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

MERRILL LYNCH INTERNATIONAL & CO. C.V. FILES HALF-YEARLY FINANCIAL REPORT

Curaçao, September 28, 2020 – Merrill Lynch International & Co. C.V. today informs its security holders that its Half-Yearly Financial Report for the period ended June 30, 2020, together with the general partner's interim report, has been filed with the Luxembourg Stock Exchange, the Officially Appointed Mechanism of Luxembourg, Merrill Lynch International & Co. C.V.'s home Member State. A copy of this Half-Yearly Financial Report and the statement made by responsible persons are attached to this release.

Merrill Lynch International & Co. C.V. makes available free of charge on the website referred to below its Annual and Half-Yearly Financial Reports filed with the Luxembourg Stock Exchange as soon as reasonably practicable after Merrill Lynch International & Co. C.V. electronically files these documents with the Luxembourg Stock Exchange. These documents are posted on Bank of America Corporation's website at http://investor.bankofamerica.com/financial-information/subsidiary-and-country-disclosures#fbid=C0rA-iMt6oC.

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

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

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Registered number: 11-1300009

MERRILL LYNCH INTERNATIONAL & CO. C.V.

GENERAL PARTNER'S INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

MERRILL LYNCH INTERNATIONAL & CO C.V.

PARTNERSHIP INFORMATION

General Partner	ML Cayman Holdings Inc.
Officers of the General Partner	Mary Ann Olson Mark Livingston
Limited Partner	Merrill Lynch International Services Limited
Registration Number	11-1300009
Registered office	Kaya W.F.G (Jombi) Mensing 36 Curacao

MERRILL LYNCH INTERNATIONAL & CO C.V.

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GENERAL PARTNER'S REPORT
FOR THE PERIOD ENDED 30 JUNE 2020

The General Partner presents its report together with the unaudited financial statements of Merrill Lynch International & Co C.V. (the "Partnership", "MLICO") for the period ended 30 June 2020.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Partnership requires the General Partner to prepare interim financial statements. The General Partner has prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. The General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

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

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

MLICO is a partnership established in Curacao. ML Cayman Holdings Inc. is the General Partner, and Merrill International Services Limited is the Limited Partner. The ultimate parent company and controlling party is Bank of America Corporation ("BAC").

MLICO has one branch in Panama. The Partnership ceased its operations from the branch on 30 September 2014 and the formal closure and liquidation is expected before 31 December 2020.

The principal activities of the Partnership are:

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

Profit for the period ended 30 June 2020 amounted to $582,000 (restated profit for the period ended 30 June 2019: $9,200,000).

Net operating revenue for the period ended 30 June 2020 amounted to $32,821,000 (period ended 30 June 2019: $44,621,000).

Administrative expenses for the period ended 30 June 2020 amounted to $32,075,000 (restated period ended 30 June 2019: $35,136,000).

RISK MANAGEMENT

The Partnership's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks) are described in the notes to the financial statements (see note 15).

GOING CONCERN

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

ELECTRONIC DISTRIBUTION

The General Partner is responsible for ensuring that the Partnership's financial statements are provided for inclusion on the website of its ultimate parent undertaking, BAC.

PARTNERS

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

ML Cayman Holdings Inc. (General Partner)
Merrill Lynch International Services Limited (Limited Partner)

EVENTS AFTER THE END OF THE REPORTING PERIOD

Coronavirus

Direct and indirect effects of the coronavirus outbreak are impacting the global economy, markets, and the Partnership's counterparties and clients. The Partnership cannot predict the coronavirus's potential future direct or indirect effects; however, the Partnership is taking actions to mitigate the impacts on the Partnership. The Coronavirus' effects could have a material negative impact on the Partnership's future results of operations.

