Registered number: 56457103

MERRILL LYNCH B.V.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

MERRILL LYNCH B.V.

COMPANY INFORMATION

Directors	A.E. Okobia S. Lilly L.J.M. Duijsens
Registered number	56457103
Registered office	Amstelplein 1, Rembrandt Tower 27 Floor, 1096HA, Amsterdam The Netherlands
Independent auditors	PricewaterhouseCoopers Accountants N.V. Thomas R. Malthusstraat 5 1066 JR Amsterdam The Netherlands

MERRILL LYNCH B.V.

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements of Merrill Lynch B.V. ("MLBV", the "Company") for the year ended 31 December 2020.

Statement of directors' responsibilities

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

The directors confirm that to the best of their knowledge:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended; and
- the directors' report gives a true and fair view of the Company's situation as at the reporting date, the events that occurred during 2020, future outlook, events after the reporting date and the risks to which the Company is exposed.

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

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

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

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

Electronic distribution

The directors are responsible for ensuring that the Company's financial statements are provided for inclusion on the website of the Company's ultimate parent undertaking, Bank of America Corporation ("BAC"). The work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Principal activities

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

There has been no change to the principal activities and the directors expect the principal activities to continue during 2021.

Business review and Market environment

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

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

Coronavirus ("COVID-19")

In the first quarter of 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic. In an attempt to contain the spread and impact of the COVID-19 pandemic, travel bans and restrictions, quarantines, stay-at-home orders and other limitations on business activity were implemented. There was a decline in global economic activity, reduced global economic output and a deterioration in macroeconomic conditions globally. This has resulted in, among other things, high rates of unemployment and underemployment and caused volatility and disruptions in the global financial markets over the course of 2020. Businesses, market participants, the Company's external counterparties and clients and global economies have been negatively impacted. There has been no material impact to the accounting estimates or going concern assessment for the company.

The Company has taken actions to mitigate the impacts of COVID-19, both locally and as part of BAC's coordinated response, which has included moving a majority of staff to a work from home posture.

The macroeconomic and public health outlook improved modestly during the second half of 2020. The company continued to be profitable in 2020, the cash position is positive and the company was able to return share premium to the parent company in December. In recent months, COVID-19 vaccination rates have been increasing, the number of COVID-19 cases has been decreasing in a number of countries and restrictive measures continue to ease in certain areas. However, there remains some uncertainty over the future direct and indirect impact of COVID-19 on the Company's business which could have an adverse effect on its financial condition. Based on a current analysis, management does not expect a material impact on the Company's working capital, liquidity and solvency.

Transition from London Interbank Offered Rate ("LIBOR") and other benchmark rates

In 2017, the United Kingdom Financial Conduct Authority ("FCA") announced that it would no longer compel participating banks to submit rates for the LIBOR. Following the announcement, regulators, trade associations and financial industry working groups have identified recommended replacement rates for LIBOR, as well as other Interbank Offered Rates ("IBORs"), and have published recommended conventions to allow new and existing products to incorporate fallbacks or that reference these Alternative Reference Rates ("ARRs"). In late November 2020, Intercontinental Exchange ("ICE") LIBOR Benchmark Administration ("IBA"), launched a consultation process seeking feedback on the proposal to cease publication of all non-USD LIBOR (GBP, JPY, EUR, CHF) settings after 31 December 2021 (as well as one-week and two-month USD LIBOR tenors) and all remaining USD LIBOR settings after 30 June 2023. The consultation process closed on 25th January 2021 and on 5th March 2021 the FCA formally announced the completion of the assessment and confirmed the aforementioned timings.

As a result of this and other announcements, financial benchmark reforms, regulatory guidance and changes in short term interbank lending markets more generally, a major transition is in progress in global financial markets with respect to the replacement of IBORs, including LIBOR, and certain other benchmarks. The transition of IBORs to ARRs is a complex process impacting a variety of global financial markets and the Company's business and operations.

IBORs, and LIBOR in particular, are used in the Company's products and contracts. The discontinuation of IBORs, including LIBOR, requires the Company to transition a significant number of IBOR-based products and contracts, including related hedging arrangements. The aggregate notional amount of these products and contracts is material to the Company and there are significant risks and challenges associated with the transition which may result in significant uncertainty, or have other consequences that cannot be fully anticipated, which expose the Company to various financial, operational, supervisory, conduct and legal risks. The Company is part of a BAC-wide programme established in 2018, structured to address industry and regulatory engagement, client and financial contract changes, introduction of new products, migration of existing clients, and programme strategy and governance.

A significant majority of the Company's LIBOR-based products and contracts maturing after 2021 include or have been updated to include fallbacks to ARRs, based on market driven protocols, regulatory guidance and industry recommended fallback provisions and related mechanisms. For certain of the remaining products and contracts, the transition will be more complex, particularly where there is no industry-wide protocol or similar mechanism. The programme is executing transition plans that are intended to be in line with applicable major industry-wide IBOR product cessation and launch milestones recommended by the Alternative Reference Rates Committee ("ARRC"), a group of private-market participants and official-sector entities convened by the Federal Reserve and the Federal Reserve Bank of New York, and the Bank of England Sterling Risk Free Rate Working Group.

As the transition to ARRs evolves, the Company continues to monitor and participate in the development and usage of certain ARRs, including Secured Overnight Financing Rate, Euro Short Term Rate and the Sterling Overnight Index Average. The Company has been part of BAC's key transition efforts to date, including facilitating debt issuances linked to ARRs by clients and secondary market liquidity for products linked to ARRs, and hedging arrangements, executing, trading, market making and clearing ARR-based derivatives, and launching capabilities and services to support the issuance and trading in products indexed to certain ARRs. Operational models, systems, procedures and internal infrastructure have been updated in connection with the transition to ARRs by the central clearing counterparties ("CCPs"). In October 2020 the Company adhered to the International Swaps and Derivatives Association, Inc. 2020 IBOR Fallbacks Protocol, effective 25 January 2021, which provides a mechanism to enable market participants to incorporate fallbacks for certain legacy non - cleared derivatives linked to certain IBORs.

The Company is continuing to evaluate potential regulatory, tax and accounting impacts of the transition, engage impacted clients in connection with the transition to ARRs and work actively with global regulators, industry working groups and trade associations to develop strategies for an effective transition to ARRs. The Company also continues to engage with its clients, industry working groups, trade associations and other market participants to support LIBOR transition.

Results and capital contribution

The directors are satisfied with the Company’s performance for the financial year ended 31 December 2020 and financial position at the end of the year. The profit for financial year, after taxation, amounted to $24,791,000 (2019: $17,563,000).

On 11 December 2020, the Board approved the return of share premium to the parent company of $110,000,000 in cash in accordance with Section 2:216 paragraph 2 of the Dutch Civil Code.

Outlook

As noted in the COVID-19 section of the Directors Report, whilst there is some uncertainty over the future impacts of COVID-19, the 2020 results, balance sheet position and cash flow of the Company do not indicate any significant change to the Company's outlook. There are no expected changes to the principal activities of the Company, the valuation models applied or the funding structures in place.

