability in the Middle East, instigated by the conflict between Israel and Hamas, continues to develop and has the potential to broaden in scope.

As a result of these geopolitical risk factors, the Company's business, results of performance, financial position and/or operational model could be adversely affected. The Company continues to actively monitor the recoverability of its financial assets and ensures any loss allowance reflects on a timely basis management's best estimate of potential losses.

LIBOR and Other Benchmark Rates

Immediately after 30 June 2023, the remaining U.S. dollar London Interbank Offered Rate ("LIBOR") settings (i.e., overnight, one-month, three-month, six-month and twelve-month) ceased or became non-representative (LIBOR Cessation), although the Financial Conduct Authority ("FCA") is requiring LIBOR's administrator, ICE Benchmark Administration Limited, to continue publication of the one-month, three-month and six-month USD LIBOR settings on a "synthetic" basis (calculated using the relevant CME Term Secured Overnight Financing Rate ("SOFR") Reference Rate plus the respective International Swaps and Derivatives Association fixed spread adjustment) for use in legacy contracts, which the FCA intends to continue to publish until 30 September 2024. Additionally, certain central counterparties completed processes to convert outstanding USD LIBOR-cleared derivatives to alternative reference rates ("ARR"s).

In connection with LIBOR Cessation, the Company has completed the transition process for all its products and contracts referencing USD LIBOR to ARR's.

For further information on the status of the Company's IBOR transition, see note 24 Interest Rate Benchmark Reform.

Results

The directors are satisfied with the Company's performance for the financial year ended 31 December 2023 and financial position at the end of the year. The profit before tax for the financial year, amounted to \$94,503,000 (2022: \$63,672,000). This was driven primarily by the interest income on intercompany loans granted to affiliated entities of \$542,593,000 (2022: \$124,100,000), partially offset by the net loss of \$423,084,000 (2022: net loss of \$55,430,000) on the fair value of the structured issuances and derivatives used to economically hedge these instruments.

The debit valuation adjustments on the structured issuances resulted in a loss before tax of \$148,699,000 (2022: gain of \$154,535,000) due to movements in the BAC credit spreads.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Management of climate change risk

BAC's Environmental and Social Risk Policy Framework ("ESRPF") (as adopted by the Company) provides additional clarity and transparency regarding the Company's approach to environmental and social risks, inclusive of climate-related financial risk ("climate risk"). Like all risks, environmental and social risks require coordinated governance, clearly defined roles and responsibilities, and well-developed processes to ensure they are identified, measured, monitored and managed appropriately and in a timely manner. Recognising that certain sectors are more sensitive to these types of risk, the Company evaluates the associated risks as appropriate.

Further information about BAC Group's approach to sustainability matters can be accessed via the ESRPF at www.bankofamerica.com/ESRPF and Bank of America's Task Force on Climate-related Financial Disclosures Report (the "TCFD Report") available at www.bankofamerica.com/TCFD.

Set out below is a summary of the Company's approach to management of climate risk.

Climate risk is the risk that climate change, or actions taken to mitigate climate change, expose the Company to economic, operational or reputational harm. Climate-related risks are divided into two major categories, both of which span across the seven key risk types:

- Physical Risk - Risks related to the physical impacts of climate change, driven by extreme weather events, such as hurricanes and floods, as well as chronic longer-term shifts, such as rising average global temperatures and sea levels, and,
- Transition Risk - Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase credit risk by diminishing clients' repayment capacity or collateral values or can increase operational risk by negatively impacting the Company's facilities or vendors.

Transition risks of climate change may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Company or its counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk. Reputational risk can arise if the Company does not meet its climate-related commitments.

No material climate-related risk variables impacting the financial position of the Company as at 31 December 2023 have been identified.

Global compliance and operational risk

The Company's overall approach to managing risk, including compliance risk, is governed by the BAC Risk Framework. As part of this, the Global Compliance & Operational Risk and the Global Financial Crimes teams work in partnership to offer continuous challenge and oversight in order to minimise the risk of legal or regulatory sanctions, material financial loss or reputational damage, including but not limited to, the risks associated with bribery and corruption, economic sanctions, money laundering, terrorist and criminal financing, and internal and external fraud.

In this respect, BAC has a Code of Conduct in place which provides basic guidelines of business practice, and professional and personal conduct that are expected from employees. Likewise, BAC has whistleblowing arrangements in place which will allow employees to report suspected malpractices such as unethical conduct, violations of law etc. on an anonymous and/or confidential basis. In this respect, BAC has a Code of Conduct in place which provides basic guidelines of business practice, and professional and personal conduct that are expected from employees. Likewise BAC has whistleblowing arrangements in place which will allow employees to report suspected malpractices such as unethical conduct, violations of law etc. on an anonymous and/or confidential basis.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Risk management

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 the Company). It provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Company.

The risk management approach has five components:

- Culture of managing risk well;
- Risk appetite;
- Risk management process;
- 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 strategic, credit, market, liquidity, operational, compliance and reputational risks.

The Company's approach to each of the risk types are further described in the notes to the financial statements (see note 22).

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.

Events after the reporting period

The directors are of the opinion that there were no material subsequent events that occurred since the year end that would require disclosure or recognition in the financials statements as of 31 December 2023.

Composition of the board

The size and composition of the Board of Directors and the combined experience reflects the best fit for the profile and strategy of the Company. Currently the Board are all male, however the Company is aware of the gender diversity goals as set out in the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new directors.

The Company did not have any employees in the current or the preceding year. The directors are delegated to the Company and are employed by other group companies.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Board of Directors

The directors of the Company, who were in office during the year and up to the date of approval of this report, except where noted were:

A. Dicko (resigned 1 June 2023)

L.J.M. Duijsens

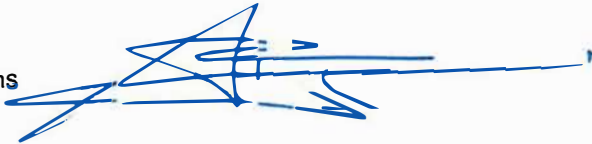
A.E.Okobia

L. R. Whitley (appointed 1 June 2023)

(together authorised to represent the Company)

These financial statements have been approved and authorised for issue by the Board on 25 April 2024. The directors have the power to amend and reissue the financial statements.

L.J.M. Duijsens
Director



A.E. Okobia
Director



L.R. Whitley
Director



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 \$000	2022 \$000
Net loss on financial instruments at fair value through profit or loss	4	(47,800)	(600,431)
Net (loss)/gain on financial instruments designated at fair value through profit or loss	5	(375,284)	545,001
Other income	6	1,266	478
Administrative expenses	7	(2,406)	(880)
Loss from operations		(424,224)	(55,832)
Interest income	8	542,593	124,100
Interest expense	9	(23,866)	(4,596)
Net interest income		518,727	119,504
Profit before tax		94,503	63,672
Tax expense	12	(24,436)	(16,623)
Profit for the financial year after tax		70,067	47,049
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net (loss)/gain in debit valuation adjustment on structured issuances		(148,699)	154,535
Tax credit/(expense) relating to movement in debit valuation adjustment on structured issuances		38,365	(39,870)
Total other comprehensive (expense)/income		(110,334)	114,665
Total comprehensive (expense)/income		(40,267)	161,714

The notes on pages 12 to 47 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

(Before appropriation of result)

	Note	2023 \$000	2022 \$000
Assets			
Non-current assets			
Debtors	13	8,812,781	5,427,130
Trading assets	15	502,149	472,317
Total non-current assets		<u>9,314,930</u>	<u>5,899,447</u>
Current assets			
Debtors	13	2,448,434	1,371,319
Trading assets	15	367,760	144,753
Cash and cash equivalents	14	130,223	23,063
Total current assets		<u>2,946,417</u>	<u>1,539,135</u>
Total assets		<u>12,261,347</u>	<u>7,438,582</u>
Liabilities			
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	17	8,544,002	4,640,214
Trading liabilities	15	961,790	1,047,997
Deferred tax liability	16	5,359	57,788
Total non-current liabilities		<u>9,511,151</u>	<u>5,745,999</u>
Current liabilities			
Financial liabilities designated at fair value through profit or loss	17	1,742,390	558,688
Creditors	18	110,078	624,473
Trading liabilities	15	34,302	113,992
Income tax payable	16	39,720	1,206
Bank overdraft		5	256
Total current liabilities		<u>1,926,495</u>	<u>1,298,615</u>
Total liabilities		<u>11,437,646</u>	<u>7,044,614</u>

MERRILL LYNCH B.V.

