Registered number: 11-1300009

MERRILL LYNCH INTERNATIONAL & CO C.V.

GENERAL PARTNER'S ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PARTNERSHIP INFORMATION

General Partner	ML Cayman Holdings Inc.
Officers of the General Partner	Mark Livingston Mary Ann Olson
Limited Partner	Merrill Lynch International Services Limited
Officer of the Limited Partner	Gaylen Duncan
Registration Number	11-1300009
Registered office	Kaya W.F.G (Jombi) Mensing 36 Curacao
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

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GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The General Partner presents its report together with the audited financial statements of Merrill Lynch International & Co C.V. (the "Partnership", "MLICO") for the year ended 31 December 2022.

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

The general partner is responsible for preparing the financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union for the purpose of meeting the requirements of the partnership agreement.

The general partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the general partner is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The general partner is responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The general partner is also responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership.

The General Partner is responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The principal activity of the Partnership is the issuance of warrants and related financial instruments. The market risks associated with these warrants and related financial instruments are hedged with affiliated companies, with residual income or expense relating to this business recharged to affiliated companies under service agreements.

The Partnership ceased its activity of the distribution of managed funds to third parties on which the Partnership received fee income, with residual income or expense relating to this business recharged to affiliated companies under service agreements. During the prior year, contracts with the third-party clients were novated from the Partnership to an affiliated company.

Loss for the year ended 31 December 2022 amounted to $890,000 (2021: $275,000).

Net operating revenue for the year ended 31 December 2022 amounted to $42,426,000 (2021: $59,005,000).

Administrative expenses for the year ended 31 December 2022 amounted to $43,316,000 (2021: $59,272,000).

MARKET ENVIRONMENT

Geopolitical and macroeconomic factors

Global market conditions in 2022 were markedly different from the prior year. Volatility dominated (both in markets and in politics) amidst growing concern over geopolitics, record inflation, and rising rates.

Geopolitical risks were heightened in 2022, driven by conflict between Russia and Ukraine, tensions between China and Hong Kong/Taiwan, and tensions between the United States ("US") and China. Due to the ongoing conflict between Russia and Ukraine there has been significant volatility in financial and commodities markets, and multiple jurisdictions have implemented various economic sanctions. The Partnership's direct exposure to Russia remains immaterial.

Meanwhile, consumer prices continued to accelerate driven by elevated food and energy prices, with the Euro Area inflation reaching a record high. Most central banks responded by tightening monetary policies and hiking interest rates to fight inflation which has led to an increased cost of borrowing.

As a result of these geopolitical risk factors, the Partnership's business, results of performance, financial position and/or operational model could be adversely affected.

MANAGEMENT OF CLIMATE CHANGE RISK

Climate-related risks are divided into two major categories: (1) risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes, and (2) risks related to the physical impacts of climate change, driven by extreme weather events, such as hurricanes and floods, as well as chronic longer-term shifts, such as rising average global temperatures and sea level rise. These changes and events can have broad impacts on operations, supply chains, distribution networks, customers, and markets and are otherwise referred to, respectively, as transition risk and physical risk. These risks can impact both financial and non-financial risk types. No material climate-related risk variables impacting the financial position of the Partnership as at 31 December 2022 have been identified.

BAC's Risk Framework (as adopted by MLICO) establishes clear ownership and accountability for managing risk across the three lines of defence: Front line units ("FLUs"), independent risk management and Corporate Audit. The same approach to ownership and accountability is followed for climate risk as for other risks facing BAC.

Further information about BAC's approach to environmental, social and governance matters can be accessed via the ESRPF ("Environmental and Social Risk Policy Framework") at www.bankofamerica.com/ESRPF and BAC's Task Force for Climate-related Financial Disclosures available at www.bankofamerica.com/TCFD.

RISK MANAGEMENT

The Partnership's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks) are described in the notes to the financial statements (see note 17 Risk Management).

GOING CONCERN

The General Partner has a reasonable expectation, based on current and anticipated future performance, that the Partnership 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 of the Partnership have, therefore, been prepared on a going concern basis. Disclosures in respect of liquidity risk is set out in note 17.

ELECTRONIC DISTRIBUTION

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

PARTNERS

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

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

The General Partner at the time of when this report is approved has confirmed that:

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

DONATIONS

The Partnership made no political donations for the year ended 31 December 2022 (2021: $nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events affecting the Partnership since the period end which would have impacted the financial position of the Partnership if retrospectively applied.

This report was approved by the General Partner and authorised for issue on 28 April 2023 and signed on its behalf by

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

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNERS OF MERRILL LYNCH INTERNATIONAL & CO C.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Merrill Lynch International & Co C.V.'s financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Partnership Agreement.