Risk management

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including the Company). It provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Company.

The risk management approach has five components:

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

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

The Company's approach to each of the risk types are further described in the notes to the financial statements (see note 21).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post reporting date events

There have been no significant events affecting the Company since the year end.

Composition of the board

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

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

Board of Directors

(together authorised to represent the Company)

A.E. Okobia
S. Lilly
L.J.M. Duijsens

This report was approved by the Board on 30 April 2021 and signed on its behalf.

A.E. Okobia
Director

S. Lilly
Director

L.J.M. Duijsens
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $000	2019 $000
Net gain on financial instruments at fair value through profit or loss	4	**51,971**	19,091
Net loss on financial instruments designated at fair value through profit or loss	5	**(58,696)**	(61,146)
Other income	6	**455**	386
Administrative expenses	7	**(270)**	(411)
Loss from operations		**(6,540)**	(42,080)
Interest income	8	**42,370**	63,544
Profit before tax		**35,830**	21,464
Tax expense	11	**(11,039)**	(3,901)
Profit for the financial year		**24,791**	17,563
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Movement in debit valuation adjustment		**(26,422)**	(100,499)
Tax relating to movement in debit valuation adjustment		**15,612**	20,760
		(10,810)	(79,739)
Total comprehensive income/(loss)		**13,981**	(62,176)

The notes on pages 12 to 48 form part of these financial statements.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

(Before appropriation of result)

	Note	2020 $000	2019 $000
Assets			
Non-current assets			
Debtors*	12	**2,107,916**	2,638,116
Derivative assets	14	**214,457**	86,599
Deferred tax assets	15	**13,246**	7,148
		2,335,619	2,731,863
Current assets			
Debtors*	12	**301,330**	352,474
Derivative assets	14	**9,700**	27,509
Income tax receivable	15	**332**	-
Other assets	23	**4,372**	34,381
Cash and cash equivalents	13	**22,676**	22,250
		338,410	436,614
Total assets		**2,674,029**	3,168,477
Liabilities			
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	16	**2,238,864**	2,687,371
Derivative liabilities	14	**141,301**	101,445
		2,380,165	2,788,816
Current liabilities			
Bank overdraft	24	**-**	32,758
Financial liabilities designated at fair value through profit or loss	16	**86,430**	115,088
Creditors	17	**100,220**	41,098
Derivative liabilities	14	**13,651**	-
Income tax payable	15	**-**	1,196
Accrued expenses and other liabilities		**63**	2
		200,364	190,142
Total liabilities		**2,580,529**	2,978,958

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 $000	2019 $000
Issued capital and reserves			
Share capital	18	**-**	-
Other reserves	18	**(76,191)**	(65,381)
Share premium	18	**35,437**	145,437
Retained earnings		**134,254**	109,463
Total Equity		**93,500**	189,519
Total liabilities and equities		**2,674,029**	3,168,477

The notes on pages 12 to 48 form part of these financial statements.

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	$000	$000	$000	$000	$000
At 1 January 2020	-	145,437	(65,381)	109,463	189,519
Profit for the year	-	-	-	24,791	24,791
Movement in debit valuation adjustment	-	-	(26,422)	-	(26,422)
Tax relating to movement in debit valuation adjustment	-	-	15,612	-	15,612
Total comprehensive income for the year	-	-	(10,810)	24,791	13,981
Transactions with owners in their capacity as owners:					
Return of share premium	-	(110,000)	-	-	(110,000)
At 31 December 2020	**-**	**35,437**	**(76,191)**	**134,254**	**93,500**

The notes on pages 12 to 48 form part of these financial statements. For further details see note 18.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	$000	$000	$000	$000	$000
At 1 January 2019	-	809,437	14,358	91,900	915,695
Profit for the year	-	-	-	17,563	17,563
Movement in debit valuation adjustment	-	-	(100,499)	-	(100,499)
Tax relating to movement in debit valuation adjustment	-	-	20,760	-	20,760
Total comprehensive loss for the year	-	-	(79,739)	17,563	(62,176)
Transactions with owners in their capacity as owners:					
Share premium contribution	-	105,000	-	-	105,000
Return of share premium	-	(769,000)	-	-	(769,000)
	-	(664,000)	-	-	(664,000)
At 31 December 2019	**-**	**145,437**	**(65,381)**	**109,463**	**189,519**

The notes on pages 12 to 48 form part of these financial statements. For further details see note 18.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $000	2019 $000
Cash flow used in operating activities			
Profit for the year		**24,791**	17,563
		24,791	17,563
Adjustments for non-cash items:			
Net gain on financial instruments at fair value through profit or loss	4	**(51,971)**	(19,091)
Net loss on financial assets designated at fair value through profit or loss	5	**58,696**	61,146
Interest income	8	**(42,370)**	(63,544)
Foreign exchange (gain)/loss on translation of tax liability		**(779)**	148
Cash used in operations		**(11,633)**	(3,778)
Cash flows generated from operating activities:			
Placement of intercompany loans and deposits*	12	**(188,287)**	(2,037,186)
Repayment of intercompany loans and deposits*	12	**726,083**	1,454,755
Net movement of derivatives	14	**(4,572)**	86,732
Proceeds from issuance of structured notes	16	**490,317**	1,166,812
Redemption of structured notes	16	**(1,036,987)**	(65,234)
Income tax paid	15	**(2,274)**	(4,029)
Placement of intercompany payables		**175,110**	67,472
Placement of intercompany receivables		**(4,573)**	(34,405)
Cash flow generated from operating activities		**143,184**	631,139
Cash flows used in financing activities:			
Proceeds from share capital contribution	18	**-**	105,000
Share premium distribution	18	**(110,000)**	(769,000)
Net cash used in financing activities		**(110,000)**	(664,000)
Net increase/(decrease) in cash and cash equivalents		**33,184**	(32,861)
Cash and cash equivalents at the beginning of year	13	**(10,508)**	22,353
Cash and cash equivalents at the end of the year		**22,676**	(10,508)

The notes on pages 12 to 48 form part of these financial statements. Cash and cash equivalents are net of bank overdrafts.

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

1. Accounting policies

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

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and the additional requirements of Title 9 Book 2 of the Netherlands Civil Code in accordance with article 362 section 8 and 9 of the Netherlands Civil Code, for entities which prepare their financial statements in accordance with IFRS as adopted by the EU.

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

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies, for example, determining the fair value of financial instruments.

The directors have a reasonable expectation, based on current and anticipated future performance, capital and liquidity position that the Company will continue in operational existence for a period of at least 12 months from the date of approval of the annual report and financial statements. The financial statements have, therefore, been prepared on a going concern basis and the directors expect the principal activities to continue in 2021. Disclosures in respect to liquidity risk and capital management are set out in note 21.