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	2023 \$000	2022 \$000
Issued capital and reserves			
Share capital	19	—	—
Other reserves		(35,168)	73,965
Share premium		590,437	120,437
Retained earnings		198,365	152,517
Undistributed profits		70,067	47,049
Total equity		823,701	393,968
Total liabilities and equity		12,261,347	7,438,582

The notes on pages 12 to 47 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital \$000	Share premium \$000	Other reserves \$000	Retained earnings \$000	Undistributed profits \$000	Total equity \$000
At 1 January 2023	—	120,437	73,965	152,517	47,049	393,968
Transfer to retained earnings	—	—	1,201	45,848	(47,049)	—
Profit for the year	—	—	—	—	70,067	70,067
Other comprehensive income						
Movement in debit valuation adjustment on structured issuances	—	—	(148,699)	—	—	(148,699)
Tax relating to movement in debit valuation adjustment on structured issuances	—	—	38,365	—	—	38,365
Total comprehensive income for the year	—	—	(109,133)	45,848	23,018	(40,267)
Transactions with owners in their capacity as owners:						
Share premium contribution	—	470,000	—	—	—	470,000
At 31 December 2023	—	590,437	(35,168)	198,365	70,067	823,701

The notes on pages 12 to 47 form part of these financial statements. For further details see note 19.

**STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital \$000	Share premium \$000	Other reserves \$000	Retained earnings \$000	Undistributed profits \$000	Total equity \$000
At 1 January 2022	—	120,437	(40,534)	134,254	18,097	232,254
Transfer to retained earnings	—	—	(166)	18,263	(18,097)	—
Profit for the year	—	—	—	—	47,049	47,049
Other comprehensive income						
Movement in debit valuation adjustment on structured issuances	—	—	154,535	—	—	154,535
Tax relating to movement in debit valuation adjustment on structured issuances	—	—	(39,870)	—	—	(39,870)
Total comprehensive income for the year	—	—	114,499	18,263	28,952	161,714
At 31 December 2022	—	120,437	73,965	152,517	47,049	393,968

The notes on pages 12 to 47 form part of these financial statements. For further details see note 19.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Profit before tax		94,503	63,672
Adjustments for:			
Non - cash items			
Net interest income		(518,727)	(119,504)
Interest expense accrued on tax payments		952	—
<i>Adjustments for:</i>			
Income tax paid	16	(1,782)	(1,454)
Changes in operating assets			
Increase in debt instruments at amortised cost	13	(3,911,701)	(2,960,322)
Decrease/(increase) in amounts owed from affiliated companies	13	25,524	(327,212)
Increase in other receivables	13	(33,997)	—
Increase in trading assets	15	(252,839)	(450,716)
		(4,173,013)	(3,738,250)
Changes in operating liabilities			
Increase in financial liabilities designated as FV through profit or loss	17	4,938,791	2,257,322
(Decrease)/increase in creditors	18	(538,261)	603,911
(Decrease)/increase in trading liabilities	15	(165,897)	933,136
		4,234,633	3,794,369
Net cash outflow from operating activities		(363,434)	(1,167)
Cash flows from financing activities			
Share premium contribution	19	470,000	—
Net cash inflow from financing activities		470,000	—
Net increase/(decrease) in cash and cash equivalents		106,566	(1,167)
Cash at bank and in hand at the beginning of the year	14	23,063	22,474
Bank overdrafts at the beginning of the year		(256)	—
Effects of exchange rate changes on cash and cash equivalents		845	1,500
Cash and cash equivalents at the end of the year		130,218	22,807
Cash at bank and in hand	14	130,223	23,063
Bank overdrafts		(5)	(256)
Cash and cash equivalents at the end of the year		130,218	22,807

As permitted by IAS 7 'Statement of Cash Flows', all cash flows from operating activities are now reported net by category under the indirect method. Prior year balances has been re-presented accordingly. This change has impacted 'Changes in operating assets' and 'Changes in operating liabilities'. The presentation for statement of cash flow has been enhanced in 2023, now there is a more transparent link between statement of cash flow and balance sheet disclosure notes. The prior year information has also been updated to ensure consistent presentation.

For further details see note 14 cash and cash equivalents. The notes on pages 12 to 47 form part of these financial statements.

OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Corporate information and basis of preparation

Merrill Lynch B.V. ("MLBV", or the "Company") is a private company with limited liability (Besloten Vennootschap met Beperkte Aansprakelijkheid) incorporated under the laws of The Netherlands on 12 November 2012 with registration number 56457103. The Company has its registered address at Amstelplein 1, Rembrandt Tower, 27 Floor, 1096HA, Amsterdam, The Netherlands.

The principal activities of the Company are the issuance of structured notes, certificates and warrants ("Structured issuances") and economically hedging these instruments through derivatives with affiliated companies. In addition, the Company grants intercompany loans to Merrill Lynch International ("MLI"), a BAC affiliate.

The Company is a subsidiary of Merrill Lynch International, LLC ("MLI LLC"), incorporated in the United States of America. The Company's ultimate parent company and controlling party is Bank of America Corporation ("BAC"), a company organised and existing under the laws of the State of Delaware in the US, which produces consolidated financial statements available for public use. The principal executive offices of BAC is as follows: Bank of America Corporate Center, 100 North Tryon Street, NC1-007-56-06, Charlotte, North Carolina 28255.

The directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, has been implemented in The Netherlands. In this regard the Company had to choose its Home Member State. The Company has chosen The Netherlands as Home Member State in connection with the Transparency Directive, The Netherlands being the country of incorporation of the Company.

As a consequence of this choice, the Company files its annual and semi-annual financial statements with the Autoriteit Financiële Markten ("AFM").

The Company makes use of the exemption to the requirement to establish its own Audit Committee based on Article 3a of the Royal Decree of 26 July 2008, implementing article 41 of the EU Directive 2006/43EG, as the Audit Committee of BAC that is compliant with the requirements will fulfil the role of the Company's Audit Committee. BAC operates an Audit Committee, which covers the BAC group, including the Company. Details of the charter, membership, duties, and responsibilities can be found on the BAC group website.

These financial statements are the separate financial statements of the Company, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the EU and the additional requirements of Title 9 Book 2 of the Netherlands Civil Code in accordance with article 362 section 8 and 9 of the Netherlands Civil Code, for entities which prepare their financial statements in accordance with IFRS as adopted by the EU.

The financial statements have been prepared on a historical cost basis, modified to include the measurement of certain financial assets and liabilities at fair value, to the extent required or permitted under IFRS. The Company does not maintain historical cost information on items held at fair value as this is not relevant to the operation of the business.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. 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 3 Critical accounting estimates and judgements.

The financial statements have been presented in US dollars which is also the functional currency of the Company and all values are rounded to the nearest thousands, except as otherwise indicated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Corporate information and basis of preparation (continued)

The directors have a reasonable expectation, based on current and anticipated future performance, that the Company will continue in operational existence and has sufficient resources to meet its liabilities as they fall due for a period of 12 months from the date of approval of the annual report and financial statements. The financial statements of the Company have, therefore, been prepared on a going concern basis. Disclosures in respect to liquidity risk and capital management are set out in note 22.

As part of the consideration of whether to adopt the going concern basis in preparing the financial statements, management have considered the maturity profile and contractual terms of the liabilities in respect of the structured note portfolio and consider there to be sufficient sources of short term funds available to the Company to meet the contractual maturity of the structured issuances in the context of the current environment detailed in the 'business review and market environment' section of the directors' report.

Management also evaluated the financial position of the counterparties of its debtors, mostly comprising loans to affiliated companies, and their ability to repay the notional and interest to the Company. The Company will continue to monitor its solvency and liquidity position.

Following the assessment, it is deemed appropriate by the directors that the Company continues to adopt the going concern basis for the preparation of the financial statements.

2. Accounting policies

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

2.1. New and amended standards adopted by the Company

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Apart from those noted below, their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 12, Income Taxes: International Tax Reform Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework, also known as the 'Pillar Two' rules. On 23 May 2023, the IASB published International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The standard introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately. The Company has adopted the mandatory temporary exception.

Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which the Company is incorporated, and will come into effect for reporting years starting on or after 31 December 2023. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure.

Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in the Netherlands and the 15% minimum rate.

For 2023, the average effective tax rate (calculated in accordance with para 86 of IAS 12) of the Company in the Netherlands is :

	2023
	\$000
Tax expense	24,436
Profit before tax	94,503
Average effective tax rate	<u><u>25.9 %</u></u>

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

The Company is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Assuming the average effective tax rate remains above 15%, the Company is not expected to be required to pay Pillar Two income taxes in relation to the Netherlands.

Foreign exchange ("FX") gains and loss

As allowed by IAS 1, the Company has changed its policy for reporting foreign exchange losses to present them in the same line as its foreign exchanges gains, as it believes this is a better presentation of the net activities. As part of the change, the Company reclassified losses of \$362,000 year-to-date and losses of \$402,000 for 2022 from Administrative Expenses to Other Income.

The foreign exchange losses for 2022 of \$402,000 have been restated. The restatement impacted the following notes:

Income Statement and notes to the Income Statement:

- Administrative Expenses decreased by \$402,000
- Other Income decreased by \$402,000

Segmental reporting:

- Total net operating revenues decreased by \$402,000

Standards issued but not yet effective

There are several new standards and amendments to standards published but not yet mandatory for the current reporting period. To the extent, which is known or reasonably estimable, none of these developments is expected to have a material impact on the Company's financial statements in the period of initial application.

2.2. Translation of foreign currencies

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.

2.3. 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. Management determines the classification of the Company's financial assets at initial recognition. In general, trading instruments (e.g. debt securities, derivatives) are recognised and derecognised on a trade date basis, whereas funding financial instruments (e.g. loans and deposits) are recognised and derecognised on a settlement date basis. The Company classifies its financial assets as measured at amortised cost or fair value through profit or loss ("FVPL").

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL and these are presented as debtors under balance sheet:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Company's cash and debtors that are not considered to be managed on a fair value basis, meet the requirements to be measured at amortised cost. The Company's trading assets are classified as measured at FVPL.

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing those financial assets.

2.4. 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. The Company classifies its financial liabilities in the following categories: amortised cost or FVPL.

Derivative liabilities held for trading or held for risk management purposes, are measured at FVPL. Structured instruments issued by the Company that do not meet the accounting definition of a derivative are classified as liabilities designated as at FVPL. Gains and losses are recognised through the income statement as they arise. All remaining financial liabilities are carried at amortised cost using the effective interest method.

Where the Company designates a financial liability as at FVPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in Other Comprehensive Income ("OCI") as a debit valuation adjustments reserve. However, if on initial recognition of the financial liability the Company assesses that presentation in OCI would create, or enlarge, an accounting mismatch, then the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss. Amounts presented in the debit valuation adjustments reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the reserve is transferred to retained earnings.

2.5. Derecognition of financial assets and liabilities

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 party. 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 cash proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the consideration received and any cumulative gain that had been recognised in OCI, is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

If the terms of a financial asset or financial liability are modified, the Company evaluates whether the new terms of the modified instrument are substantially different to the original terms. If the new terms are substantially different, then the original instrument is derecognised and a new instrument, based on the modified terms, is recognised at fair value. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

**OTHER INFORMATION
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2. Accounting policies (continued)

2.6. Offsetting financial instruments

Where the Company has the legal right to net settle and intends to do so (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, the balance included within the financial statements is the net balance due to or from the counterparty. Counterparties are assessed to identify if net settlement criteria are met. Where this is achieved, assets and liabilities facing the counterparty are offset (see note 15).

2.7. Segmental reporting

The Company's results are wholly derived from a single class of business, being the Global Markets segment. The directors review and analyse performance of the Company based on these activities. Segmental performance is analysed geographically as the Company operates globally under one management structure (see note 10 Segmental analysis).

2.8. Income and expense recognition

Amortised cost and effective interest rate

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is to say, the amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider expected credit losses. For financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate 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.

Calculation of interest income and expense

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

The effective interest rate is applied to the gross carrying amount of the financial asset (for non-credit impaired assets) or to the amortised cost of the liability.

For financial assets that have become credit-impaired subsequent to initial recognition, the effective interest rate is applied to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

**OTHER INFORMATION
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2. Accounting policies (continued)

Interest income and expense on all trading assets and liabilities, and other financial instruments measured at FVPL, are recognised using the contractual interest rate in net trading revenues and net gains and losses on other financial instruments at FVPL, respectively.

2.9. Other income

Other income includes service fee income from charges made to affiliated companies to reimburse the Company for expenditure incurred. Service fee income is recognised as the performance obligation is satisfied which is generally aligned with when the Company is entitled to the compensation, which may be on completion of an individual performance obligation. Service fee income is computed under arm's length principles in accordance with BAC's Global Transfer Pricing Policy.

Other income also includes foreign exchange gains and losses.

2.10. Current and deferred income tax

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

Current tax, including Dutch 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 reporting date.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised over the Company's planning horizon.

2.11. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term time deposits which are readily convertible to known amounts of cash.

2.12. Statement of cash flows

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

2.13. Dividend distribution

Dividend distributions to the Company's shareholder are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholder.

2.14. Impairment

The Company calculates a probability-weighted loss allowance for expected credit loss ("ECL") on its financial assets that are debt instruments that are not measured at FVPL. For instruments that have had no significant increase in credit risk since initial recognition ECL is calculated on a 12 month basis. In the event that significant financial difficulty or default of a counterparty indicates that an asset is credit-impaired, the

**OTHER INFORMATION
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2. Accounting policies (continued)

ECL allowance is assessed on a lifetime basis, taking into account ECL that result from all possible default events over the expected life of the financial instrument.

Debtor balances are written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU 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 an adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates*Valuation of financial instruments at fair value through profit and loss*

Fair value is defined under IFRS 13 - Fair Value Measurement, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's policy for valuation of financial instruments is included in notes 2.3 and 2.4. 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 rates, commodity prices or equity prices 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.

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

	2023	2022
	\$000	\$000
Change in fair value of derivative instruments	<u>(47,800)</u>	<u>(600,431)</u>

5. Net (loss)/gain on financial instruments designated at fair value through profit or loss

	2023	2022
	\$000	\$000
Change in fair value of structured issuances excluding debit valuation adjustment	<u>(375,284)</u>	<u>545,001</u>

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6. Other income

	2023	2022
	\$000	\$000
Service fee income from affiliated companies	1,629	880
Foreign exchange loss*	(363)	(402)
	<u>1,266</u>	<u>478</u>

* Other income include foreign exchange losses of \$363,000 (2022: \$402,000) which were previously presented in administrative expenses. Refer to note 2.1 New And Amended Standards Adopted By The Company for further details.

7. Administrative expenses

	2023	2022
	\$000	\$000
Service charge	48	35
Other operating expenses	2,358	845
	<u>2,406</u>	<u>880</u>

8. Interest income

	2023	2022
	\$000	\$000
Interest income	<u>542,593</u>	<u>124,100</u>

Interest income due from affiliated companies within debtors was \$541,584,000 (2022: \$123,868,000) and within cash and cash equivalents was \$1,009,000 (2022: \$232,000).

9. Interest expense

	2023	2022
	\$000	\$000
Interest expense	<u>23,866</u>	<u>4,596</u>

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FOR THE YEAR ENDED 31 DECEMBER 2023

10. Segmental analysis

The Company operates in three geographic regions, being Europe, Middle East and Africa ("EMEA"), the Americas ("AMRS") and Asia Pacific ("APAC"). The Company identifies its geographic performance based on the regional business unit structure. The methodology for allocating revenue to geographic regions is dependent on estimates and management judgement.

The table below presents the total net operating revenues ('profit before tax' less 'administrative expenses') of the Company by geographic region:

	2023	2022
	\$000	\$000
APAC	57,189	46,970
EMEA	31,716	15,766
AMRS	8,004	2,218
Total net operating revenues *	96,909	64,954

* Foreign exchange losses of \$363,000 (2022: \$402,000) reported within other operating revenues. Refer to note 2.1 New And Amended Standards Adopted By The Company for further details.

