

**ALIE STREET INVESTMENTS 24 LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**REGISTERED NUMBER. 5745792**

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**ALIE STREET INVESTMENTS 24 LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2009

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**ALIE STREET INVESTMENTS 24 LIMITED**

**OFFICERS AND PROFESSIONAL ADVISORS**

<b>Directors</b>	Charles H Hand Lydia B Lee Gregory J Mulligan David F Thomson
<b>Company secretary</b>	Helene Yuk Hing Li
<b>Registered office</b>	2 King Edward Street London EC1A 1HQ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Hays Galleria 1 Hays Lane London SE1 2RD

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of Alie Street Investments 24 Limited ("the Company") for the year ended 31 December 2009

#### **1 Business Review**

The Company is engaged in investment banking activities

The Company holds loans and receives interest on these loans. The loans are hedged with and funded by a credit linked note purchase agreement with Banc of America Securities Limited ("Immediate Parent Company")

The Company receives a fee income from the Immediate Parent Company for the provision of operational support in relation to trading of the financial instruments under a service level agreement entered into with the Immediate Parent Company. Under the same agreement, the Company pays the Immediate Parent Company for management and other services performed on its behalf.

There have been no changes in the principal activities of the Company during the year and the directors expect the principal activities will continue in 2010.

The profit for the year, after taxation, amounted to \$11,500 (2008: \$30,000).

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: \$nil).

Bank of America Corporation ("BAC") manages its operations on a divisional basis. For this reason, the Company's directors believe that further key business performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **2. Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

#### **3. Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to:

- financial market conditions, including general economic and political factors,
- business risks including interest rate, liquidity and credit risks (refer to note 2), and
- regulatory environment and changes in accounting standards.

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **4. Charitable donations**

The Company made no charitable donations during the year (2008 US \$nil)

#### **5. Directors**

The present directors are shown on page 1. The directors who served throughout the period to the date of this report were

David F Thomson	Appointed 10 June 2009
Charles H Hand	Appointed 10 June 2009
Gregory J Mulligan	Appointed 10 June 2009
Lydia B Lee	
Kantilal G Pithia	Resigned 10 June 2009
Gabriel Essers	Resigned 13 March 2009
Toshiro G Burns	Resigned 2 April 2009

#### **6. Provision of information to auditors**

Each director confirms that

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **7. Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **8. Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable UK law)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company at 31 December 2009 and of the profit or loss of the Company for the year then ended. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

By order of the Board



Helene Y H Li  
**Company secretary**  
27 September 2010

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIE STREET INVESTMENTS 24 LIMITED**

We have audited the financial statements of Alie Street Investments 24 Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**ALIE STREET INVESTMENTS 24 LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIE STREET INVESTMENTS 24 LIMITED  
(continued)**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon Hunt (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30 September 2010



**ALIE STREET INVESTMENTS 24 LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2009

	Note	2009 US\$	2008 US\$
Revenue	3	23,500	39,000
Operating expense	4	(12,000)	(9,000)
<b>Profit on ordinary activities before taxation</b>	7	11,500	30,000
Tax on profit on ordinary activities	8	-	-
<b>Profit for the financial year</b>		11,500	30,000
Retained profits brought forward		30,000	-
<b>Retained profits carried forward</b>		41,500	30,000

The results above are all derived from continuing activities

The Company has no recognised gains or losses other than the profit for the year. Therefore, no separate statement of total recognised gains and losses has been provided.

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

The notes on pages 9 to 15 form part of the financial statements.

**ALIE STREET INVESTMENTS 24 LIMITED****BALANCE SHEET**

At 31 December 2009

Registered Number 5745792

	Note	2009 US\$	2008 US\$
<b>Assets</b>			
Debtors - Amounts falling due within one year	9	41,600	30,100
Prepayments and accrued income	10	795,173	1,315,257
Financial assets designated at fair value	11	161,522,205	182,624,287
<b>Total assets</b>		<u>162,358,978</u>	<u>183,969,644</u>
<b>Liabilities</b>			
Accruals and deferred income	12	795,173	1,315,257
Financial liabilities designated at fair value	13	161,522,205	182,624,287
<b>Total liabilities</b>		<u>162,317,378</u>	<u>183,939,544</u>
<b>Net assets</b>		<u>41,600</u>	<u>30,100</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		41,500	30,000
<b>Total shareholder's funds</b>	15	<u>41,600</u>	<u>30,100</u>

A reconciliation of movement in shareholders' funds is given in note 15

The notes on page 9 to 15 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 27 September 2010 and signed on its behalf by



David F Thomson  
Director

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

#### **1 ACCOUNTING POLICIES**

##### **a) Basis of accounting**

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom law and United Kingdom Accounting Standards and the going concern assumption has been used in the preparation of the financial statements as detailed in the Directors' Report. The accounting policies have been consistently applied, other than where new policies have been adopted.