As part of the consideration of whether to adopt the going concern basis in preparing the financial statements, management assessed the impact of the COVID-19 pandemic on the financial statements, including critical accounting estimates and judgements, liquidity and solvency, and found this to be limited. Consideration was also made of the quantitative viability of the Company, with no going concern issues identified.

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

Change in methodology for measuring the change in fair value of a financial liability due to the Corporation's own credit spread

BAC issues structured notes from its Global Markets Central Funding Desk. These structured notes are measured at fair value through earnings except for changes in fair value that are due to changes in the Corporation's own credit spread, generally referred to as debit valuation adjustment ("DVA"), which are presented in other comprehensive income ("OCI"). As IFRS does not dictate a valuation method and multiple valuation methods are applied in practice, the Corporation implemented a valuation method that it considered to faithfully represent the portion of the total change in fair value of the structured notes that relates to the Corporation's own credit spread.

After considering several measurement alternatives, the Corporation determined the best option available is to prospectively calculate the transaction values for macro floating rate notes ("MFRNs") as if they had been executed on an individual note by note basis. Under this approach both the floating rate note ("FRN") and the daily MFRNs will be used as a proxy for a structured notes DVA, which results in a better estimate that faithfully captures the changes in value related to changes in own credit of the structured notes. The Corporation has determined this to be a change in accounting estimate that it will apply prospectively as of January 1, 2020, the period of adoption. As of January 1, 2020, the impact of changing methods was $15,369,000 from 'Other reserves' into 'Net loss on financial instruments designated at fair value through

1. Accounting policies (continued)

profit or loss'.

Representation of 2019 financial assets at fair value through profit or loss

Financial assets previously disclosed as 'financial assets at fair value through profit or loss' has been re-presented as 'debtors'. This represents proceeds from structured note issuances placed with MLI as a FRN for the non-principal protected notes population. Prior year balances have been re-presented in accordance with IAS 8 - Accounting policies, Changes in Estimates and Errors to ensure presentation is on a comparable basis.

The representation impacted the following categories:

- Non-current assets: Debtors increased by $186,652,000. This was previously presented as financial assets at fair value through profit or loss.
- Current assets: Debtors increased by $33,573,000. This was previously presented as financial assets at fair value through profit or loss.

1.2 New and amended standards adopted by the Company

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 Company.

1.3 Translation of foreign currencies

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

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 re-translated into US dollars at rates of exchange ruling at the reporting date. Exchange gains and losses are recognised in the statement of comprehensive income.

1. Accounting policies (continued)

1.4 Financial assets

The Company recognises financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Management determines the classification of the Company's financial assets at initial recognition. The Company classifies its financial assets as measured at amortised cost or fair value through profit or loss ("FVPL").

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

The Company's derivative assets and liabilities, financial instruments at FVPL and financial instruments designated at FVPL are managed on a fair value basis and accordingly classified as measured as at FVPL under IFRS 9. The remaining financial assets of the Company, largely relating to amounts due from affiliated companies, are classified as measured at amortised cost as these are held with the objective of collecting the contractual cash flows of the assets and meet the SPPI requirements of the IFRS 9 standard.

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

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

1.5 Financial liabilities

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

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

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

1. Accounting policies (continued)

1.6 Derecognition of financial assets and liabilities

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

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

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

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

1.7 Offsetting financial instruments

Where the Company has the legal right to net settle and intends to do so (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, the balance included within the financial statements is the net balance due to or from the counterparty. Counterparties are assessed to identify if net settlement criteria are met. Where this is achieved, assets and liabilities facing the counterparty are offset (see note 14).

1.8 Segmental reporting

The Company's results are wholly derived from a single class of business, being the Global Markets segment. The directors review and analyse performance of the Company based on these activities. Segmental performance is analysed geographically as the Company operates globally under one management structure (see note 9 Segmental analysis).

1. Accounting policies (continued)

1.9 Income and expense recognition

Amortised cost and effective interest rate

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

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

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

The calculation of the effective interest rate includes all amounts received or paid by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument and all other premiums and discounts.

Calculation of interest income and expense

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

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

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

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

Interest income and expense on amounts owed by affiliated companies, other financial assets measured at FVPL and financial liabilities designated at FVPL are recognised using the contractual interest rate in net gains/(losses) on other financial instruments at FVPL and net loss on financial instruments designated at FVPL, respectively.

1.10 Other income

Other income include service fee income from charges made to affiliated companies to reimburse the Company for expenditure incurred.

1. Accounting policies (continued)

1.11 Current and deferred income tax

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

Current tax, including Dutch corporation tax and foreign taxes, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by reporting date.

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

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

1.12 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term time deposits of maturities of three months or less.

1.13 Statement of cash flows

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

1.14 Dividend distribution

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

1.15 Impairment

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

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

Management considered the impact of the COVID-19 pandemic on its impairment assessment process and concluded that this is adequately reflected in the estimates as part of the probability of default used.

2. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

Valuation of financial instruments

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

The Company's policy for valuation of financial instruments is included in notes 1.4 and 1.5. The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency rates, commodity prices or equity prices and correlations between these inputs.

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

3. General information

Merrill Lynch B.V. ("MLBV", or the "Company") is a private company with limited liability (Besloten Vennootschap met Beperkte Aansprakelijkheid) incorporated under the laws of The Netherlands on 12 November 2012 with registration number 56457103.

The principal activities of the Company are the issuance of structured notes and economically hedging these instruments through derivatives that are transacted with Merrill Lynch International ("MLI"), Bank of America National Association ("BANA") and BofA Securities Europe SA. In addition the Company grants intercompany loans and places deposits with Bank of America Corporation ("BAC") and MLI. The directors expect the principal activities to continue during 2021.

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

The Company has chosen The Netherlands as Home Member State in connection with the Transparency Directive, The Netherlands being the country of incorporation of the Company.

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

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

The Company has its registered address at Amstelplein 1, Rembrandt Tower, 27 Floor, 1096HA, Amsterdam, The Netherlands. Merrill Lynch International, LLC ("MLID") is the Company's immediate parent; BAC is the Company's ultimate parent, see note 20.

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

	2020 **\$000**	2019 \$000
Change in fair value of derivative instruments	**51,971**	19,091

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

	2020 **\$000**	2019 \$000
Change in fair value of structured notes	**(58,696)**	(61,146)

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

6. Other income

Operating income of $455,000 (2019: $386,000) relates to service fee income from MLI, an affiliate.

7. Administrative expenses

	2020	2019
	$000	$000
Foreign exchange (gain)/loss	**(240)**	169
Service charge	**55**	52
Other operating expenses	**455**	190
	270	411

8. Interest income

	2020	2019
	$000	$000
Interest income	**42,370**	63,544

Interest income due from affiliated companies within debtors was $42,205,000 (2019: $63,089,000) and within cash and cash equivalents was $162,000 (2019: $455,000).

