Registered number: 56457103

MERRILL LYNCH B.V.

UNAUDITED

INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED

30 JUNE 2018

MERRILL LYNCH B.V.

COMPANY INFORMATION

Directors	A.E. Okobia E.J. Brouwer S. Lilly
Company secretary	Merrill Lynch Corporate Services Limited
Registered number	56457103
Registered office	Amstelplein 1, Rembrandt Tower 27 Floor, 1096HA, Amsterdam The Netherlands

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DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2018

The directors present their report and the financial statements of Merrill Lynch B.V. ("MLBV", or the "Company") for the period ended 30 June 2018.

Statement of directors' responsibilities

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

The directors confirm that to the best of our knowledge:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit and cash flows for the period 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 2018 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").

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 and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS as adopted by the EU. 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").

Principal activity

The principal activities of the Company are the issuance of structured notes and economically hedging these instruments through derivatives and fully-funded total return swaps. In addition the Company grants intercompany loans to affiliated entities and places deposits with BAC and Merrill Lynch International ("MLI"), a BAC affiliate.

There has been no change to the principal activities and the directors expect the principal activities to continue during 2018.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2018

Business review

The Company was incorporated on November 12, 2012 in Amsterdam, The Netherlands. The statutory address of the Company is Amstelplein 1, Rembrandt Tower, 27 Floor, 1096 HA, Amsterdam, The Netherlands.

The parent of the Company is Merrill Lynch International, LLC (“MLID”) and the ultimate parent of the Company is BAC.

Results and dividends

The directors are satisfied with the Company’s performance for the financial year ended 30 June 2018 and the financial position at the end of the period. The profit for the financial year, after taxation, amounted to $14,404,000 (2017: $4,997,000).

During the six month period, the Company declared that an amount of $7,858,000 (six months to 30 June 2017: $7,858,000) be paid as a dividend to its parent MLID, relating to the accrued payments on the $750,000,000 other equity capital.

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 and risk limits;
- 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 20).

Subsequent events

The perpetual borrowing from MLID was cancelled on 1 July 2018, along with accrued but unpaid dividends totalling $59,437,000. Under Dutch law, the cancellation resulted in a reduction in other equity capital of $750,000,000 and an increase share premium totalling $809,437,000.

Composition of the Board

The size and composition of the Board of Directors and the combined experience reflects the best fit for profile and strategy of the Company. Currently three members of the Board are 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 Board of Directors.

There were no employees of the Company for the period ended 30 June 2018 (six months to 30 June 2017: none).

This report was approved by the board on 27 September 2018 and signed on its behalf.

A.E. Okobia
Director

E.J. Brouwer
Director

S. Lilly
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	**30 June 2018 $000**	30 June 2017 $000
Net gain on financial instruments held for trading	3	**37,867**	39,117
Net loss on financial instruments designated at fair value through profit or loss	4	**(47,134)**	(53,821)
Administrative expenses		**(302)**	(124)
Other operating income/(expense)	6	**1,066**	(14)
LOSS FROM OPERATIONS		**(8,503)**	(14,842)
Interest income	5	**25,116**	18,753
PROFIT BEFORE TAX		**16,613**	3,911
Tax (expense)/credit	7	**(2,209)**	1,086
PROFIT FOR THE PERIOD		**14,404**	4,997
Other comprehensive income:			
Movement in debit valuation adjustment		**20,430**	-
Tax relating to movement in debit valuation adjustment		**(5,108)**	-
		15,322	-
TOTAL COMPREHENSIVE INCOME		**29,726**	4,997

The note on pages 8 to 39 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	**30 June 2018 $000**	31 December 2017 $000
Assets			
Non-current assets			
Amounts owed by affiliated undertakings	8	**1,136,132**	1,685,276
Financial assets designated at fair value through profit or loss	9	**153,379**	113,732
Financial instruments held for trading	11	**129,775**	147,906
		1,419,286	1,946,914
Current assets			
Amounts owed by affiliated undertakings	8	**964,708**	215,247
Financial assets designated at fair value through profit or loss	9	**26,191**	66,352
Financial instruments held for trading	11	**205**	39
Cash and cash equivalents	10	**21,586**	21,147
Accrued interest receivable and other assets		**51**	23
		1,012,741	302,808
Total assets		**2,432,027**	2,249,722
Liabilities			
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	12	**1,372,792**	1,163,043
Financial instruments held for trading	11	**39,718**	21,191
Deferred tax liability	13	**7,157**	480
		1,419,667	1,184,714
Current liabilities			
Amounts owed to affiliated undertakings	14	**80,530**	123,603
Financial liabilities designated at fair value through profit or loss	12	**40,540**	80,448
Dividend payable		**59,437**	51,579
Financial instruments held for trading	11	**909**	-
Income tax payable	13	**28**	316
Accrued expenses and other liabilities	16	**-**	15
		181,444	255,961
Total liabilities		**1,601,111**	1,440,675
Net assets		**830,916**	809,047
Issued Capital and Reserves			
Other reserves		**(3,059)**	3,651
Other equity capital		**750,000**	750,000
Retained earnings		**83,975**	55,396
Total equity		**830,916**	809,047