This report was approved by the General Partner and authorised for issue on 28 September 2020 and signed on its behalf by

Mary Ann Olson

Mary Ann Olson
For and on behalf of ML Cayman Holdings Inc., as General Partner

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	Note	Period ended 30 June 2020 $000	As restated period ended 30 June 2019 $000
Interest income	6	**41,480**	100,339
Interest expense	7	**(26,006)**	(72,666)
Net interest income		**15,474**	27,673
Other operating revenues	3	**18,408**	19,679
Net trading revenues		**(1,061)**	(2,731)
Net operating revenue		**32,821**	44,621
Administrative expenses *	5	**(32,075)**	(35,136)
Profit before tax *		**746**	9,485
Tax on profit *	8	**(164)**	(285)
Profit for the period before members' remuneration and profit shares available for discretionary division among members *		**582**	9,200
Other comprehensive income for the period			
Items that will not be reclassified to profit and loss:			
Movement in debit valuation reserve		**68**	(4,299)
Tax on movement in debit valuation reserve		**(15)**	129
Other comprehensive income/(expense) for the period		**53**	(4,170)
Total comprehensive income for the period before the General Partner's profit allocation *		**635**	5,030

The total comprehensive income for the period is allocated to the General Parter (see note 14).

* Prior period restated - for more information refer to note 1.1.

The notes on pages 5 to 35 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 $000	31 December 2019 $000
CURRENT ASSETS			
Long inventory positions	9	**6,372,662**	7,669,006
Debtors	10	**7,226,663**	8,341,480
Cash and cash equivalents	11	**4,048**	5,424
		13,603,373	16,015,910
CURRENT LIABILITIES			
Short inventory positions	12	**2,253**	1,971
Creditors	13	**12,969,785**	15,383,257
Partners' capital and income accounts	14	**631,335**	630,682
		13,603,373	16,015,910
NET CURRENT ASSETS		**-**	-
NET ASSETS		**-**	-

Partners' capital and income accounts are not classified as equity and therefore no separate statement of changes in equity has been presented. The movements in partners' capital and income accounts are disclosed in note 14.

The financial statements were approved and authorised for issue by the General Partner on 28 September 2020 and were signed

Mary Ann Olson

Mary Ann Olson
For and on behalf of ML Cayman Holdings Inc., as General Partner

The notes on pages 5 to 35 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 100 ("FRS 100") - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") - 'Reduced Disclosure Framework'.

FRS 100 and FRS 101 set out the disclosure exemption for the individual financial statements of entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards that have been adopted in the European Union ("EU adopted IFRS"). References to accounting standards in these financial statements will accordingly relate to applicable International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS").

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Restatement of 2019 service fee expense

Service fee expenses have been restated to correct a prior period overstatement caused by an erroneous calculation. The restatement impact is as follows:

$4,933,000 decrease in Administrative Expense
$148,000 increase in Tax on Profit

There is no impact to the comparative Statement of Financial Postion as the overstatement was rectified in the half year to 31 December 2019.

Prior period balances have been restated in accordance with IAS 8 - Accounting Policies, Changes in Estimates and Errors to ensure presentation is on a comparable basis.

1.2 NEW AND AMENDED STANDARDS ADOPTED BY THE PARTNERSHIP

There are no standards, amendments or interpretations that are effective for the first time for the financial year beginning 1 January 2020 that have had a material impact on the Partnership.

1. ACCOUNTING POLICIES (CONTINUED)

1.3 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Partnership has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

1.4 SEGMENTAL ANALYSIS

The Partnership operates two principal activities, comprising the issuance of warrants and related financial instruments, and the distribution of the managed funds (see note 4). The Partners review and analyse performance of the Partnership based on these activities. Segmental performance is not analysed geographically as the Partnership operates globally under one management structure.

1.5 GOING CONCERN

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

1.6 INCORPORATION AND DOMICILE INFORMATION

The Partnership is a Limited Liability Partnership domiciled in Curacao, with a branch in Panama.

1. ACCOUNTING POLICIES (CONTINUED)

1.7 OPERATING REVENUES

The Partnership has disclosed operating revenues instead of turnover as this more accurately reflects the results and nature of the Partnership's activities.

Other operating revenue includes:

(a) Service fee income

Service fee income consists of charges made to affiliated undertakings to remunerate the Partnership for services provided or to reimburse the Partnership for expenditure incurred. Service fee income is recognised on an accruals basis when the transactions occur or as the service is provided.