##### **b) Accounting Convention**

The financial statements have been prepared under the historical cost convention.

##### **c) Cash flow statement**

The Company has taken advantage of the exemption under Financial Reporting Standard ("FRS") 1 (Revised 1996) not to prepare a cash flow statement. The results are included in the consolidated financial statements of Bank of America Corporation ("BAC"), which are publicly available.

##### **d) Financial instruments**

A financial asset or liability is designated at fair value, with changes taken through the profit or loss when

- doing so significantly reduces measurement inconsistencies that would arise if related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost, or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

The Company holds the following financial instruments:

- i) Unlisted loans - these are measured at fair value with changes taken to profit and loss. The fair value of the loans is based on prices obtained from external market sources.
- ii) Credit linked note - this is measured at fair value with changes taken to profit and loss. The fair value of the credit linked note is based on the fair value of the underlying loans.

##### **e) Foreign exchange**

In preparing the financial statements, transactions denominated in foreign currencies have been translated into functional currency at average rates of exchange during the year. Monetary assets and liabilities in foreign currencies are translated into functional currency at rates of exchange ruling on the balance sheet date.

The functional currency of the Company is US dollars and the key exchange rates used in the preparation of these financial statements were as follows:

Rate to US \$	Average rate		Year end spot rate	
	2009	2008	2009	2008
Euro	0.71808	0.68360	0.69384	0.71654
Pound sterling	0.63910	0.54542	0.61744	0.68468

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

#### **1. ACCOUNTING POLICIES (continued)**

##### **f) Valuation method**

Fair values for instruments held by the Company have been based on market prices taken from external market sources

##### **g) Revenue**

Revenue consists of interest income on financial assets, interest expense on the credit linked notes and service fees earned

Interest income and expenses are recognised on all interest bearing financial assets and liabilities designated at fair value using the effective interest method. This is recorded on a net basis as the credit linked note transfers the economic benefits and risks associated with the underlying debt portfolio to the Immediate Parent Company and accordingly the Company is not exposed to interest rate risk.

Service fees earned are calculated in accordance with a service level agreement between the Company and Banc of America Securities Limited ("Immediate Parent Company"). The service fees are accounted for on an accruals basis.

The total fair value gains and losses on the financial assets are offset by equal and opposite gains and losses on the credit linked notes, and therefore total fair value gains and losses are always nil.

##### **h) Operating expense**

The operating expense comprises management and other service expenses, calculated in accordance with a service level agreement between the Company and the Immediate Parent Company. The management and other service expenses are accounted for on an accruals basis.

##### **i) Taxation**

The charge for taxation is based on profit for the year and is offset within the BAC Group.

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

#### **2. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risk liquidity risk, credit risk and market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The use of a credit linked note with Banc of America Securities Limited hedges certain risk exposures. Risk management for the Company is the responsibility of the board.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has no financial obligations aside from the amounts owed to its Immediate Parent Company.

##### **Credit risk**

Credit risk is the potential risk of financial loss arising from the failure of a counterparty to settle its financial and contractual obligations. The credit risk is transferred to its Immediate Parent Company by means of a credit linked note.

##### **Market risk**

###### **i) Currency risk**

Currency risk is the risk of losses resulting from movements in foreign exchange rates. The Company's credit linked note transfers all the economic benefits and risks associated with the underlying debt portfolio to the Immediate Parent Company and accordingly the Company is not exposed to any currency risk on this portfolio. None of the Company's other assets and liabilities are effected by currency risk as they are billed and denominated in US dollars, the Company's presentation currency.

###### **ii) Interest rate risk**

Interest rate risk is the risk of losses resulting from movements in interest rates. The Company has a credit linked note which transfers interest income to Banc of America Securities Limited. This means that the Company does not have interest rate risk.

###### **iii) 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 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 change the amount of dividends paid to its parent, return capital to its parent, issue new shares or sell assets to reduce debt.

Due to the straight forward nature of the Company, minimal capital management is required.