20. Financial risk management (continued)

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 and places deposits with affiliates. None of the loans to affiliate companies is past due or impaired. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting year.

The Company is exposed to a significant concentration of credit risk related to money market deposits totalling $1,162,419,000 (2017: $928,249,000), all with affiliated undertakings, please refer to note 8. Financial assets held for trading and financial assets designated at fair value through profit or loss are predominantly taken out with MLI. At the end of the reporting year, the credit rating for outstanding long term debt of the affiliated undertakings is A+ (S&P) for both BAC and MLI (2017: Baa1 and A for BAC and MLI).

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk, which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the Company to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Company's business. Although operational risk excludes strategic and reputational risks, operational risk may impact or be impacted by these risks.

Operational risk exists in all business activities conducted by the Company. The Company is committed to maintaining strong operational risk management practices across all front line units and control functions.

Front line units and control functions are first and foremost responsible for managing all aspects of their businesses, including their operational risk. Therefore, front line units and control functions must understand their business processes and related risks and controls, including the related regulatory requirements, and monitor and report on the effectiveness of the control environment. In order to actively monitor and assess the performance of their processes and controls, they must conduct comprehensive quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. Front line units and control functions must also adhere to operational risk appetite limits to meet strategic, capital and financial planning objectives.

Reputational risk

Reputational Risk is the potential risk that negative perceptions of BAC's conduct or business practices will adversely affect its profitability or operations through an inability to establish new or maintain existing customer / client relationships or otherwise impact relationships with key stakeholders, such as investors, regulators, employees, and the community.

Reputational Risk can stem from many of BAC's activities, including those related to the management of the strategic, operational or other risks, as well as the overall financial position. 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.

20. Financial risk management (continued)

For the EMEA region there is a dedicated committee, the EMEA Reputational Risk Committee, whose mandate includes consideration of Reputational Risk issues and to provide guidance and approvals for activities that represent specific Reputational Risks which have been referred for discussion by other current control frameworks or lines of business.

Reputational Risk items relating to MLBV are considered as part of the EMEA Reputational Risk Committee.

Ultimately, to ensure that Reputational Risk is mitigated through regular business activity, awareness of Reputational Risk is integrated into the overall governance process, as well as incorporated into the roles and responsibilities for employees.

Given the nature of Reputational Risk, BAC does not set quantitative limits for the level of acceptable risk. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

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

The EMEA Reputational Risk Committee is a sub-committee of both the EMEA Regional Risk Committee and 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 EMEA Reputational Risk Committee to the Global Reputational Risk Committee as appropriate.

Reporting of reputational risk issues is captured as part of management routines for EMEA Reputational Risk Committee. Items presented to the EMEA Reputational Risk Committee are maintained through reporting which includes description of the reputational risk issue, geographical jurisdiction, reason for escalation and decisions reached. A summary report of issues discussed at the EMEA Reputational Risk Committee is provided to the EMEA Regional Risk Committee on a quarterly basis.

Strategic risk

Strategic Risk is the risk that results from incorrect assumptions about external and/or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments.

Strategic Risk is managed through the assessment of effective delivery of strategy, and 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 strategic execution and risk management processes are aligned to the overall BAC strategic plans through a formal planning and approval process and are set within the context of overall risk appetite. During the planning process, the BAC Board provides credible challenge to management's assumptions and recommendations, and approves the strategic plans after a comprehensive assessment of the risks.

The BAC Board is responsible for overseeing the strategic planning process and management's implementation of the resulting strategic plan. BAC's strategic plan is reviewed and approved annually by the BAC Board.

20. Financial risk management (continued)

Strategic planning at BAC level is representative of more detailed planning undertaken at the business unit, regional and MLBV level. Any strategic decisions relating to MLBV are presented and discussed at MLBV Board.

The executive management team provides the BAC Board with progress reports on the strategic plan, including timelines and objectives and recommendation of any additional or alternative actions to be implemented.