(b) Fee income

Fees income represents income earned distributing Merrill Lynch and third party management funds for International Private Clients and is based on a fixed price per unit or as a percentage of the total transaction amount. The mutual fund fees are accrued as earned and presented net of distribution fee costs incurred as the Partnership is an agent for those services.

Net trading revenue

Realised and unrealised profits and losses on financial instruments held for trading are recognised in revenue in the period in which they arise. Gains or losses from financial instruments designated as at fair value through profit or loss are also recognised within revenue, with the exception of fair value changes in relation to changes in the credit risk of financial liabilities designated as at fair value through profit or loss which are recognised on other comprehensive income as detailed in note 1.13.

Positions held in financial instruments are hedged using derivatives with an affiliated company, and residual income or expense relating to this business is recharged to affiliated companies under service agreements.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 INTEREST INCOME AND EXPENSE

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 Partnership 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 Partnership 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. As the Partnership has no credit impaired assets, the effective interest rate is applied to the gross carrying amount of the financial asset 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.

Interest income and expense on all trading assets and liabilities are recognised using the contractual interest rate in net principal trading.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.9 PARTNERS' CAPITAL AND INCOME ACCOUNTS

Partner capital is credited to the relevant partner's account within Partners' capital and income accounts. Capital contributions that meet the definition of debt under IAS 32 - Financial Instruments: Presentation are recorded as liabilities due to a finite life and contractual payment provisions to each of the partners within the Partnership.

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

Partners' rights and entitlements are described in note 14.

1.10 TRANSLATION OF FOREIGN CURRENCIES

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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

1.11 CURRENT AND DEFERRED TAXATION

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 directly in other comprehensive income. In this case, the tax is also recognised directly in other comprehensive income.

Current tax, including domestic corporation tax and foreign taxes, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the 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 Partership's planning horizon.

1.12 FINANCIAL ASSETS

The Partnership 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 Partnership's financial assets at initial recognition. The Partnership classifies its financial assets as measured at: amortised cost or Fair Value Through Profit or Loss ("FVPL").

1. ACCOUNTING POLICIES (CONTINUED)

1.12 FINANCIAL ASSETS (continued)

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

The Partnership’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. All other financial assets, including long inventory positions, are classified as measured at FVPL.

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

1.13 FINANCIAL LIABILITIES

The Partnership recognises financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Partnership classifies its financial liabilities in the following categories: amortised cost or FVPL.

A financial liability is classified at FVPL when it is held for trading. A liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities are designated at FVPL to significantly reduce measurement inconsistencies that would arise if related instruments were treated as held for trading and the underlying financial liabilities were carried at amortised cost, or when doing so is consistent with the Partnership’s risk management strategy.

Short inventory positions are measured at FVPL and warrant instruments issued by the Partnership that do not meet the accounting definition of a derivative and are classified as liabilities, are designated 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.

When the Partnership 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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

1.14 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Partnership 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 Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognise the financial asset and also recognises a secured borrowing for the 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 is recognised in profit or loss.

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

Modifications to the terms of financial assets and liabilities may result in derecognition if it is deemed that the modification results in an expiry of the contractual rights and obligations of the original instrument.

1.15 IMPAIRMENT

The Partnership calculates a probability-weighted loss allowance for expected credit loss ("ECL") on its financial assets that are debt instruments, financial guarantees, and commitments that are not measured at FVPL. The Partnership's credit exposures are generally assessed as having no significant increase in credit risk since initial recognition. As a result, 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 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 Partnership 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 Partnership’s procedures for recovery of amounts due.

1.16 OFFSETTING

Where the Partnership 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.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS 101 requires the use of accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It also requires management to exercise judgement in the process of applying the Partnership'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

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 Partnership's policy for valuation of financial instruments is included in note 17. The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs.

Where models are used to determine fair values, they are periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflects actual data and comparative market prices. These estimation techniques are necessarily subjective in nature and involve several assumptions.