11. Auditors' remuneration

The Company accrued the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	Mazars	Other Mazars Network	Total Mazars	Mazars	Other Mazars Network	Total Mazars
	2023	2023	2023	2022	2022	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Statutory audit of financial statements	89	—	89	94	—	94
Other audit services	—	—	—	9	—	9
Tax advisory services	—	—	—	—	—	—
Other non-audit services	—	—	—	—	—	—
	89	0	89	103	—	103

The amounts presented comprise all audit costs charged by or accrued for the year.

The accrued audit fees relates to the statutory audit of the Company's financial statements and other audit services relate to comfort letters for the issuance of structured issuances. Payment of the 2022 fees was made by an affiliated entity and recharged to the Company.

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Income tax expense

	2023	2022
	\$000	\$000
Current tax		
Current tax on profit for the year	24,367	3,878
Adjustment in respect of prior years	14,134	(1,320)
Total current tax	38,501	2,558
Deferred tax		
Origination and reversal of temporary differences	(14,065)	14,065
Total deferred tax	(14,065)	14,065
Total tax expense	24,436	16,623

Factors affecting tax expense 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:

	2023	2023	2022	2022
	\$000	percent	\$000	percent
Profit before tax	94,503	100.0 %	63,672	100.0 %
Tax calculated at standard rate of corporation tax (taxable income <€200,000 at 19% and >€200,000 at 25.8%) (2022: < €395,000 at 15% and >€395,000 at 25.8%)	24,367	25.8 %	16,382	25.7 %
Adjustments in respect of prior periods	69	0.1 %	(1,320)	(2.1)%
Return on excess equity	—	— %	1,560	2.5 %
Total tax expense	24,436	25.9 %	16,623	26.1 %

The Company's effective tax rate for the year is 25.9% (2022: 26.1%).

During 2023, the lower tier tax rate bracket reduced to EUR 200,000. This has an impact on the Company's tax expense. Furthermore, any deferred tax balances (note 16) have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

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13. Debtors

	2023	2022
	\$000	\$000
Non-current assets		
Financial assets at amortised cost	<u>8,812,781</u>	<u>5,427,130</u>
Current assets		
Financial assets at amortised cost	1,798,066	757,611
Amounts owed from affiliated companies	616,371	613,708
Other receivables	33,997	—
	<u>2,448,434</u>	<u>1,371,319</u>

Debt instruments at amortised cost mainly consist of funds raised through the structured issuances and are carried at amortised cost. The balances are largely denominated in USD and EUR, not past due and are not considered to be credit-impaired.

Debt instruments at amortised cost are unsecured and placed with MLI (refer to note 21 for credit ratings). The fair value of debt instruments at amortised cost are valued at \$10,693,173,000 (2022:\$6,130,981,000). The amounts owed from affiliated companies are extended on a short term basis.

14. Cash and cash equivalents

	2023	2022
	\$000	\$000
Cash at bank and in hand	104,783	3,274
Short term time deposit	25,440	19,789
	<u>130,223</u>	<u>23,063</u>

The short term time deposits are held with Bank of America, National Association, ("BANA"), and are interest bearing at 4.95% average rate (2022: 1.18% average rate) maturing on 30 January 2024. The credit rating is A-1 (Standard and Poor's ("S&P")) (2022: A-1 (S&P)).

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15. Trading assets and trading liabilities

	2023	2022
	\$000	\$000
Non-current assets		
Derivative assets	<u>502,149</u>	<u>472,317</u>
Current assets		
Derivative assets	131,438	144,753
Corporate debt	<u>236,322</u>	<u>—</u>
	367,760	144,753
Total trading assets	<u>869,909</u>	<u>617,070</u>
Non-current liabilities		
Derivative liabilities	<u>961,790</u>	<u>1,047,997</u>
Current liabilities		
Derivative liabilities	<u>34,302</u>	<u>113,992</u>
Total trading liabilities	<u>996,092</u>	<u>1,161,989</u>

The Company issues warrants and related financial instruments and hedges market risks associated with these warrants and related financial instruments through fully funded over-the-counter ("OTC") derivative contracts with MLI. These fully funded OTC derivative contracts that do not meet the definition of a derivative are presented as corporate debt and are measured at FVPL.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position ("SOFP") where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention and ability to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2023 and 31 December 2022. The column 'net amount' shows the impact on the Company's SOFP if all set-off rights were exercised.

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15. Trading assets and trading liabilities (continued)**As at 31 December 2023**

	Gross amounts recognised \$000	Gross amounts offset in the SOFP \$000	Net amounts presented in the SOFP \$000	Financial instruments \$000	Cash collateral \$000	Net amount \$000
Assets						
Derivative assets	633,587	—	633,587	(616,864)	—	16,723
Corporate debt	236,322	—	236,322	—	(233,936)	2,386
Liabilities						
Derivative liabilities	996,092	—	996,092	(616,864)	(354,563)	24,665

As at 31 December 2022

	Gross amounts recognised \$000	Gross amounts offset in the SOFP \$000	Net amounts presented in the SOFP \$000	Financial instruments \$000	Cash collateral \$000	Net amount \$000
Assets						
Derivative assets	620,053	(2,983)	617,070	(569,092)	(19,850)	28,128
Liabilities						
Derivative liabilities	1,164,972	(2,983)	1,161,989	(569,092)	(576,056)	16,841

Trading assets and liabilities consist of total return swaps and cross currency swaps that are mainly transacted with MLI, BofA Securities Europe SA ("BofASE") and BANA and are predominantly denominated in USD, EUR, JPY and GBP.

The Company does not intend to net settle all swap positions despite having legally enforceable master netting agreements in place. Only where the total return swaps and cross currency swaps relate to a single structured note, the Company net settles those swaps upon maturity or buyback of the note and as a result an offsetting adjustment has been applied to those positions. Cash collateral relates to collateral received and pledged under legally enforceable master netting agreements.

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16. Deferred tax and income tax payable

In the reporting period and the comparative period, the recognised deferred tax liabilities and assets were recorded and are split as follows:

	1 January 2023 \$000	Recognised in profit or loss \$000	Recognised in OCI \$000	31 December 2023 \$000
Debit valuation adjustment	(24,507)	—	38,364	13,857
Mark to market valuation	(33,281)	14,065	—	(19,216)
Total deferred tax liability	(57,788)	14,065	38,364	(5,359)

	1 January 2022 \$000	Recognised in profit or loss \$000	Recognised in OCI \$000	31 December 2022 \$000
Debit valuation adjustment	15,363	—	(39,870)	(24,507)
Mark to market valuation	(19,216)	(14,065)	—	(33,281)
Total deferred tax liability	(3,853)	(14,065)	(39,870)	(57,788)

Income tax payable	2023 \$000	2022 \$000
Income tax (payable)/receivable at 1 January 2023	(1,206)	1,398
Charged to the income statement	(39,451)	(2,558)
Impact of foreign exchange rates	(845)	(1,500)
Income tax paid	1,782	1,454
Income tax payable at 31 December 2023	(39,720)	(1,206)

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

The below table presents the aggregated amounts of the Company's financial liabilities designated at FVPL, categorised by maturity dates:

Structured issuances

	2023	2023	2022	2022
	Notional	Fair value	Notional	Fair value
	\$000	\$000	\$000	\$000
Non-current liabilities				
Between one year and five years	2,470,408	2,436,526	1,037,991	1,102,933
Between five years and ten years	3,509,763	3,298,315	2,069,760	1,821,321
More than 10 years	3,112,437	2,756,328	2,236,528	1,811,787
Credit spread adjustment	—	52,833	—	(95,827)
	<u>9,092,608</u>	<u>8,544,002</u>	<u>5,344,279</u>	<u>4,640,214</u>
Current liabilities				
Less than 1 year	2,080,198	1,743,937	578,396	558,632
Credit spread adjustment	—	(1,547)	—	56
	<u>2,080,198</u>	<u>1,742,390</u>	<u>578,396</u>	<u>558,688</u>
Total	<u><u>11,172,806</u></u>	<u><u>10,286,392</u></u>	<u><u>5,922,675</u></u>	<u><u>5,198,902</u></u>

Of the credit spread adjustment under non-current liabilities of \$52,833,000, \$12,736,000 (2022: \$2,339,000) is categorised as between one and five years, and \$30,741,000 (2022: \$23,007,000) is categorised as between five and ten years and \$9,356,000 (2022: \$75,159,000) is categorised as more than ten years.