We have audited the financial statements, included within the General partner's Annual Report, and Financial Statements (the "Annual Report") which comprise: the Statement of financial position as at 31 December 2022; the Statement of profit or loss and other comprehensive income and the Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the general partner.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs") and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5 (1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in note 9, we have provided no non-audit services to the Partnership in the period under audit.

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. Our scoping considered all account balances and was performed to ensure that specific and appropriate audit procedures were performed over material balances.

Key audit matters

- Valuation of structured liabilities

Materiality

- Overall materiality: US$70,800,000 (2021: US$272,800,000) based on 1% of Total assets.
- Performance materiality: US$53,100,000 (2021: US$204,600,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As a result of the Partnership having structured liabilities listed on a regulated exchange, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of structured liabilities Financial liabilities designated at fair value through profit or loss amount to US$3,141 million as at 31 December 2022. These financial liabilities designated at fair value through profit or loss consist of structured liabilities. These structured liabilities are listed warrants. The fair value of these structured liabilities is determined using valuation methods that involve a varying degree of judgement. The fair values of these structured liabilities are determined using valuation techniques based on models. These models incorporate observable, and in limited cases unobservable inputs. The inputs include security and commodity prices, option volatility, currency, commodity or equity rates and correlations between these inputs. Management exercises judgement to determine the most appropriate valuation assumptions and methodologies. Refer to Note 1.2 Accounting policies - Financial liabilities, Note 2 Critical accounting estimates and judgements - Estimates, Note 15 Creditors and Note 18 Fair Value Disclosures for further details.	We tested the design and operating effectiveness of the key controls supporting the valuation of the structured liabilities as follows: • Assessed the design and tested the operating effectiveness of the independent price verification controls, and assessed the appropriateness of pricing sources used; • Engaged our valuation experts to assess model validation and approval controls; and • Tested collateral management controls. Our substantive procedures included the following: • Utilised our valuation experts to revalue a selection of instruments using our models and pricing information from independent sources where possible. Any differences were assessed to confirm that the valuation was within a tolerable threshold; • Examined the results of the year end independent price verification controls; • Substantive testing of key year end reconciliations; • Examined collateral disputes, to consider any valuation differences between counterparties,; and • Evaluated the adequacy of the disclosures relating to the structured liabilities to assess compliance with disclosure requirements included in IFRSs as adopted by the European Union. We concluded that the fair value of structured liabilities is reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Partnership, the accounting processes and controls, and the industry in which it operates.

The ultimate parent company of the Partnership is Bank of America Corporation (BAC). The Partnership issues structured liabilities, which are economically hedged with affiliated companies, with income and expense relating to the business recharged to affiliated companies. We first established an end-to-end understanding of the principal processes that support these structured liabilities and associated balances, classes of transactions and disclosures within the financial statements. We then determined the type of work that needed to be performed by us in the UK, and by other PwC network firms operating under our instruction. This reflects that certain operational processes which are critical to financial reporting are undertaken outside of the UK. Where the work was performed by other PwC network firms, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall partnership materiality	US$70,800,000 (2021: US$272,800,000)
How we determined it	1% (2021: 2%) of Total assets
Rationale for benchmark applied	The Partnership is part of the BAC group. We considered the primary users of the financial statements to be the partners, who are all within the BAC group, other BAC affiliated entities who are counterparties to the hedges of the structured liabilities, the investors, and regulators. We do not consider that these stakeholders are focused on the profitability of the Partnership given the Partnership's balance sheet is utilised for the issuance of structured liabilities and the profitability of the Partnership is impacted by the risk management strategies in place to hedge the performance of the structured liabilities and that all structured liabilities are guaranteed by BAC. We therefore determined that a materiality based on Total assets to be an appropriate basis for materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to US$53,100,000 (2021: US$204,600,000) for the Partnership financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the general partner that we would report to them misstatements identified during our audit above US$7,100,000 (2021: US$13,600,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the general partner' assessment of the Partnership's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Understanding and evaluating the Partnership's current financial position and the creditworthiness of the counterparties to the Debtors and Long inventory positions;
- Inquiring of the BAC group auditor with regards to their considerations over the going concern of the ultimate parent entity;
- Obtaining management's going concern assessment and evaluating their future plans and intentions for the Partnership; and
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the general partner' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Partnership's ability to continue as a going concern.