3. OTHER OPERATING REVENUES

	Period ended 30 June 2020 $000	Period ended 30 June 2019 $000
Service fee income	**-**	119
Fee income	**18,408**	19,560
	18,408	19,679

4. SEGMENTAL ANALYSIS

For the period ended 30 June 2020	Warrant business $000	Managed funds $000	Total $000
Interest income	41,480	-	41,480
Interest expense	(26,006)	-	(26,006)
Service fee income	-	-	-
Fee income	-	18,408	18,408
Net trading revenues	(1,061)	-	(1,061)
Net operating revenue	14,413	18,408	32,821
Administrative expense	(13,667)	(18,408)	(32,075)
Profit before tax	746	-	746

For the period ended 30 June 2019	Warrant business $000	Managed funds $000	Total $000
Interest income	100,339	-	100,339
Interest expense	(72,666)	-	(72,666)
Service fee income	119	-	119
Fee income	-	19,560	19,560
Net trading revenues	(2,731)	-	(2,731)
Total operating income	25,061	19,560	44,621
Administrative expense *	(15,576)	(19,560)	(35,136)
Profit before tax	9,485	-	9,485

The managed funds segment does not constitute a significant proportion of Partnership's assets and liabilities. As such a breakdown of net assets by segment is not considered necessary.

* Prior period administrative expenses relating to warrant business have been restated - For more information see note 1.1.

5. ADMINISTRATIVE EXPENSES

	Period ended 30 June 2020 $000	As restated period ended 30 June 2019 $000
Service fee expense *	**32,075**	35,136

The service fee expense primarily relates to distribution fees paid to Merrill Lynch Pierce Fenner & Smith Inc. as part of the managed funds business and service fees charged by other affiliated companies.

* Prior period restated - For more information see note 1.1.

6. INTEREST INCOME

	Period ended 30 June 2020 $000	Period ended 30 June 2019 $000
Due from affiliated companies	**41,480**	100,339

All interest income is on an effective interest basis.

7. INTEREST EXPENSE

	Period ended 30 June 2020 $000	Period ended 30 June 2019 $000
Due to affiliated companies	**25,988**	72,649
Interest expense using effective interest method	**25,988**	72,649
Limited partner profit allocation	**18**	17
	26,006	72,666

The distributions accruing to the Limited Partner are classified as interest expense in the statement of comprehensive income, and as liabilities in the statement of financial position. Note 14 provides more details on Partners' interest entitlements.

8. TAXATION

	Period ended 30 June 2020 $000	As restated period ended 30 June 2019 $000
CORPORATION TAX		
Current tax on profit for the period *	**164**	285
Current tax on other comprehensive income for the period	**15**	(129)
TOTAL TAX CHARGE FOR THE PERIOD	**179**	156

8. TAXATION (CONTINUED)

	Period ended 30 June 2020 $000	As restated period ended 30 June 2019 $000
FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD		
Profit before tax *	**746**	9,485

	Period ended 30 June 2020 $000	As restated period ended 30 June 2019 $000
Profit multiplied by standard rate of corporation tax in the Curacao of 22% (2019: 3%) *	**164**	285
EFFECTS OF:		
Current tax on other comprehensive income for the period	**15**	(129)
TOTAL TAX CHARGE FOR THE PERIOD	**179**	156

* Restated - for more information refer to note 1.1

9. LONG INVENTORY POSITIONS

	30 June 2020 $000	31 December 2019 $000
Derivative assets	**2,534**	4,198
Corporate debt	**6,370,128**	7,664,808
	6,372,662	7,669,006

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

10. DEBTORS

	30 June 2020 $000	31 December 2019 $000
Trade debtors		
Amounts owed by affiliated companies	**7,956**	8,965
Brokers, dealers and clearing houses	**6,775**	-
Other debtors		
Amounts owed by affiliated companies	**1,877,932**	2,594,515
Debtors due after 1 year:		
Amounts owed by affiliated companies	**5,334,000**	5,738,000
	7,226,663	8,341,480

Amounts owed by affiliated companies comprise both interest-bearing and non-interest-bearing amounts arising on principal activities.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposits which the Partnership is freely able to access or use in its operations.