The credit spread adjustment under current liabilities is all categorised as less than one year.

The Company's issuances (including notes, certificates, and warrants) may include repayment options (including an auto call option and/or a holder put option), which would legally obligate the Company to redeem the issuance prior to the contractual maturity date. MLBV issuance may also include an issuer call option, giving the Company the right to redeem the issuance prior to the contractual maturity date.

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

The credit spread adjustment represents a debit valuation adjustment which is linked to BAC credit spreads. The fair value of the structured issuances is determined by using valuation techniques based on valuation models, for more information refer to note 23.

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

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

	2023	2023	2022	2022
	Notional	Fair value	Notional	Fair value
	\$000	\$000	\$000	\$000
Structured issuances				
USD	4,643,741	4,330,722	2,203,191	1,848,318
EUR	2,377,086	2,374,617	1,111,999	1,027,111
JPY	1,714,335	1,545,298	1,612,913	1,419,275
CNY	942,279	940,482	448,305	446,519
GBP	791,347	379,450	197,083	250,700
AUD	316,935	295,985	162,960	140,220
CHF	153,969	154,275	40,617	39,667
HKD	121,613	121,267	74,770	71,517
KRW	68,154	51,078	39,541	21,072
ZAR	27,343	26,824	29,377	28,370
PHP	9,030	8,628	—	—
ILS	5,968	5,470	—	—
SEK	1,006	1,010	1,919	1,904
Credit spread adjustment	—	51,286	—	(95,771)
	<u>11,172,806</u>	<u>10,286,392</u>	<u>5,922,675</u>	<u>5,198,902</u>

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18. Creditors

	2023	2022
	\$000	\$000
Cash collateral payable to affiliated companies	—	19,850
Amounts owed to affiliated companies	109,486	596,250
Other payables	592	8,373
	<u>110,078</u>	<u>624,473</u>

Cash collateral received under legally enforceable master netting agreements are denominated in USD and are payable on demand. Due to the short term nature of these balances there is no material difference between the fair value and the carrying value.

19. Issued capital and reserves

	2023	2022
	\$000	\$000
Share capital	—	—
Other reserves	(35,168)	73,965
Share premium	590,437	120,437
	<u>555,269</u>	<u>194,402</u>

Issued share capital in 2023 comprises 12,998 ordinary shares of equal voting rights at \$0.01 each (2022: 12,998 ordinary shares at \$0.01 each).

Other reserves include adjustments of \$3,651,000 (2022: \$3,651,000) related to the merger with Bank of America Issuance B.V. during 2015 and \$(38,819,000) (2022: \$75,088,000) which relates to DVA after tax.

In 2023, the Company's immediate parent MLI LLC made an additional share premium contribution of \$470,000,000.

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20. Financial instruments by category

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

Summary of financial instruments at 31 December 2023

	Amortised cost \$000	Financial instruments mandatorily at fair value through profit or loss \$000	
Assets			
Debtors	11,261,215	—	
Trading assets	—	869,909	
Cash and cash equivalents	130,223	—	
	<u>11,391,438</u>	<u>869,909</u>	
	Amortised cost \$000	Financial instruments mandatorily at fair value through profit or loss \$000	Financial instruments designated at fair value through profit or loss \$000
Liabilities			
Financial liabilities designated at fair value through profit or loss	—	—	10,286,392
Trading liabilities	—	996,092	—
Creditors	110,078	—	—
Bank Overdraft	5	—	—
	<u>110,083</u>	<u>996,092</u>	<u>10,286,392</u>

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20. Financial instruments by category (continued)

Summary of financial instruments at 31 December 2022

	Amortised cost \$000	Financial instruments mandatorily at fair value through profit or loss \$000
Assets		
Debtors	6,798,449	—
Trading assets	—	617,070
Cash and cash equivalents	23,063	—
	<u>6,821,512</u>	<u>617,070</u>

	Amortised cost \$000	Financial instruments mandatorily at fair value through profit or loss \$000	Financial instruments designated at fair value through profit or loss \$000
Liabilities			
Financial liabilities designated at fair value through profit or loss	—	—	5,198,902
Trading liabilities	—	1,161,989	—
Creditors	624,473	—	—
Bank Overdraft	256	—	—
	<u>624,729</u>	<u>1,161,989</u>	<u>5,198,902</u>

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21. Related party transactions

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

The following parties are considered related parties:

Debt instruments at amortised cost:

	Interest income	Debt instruments at amortised cost	Interest income	Debt instruments at amortised cost
	2023	2023	2022	2022
	\$000	\$000	\$000	\$000
Merrill Lynch International	514,406	10,610,847	115,393	6,184,741
Bank of America Corporation	—	—	47	—
	<u>514,406</u>	<u>10,610,847</u>	<u>115,440</u>	<u>6,184,741</u>

Amounts owed from affiliated companies

	Interest income	Amounts owed from affiliated companies	Interest income	Amounts owed from affiliated companies
	2023	2023	2022	2022
	\$000	\$000	\$000	\$000
Merrill Lynch International	18,753	464,209	6,259	480,443
BofA Securities Europe SA	6,215	138,039	1,937	133,265
Bank of America, National Association	2,210	14,062	—	—
Merrill Lynch International, LLC	—	61	—	—
Bank of America Corporation	—	—	232	—
	<u>27,178</u>	<u>616,371</u>	<u>8,428</u>	<u>613,708</u>

Debt instruments at amortised cost and amounts owed from affiliated companies are set out in note 13 Debtors.

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21. Related party transactions (continued)

Amounts owed to affiliated companies

	Interest expense	Amounts owed to affiliated companies	Interest expense	Amounts owed to affiliated companies
	2023	2023	2022	2022
	\$000	\$000	\$000	\$000
Merrill Lynch International	23,045	104,000	4,338	590,418
Bank of America Corporation	—	5,456	—	5,458
Bank of America Europe Designated Activity Company	625	4	—	—
Bank of America, National Association	196	26	254	20,095
Merrill Lynch Capital Services, Inc.	—	—	4	129
	<u>23,866</u>	<u>109,486</u>	<u>4,596</u>	<u>616,100</u>

Included in the table above are balances in relation to cash collateral payable to affiliated companies under legally enforceable master netting agreements of nil (2022: \$19,850,000). These are denominated in USD and are repayable on demand. See note 18 Creditors for further information.

The carrying value of the Company's financial assets that were pledged as collateral to affiliated companies totalled \$120,629,000 (2022: \$576,056,000).

The short term time deposits are held with Bank of America, N.A., and are interest bearing at 4.95% average rate (2022: 1.18% average rate) maturing on 30 January 2024 amounts to \$25,440,000 (2022: \$19,789,000). Interest income of \$1,009,000 (2022: \$232,000) was earned on these deposits.

The Company has net trading liabilities transacted with affiliated companies, which as at 31 December 2023 amounted to \$126,183,000 (2022: net trading liabilities \$544,919,000). See note 15 Trading assets and liabilities for further information.

The Company received service fee income from MLI for the year ended 31 December 2023 amounting to \$1,629,000 (2022: \$880,000).

MLI LLC, the Company's immediate parent, is the holder of all 12,998 (2022: 12,998) ordinary shares (\$129.98) (2022: \$129.98). BAC, as the ultimate controlling party, has the power to govern the Company.

There are no employees in the Company for the year ended 31 December 2023 (2022: none).

Included in the administrative expenses are Directors' fees and remuneration of \$137,980 (2022: \$122,749) relating to three (2022: three) directors. Disbursements for travel and other expenses incurred in relation to matters concerning the Company are charged to the Company separately. Also included in the administrative expenses are fees in relation to one director (2022: one) of \$24,777 (2022: \$16,994), invoiced by a service management company.

The Company entered into a cost sharing agreement with Investments 2234 Overseas Holdings B.V., an affiliated company with which costs relating to one of the directors' are shared, through their mutual ultimate parent company, BAC, which is based in Bank of America Corporate Center, 100 North Tryon Street, NC1-007-56-06, Charlotte, North Carolina 28255.

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22. Financial 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 the Company). The Risk Framework applies to all BAC employees. It provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Company.