Front line units provide updates to MLBV Board on their business performance and management of strategic risk. Updates take into account analyses of performance relative to the strategic plan, financial operating plan, risk appetite and performance relative to peers.

Compliance risk

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

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

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

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 MLBV Board is ultimately responsible for the Company’s liquidity risk management, delegating additional oversight to the lines of business. The businesses are the first lines of defence in liquidity risk management, partnering with Global Liquidity Management (“GLM”) and Global Funding, functions within Corporate Treasury, to achieve liquidity risk management objectives.

The approach to managing the Company's liquidity risk has been established by the MLBV Board, aligned to BAC processes, but tailored to meet 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 30 June 2018 and 31 December 2017, with the exception of those held for trading or designated at fair value through profit and loss.

The fair values of financial liabilities held for trading and financial liabilities designated at fair value through profit and loss have been disclosed as this is consistent with the values used in the liquidity risk

20. Financial risk management (continued)

management of these instruments. The maturity analysis of financial liabilities designated at fair value through profit and loss is presented in note 12.

2018

	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
Financial liabilities designated at fair value through profit and loss	20,210	20,331	601,941	12,383	758,467	1,413,332
Financial liabilities held for trading	-	1,141	425	9,914	29,147	40,627
Amounts owed to affiliated undertakings	-	80,530	-	-	-	80,530
Dividend payable	59,437	-	-	-	-	59,437
Accrued expenses and other liabilities	51	-	-	-	-	51
	79,698	102,002	602,366	22,297	787,614	1,593,977

20. Financial risk management (continued)

2017

	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
Financial liabilities designated at fair value through profit and loss	36,446	45,120	294,902	418,958	386,198	1,181,624
Financial liabilities held for trading	-	-	809	7,512	12,870	21,191
Amounts owed to affiliated undertakings	-	123,435	-	-	-	123,435
Dividend payable	51,579	-	-	-	-	51,579
Accrued expenses and other liabilities	16	-	-	-	-	16
	88,041	168,555	295,711	426,470	399,068	1,377,845

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.

The capitalisation ratio of 59% allows sufficient headroom for future issuances of structured notes.

20. Financial risk management (continued)

Capitalisation ratio:

	30 June 2018 $000	31 December 2017 $000
Equity (including other equity capital)	**830,916**	809,047
Issued debt	**1,413,332**	1,243,491
Capitalisation ratio	**59%**	65%

21. Fair value measurement

Financial instruments carried at fair value have been categorised into levels based on the observability of pricing information.

Financial instruments are considered Level 1 when 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 table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 30 June 2018:

As at 30 June 2018	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets			
Financial assets designated at fair value through profit or loss	**165,590**	**13,980**	**179,570**
Financial instruments held for trading	**31,229**	**98,751**	**129,980**
	196,819	**112,731**	**309,550**
Liabilities			
Financial liabilities designated at fair value through profit and loss	**994,665**	**468,667**	**1,413,332**
Financial instruments held for trading	**20,544**	**20,083**	**40,627**
	1,015,209	**488,750**	**1,453,959**

21. Fair value measurement (continued)

As at 31 December 2017	Level 2 $000	Level 3 $000	Total $000
Assets			
Financial assets designated at fair value through profit or loss	147,583	32,501	180,084
Financial instruments held for trading	32,640	115,305	147,945
	180,223	147,806	328,029
Liabilities			
Financial liabilities designated at fair value through profit and loss	785,453	458,038	1,243,491
Financial instruments held for trading	15,090	6,101	21,191
	800,543	464,139	1,264,682

Fair values of level 3 assets

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. However, as the Company hedges all its market risk with affiliated undertakings, the impact to comprehensive income from the valuation of level 3 financial instruments using the range of possible inputs is zero.

The most significant unobservable input into the pricing of financial instruments of the Company is correlation. Correlation is a measure of the relationship between the movements of two variables (e.g. how the change in one variable influences the change in the other). Correlation inputs are related to the type of derivative due to the nature of the underlying risks. When parameters are positively correlated, an increase in one parameter will result in an increase in the other parameter. When parameters are negatively correlated, an increase in one parameter will result in a decrease in the other parameter. An increase in correlation can result in an increase or a decrease in a fair value measurement. Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measurement.