## **ALIE STREET INVESTMENTS 24 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

	<b>2009 US\$</b>	<b>2008 US\$</b>
<b>3. REVENUE</b>		
Revenue consists of the following		
Service fees receivable from the Immediate Parent Company	<u>23,500</u>	<u>39,000</u>

	<b>2009 US\$</b>	<b>2008 US\$</b>
<b>4. OPERATING EXPENSE</b>		
Management fees payable to the Immediate Parent Company	<u>12,000</u>	<u>9,000</u>

### **5. DIRECTORS' REMUNERATION**

No directors received any remuneration for services as a director of the Company during the year (2008 US \$nil)

The directors have not at any time during the year held any beneficial interest in the shares of the Company or any other group company incorporated in the United Kingdom

### **6. EMPLOYEES**

The Company did not have any employees during the year (2008 nil)

**ALIE STREET INVESTMENTS 24 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Statutory auditors' fees of US \$7,198 for the year ended 31 December 2009 are borne by the Immediate Parent Company (2008 US \$8,434)

	2009 US\$	2008 US\$
<b>8. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
<b>a) The tax charge for the year is as follows:</b>		
Current taxation (see note below)		
United Kingdom corporation tax on profit for the year	-	-
Total current tax	-	-
Taxation on profit on ordinary activities	-	-

**b) Factors affecting tax charge for year**

The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK applicable to the Company 28% (2008 28.5%) The difference is explained below

	2009 US\$	2008 US\$
Profit on ordinary activities before taxation	11,500	30,000
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28% (2008 28.5%)	3,220	8,550
Effects of Group relief claimed for nil consideration	(3,220)	(8,550)
Current tax charge for the year	-	-

	2009 US\$	2008 US\$
<b>9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Due from the Immediate Parent Company	41,600	30,100

This balance is net of service fees receivable less management fees payable to the Immediate Parent Company. This balance is repayable on demand and to date, the debtors balance has not been settled but remains on call to the Company.

**ALIE STREET INVESTMENTS 24 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**10 PREPAYMENTS AND ACCRUED INCOME**

The prepayments and accrued income balance of \$795,173 (2008 \$1,315,257), as shown on the face of the balance sheet, represents interest earned but not yet received on the loans held by the Company as at 31 December 2009

		2009 US\$	2008 US\$
<b>11. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE</b>			
Unlisted debt	Notional value	<u>183,016,238</u>	<u>265,189,726</u>
	Fair value	<u>161,522,205</u>	<u>182,624,287</u>

The financial assets consist of unlisted commercial loans

**12. ACCRUALS AND DEFERRED INCOME**

The accruals and deferred income balance of \$795,173 (2008 \$1,315,257), as shown on the face of the balance sheet, represents amounts due to the Immediate Parent Company under the credit linked note in relation to the accrued interest receivable on the financial assets as at 31 December 2009

	2009 US\$	2008 US\$
<b>13. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE</b>		
Credit linked note is issued to the Immediate Parent Company	<u>161,522,205</u>	<u>182,624,287</u>

The credit linked note transfers the economic benefits and risks associated with the underlying debt portfolio to the Immediate Parent Company. The accruals and deferred income of \$795,173 (\$1,315,257 2008), as shown on the balance sheet, represents interest owed but not paid on the credit linked note to the Immediate Parent Company

	2009 US\$	2008 US\$
<b>14. CALLED UP SHARE CAPITAL</b>		
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of US \$1 each	<u>100</u>	<u>100</u>

	2009 US\$	2008 US\$
<b>15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Opening shareholders' funds	30,100	100
Profit for the financial year	11,500	30,000
Closing shareholders' funds	<u>41,600</u>	<u>30,100</u>



## **ALIE STREET INVESTMENTS 24 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

#### **16. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard 8 - Related Party Disclosures, as it is a wholly owned subsidiary and the consolidated financial statements of the ultimate parent company are publicly available as noted below

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

#### **17. 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.

##### **Financial assets and liabilities designated at fair value**

Financial assets designated at fair value consist of unlisted commercial loans. Financial liabilities designated at fair value consists of a credit link note that transfers all the economic benefits and risks associated with the above debt portfolio to the Immediate Parent Company and the fair value of this note is based on the fair value of the underlying loans.

As at 31 December 2009 the Company's financial assets and liabilities designated at fair value, both with a carrying amount of \$161,522,205, are categorised as level 2 instruments.

#### **18. ULTIMATE HOLDING COMPANY**

The Company's immediate parent undertaking is Banc of America Securities Limited, a company incorporated in the United Kingdom.

The smallest group to consolidate the results of the Company is Banc of America Securities Limited. Copies of the group financial statements of the Immediate Parent Company can be obtained from the Company Secretary, 2 King Edward Street, London EC1A 1 HQ.

The Company's ultimate holding company is Bank of America Corporation, which is incorporated in the State of Delaware in the United States of America. This is the largest group to prepare consolidated financial statements which include the financial statements of the Company. Copies of Bank of America Corporation's financial statements can be obtained from the Corporate Secretary's Office, 100 North Tryon Street, Charlotte, North Carolina, 28255, USA.