12. SHORT INVENTORY POSITIONS

	30 June 2020 $000	31 December 2019 $000
Derivative liabilities	**2,253**	1,971

13. CREDITORS

	30 June 2020 $000	31 December 2019 $000
Trade creditors		
Collateral amounts repayable to affiliated companies	**6,587,160**	7,692,361
Other creditors		
Structured liabilities	**6,371,376**	7,677,338
Amounts due to affliated companies	**10,639**	12,997
Corporation tax payable	**610**	561
	6,382,625	7,690,896
	12,969,785	15,383,257

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

Structured liabilities are designated at FVPL. The amount contractually required to pay at maturity to the holder of these obligations was $5,245,462,000 (2019: $7,437,956,000).

14. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $000	Limited Partner $000	Total $000
At 1 January 2019	**620,946**	**334**	**621,280**
Interest on Partners' capital (note 7)	**-**	**34**	**34**
Profit for the year	**17,421**	**-**	**17,421**
Other comprehensive income	**(8,053)**	**-**	**(8,053)**
At 1 January 2020	**630,314**	**368**	**630,682**
Interest on Partners' capital (note 7)	**-**	**18**	**18**
Profit for the period	**582**	**-**	**582**
Other comprehensive income	**53**	**-**	**53**
At 30 June 2020	**630,949**	**386**	**631,335**

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

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

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

Any Partner may withdraw from the Partnership at the end of any accounting period provided written notice is received by 1 November of any accounting period or on any other date approved by the General Partner. In accordance with IAS 32 the General and Limited Partnership Interests meet the definition of debt. Accordingly, Partners' capital and Partners' income is recorded within liabilities.

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

The risk management approach has five components

- Culture of managing risk well;
- Risk appetite and risk limits;
- Risk management processes;
- Risk data management, aggregation and reporting; and
- Risk governance.

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

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

MARKET RISK

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings. Trading positions within the entity 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.

The table that follows presents VaR analysis independently for each risk category at 30 June 2020 and 31 December 2019. Additionally, high and low VaR is presented independently for each risk category and overall.

MARKET RISK (CONTINUED)

	30 June 2020 $000	**High 2020 $000**	**Daily average 2020 $000**	**Low 2020 $000**
3 year 99% Daily VAR				
Total	**28**	**1,120**	**90**	**12**
Interest rate risk	**1**	**2**	**1**	**1**
Currency risk	**2**	**12**	**5**	**1**
Equity price risk	**27**	**1,118**	**89**	**11**
Credit risk	**-**	**-**	**-**	-

	31 December 2019 $000	High 2019 $000	Daily average 2019 $000	Low 2019 $000
3 year 99% Daily VAR				
Total	29	103	42	27
Interest rate risk	1	10	2	1
Currency risk	5	52	7	3
Equity price risk	27	98	41	25
Credit risk	-	9	3	-

CREDIT RISK

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

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

Credit management includes the following processes:

- Credit origination;
- Portfolio management; and
- Loss mitigation activities.

These processes create a comprehensive consolidated view of the Partnership's credit risk activities, thus providing executive management the information required to guide or redirect strategic plans, if necessary.

The primary credit risks of the Partnership relate to its derivatives trading activities with affiliates and fee income due from third party and affiliate companies for fund services. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period. There were no credit exposures that were past due at 30 June 2020 or 31 December 2019.

The Partnership's trading positions are only exposed to credit risk with other affiliated companies. The Partnership is primarily exposed to Merrill Lynch International (MLI), a UK investment firm regulated by the Prudential Regulation Authority. MLI's credit rating is A+ / A-1 (S&P); A+ / F1 (Fitch) as at 30 June 2020. Residual exposures are mainly to other subsidiaries of BAC. BAC's credit rating is A- / A-2 (S&P); A+ / F1 (Fitch) as at 30 June 2020.

Additionally, the Partnership grants intercompany loans and places deposits with affiliates. None of the loans to affiliate companies are past due or considered to be credit-impaired and the probability of default is such that the resulting ECL is not significant to the Partnership.

Derivatives trading

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

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

In addition, to reduce the risk of loss, the Partnership usually requires collateral that it is permitted by documentation such as repurchase agreements or Credit Support Annex to an International Swap Dealers Association Master Agreement ("ISDA"). From an economic standpoint, the Partnership evaluates risk exposures net of related collateral that meets specified standards. The Partnership also

CREDIT RISK (CONTINUED)

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 its derivative contracts under certain defined conditions.