9. Segmental analysis

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

The table below presents the total net operating revenues of the Company by geographic region:

	2020	2019
	$000	$000
APAC	**25,516**	15,462
EMEA	**8,106**	4,912
Americas	**2,478**	1,501
	36,100	21,875

10. Auditors' remuneration

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

	2020 **$000**	2019 $000
Audit fees	**84**	84
Non-audit fees	**20**	20
	104	104

The fees listed above relate to the procedures applied to the Company by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (“Wet toezicht accountants organisaties – Wta”) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The accrued audit and non-audit fees relates to the statutory audit of the Company's 2020 financial statements and services in relation to the 2020 comfort letters for the issuance of structured notes. Payment of the 2019 fees was made by an affiliated entity and recharged to the Company.

11. Tax expense

	2020 **$000**	2019 $000
Current tax		
Current tax on profit for the year	**1,525**	1,766
Adjustments in respect of prior periods	**-**	(168)
Total current tax expense	**1,525**	1,598
Deferred tax		
Origination and reversal of temporary differences	**8,191**	2,809
Tax rate change	**1,323**	(506)
Total deferred tax expense	**9,514**	2,303
Total tax expense	**11,039**	3,901

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

11. Tax expense (continued)

	2020 $000	2019 $000
Profit before tax	**35,830**	21,464
Tax calculated at standard rate of corporation tax <€200k at 16.5% and >€200k at 25% (2019: <€200k at 19% and >€200k at 25%)	**8,958**	5,366
Net expenses not deductible for tax purposes/(net credit not subject to tax)	**758**	(791)
Adjustments in respect of prior periods	**-**	(168)
Tax rate change	**1,323**	(506)
Total tax expense	**11,039**	3,901

Temporary differences arise on the recognition of gains or losses as BAC credit spreads change.

12. Debtors

	2020 $000	2019 $000
Non-current assets		
Debt instruments at amortised cost*	**2,107,916**	2,638,116
Current assets		
Debt instruments at amortised cost*	**112,417**	120,012
Cash collateral	**33,517**	21,721
Amounts owed from affiliated companies	**155,396**	210,741
	301,330	352,474

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

Debt instruments at amortised cost and Amounts owed from affiliated companies mainly consist of funds raised through the issuance of structured notes and are carried at amortised cost. The balances are largely denominated in USD, EUR, JPY and GBP and are not past due and are not considered to be credit-impaired.

Debt instruments at amortised cost are unsecured and placed with BAC and MLI (refer to note 21 for credit ratings). The fair value of Debt instruments at amortised cost are valued at $2,297,939,000 (2019: $2,762,476,000*). The amounts owed from affiliated companies are extended on a short term basis.

13. Cash and cash equivalents

	2020 $000	2019 $000
Cash at bank and in hand	**2,976**	2,742
Short term time deposit	**19,700**	19,508
	22,676	22,250

The short term time deposits are held with Bank of America, N.A., and are interest bearing at 0.82% average rate (2019: 2.33% average rate) maturing on 29 January 2021. The credit rating is A-1 (Standard and Poor's ("S&P")) (2019: A-1 (S&P).

14. Derivative assets and derivative liabilities

	2020 $000	2019 $000
Non-current assets	**214,457**	86,599
Current assets	**9,700**	27,509
Total derivative assets	**224,157**	114,108

	2020 $000	2019 $000
Non-current liabilities	**141,301**	101,445
Current liabilities	**13,651**	-
Total derivative liabilities	**154,952**	101,445

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

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2020 and 31 December 2019. The column 'net amount' shows the impact on the Company's SOFP if all set-off rights were exercised.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

14. Derivative assets and derivative liabilities (continued)

As at 31 December 2020

	Gross amounts recognised $000	**Gross amounts offset in the SOFP $000**	**Net amounts presented in the SOFP $000**	**Financial instruments $000**	**Cash collateral $000**	**Net amount $000**
Assets						
Derivative assets	**240,535**	**(16,378)**	**224,157**	**(121,531)**	**(100,164)**	**2,462**
Liabilities						
Derivative liabilities	**171,330**	**(16,378)**	**154,952**	**(121,531)**	**(33,421)**	**-**

As at 31 December 2019

	Gross amounts recognised $000	Gross amounts offset in the SOFP $000	Net amounts presented in the SOFP $000	Financial instruments* $000	Cash collateral $000	Net amount $000
Assets						
Derivative assets	152,524	(38,416)	114,108	(81,008)	(33,100)	-
Liabilities						
Derivative liabilities	139,861	(38,416)	101,445	(81,008)	(20,437)	-

*Offsetting note has been re-presented to add an additional column to represent offsetting of long and short contracts.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

14. Derivative assets and derivative liabilities (continued)

Derivatives consist of total return swaps and cross currency swaps that are mainly transacted with MLI and BANA and are predominantly denominated in USD, EUR, JPY and GBP.

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

15. Deferred tax asset and income tax receivable/(payable)

	2020 $000	2019 $000
Deferred tax asset/(liability) at beginning of year	**7,148**	(11,310)
Charged to profit and loss	**(8,191)**	(2,809)
Tax relating to movement in debit valuation adjustment	**11,868**	21,977
Tax rate change	**2,421**	(710)
Deferred tax asset at end of year	**13,246**	7,148

The deferred tax asset is non-current.

	2020 $000	2019 $000
Income tax payable at beginning of year	**(1,196)**	(3,479)
Charged to the income statement	**(1,525)**	(1,598)
Impact of foreign exchange rates	**779**	(148)
Tax paid	**2,274**	4,029
Income tax receivable/(payable) at end of year	**332**	(1,196)

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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

Management have considered the below maturity profile and contractual terms of the liabilities in respect of the structured note portfolio below and consider there to be sufficient sources of short term funds available to the Company to meet the contractual maturity of the structured notes in the context of the current environment detailed in the 'business review and market environment' section of the directors report.

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

Structured notes

	2020 Notional $000	**2020 Fair value $000**	2019 Notional $000	2019 Fair value $000
Non-current liabilities				
Between one year and five years	**345,198**	**359,058**	383,386	421,443
Between five years and ten years	**116,569**	**124,598**	630,514	631,271
More than 10 years	**1,676,528**	**1,648,311**	1,619,858	1,554,334
Credit spread adjustment	**-**	**106,897**	-	80,323
	2,138,295	**2,238,864**	2,633,758	2,687,371
Current liabilities				
Less than 1 year	**85,359**	**86,144**	88,109	114,607
Credit spread adjustment	**-**	**286**	-	481
	85,359	**86,430**	88,109	115,088
Total	**2,223,654**	**2,325,294**	2,721,867	2,802,459

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

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

	2020 Notional $000	**2020 Fair value $000**	2019 Notional $000	2019 Fair value $000
Structured notes				
USD	**755,685**	**793,836**	1,491,661	1,502,604
JPY	**910,104**	**846,119**	721,550	668,063
EUR	**475,140**	**500,824**	447,389	490,304
KRW	**46,028**	**39,286**	17,295	16,307
HKD	**19,350**	**20,085**	-	-
RUB	**8,921**	**9,225**	10,629	11,082
SEK	**1,065**	**1,401**	4,513	6,181
GBP	**6,290**	**6,264**	6,092	6,278
CNY	**1,071**	**1,071**	-	-
CAD	**-**	**-**	19,264	19,284
CLP	**-**	**-**	3,474	1,552
Credit spread adjustment	**-**	**107,183**	-	80,804
	2,223,654	**2,325,294**	2,721,867	2,802,459

The structured notes programme does not include an early repayment option by the holder, hence the Company is not legally obliged to redeem the notes until they mature.