The risk management approach has five components:

- Culture of managing risk well;
- Risk appetite
- Risk management process;
- 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 strategic, credit, market, liquidity, operational, compliance and reputational risks.

Set out below is a summary of the Company's approach to each of the risk types. Climate related risks are integrated into the risk management framework through their potential impact to the seven 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.

Trading positions within the entity that are used for hedging purposes 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, equities, commodities 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.

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.

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22. Financial risk management (continued)

The table below presents VaR analysis independently for each risk category at 31 December 2023 and 31 December 2022. Additionally, high and low VaR is presented independently for each risk category and overall.

	Year ended 2023 \$000	High 2023 ₀ \$000	Daily average 2023 ₀ \$000	Low 2023 \$000
99% Daily VaR				
Total	8,623	11,880	8,008	6,730
Interest rate risk	8,492	9,590	7,857	6,423
Currency risk	894	9,894	1,052	475
Equity price risk	2,564	4,709	3,124	2,238
Credit risk	1,068	7,205	1,057	164
Commodity price risk	56	1,843	36	5

	Year ended 2022 \$000	High 2022 ₀ \$000	Daily average 2022 ₀ \$000	Low 2022 \$000
99% Daily VaR				
Total	7,235	13,397	6,081	3,490
Interest rate risk	8,203	8,576	6,228	3,650
Currency risk	664	9,412	2,321	316
Equity price risk	3,204	3,727	1,492	6
Credit spread risk	386	5,185	1,714	385
Commodity price risk	15	11,455	79	3

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22. Financial risk management (continued)**Credit Risk**

The Company defines credit risk as the loss arising from the inability or failure of a borrower or counterparty to meet its obligations.

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

- Credit origination
- Portfolio management
- Loss mitigation activities

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

BAC has established policies and procedures for mitigating credit risk on principal transactions, including establishing and reviewing limits for credit exposure, maintaining collateral, purchasing credit protection and continually assessing the creditworthiness of counterparties. These limits were not exceeded during the year ended 31 December 2023.

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

Additionally, the Company grants intercompany loans with affiliates. None of the loans to affiliate companies is past due or is considered to be credit-impaired such that the resulting ECL is not significant to the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting year, 31 December 2023.

The Company is exposed to a concentration of credit risk related to debt instruments at amortised cost totaling \$11,261,215,000 (2022: \$6,184,741,000), all with affiliated companies, please refer to note 13. At the end of the reporting year, the credit rating for outstanding long term debt of the affiliated companies is A+ /A-1 (S&P) for MLI (2022: A- /A-2 (S&P) for BAC and A+ /A-1 (S&P) for MLI).

The outlook for the global environment remains highly uncertain due to escalating geopolitical tensions on a global scale during 2023 and global trade dynamics remain impacted by the impact of the pandemic shock. These elevated levels of uncertainty are compounded by ongoing supply chain volatility, a rising interest rate environment and rising inflation with slowing global demand contributing to the potential for a deep recession. Climate and Environmental risk also remains a key focus area. The Company continues to actively identify, measure and report risks and monitor the recoverability of its financial assets and whilst ensuring any loss allowance reflects management's best estimate of potential losses on a timely basis.

Derivatives trading

The Company typically enters into ISDA master agreements or their equivalent ("master netting agreements") with its derivative counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes.

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22. Financial risk management (continued)

In addition, to reduce the risk of loss, the Company may require collateral that is permitted by documentation such as repurchase agreements or Credit Support Annex to an ISDA. From an economic standpoint, the Company evaluates risk exposures net of related collateral that meets specified standards. The Company also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable it to terminate or reset the terms of the derivative contracts under certain defined conditions.

Compliance and operational risk ("C&OR Risk")

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Company arising from the failure of the Company to comply with the requirements of applicable laws, rules and regulations and internal policies and procedures. Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events.

BAC has compliance and operational risk management programmes ("C&OR Programmes") in place to identify, mitigate and manage the C&OR Risk for the group, which includes relevant activities of the Company. The C&OR Programmes include policies and standards among others in relation to Anti-Bribery and Anti-corruption, fraud, global financial crimes etc.

The Company's directors are confident that the C&OR Risk of the Company is thus appropriately managed.

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.

The approach to managing the Company's liquidity risk has been established by the MLBV Board, and is imbedded in BAC processes, based on the Company's business mix, strategy, activity profile, and regulatory requirements.

The tables below represent the undiscounted cash flows of the Company's financial liabilities as at 31 December 2023 and 31 December 2022, with the exception of those designated at fair value and derivatives.

The fair values of financial liabilities designated at fair value through profit or loss and derivatives have been disclosed as this is consistent with the values used along with notional as case may be in the market, liquidity and capital risk management of these instruments.

The Company's issuances (including notes, certificates, and warrants) may include repayment options (including an auto call option and/or a holder put option), which would legally obligate the Company to redeem the issuance prior to the contractual maturity date. MLBV issuance may also include an issuer call option, giving the Company the right to redeem the issuance prior to the contractual maturity date. Additionally, affiliate dealer entities may have executed liquidity letters, each with a specific holder and referencing specific MLBV issuance, and specifying the conditions under which the affiliate dealer may or may not be obligated to make a secondary market and repurchase the referenced MLBV issuance from that client. In the event of such dealer repurchases, MLBV is not obligated to purchase (defease) such inventory from the dealer, but may elect to do so.

In each case, the Company actively manages its liquidity by unwinding asset positions to ensure appropriately balanced cash flows.

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22. Financial risk management (continued)

	Less than 3 months \$000	Between 3 months and 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total \$000
As at 31 December 2023						
Financial liabilities designated at fair value through profit or loss	470,149	1,272,241	470,915	1,978,346	6,094,741	10,286,392
Trading liabilities	13,206	21,096	16,285	47,832	897,673	996,092
Creditors	110,078	—	—	—	—	110,078
Bank overdraft	5	—	—	—	—	5
	<u>593,438</u>	<u>1,293,337</u>	<u>487,200</u>	<u>2,026,178</u>	<u>6,992,414</u>	<u>11,392,567</u>
	Less than 3 months \$000	Between 3 months and 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total \$000
As at 31 December 2022						
Financial liabilities designated at fair value through profit or loss	127,648	431,040	410,677	694,595	3,534,942	5,198,902
Trading liabilities	62,441	48,568	24,113	26,658	1,000,209	1,161,989
Creditors	624,473	—	—	—	—	624,473
Bank overdraft	256	—	—	—	—	256
	<u>814,818</u>	<u>479,608</u>	<u>434,790</u>	<u>721,253</u>	<u>4,535,151</u>	<u>6,985,620</u>

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22. Financial risk management (continued)

Reputational risk

Reputational risk is the risk that negative perceptions of BAC may adversely impact its profitability or operations.

Reputational risk can stem from many of BAC's activities, including those related to the management of the strategic, operational, compliance, credit, or other risks. As a result, BAC evaluates the potential impact to its reputation within all risk categories and throughout the risk management process.

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.

Reputational risk items relating to MLBV are considered as part of the EMEA Reputational Risk Committee (the "Reputational Risk Committee"), whose mandate includes consideration of Reputational Risk issues (including matters related to Environmental and Social factors) and provision of 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.

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 to define its associated Risk appetite. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

Through the Reputational Risk Committee, BAC has an appropriate organisational and governance structure in place to ensure strong oversight at the entity business level.

The Reputational Risk Committee is a sub-committee of the Global Reputational Risk Committee and is applicable to all key legal operating entities in the region. Items requiring increased attention may be escalated from the Reputational Risk Committee to the Global Reputational Risk Committee as appropriate.

Reporting of reputational risk issues is captured as part of management routines for the Reputational Risk Committee. Items presented to the EMEA Reputational Risk Committee are maintained through a reporting protocol, which includes description of the reputational risk issue, geographical jurisdiction, reason for escalation and decision reached.

Strategic risk

Strategic risk is the risk to current or projected financial condition arising from incorrect assumptions about external 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 MLBV operates (e.g. competitor actions, changing customer preferences, product obsolescence and technology developments).

Strategic risk is managed through the assessment of effective delivery of strategy. Business performance is monitored by the executive management team to assess strategic risk and find early warning signals so that risks can be proactively managed.