COMPLIANCE AND OPERATIONAL RISK

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Partnership arising from the failure to comply with the requirements of applicable laws, rules and regulations and internal policies and procedures. The Partnership is committed to the highest level of compliance, has no appetite for violations of legislative or regulatory requirements and seeks to anticipate and assess compliance risks to the core businesses and respond to these risks effectively should they materialise. While the Partnership strives to prevent compliance violations in everything it does, it cannot fully eliminate compliance risk, but manage it by establishing permissible thresholds to reduce exposure to financial loss, reputational harm or regulatory sanctions.

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events. The Company manages operational risk by establishing permissible thresholds to reduce exposure to financial loss, reputational harm or regulatory sanctions.

Front Line Units ("FLUs") and Control Functions, including Enterprise Areas of Coverage are first and foremost responsible for managing all aspects of their businesses, including their compliance and operational risk. Focus areas include (but are not limited to) Global Information Security (GIS) and Outsourcing (both third party and internal risks) in additional to Anti-Money Laundering / Countering the Financing of Terrorism (AML/CTF) and Model Risks.

FLUs and Control Functions are required to 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 Compliance and Operational Risk Appetite Limits to meet strategic, capital and financial planning objectives. Finally, FLUs and Control Functions are responsible for the proactive identification, management and escalation of compliance and operational risks across the Partnership.

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 Partners are ultimately responsible for the Partnership'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 Corporate Treasury to achieve liquidity risk management objectives.

The approach to managing the Partnership's liquidity risk has been established by the Partner, aligned to BAC processes, but tailored to meet the Partnership's business mix, strategy, activity profile, and regulatory requirements.

The Partnership presents its structured liabilities as current liabilities as although in general it is not contractually obliged to do so, in certain circumstances it may choose to terminate such liabilities following a request by a client. The Partnership considers it unlikely that, in any given period, all of the liabilities will unwind in the short term. The Partnership manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows. Amounts owed to affiliated companies are due on demand or within one year. See note 13.

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.

For the EMEA region there is a dedicated committee, the EU/UK & CEEMEA 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 MLICO are considered as part of the EU/UK & CEEMEA 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 EU, UK & CEEMEA Regional Risk Committee and the EU/UK & CEEMEA Reputational Risk Committee, BAC has an appropriate organisational and governance structure in place to ensure strong oversight at the entity business level.

The EU/UK & CEEMEA Reputational Risk Committee is a sub-committee of both the EU, UK & CEEMEA 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 the EU/UK & CEEMEA 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 EU/UK & CEEMEA Reputational Risk Committee. Items presented to the EU/UK & CEEMEA Reputational Risk Committee are maintained through reporting which includes description of the reputational risk issue, geographical jurisdiction, reason for escalation and decision reached. A summary report of issues discussed at the EU/UK & CEEMEA Reputational Risk Committee is provided to the EU, UK & CEEMEA 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.

MLICO strategic execution and risk management processes are aligned to the overall BAC strategic plans.

16. FAIR VALUE INFORMATION

FAIR VALUE HIERARCHY

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 input 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.

VALUATION TECHNIQUES

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

(a) Listed derivative contracts

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

(b) OTC derivative contracts

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

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

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

The Partnership trades various derivative structures with equity and commodity underlyings. Depending on the type of structure, the model inputs generally include interest rate yield curves, equity underlier price curves, implied volatility of the underlying equities and, in some cases, the implied correlation between these inputs. The fair value of these products is determined using executed trades and broker

VALUATION TECHNIQUES (CONTINUED)

and consensus data to provide values for the aforementioned inputs. Where these inputs are unobservable, relationships to observable equities and data points, based on historic and/or implied observations, are employed as a technique to estimate the model input values. Equity and commodity derivatives are generally categorised in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorised in Level 3 of the fair value hierarchy.

FAIR VALUE

The following tables present the Partnership's fair value hierarchy for those assets and liabilities measured at fair value as of 30 June 2020 and 31 December 2019.