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

The credit spread adjustment represents a debit valuation adjustment which is linked to BAC credit spreads. The fair value of the structured notes is determined by using valuation techniques based on valuation models, for more information refer to note 22.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

17. Creditors

	2020 $000	2019 $000
Cash collateral	**100,180**	37,810
Amounts owed to affiliated undertakings	**40**	3,288
	100,220	41,098

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

18. Issued capital and reserves

	2020 $000	2019 $000
Share capital	**-**	-
Other reserves	**(76,191)**	(65,381)
Share premium	**35,437**	145,437
	(40,754)	80,056

Issued share capital in 2020 comprises 12,998 Ordinary shares of equal voting rights at $0.01 each. (2019: 12,998 ordinary shares at $0.01 each).

Other reserves include adjustments of $3,651,000 related to the merger with Bank of America Issuance B.V. during 2015 and $79,842,000 debit which relates to DVA after tax.

On 11 December 2020, the Board approved the return of share premium to the parent company of $110,000,000 in cash in accordance with Section 2:216 paragraph 2 of the Dutch Civil Code.

On 16 January 2019, the Board approved return of share premium of $769,000,000 in cash in accordance with Section 2:216 paragraph 2 of the Dutch Civil Code.

On 20 December 2019, the Company's parent MLID made an additional share premium contribution in cash in the amount of $105,000,000.

19. Financial instruments by category

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

Summary of financial instruments at 31 December 2020

	Amortised cost $000	Financial instruments mandatorily at fair value through profit or loss $000
Assets		
Debtors	2,409,246	-
Derivative assets	-	224,157
Other assets	4,372	-
Cash and cash equivalents	22,676	-
	2,436,294	224,157

	Amortised cost $000	Financial instruments mandatorily at fair value through profit or loss $000	Financial instruments designated at fair value through profit or loss $000
Liabilities			
Financial liabilities designated at fair value through profit or loss	-	-	2,325,294
Derivative liabilities	-	154,952	-
Creditors	100,220	-	-
Accrued expenses and other liabilities	63	-	-
	100,283	154,952	2,325,294

19. Financial instruments by category (continued)

Summary of financial instruments at 31 December 2019

	Amortised cost $000	Financial instruments mandatorily at fair value through profit or loss $000
Assets		
Debtors*	2,990,590	-
Derivative assets	-	114,108
Other assets	34,381	-
Cash and cash equivalents	22,250	-
	3,047,221	114,108

	Amortised cost $000	Financial instruments mandatorily at fair value through profit or loss $000	Financial instruments designated at fair value through profit or loss $000
Liabilities			
Bank overdraft	32,758	-	-
Financial liabilities designated at fair value through profit or loss	-	-	2,802,459
Derivative liabilities	-	101,445	-
Creditors	41,098	-	-
Accrued expenses and other liabilities	2	-	-
	73,858	101,445	2,802,459

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

20. Related party transactions

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

The following parties are considered related parties:

Debt instruments at amortised cost:

	Interest income 2020 $000	**Debt instruments at amortised cost 2020 $000**	Interest income 2019 $000	Debt instruments at amortised cost 2019* $000
Merrill Lynch International	**37,645**	**2,156,928**	46,589	2,572,585
Bank of America Corporation	**2,902**	**63,405**	10,079	185,534
Merrill Lynch Luxembourg Finance S.A.	**-**	**-**	-	9
	40,547	**2,220,333**	56,668	2,758,128

Amounts owed from affiliated companies:

	Interest income 2020 $000	**Amounts owed from affiliated companies 2020 $000**	Interest income 2019 $000	Amounts owed from affiliated companies 2019 $000
Merrill Lynch International	**977**	**154,066**	2,164	87,538
Bank of America Corporation	**566**	**1,330**	2,536	93,047
BofAML Jersey Holdings Limited	**115**	**-**	1,721	30,156
	1,658	**155,396**	6,421	210,741

Debt instruments at amortised cost and amounts owed from affiliated companies are set out in note 12.

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

20. Related party transactions (continued)

The carrying amounts of the Company's financial asset that have been pledged as collateral to affiliated company for liabilities totalling $33,517,000 (2019: $21,721,000).

The short term time deposits are held with Bank of America, N.A., and are interest bearing at 0.82% average rate (2019: 2.33% average rate) maturing on 29 January 2021 amounting to $19,700,000 (2019: $19,508,000).

The Company has net derivatives transacted with affiliated companies, which at 31 December 2020 amounting to $69,205,000 (2019: $12,663,000). See note 14 for further information.

The creditors relates to cash collateral received from affiliated companies under legally enforceable master netting agreements, denominated in USD, which are due and payable on demand amounting to $100,180,000 (2019: $37,810,000) and a general intercompany payable amounting to $40,000 (2019: $3,288,000) See note 17 for further information.

The Company has service fee income from MLI for the year ended 31 December 2020 amounting to $455,000 (2019: $386,000)

MLID, the Company's immediate parent, is the holder of all 12,998 ordinary shares ($129.98).

BAC as the ultimate controlling party has the power to govern the Company.

There are no employees in the Company for the year ended 31 December 2020 (2019: none).

Included in the administrative expenses; are Directors' fees and remuneration relating to one director. Two directors did not receive any remuneration. The Company has taken advantage of the exemption from disclosing these amounts, available under Dutch company law. Disbursements for travel and other expenses incurred in relation to matters concerning the Company are charged to the Company separately. The Company entered into a cost sharing agreement with Investments 2234 Overseas Holdings B.V., an affiliated company with which costs relating to one of the directors' are shared, through their mutual ultimate parent company, BAC, which is based in North Tryon Street, Charlotte, North Carolina, 28202, U.S.A.

21. Financial risk management

Legal entity governance

BAC has established a risk governance framework (the "Risk Framework"), which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including the Company). The Risk Framework applies to all BAC employees. It provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Company.

The risk management approach has five components:

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

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

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

Market risk

Market risk is the risk that changes in market conditions may adversely impact the values of assets and 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, FX, 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.