MLBV strategy execution and risk management involves a formal planning and approval process. The MLBV strategic plans are set within the context of overall risk appetite. Processes 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 required. There are regular updates to the Board on business performance and the management of strategic risk takes into account analyses of performance relative to the strategic plan, financial operating plan and risk appetite.

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22. Financial risk management (continued)

Capital risk management

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

	2023	2022
	\$000	\$000
Capitalisation ratio:		
Equity	823,701	393,968
Issued debt	10,286,392	5,198,902
Capitalisation ratio	<u>8%</u>	<u>8%</u>

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23. Fair value measurement

In accordance with IFRS 13 – Fair Value Measurement, financial instruments carried at fair value have been categorised into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique. 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 instruments are considered Level 1 when their valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company makes use of the portfolio exception and manages certain portfolios of financial instruments (e.g. OTC derivatives and certain structured liabilities) on the basis of net open risk exposure and has elected to estimate the fair value of such portfolios based on the net open risk exposure at the measurement date. Where this is the case, valuation adjustments (e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure) may be necessary to reflect the cost of exiting a larger-than-normal market-size net open risk position. During 2023, there were no significant changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Company's financial position or results of operations.

Financial liabilities designated at FVPL

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

Derivative assets and liabilities

The fair values of derivative assets and liabilities traded in the over the counter ("OTC") market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices, and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. When third party pricing services are used, the methods and assumptions are reviewed by the Company. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair value of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors, where appropriate.

The table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2023 and 31 December 2022:

As at 31 December 2023

	Level 2	Level 3	Total
	\$000	\$000	\$000
Assets			
Trading assets	<u>828,699</u>	<u>41,210</u>	<u>869,909</u>

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23. Fair value measurement (continued)

	Level 2 \$000	Level 3 \$000	Total \$000
Liabilities			
Financial liabilities designated at fair value through profit and loss	10,286,392	—	10,286,392
Trading liabilities	674,762	321,330	996,092
	<u>10,961,154</u>	<u>321,330</u>	<u>11,282,484</u>

As at 31 December 2022

	Level 2 \$000	Level 3 \$000	Total \$000
Assets			
Trading assets	596,150	20,920	617,070
Liabilities			
Financial liabilities designated at fair value through profit and loss	5,198,902	—	5,198,902
Trading liabilities	807,974	354,015	1,161,989
	<u>6,006,876</u>	<u>354,015</u>	<u>6,360,891</u>

Fair values of level 3 assets and liabilities

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement, are classified as Level 3 under the fair value hierarchy. The Level 3 financial instruments include derivatives and valuation inputs for which there are few transactions, and there is little or no observable market data to corroborate inputs to valuation models.

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the valuation control policies applicable across the BAC group.

By definition unobservable inputs relate to mark-to-model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. Classification on Level 3 is essentially 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 unobservable 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.

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23. Fair value measurement (continued)

- 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.

The table below presents a reconciliation for all Level 3 financial instruments measured at fair value. Level 3 assets were \$41,210,000 as at 31 December 2023 (2022: \$20,920,000), and represent approximately 4.74% of assets measured at fair value and approximately 0.34% of total assets. Level 3 liabilities were \$321,330,000 as at 31 December 2023 (2022: \$354,015,000), and represent approximately 2.85% of liabilities measured at fair value and 2.63% of total liabilities.

	Derivative assets \$000	Derivative liabilities \$000
Balance at 1 January 2023	20,920	(354,015)
Gains recognised in the statement of profit or loss and other comprehensive income	1,219	24,847
Settlements	(2,263)	30,469
Sales	—	(48,886)
Purchases	11,243	—
Transfers in	27,707	(7,538)
Transfers out	(17,616)	33,793
Balance at 31 December 2023	<u>41,210</u>	<u>(321,330)</u>
Unrealised profit for level 3	<u>2,502</u>	<u>22,503</u>

Unrealised profits or losses from positions still held at period end and is included within net loss on financial instruments at fair value through profit or loss or net (loss)/gain on financial instruments designated at fair value through profit or loss.

Realised profits or losses throughout the year are included within net loss on financial instruments at fair value through profit or loss or net (loss)/gain on financial instruments designated at fair value through profit or loss.

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23. Fair value measurement (continued)

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

	Derivative assets \$000	Derivative liabilities \$000
Balance at 1 January 2022	2,327	(54,900)
Gains/(losses) recognised in the statement of profit or loss and other comprehensive income	13,319	(266,940)
Settlements	—	(25,906)
Purchases	5,386	—
Transfers in	154	(15,768)
Transfers out	(266)	9,499
	<u>20,920</u>	<u>(354,015)</u>
Balance at 31 December 2022		
Unrealised (losses) for level 3	<u>12,227</u>	<u>(266,939)</u>

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 the diversity in the types of products included in each firm's inventory.

The Company uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example, market comparables and discounted cash flows are used together. Therefore, the balances disclosed encompass both of these techniques.

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23. Fair value measurement (continued)

As at 31 December 2023	Valuation technique	Significant unobservable inputs	Ranges of input	Weighted average	Fair Value \$000
Trading assets and liabilities					
Credit derivatives	Discounted cash flow, stochastic recovery correlation model	Credit spreads Prepayment speed Default rate Credit correlation Price	2 to 79 15% CPR 2% CDR 22% to 62% \$0 to \$94	59 bps n/a n/a 58% \$87	(13,032)
Interest rate derivatives	Industry standard derivative pricing	Correlation (IR/IR) Correlation (FX/IR) Long-dated inflation rates Long-dated inflation volatilities Interest rate volatilities	(35)% to 89% (25)% to 58% (1)% to 11% 0% to 5% 0% to 2%	65% 35% 0% 2% 1%	(266,638)
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	0% to 99% 4% to 102%	67% 34%	(451)

As at 31 December 2022	Valuation technique	Significant unobservable inputs	Ranges of input	Weighted average	Fair Value \$000
Trading assets and liabilities					
Credit derivatives	Discounted cash flow, stochastic recovery correlation model	Credit spreads Upfront points Prepayment speed Default rate Credit correlation Price	3 to 63 0 to 100 points 15% CPR 2% CDR 18% to 53% \$0 to \$151	22 bps 83 points n/a n/a 44% \$63	(13,175)
Interest rate derivatives	Industry standard derivative pricing	Correlation (IR/IR) Correlation (FX/IR) Long-dated inflation rates Long-dated inflation volatilities Interest rate volatilities	(35)% to 89% 11% to 58% 0% to 39% 0% to 5% 0% to 2%	67% 43% 1% 2% 1%	(314,385)
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	0% to 100% 4% to 101%	73% 44%	(5,535)

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23. Fair value measurement (continued)**Derivative assets and liabilities**

For equity derivatives, commodity derivatives, interest rate derivatives and structured liabilities, 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 commodities, 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 Company is long or short the exposure. For structured liabilities, a significant increase in yield or decrease in price would result in a significantly lower fair value. A significant decrease in duration may result in a significantly higher fair value.

Sensitivity analysis of unobservable input

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the Company's valuation control policies. Were the Company to have valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives, then at the period end, it could have increased fair value by as much as \$23,311,000 (2022: \$23,467,000) or decreased fair value by as much as \$23,722,000 (2022: \$20,138,000) with the potential effect impacting profit and loss rather than reserves.

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

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.

The fair value of amounts owed by affiliated companies is determined by reference to quoted market prices of similar instruments. Debt instruments at amortised cost are classified as level 2 and are valued at \$10,693,173,000 (2022: \$6,130,981,000).

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

24. Interest rate benchmark reform

Immediately after 30 June 2023, the remaining U.S. dollar London Interbank Offered Rate ("LIBOR") settings (i.e., overnight, one-month, three-month, six-month and twelve-month) ceased or became non-representative (LIBOR Cessation), although the Financial Conduct Authority ("FCA") is requiring LIBOR's administrator, ICE Benchmark Administration Limited, to continue publication of the one-month, three-month and six-month USD LIBOR settings on a "synthetic" basis (calculated using the relevant CME Term Secured Overnight Financing Rate ("SOFR") Reference Rate plus the respective International Swaps and Derivatives Association fixed spread adjustment) for use in legacy contracts, which the FCA intends to continue to publish until 30 September 2024. Additionally, certain central counterparties completed processes to convert outstanding USD LIBOR-cleared derivatives to alternative reference rates ("ARR"s).