30 June 2020 Fair Value Measurement

	Level 2 $000	Level 3 $000	Total $000
Assets			
Long inventory	**6,369,411**	**3,251**	**6,372,662**

	Level 2 $000	Level 3 $000	Total $000
Liabilities			
Short inventory	**(2,253)**	**-**	**(2,253)**
Other creditors	**(6,368,137)**	**(3,239)**	**(6,371,376)**
	(6,370,390)	**(3,239)**	**(6,373,629)**

31 December 2019 Fair Value Measurement

	Level 2 $000	Level 3 $000	Total $000
Assets			
Long inventory	7,667,714	1,292	7,669,006

	Level 2 $000	Level 3 $000	Total $000
Liabilities			
Short inventory	(1,971)	-	(1,971)
Other creditors	(7,676,045)	(1,293)	(7,677,338)
	(7,678,016)	(1,293)	(7,679,309)

FAIR VALUE OF LEVEL 3 ASSETS AND LIABILITIES

The following tables provide a summary of the changes in the fair value of the Partnership's Level 3 financial assets and liabilities as at 30 June 2020 and 31 December 2019.

	Assets: Long inventory $000	**Liabilities: Other creditors $000**
At 1 January 2020	**1,292**	**(1,293)**
Total (loss)/gain recognised in the income statement	**(15,109)**	**15,122**
New issuances	**5,495**	**(5,495)**
Settlements	**(275)**	**275**
Transfers out	**(11,595)**	**11,595**
Transfers in	**23,443**	**(23,443)**
At 30 June 2020	**3,251**	**(3,239)**

	Assets: Long inventory $000	Liabilities: Other creditors $000
At 1 January 2019	414	(417)
Total gain/(loss) recognised in the income statement	1,092	(1,090)
New issuances	562	(562)
Settlements	(2)	2
Transfers out	(974)	974
Transfers in	200	(200)
At 31 December 2019	1,292	(1,293)

TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

Transfers between Level 2 and Level 3 occur on a regular basis for these instruments primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

VALUATION OF LEVEL 3 FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR ON A RECURRING BASIS

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

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory.

The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs:

For the period ended 30 June 2020

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Assets $'000					
Long inventory	$ 3,251	Industry standard derivative pricing (1)	Equity correlation	6.4% to 100%	71.30%
			Long-dated equity volatilities	4.0% to 234.3%	32.00%
Liabilities $'000					
Other creditors	$ (3,239)	Industry standard derivative pricing (1)	Equity correlation	6.4% to 100%	71.30%
			Long-dated equity volatilities	4.0% to 234.3%	32.00%

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

VALUATION OF LEVEL 3 FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR ON A RECURRING BASIS (CONTINUED)

For the year ended 31 December 2019

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Assets $'000					
Long inventory	$ 1,292	Industry standard derivative pricing (1)	Equity correlation	9.08% to 100%	62.67%
			Long-dated equity volatilities	4.53% to 100.88%	32.39%
Liabilities $'000					
Other creditors	$ (1,293)	Industry standard derivative pricing (1)	Equity correlation	9.08% to 100%	62.67%
			Long-dated equity volatilities	4.53% to 100.88%	32.39%

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

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

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

(a) Correlation

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

(b) Volatility

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

SENSITIVITY OF FAIR VALUE TO CHANGING SIGNIFICANT ASSUMPTIONS TO REASONABLY POSSIBLE ALTERNATIVES

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

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

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

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

	30 June 2020 Effect of reasonably possible alternative assumptions		
	Fair value	**Increase in fair value**	**Decrease in fair value**
	$'000	**$'000**	**$'000**
Assets			
Long inventory	**3,251**	**272**	**(272)**
Liabilities			
Other creditors	**(3,239)**	**272**	**(272)**

	31 December 2019 Effect of reasonably possible alternative assumptions		
	Fair value	**Increase in fair value**	**Decrease in fair value**
	$'000	**$'000**	**$'000**
Assets			
Long inventory	1,292	60	(60)
Liabilities			
Other creditors	(1,293)	60	(60)

17. VALUATION ADJUSTMENTS

The Partnership records credit risk valuation adjustments on financial instruments held at fair value in order to properly reflect the credit quality of the counterparties and its own credit quality. The Partnership calculates valuation adjustments on these instruments based on a modelled expected exposure that incorporates current market risk factors. The exposure also takes into consideration credit mitigants such as enforceable master netting agreements and collateral. Credit default swap ("CDS") spread data is used to estimate the default probabilities and severities that are applied to the exposures. Where no observable credit default data is available for counterparties, the Partnership uses proxies and other market data to estimate default probabilities and severity.