21. Fair value measurement (continued)

The table below presents a reconciliation for all Level 3 financial instruments measured at fair value. Level 3 assets were $112,731,000 as of 30 June 2018 (2017: $147,806,000), and represent approximately thirty three percent of assets measured at fair value and approximately six percent of total assets. Level 3 liabilities were $448,750,000 as of 30 June 2018 (2017: $464,139,000), and represent approximately twenty five percent of liabilities measured at fair value and twenty four percent of total liabilities.

	Financial assets designated at fair value through profit and loss $000	Financial assets held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 31 December 2017	**32,501**	**109,204**	**(458,038)**
Gains/(losses) recognised in the statement of comprehensive income	**(8,515)**	**(22,149)**	**46,446**
Settlements	**(10,006)**	**(8,387)**	**(42,224)**
New issuances	**-**	**-**	**-**
Transfers in	**-**	**-**	**(22,537)**
Transfers out	**-**	**-**	**7,686**
Balance at 30 June 2018	**13,980**	**78,668**	**(468,667)**

	Financial assets designated at fair value through profit and loss $000	Financial assets held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Change in unrealised gains or losses for level 3 assets and liabilities held at year end and included in net changes on financial assets and liabilities at fair value through profit or loss and held for trading	**(8,515)**	**(22,149)**	**46,447**

21. Fair value measurement (continued)

Transfers in and out of level 3 are primarily due to changes in the impact of unobservable inputs on the value of financial instruments at fair value. Where previously unobservable inputs become more observable, for example due to the passage of time or more independent price quotes received, the transfer is made from level 3 to level 2. For financial assets and financial liabilities designated at fair value, where the impact of the embedded level 3 derivative becomes material to the overall value the fully funded swap or financial liability from one year to the next, the transfer is made from level 2 to level 3.

	Financial assets designated at fair value through profit and loss $000	Financial assets held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 1 January 2017	96,360	64,044	(458,737)
Gains/(losses) recognised in the statement of comprehensive income	1,873	45,462	(19,022)
Settlements	(68,288)	(718)	51,743
New issuances	2,556	416	-
Transfers in	-	-	(32,022)
Transfers out	-	-	-
Balance at 31 December 2017	32,501	109,204	(458,038)

	Financial assets designated at fair value through profit and loss $000	Financial assets held for trading $000	Financial liabilities designated at fair value through profit or loss $000
Change in unrealised gains or losses for level 3 assets and liabilities held at year end and included in net changes on financial assets and liabilities at fair value through profit or loss and held for trading	1,873	45,462	19,022

21. Fair value measurement (continued)

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.

2018	**Valuation technique**	**Significant unobservable inputs**	**Ranges of input**
Financial assets and liabilities held for trading			
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	11.4% to 100% 4.03% to 74.9%
Financial assets and liabilities designated at fair value			
Structured notes and Fully-funded total return swaps	Discounted cash flow, Market comparable, Industry standard derivative pricing	Equity correlation Long dated equity volatilities Yield Price Duration	11.4% to 100% 4.03% to 74.92% 6% to 37% $12 to $87 0 to 5 years

2017	Valuation technique	Significant unobservable inputs	Ranges of input
Financial assets and liabilities held for trading			
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	15% to 100% 4.25% to 83.72%
Financial assets and liabilities designated at fair value			
Structured notes and Fully-funded total return swaps	Discounted cash flow, Market comparable, Industry standard derivative pricing	Equity correlation Long dated equity volatilities Yield Price Duration	15% to 100% 4.25% to 83.72% 6% to 37% $12 to $87 0 to 5 years

Sensitivity analysis of unobservable inputs

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. Where the Company has valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives, then at the year end, it could have increased fair value by as much as $515,000 (2017:$ 963,000) or decreased fair value by as much as $515,000 (2017: $963,000) 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 undertakings is determined by reference to quoted market prices of similar instruments. Money market deposits are classified as level 2 and are valued at $1,229,618,000 (2076: $1,002,831,000).

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.

22. Events after the reporting period

The directors are of the opinion that there are no significant events that have occurred since 30 June 2018 to the date of this report.

23. Profit appropriation

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 not to be preserved for the formation or maintenance of reserves prescribed by law – at the disposal of the general meeting which decides on 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.

Based on the net result over the period ended 30 June 2018, the Board of Directors do not recommend the payment of a further dividend in respect of the period ended 30 June 2018.

Distributions to shareholders are subject to two tests, namely, the equity test and the distribution or liquidity test. The Board of Directors 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.

The financial statements were approved by the Board and authorised for issue on 27 September 2018. They were signed on its behalf by:

A.E. Okobia
Director

E.J. Brouwer
Director

S. Lilly
Director

Amsterdam
27 September 2018