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

24. Interest rate benchmark reform (continued)

The following table summarises significant exposures impacted by interest rate benchmark reform as at 31 December 2023 and 31 December 2022:

	2023	2022
	USD LIBOR	USD LIBOR
	\$000	\$000
Non-derivative financial liabilities	—	40,000
Derivatives	—	4,708,177
	<u>—</u>	<u>4,708,177</u>

The indicative exposures in the table above are reported using the notional contract amount and where derivatives have both pay and receive legs with exposure to benchmark reform such as cross currency swaps, the notional contract amount is disclosed for both legs. All of the Company's IBOR-based products has completed the transition process for all its products and contracts referencing USD LIBOR to ARRs.

25. Events after the reporting period

The directors are of the opinion that there were no material subsequent events that occurred since the year end that would require disclosure or recognition in the financials statements as of 31 December 2023.

26. Profit appropriation

Based on the net result over the period ended 31 December 2023, the Board of Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2023.

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

OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

The financial statements were approved by the Board and authorised for issue on 25 April 2024.
They were signed on its behalf by:

L.J.M. Duijsens
Director



A.E. Okobia
Director



L.R. Whitley
Director



Amsterdam
25 April 2024

**OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

Independent auditor's report

The independent auditor's report is included on the following page.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To: the general meeting of Merrill Lynch B.V.

Report on the audit of the financial statements 2023 included in the annual Report

Our opinion

We have audited the financial statements 2023 of Merrill Lynch B.V. In our opinion the accompanying financial statements give a true and fair view of the financial position of Merrill Lynch B.V. as at 31 December 2023, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The Statement of Financial position as at 31 December 2023;
2. the following statements for 2023: the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows; and
3. the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the performance materiality for the financial statements as a whole at USD 122.2 million. The materiality is based on 1.0% of total assets. We use total assets given the company's main activity is issuing notes for the purpose of intra-group lending. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the management that misstatements in excess of USD 3.7 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Cooperation with other auditors

The Company's main activity is the issuance of structured notes and economically hedging these instruments through derivatives with Bank of America Corporation group companies. The operations of the Company are embedded in the IT environment and process controls of the Bank of America Corporation Group. In this context, we used the work performed by the auditors of Bank of America Corporation Group companies for all main parts of our audit. To the extent we cooperated with other auditors within Bank of America Corporation Group, we have planned audit procedures to ensure sufficient involvement in the nature, timing and extent of the work performed by them. These procedures include issuing instructions, reviewing reports prepared by them and reviewing their audit files.

Audit response to the risks of fraud

As part of our audit, we have obtained an understanding of the company and its environment, and assessed the company's internal controls in relation to fraud and non-compliance risks. This includes obtaining an understanding of management's processes for identifying and responding to the risks of fraud and non-compliance in the company, and how management exercises oversight over these processes, as well as the outcomes. We refer to sections 'Global compliance and operational risk' and 'Risk management' of the Directors' Report for management's fraud risk assessment.

Our fraud risk assessment

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present. We had special attention for the fraud risk in revenue recognition and the risk of management override of controls.

The fraud risk in revenue recognition relates to unrealized gains/losses for level 3 financial instruments (derivatives) and to the debit valuation adjustment (DVA) as recorded in the Other Comprehensive Income (OCI), for which we both refer to our key audit matters.

Based on our considerations of various factors, such as the low level of complexity and subjectivity, and our assessment of the inherent risk at the assertion level, the engagement team concluded that the risk of fraud in revenue recognition does not rise to the level of a significant risk for any of the other revenue streams for the Merrill Lynch B.V. audit. These other revenue streams relate to net gains/losses for level 2 valuations, interest income and realized transaction results.

We identified the risk of management override of controls primarily in the area where journal entries and other adjustments are recorded in the financial statement closing process and where judgement is involved.

Our specific response to the identified and assessed fraud risks

We have evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. We have, amongst other, performed journal entry testing procedures based upon risk criteria and paid attention to the appropriateness of journal entries in the general ledger and other adjustments made in the preparation of the financial statements. We also incorporated elements of unpredictability in our audit by performing substantive procedures on selected account balances and assertions not otherwise tested due to their materiality or risk.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Our observation

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently, they are not planned and performed as a specific investigation regarding fraud. Our audit procedures did not lead to specific indications or reasonable suspicion of fraud that is considered material to the financial statements.

Audit response to the risks of Going concern

In preparing the financial statements, management must consider whether the company is able to continue as a going concern. Management must prepare financial statements on the going concern basis unless management intends to liquidate the company or cease operations or if termination is the only realistic alternative.

Management has not identified any circumstances that could threaten the continuity of the company and thus concludes that the going concern assumption is appropriate for the company.

Our audit of the financial statements requires us to determine that the going concern assumption used by management is acceptable. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern. We have, among other procedures, verified management's assumption, the structure of the company and the financial position of Bank of America Corporation Group counterparties.

Our observation

Based on the procedures performed by us, we are of the opinion that the financial statements have been properly prepared on the going concern basis. However, future events or circumstances could cause the company to be unable to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the board of directors, but they are not a comprehensive reflection of all matters discussed.

These matters 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Description key audit matter	Summary of audit procedures performed
<p>Valuation of structured notes (“financial liabilities designated at fair value through profit or loss”)</p> <p>The structured notes are hybrid (debt) instruments with a structured component (derivative element) linked to the performance of various market indices. The valuation is determined with valuation models. These valuation models and pricing inputs used are internally tested by Bank of America Corporation.</p> <p>We consider the valuation of structured notes (“financial liabilities designated at fair value through profit or loss”), including related unrealized gains and losses and debit valuation adjustments, as a key audit matter. This is due to the nature of the instruments and in particular for the debit valuation adjustments the complexity of the valuation models and the input parameters taken into account in the valuation.</p>	<p>Our audit procedures regarding the valuation of the financial assets include:</p> <ul style="list-style-type: none"> • We obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the structured notes. In addition, we assessed the appropriateness of the methodology and the models used by the company. • Furthermore, our audit included testing of the Company’s internal controls with respect to the models used throughout the valuation process. This included test procedures on controls with respect to model validation around new or amended models and price testing (which includes independent revaluation). • For a sample of structured notes, we engaged valuation experts to substantively test the company’s valuation by comparing it with our own valuation using independent models and independently sourced inputs. • We evaluated the adequacy of the disclosures relating to the valuation of financial liabilities designated at fair value through profit or loss to assess compliance with disclosure requirements included in EU-IFRS.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Valuation of derivative assets and derivative liabilities

Derivative assets and liabilities consist of interest rate derivatives, credit derivatives and equity derivatives that are used to economically hedge the structured notes issued.

The valuation of these derivatives are determined by using valuation models. These valuation models and pricing inputs used are internally tested by Bank of America Corporation.

We consider the valuation of derivative assets and liabilities, including related unrealized gains and losses, as a key audit matter. This is due to the nature of the instruments and in particular for level 3 valuations the complexity of the valuation models and the input parameters taken into account in the valuation.

Our audit procedures regarding the valuation of the financial assets include:

- We obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of derivatives. In addition, we assessed the appropriateness of the methodology and the models used by the company.
- Furthermore, our audit included testing of the Company's internal controls with respect to the models used throughout the valuation process. This included test procedures on controls with respect to model validation around new or amended models and price testing (which includes independent revaluation).
- For a sample of derivatives, we engaged valuation experts to substantively test the company's valuation by comparing it with our own valuation using independent models and independently sourced inputs.
- We evaluated the adequacy of the disclosures relating to the valuation of financial liabilities designated at fair value through profit or loss to assess compliance with disclosure requirements included in EU-IFRS.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- a. Directors' Report;
- b. Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- a. is consistent with the financial statements and does not contain material misstatements;
- b. contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management is responsible for the preparation of the other information, including the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed as auditor of Merrill Lynch B.V. as of the audit for the year 2022.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Merrill Lynch B.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the financial statements of Merrill Lynch B.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- a. Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual report in XHTML-format;
- b. identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including obtaining the annual report in XHTML-format and performing validations to determine whether the annual report complies with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- a. Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- c. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d. Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- e. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- f. Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the board of directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 25 April 2024
Mazars Accountants N.V.

J.C. van Oldenbeek MSc RA