21. Financial risk management (continued)

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

99% Daily VaR	**Year end 2020 $000**	**High 2020 $000**	**Daily average 2020 $000**	**Low 2020 $000**
Total	**2,705**	**11,699**	**4,043**	**492**
Interest rate risk	**2,577**	**3,641**	**2,588**	**138**
Currency risk	**233**	**2,869**	**614**	**169**
Equity price risk	**62**	**2,620**	**647**	**31**
Credit risk	**11**	**10,433**	**1,435**	**6**
Commodity price risk	**5**	**382**	**10**	**-**

99% Daily VaR	Year end 2019 $000	High 2019 $000	Daily average 2019 $000	Low 2019 $000
Total	1,922	2,999	1,687	990
Interest rate risk	1,932	3,379	1,603	834
Currency risk	370	2,585	588	69
Equity price risk	222	949	230	9
Credit spread risk	84	255	86	-
Commodity price risk	2	6	-	-

21. Financial risk management (continued)

Credit Risk

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

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

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

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

BAC has established policies and procedures for mitigating credit risk on principal transactions, including establishing and reviewing limits for credit exposure, maintaining collateral, purchasing credit protection and continually assessing the creditworthiness of counterparties. These limits were not exceeded during the year ended 31 December 2020.

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

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

The Company is exposed to a significant concentration of credit risk related to debt instruments at amortised cost totalling $2,220,333,000 (2019: $2,758,128,000*), all with affiliated companies, please refer to note 12. At the end of the reporting year, the credit rating for outstanding long term debt of the affiliated companies is A- / A-2 (S&P) for BAC and A+ /A-1 (S&P) for MLI (2019: A- /A-2 (S&P) for BAC and A+ /A-1 (S&P) for MLI).

In the current COVID-19 impacted environment, the Company is actively monitoring the recoverability of its financial assets and ensures any loss allowance reflects on a timely basis management's best estimate of potential losses.

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

Derivatives trading

The Company enters into ISDA master agreements or their equivalent ("master netting agreements") with its derivative counterparties. Master netting agreements provide protection in bankruptcy in certain

21. Financial risk management (continued)

circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes.

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

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

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

BAC has compliance and operational risk management programmes in place to identify, mitigate and manage the C&OR Risk for the group, which includes relevant activities of the Company.

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

Liquidity risk

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers under a range of economic conditions.

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

The tables below represent the undiscounted cash flows of the Company's financial liabilities as at 31 December 2020 and 31 December 2019, with the exception of those designated at fair value through profit or loss and derivatives.

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

21. Financial risk management (continued)

	Less than 3 months $000	Between 3 months and 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Over 5 years $000	Total $000
As at 31 December 2020						
Financial liabilities designated at fair value through profit or loss	**10,676**	**75,754**	**114,511**	**244,546**	**1,879,807**	**2,325,294**
Derivative liabilities	**11,151**	**2,500**	**6,688**	**4,992**	**129,621**	**154,952**
Creditors	**-**	**100,220**	**-**	**-**	**-**	**100,220**
Accrued expenses and other liabilities	**63**	**-**	**-**	**-**	**-**	**63**
	21,890	**178,474**	**121,199**	**249,538**	**2,009,428**	**2,580,529**

	Less than 3 months $000	Between 3 months and 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Over 5 years $000	Total $000
As at 31 December 2019						
Financial liabilities designated at fair value through profit or loss	9,930	105,158	225,496	201,611	2,260,264	2,802,459
Derivative liabilities	-	-	1,538	9,491	90,416	101,445
Creditors	-	41,098	-	-	-	41,098
Bank overdraft	32,758	-	-	-	-	32,758
Accrued expenses and other liabilities	2	-	-	-	-	2
	42,690	146,256	227,034	211,102	2,350,680	2,977,762

21. Financial risk management (continued)

Reputational risk

Reputational risk is the potential risk that negative perceptions of MLBV's conduct or business practices will adversely affect its profitability or operations.

BAC and its subsidiaries manage 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.

At the BAC enterprise level, reputational risk is reviewed by the Enterprise Risk Committee and the Management Risk Committee, which provide primary oversight of reputational risk. Additionally, top reputational risks are reviewed by the Global Risk Management ("GRM") Leadership team and the BAC Board.

At regional level, reputational risk items are considered as part of the Eastern Europe Middle East and Africa ("EMEA") Reputational Risk Committee, whose mandate includes consideration of reputational risk issues and provision of guidance and approvals for activities that represent specific reputational risks which have been referred for discussion by other current control frameworks or lines of business.

Ultimately, to ensure that reputational risk is mitigated through regular business activity, monitoring and oversight of the 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 appetite. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

The reporting of reputational risk issues is captured as part of management routines for the Reputational Risk Committee. Tracking of items presented to this Committee is maintained through a reporting protocol, which provides detail such as the description of the reputational risk issue, the geographical jurisdiction, the reason for escalation and the decision reached by the Committee. A summary report of issues discussed at the Reputational Risk Committee is provided to the EMEA Regional Risk Committee on a quarterly basis.

Strategic risk

Strategic risk is the risk that results from incorrect assumptions about external and/or internal factors, inappropriate business plans (e.g. too aggressive, wrong focus, ambiguous), ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments in the geographic locations in which MLBV operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

Strategic risk is managed through the assessment of effective delivery of strategy. Strategic risk is monitored continuously by the executive management team through a number of existing processes ranging from monitoring of financial and operating performance, through to the management of recovery plans and also with the regular assessment of earnings and risk profile throughout the year.

The executive management team provides the Board with reports on progress in meeting the strategic plan, as well as whether timelines and objectives are being met and if additional or alternative actions need to be implemented.

21. Financial risk management (continued)

MLBV strategy execution and risk management involves a formal planning and approval process. The MLBV strategic plans are set within the context of overall risk appetite and the strategic planning process includes an evaluation of the internal and external environment and the group's strengths, weaknesses, opportunities and threats.

Routines exist to discuss the strategic risk implications of new, expanded, or modified businesses, products or services and other strategic initiatives, and to provide approvals where appropriate. Independent risk management, Corporate Audit and other control functions provide input, challenge and oversight to FLUs and strategic decisions and initiatives relating to MLBV.

Regular updates to the Board on business performance and management of strategic risk take into account analyses of performance relative to the strategic plan, risk appetite, the strength of capital and liquidity positions and stress tests (which address potential macroeconomic events, changing regulatory requirements and various market growth rate assumptions).

Capital risk management

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

The Company's capitalisation ratio is consistent with BAC’s Capital Management Policy. On 11 December 2020, the Board approved return of share premium of $110,000,000 in cash since this was deemed to be surplus to the capital requirements of the Company. Resizing the capital base to minimum levels will align the Company under its new transfer pricing agreement. Taking into account guidelines issued by the Dutch Ministry of Finance, the equity at risk that is taken into account for purposes of determining the Equity risk remuneration is capped at 4% of the total amount of outstanding financial liabilities.

	2020 $000	2019 $000
Capitalisation ratio:		
Equity	**93,500**	189,519
Issued debt	**2,325,294**	2,802,459
Capitalisation ratio	**4%**	**7%**

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

21. Financial risk management (continued)

Climate risk management

There is an increasing concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change are driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as temperature increases and sea level rises. An increase in the frequency and severity of extreme weather events and natural disasters could disrupt the Company's operations or the operations of clients or third parties on which the Company relies.