Valuation adjustments on financial instruments are affected by changes in market spreads, non-credit related market factors such as interest rate and currency changes that affect the expected exposure, and other factors like changes in collateral arrangements and partial payments. Credit spreads and non-credit factors can move independently. For example, for an interest rate swap, changes in interest rates may increase the expected exposure, which would increase the counterparty credit valuation adjustment ("CVA"). Independently, counterparty credit spreads may tighten, which would result in an offsetting decrease to CVA.

The amount of CVA recorded by the Partnership on its long inventory positions was $nil (2019: $nil), as a result of collateral posted by the counterparty.

The Partnership records a debit valuation adjustment ("DVA") to properly reflect the Partnership's own credit risk exposure as part of the fair value of its warrants, options and swaps in issue.

The amount of the change in fair value attributable to changes in own credit risk on the Partnership's structured liabilities was as follows:

	Period ended 30 June 2020 $000	Period ended 30 June 2019 $000
Gain / (loss) for the period	**68**	(4,299)

	30 June 2020 $000	31 December 2019 $000
Total DVA	**1,959**	1,891

18. OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position ("SOFP") where the Partnership currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Partnership 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 30 June 2020 and 31 December 2019. The column 'net amount' shows the impact on the Partnership's SOFP if all set-off rights were exercised.

As at 30 June 2020

	Gross amounts recognised $000	**Gross amounts set off in the SOFP $000**	**Net amounts presented in the SOFP $000**	**Cash collateral $000**	**Net amounts $000**
Assets					
Long inventory	**6,673,674**	**(301,012)**	**6,372,662**	**(6,372,662)**	**-**
Liabilities					
Other creditors	**6,672,388**	**(301,012)**	**6,371,376**	**-**	**6,371,376**

As at 31 December 2019

	Gross amounts of recognised $000	Gross amounts set off in the SOFP $000	Net amounts presented in the SOFP $000	Cash collateral $000	Net amounts $000
Assets					
Long inventory	7,751,285	(82,279)	7,669,006	(7,669,006)	-
Liabilities					
Other creditors	7,759,617	(82,279)	7,677,338	-	7,677,338

18. OFFSETTING (CONTINUED)

Financial instruments

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

The Partnership enters into ISDA master agreements or their equivalent (“master netting agreements”) with the Partnership’s major derivative counterparties.

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

Financial instruments also includes securities collateral received and pledged which has not been offset in the SOFP.

Cash collateral

Cash collateral relates to collateral received and pledged against both derivatives and repurchase agreements which has not been offset in the SOFP.

19. RELATED PARTY TRANSACTIONS

As detailed in note 1.3, the Partnership has taken advantage of the exemption available under FRS 101 for the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

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

20. POST BALANCE SHEET EVENTS

Coronavirus

The Partnership cannot predict the coronvirus's potential future direct or indirect effects; however, the Partnership is taking actions to mitigate the impacts on the Partnership. The coronavirus's effects could have a material negative impact on the Partnership's future results of operations, assets and liabilities.

21. CONTROLLING PARTIES

The General Partner of the Partnership is ML Cayman Holdings Inc., and the ultimate parent Company and controlling party is BAC, which is organised and existing under the laws of the State of Delaware in the United States of America ("U.S.A").

The parent company of the largest, and smallest, group into which the Partnership financial statements are consolidated is BAC. Copies of BAC's financial statements can be obtained from either of the following website locations: http://investor.bankofamerica.com or www.sec.gov/.

BANK OF AMERICA

To the best of our knowledge, the financial statements of **Merrill Lynch International & Co. C.V.** (the "Partnership") for the period ended 30 June 2020 have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Partnership.

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

Date: 28 September 2020

Mary Ann Olson

Mary Ann Olson
For and on behalf of
ML Cayman Holdings Inc., as General Partner