Additionally, climate change concerns could result in transition risk. The transition to a low-carbon economy could give rise to changes in markets, technology, consumer preferences and additional legislation and regulatory requirements, which adversely impact the Company, its business or its clients.

Further detail on climate risk management, including strategy and scenario planning, risk management, governance, metrics and targets, is included in Bank of America's Task Force for Climate-related Financial Disclosures (TCFD) Report and in the Environmental and Social Risk Policy Framework. Both these documents are available at www.bankofamerica.com.

22. Fair value measurement

In accordance with IFRS 13 – Fair Value Measurement, financial instruments carried at fair value have been categorised into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial instruments are considered Level 1 when their valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Financial liabilities designated at FVPL

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

Derivative assets and liabilities

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

The table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2020:

As at 31 December 2020

	Level 2 $000	Level 3 $000	Total $000
Assets			
Derivative assets	**209,293**	**14,864**	**224,157**

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

22. Fair value measurement (continued)

	Level 2 $000	Level 3 $000	Total $000
Liabilities			
Financial liabilities designated at fair value through profit and loss	**2,219,599**	**105,695**	**2,325,294**
Derivative liabilities	**142,948**	**12,004**	**154,952**
	2,362,547	**117,699**	**2,480,246**

As at 31 December 2019*

	Level 2 $000	Level 3 $000	Total $000
Assets			
Derivative assets	102,681	11,427	114,108

Liabilities			
Financial liabilities designated at fair value through profit and loss	2,560,635	241,824	2,802,459
Derivative liabilities	63,262	38,183	101,445
	2,623,897	280,007	2,903,904

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

22. Fair value measurement (continued)

Fair values of level 3 assets and liabilities

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

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

By definition unobservable inputs relate to mark-to-model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. Classification on Level 3 is essentially a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of unobservable inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.
- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Company's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.
- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability.

The fair values have been determined with consideration of the COVID-19 impact of estimation uncertainty.

The table below presents a reconciliation for all Level 3 financial instruments measured at fair value. Level 3 assets were $14,864,000 as of 31 December 2020 (2019: $11,427,000), and represent approximately seven percent of assets measured at fair value and approximately one percent of total assets. Level 3 liabilities were $117,699,000 as of 31 December 2020 (2019: $280,007,000), and represent approximately seven percent of liabilities measured at fair value and seven percent of total liabilities.

22. Fair value measurement (continued)

	Derivative assets $000	Derivative liabilities $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 1 January 2020	11,427	(38,183)	(241,824)
Gain/(losses) recognised in the statement of comprehensive income	8,592	22,909	8,656
Settlements	(21,015)	4,995	71,910
Sales	-	(1,845)	-
Purchases	16,290	-	8,450
Transfers in	1,589	(577)	(19,498)
Transfers out	(2,019)	697	67,410
Changes in fair value - classified in OCI	-	-	(799)
Balance at 31 December 2020	**14,864**	**(12,004)**	**(105,695)**

	Derivative assets $000	Derivative liabilities $000	Financial liabilities designated at fair value through profit or loss $000
Unrealised (losses)/gains for level 3	7,025	24,477	1,024

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

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

22. Fair value measurement (continued)

	Derivative assets $000	Derivative liabilities $000	Financial liabilities designated at fair value through profit or loss $000
Balance at 1 January 2019*	101,792	(15,599)	(437,498)
Gain/(losses) recognised in the statement of comprehensive income	(4,190)	(4,708)	16,921
Settlements	(70,814)	10,318	209,729
New issuances	8,187	(32,846)	(7,993)
Transfers in	41	-	(22,983)
Transfers out	(23,589)	4,652	-
Balance at 31 December 2019	11,427	(38,183)	(241,824)

	Derivative assets $000	Derivative liabilities $000	Financial liabilities designated at fair value through profit or loss $000
Unrealised (losses)/gains for level 3	(4,190)	(4,708)	16,921

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

22. Fair value measurement (continued)

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

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

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

As at 31 December 2020	Valuation technique	Significant unobservable inputs	Ranges of input
Derivative assets and liabilities			
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	2.0% to 100% 7.0% to 64.0%
Financial liabilities designated at fair value			
Structured notes	Discounted cash flow, Market comparable, Industry standard derivative pricing	Equity correlation Long dated equity volatilities Yield Price	2.0% to 100% 7.0% to 64.0% 0% to 11.0% $0 to $124

As at 31 December 2019	Valuation technique	Significant unobservable inputs	Ranges of input
Derivative assets and liabilities			
Equity derivatives	Industry standard derivative pricing	Equity Correlation Long dated equity volatilities	9.08% to 100% 4.53% to 100.88%
Financial liabilities designated at fair value			
Structured notes	Discounted cash flow, Market comparable, Industry standard derivative pricing	Equity correlation Long dated equity volatilities Yield Price Duration	9.08% to 100% 4.53% to 100.88% 2.0% to 6.0% $0 to $100 0 to 5 years

22. Fair value measurement (continued)

Derivative assets and liabilities

For equity derivatives, commodity derivatives, interest rate derivatives and structured liabilities, a significant change in long-dated rates, volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different commodities, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Company is long or short the exposure. For structured liabilities, a significant increase in yield or decrease in price would result in a significantly lower fair value. A significant decrease in duration may result in a significantly higher fair value.

Sensitivity analysis of unobservable input

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the Company's valuation control policies. Were the Company to have valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives, then at the year end, it could have increased fair value by as much as $59,000 (2019: $1,799,000) or decreased fair value by as much as $24,000 (2019: $650,000) with the potential effect impacting profit and loss rather than reserves.

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

Financial assets and liabilities carried at amortised cost

The below summarises the fair value of the Company's financial assets and liabilities which are carried at amortised cost.

The fair value of amounts owed by affiliated companies is determined by reference to quoted market prices of similar instruments. Debt instruments at amortised cost are classified as level 2 and are valued at $2,297,939,000 (2019: $2,762,476,000*). *Prior period re-presented - for more information refer to note 1.1.

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

23. Other assets

The Company had a receivable balance at 31 December 2020 of $4,372,000 (2019: $34,143,000). Significant balance in 2019 pertains to outstanding swap counterparty settlement which was received shortly after the year end date.

24. Bank overdraft

The Company had a bank overdraft position at 31 December 2020 of $nil (2019: $32,758,000). Significant bank overdraft balance in 2019 relates to settlement of a maturity payment on a structured note for which the corresponding swap trade settlement amount was not been received until shortly after the year end date (see note 23).

25. Events after the reporting period

The directors are of the opinion that there are no significant events that have occurred since 31 December 2020 to the date of this report.

26. Profit appropriation

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

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

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

Based on the net result over the year ended 31 December 2020, the Board of Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020.

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

The financial statements were approved by the Board and authorised for issue on 30 April 2021. They were signed on its behalf by:

A.E. Okobia
Director

S. Lilly
Director

L.J.M. Duijsens
Director

Amsterdam
30 April 2021

OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Independent auditor's report

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

Independent auditor's report

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

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of Merrill Lynch B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Merrill Lynch B.V., Amsterdam.

The financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the following statements for 2020: the statement of profit or loss and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Independence

We are independent of Merrill Lynch B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

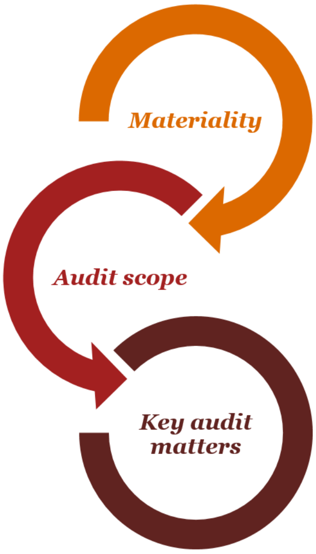
Merrill Lynch B.V.'s main activity is the issuance of structured notes and economically hedging these instruments through derivatives with other Bank of America Corporation companies. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

Due to COVID-19 measures we were not able to perform our audit procedures on location. Instead, we performed them virtually through our electronic way of working. This way of working made it more challenging for us to perform audit procedures and to gather sufficient and appropriate audit evidence. To overcome this we, when planning our audit, have taken this into account as part of our risk assessment and we have planned and executed additional audit procedures where considered necessary. We therefore believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a securitisation company. We therefore included specialists in the area of tax in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: USD 27 million.

Audit scope

- We conducted audit work in three locations: the Netherlands, the United States and the United Kingdom.
- We paid particular attention to the audit of fair value of the financial assets and liabilities at fair value through profit or loss, debt instruments at amortised cost and derivative assets and liabilities.

Key audit matters

- Valuation of derivative assets and derivative liabilities
- Valuation of structured notes

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall materiality	USD 27 million (2019: USD 32 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of total assets.
Rationale for benchmark applied	We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. The main activities of the Company are the selling, offering, issuing, repurchasing, reselling and/or retirement of secured securities and they are structured in such a way that the Company should be profitable (it earns a fixed spread on each individual structured note issued). On this basis, we believe that profits are not the main indicator of financial performance of the Company, and that total assets is a relevant benchmark.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above USD 1.3 million (2019: USD 1.6 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Company is a subsidiary of Bank of America Corporation. The operations of the Company are embedded in the IT environment and process controls of the Bank of America Corporation Group ('the group') and are performed in the United Kingdom and the United States.

Considering our ultimate responsibility for the opinion, we are responsible for the direction, supervision and performance of the audit of the Company. In this context, we used the work performed by a component auditor for assurance over the internal control environment. We sent instructions to the component auditor in the United Kingdom, which set out the work to be performed and the agreed scope of testing.

Where the work was performed by the component auditor, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

In this respect, we performed the following procedures:

- We issued detailed audit instructions to the component auditor prescribing the scope of work to be performed, our risk assessment, the key audit areas, materiality to be applied and the reporting requirements to the group engagement team.
- The reports of the component auditor were assessed by the group engagement team and observations were discussed with the component auditor and with group management.
- The group engagement team met the United Kingdom component team and board of directors of the Company and performed a review of the United Kingdom component auditor team's file, which includes their review work of the component auditor in the United States.

With respect to the existence of amounts owed by affiliated undertakings, financial assets and liabilities at fair value through profit or loss and derivative assets and liabilities, we also used the work performed by the component auditor. Intercompany balances are reconciled centrally by Bank of America Corporation and any differences are investigated by the Company. This control is tested centrally by the component auditor. In addition, we have tested any differences resulting from this reconciliation. We have also assessed the creditworthiness of these counterparties.

By performing the procedures above at component level, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Company as a whole to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Due to the nature of the Company's business, we recognise that key audit matters may be long-standing and therefore may not change significantly from one year to the next. As compared to last year, there have been no changes in key audit matters.

Key audit matter	***Our audit work and observations***
Valuation of derivative assets and derivative liabilities *Refer to the accounting policies note 1.4 'Financial assets', note 1.5 'Financial liabilities', note 1.6 'Derecognition of financial assets and liabilities', note 2 'Critical accounting estimates and judgements', note 14 'Derivative assets and derivative liabilities'.* Derivative assets amount to USD 224 million as at 31 December 2020. Derivative liabilities amount to USD 155 million as at 31 December 2020. Derivative assets and liabilities consist of cross-currency, interest rate and total return swaps that are used to economically hedge the structured notes issued. The valuation of these swaps is determined by using valuation models. These valuation models and pricing inputs used are internally tested by Bank of America Corporation. We consider the valuation of the swaps to be a key audit matter, given the magnitude of these positions and the complexity of the valuation models applied.	We obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the swaps. In addition, we assessed the appropriateness of the methodology and the models used by the board of directors. Furthermore, our audit included testing of the Company's internal controls with respect to the models used throughout the valuation process. This included test procedures on controls with respect to model validation around new or amended models and price testing (which includes independent revaluation). We assessed the completeness and accuracy of the disclosures relating to the valuation of derivative assets and liabilities to assess compliance with disclosure requirements included in EU-IFRS.
Valuation of structured notes *Refer to the accounting policies note 1.5 'Financial liabilities', note 1.6 'Derecognition of financial assets and liabilities', note 2 'Critical accounting estimates and judgements, and note 16 'Financial liabilities designated at fair value through profit or loss'.* Financial liabilities designated at fair value through profit or loss amount to USD 2,325 million as at 31 December 2020. The financial liabilities designated at fair value through profit or loss consist of structured notes. These structured notes are hybrid (debt) instruments with a structured component (derivative element) linked to the performance of various market indices.	We obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the structured notes. In addition, we assessed the appropriateness of the methodology and the models used by the board of directors. Furthermore, our audit included testing of the Company's internal controls with respect to the models used throughout the valuation process. This included test procedures on controls with respect to model validation around new or amended models and price testing (which includes independent revaluation).

Key audit matter	*Our audit work and observations*
The valuation is determined by using valuation models. These valuation models and pricing inputs used are internally tested by Bank of America Corporation. We consider the valuation of the structured notes to be a key audit matter, given the magnitude of these positions and the complexity of the valuation models applied.	We engaged our valuation experts to substantively revalue a sample of structured notes using independent models and independently sourced inputs. We assessed the completeness and accuracy of the disclosures relating to the valuation of financial liabilities designated at fair value through profit or loss to assess compliance with disclosure requirements included in EU-IFRS.

Report on the other information included in the annual report

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

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

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

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

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

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Merrill Lynch B.V. following the passing of a resolution by the shareholders at the annual meeting held in 2012. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of nine years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 10 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

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

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 30 April 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by V.S. van der Reijden RA

Appendix to our auditor's report on the financial statements 2020 of Merrill Lynch B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

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

Considering our ultimate responsibility for the opinion on the financial statements, we are responsible for the direction, supervision and performance of the audit of the financial statements. In this context, we have determined the nature and extent of the audit procedures to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.

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

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

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