Our responsibilities and the responsibilities of the general partner with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the statement of general partner's responsibilities in respect of the financial statements, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the general partner is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the general partner either intends to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Commission de Surveillance du Secteur Financier and local laws and regulations applicable to the Netherland Antilles, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Curacao tax legislation and the Partnership Agreement. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiring with management, including Internal Audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of the Partnership meeting minutes;
- Review of Internal Audit reports in so far as they related to the financial statements;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular those related to the valuation of structured liabilities;
- Identifying and testing journal entries meeting specific fraud criteria, including post close journals and those journal entries posted by senior management or with other unusual characteristics;
- Testing of information security controls relating to system access and change management; and
- Incorporating unpredictability into the nature, timing and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 Partnership’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Partnership audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinion, has been prepared for and only for the partners of the Partnership as a body for the purposes of meeting the requirements of the Partnership agreement in accordance with our engagement letter dated 4 January 2023 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Partnership, save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

We have checked the compliance of the financial statements of the Partnership as at 31 December 2022 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

That is, for the Partnership:

- The financial statements are prepared in a valid xHTML format.

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNERS OF MERRILL LYNCH INTERNATIONAL & CO C.V. (CONTINUED)

In our opinion, the financial statements of the Partnership as at 31 December 2022, identified as MLICO-2022-12-31.xhtml have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Chris Shepherd.

OTHER REQUIRED REPORTING

Appointment

Following the recommendation of the general partner, we were appointed by the general partner on 27 April 2009 to audit the financial statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 31 December 2009 to 31 December 2022.

PricewaterhouseCoopers LLP
Chartered Accountants
London

28 April 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 $000	2021 $000
Interest income	3	**100,584**	24,175
Interest expense	4	**(60,553)**	(5,707)
Net interest income		**40,031**	18,468
Other operating revenues	5	**—**	41,336
Net trading profit/(loss)	6	**2,395**	(799)
Net operating revenue		**42,426**	59,005
Administrative expenses	7	**(43,316)**	(59,272)
Loss before tax		**(890)**	(267)
Tax on loss	10	**—**	(8)
Loss for the year before Partners' remuneration and profit shares available for discretionary division among Partners		**(890)**	(275)
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss:			
Movement in debit valuation reserve		**721**	491
Total comprehensive (loss)/income for the period before the General Partner's profit allocation		**(169)**	216

The notes on pages 14 to 43 form part of these financial statements.

The total comprehensive loss for the period is allocated to the General Partner (see note 16).

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 $000	As restated 2021 $000
Current assets			
Debtors*	11	**3,929,916**	6,969,856
Long inventory positions	12	**3,145,462**	6,207,537
Cash and cash equivalents	13	**1,107**	1,074
Total assets		**7,076,485**	13,178,467
Current liabilities			
Short inventory positions	14	**-**	7
Bank overdraft		**1**	-
Creditors	15	**6,448,531**	12,550,303
Total liabilities		**6,448,532**	12,550,310
Net assets attributable to partners		**627,953**	628,157
Partners' capital and income accounts	16	**627,953**	628,157

Partners' capital and income accounts are not classified as equity and therefore no separate statement of changes in equity has been presented. The movement in partners' capital and income accounts are disclosed in note 16.

* Prior period restated - for more information refer to note 11.

The financial statements on pages 11 to 43 were approved and authorised for issue by the General Partner on 28 April 2023 and were signed on its behalf by

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

The notes on pages 14 to 43 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 $000	As restated 2021 $000
Cash flows used in operating activities			
Loss for the year		**(890)**	(275)
Adjustments for non-cash items:			
Interest income	3	**(100,584)**	(24,175)
Interest expense	4	**60,553**	5,707
Net trading (profit)/loss		**(2,395)**	799
Adjustment of tax charge in respect of prior periods	10	**—**	8
Cash used in operations		**(43,316)**	(17,936)
Cash flows generated from operating activities:			
Repayment of corporate debt*	12	**5,520,652**	13,462,327
Placement of corporate debt*	12	**(3,715,912)**	(11,979,041)
Decrease in amounts owed by affiliated companies	11	**3,140,524**	2,404,680
Decrease in collateral amounts repayable to affiliated companies	15	**(3,101,283)**	(2,382,477)
Increase in amounts due to affiliated companies	15	**4,397**	656
Corporation tax (paid)/received	15	**(306)**	9
Proceeds from warrant issuances*	15	**3,716,633**	11,979,041
Redemption of warrants*	15	**(5,521,322)**	(13,466,694)
Cash flow generated from operating activities		**43,383**	18,501
Cash flows used in financing activities:			
Decrease in partners' capital accounts	16	**(35)**	(3,168)
Net cash used in financing activities		**(35)**	(3,168)
Net increase/ (decrease) in cash and cash equivalents		**32**	(2,603)
Cash and cash equivalents at beginning of the year	13	**1,074**	4,139
Bank overdraft at beginning of the year		**—**	(462)
Cash and cash equivalents at the end of the year		**1,106**	1,074
Cash at bank and in hand		**1,107**	1,074
Bank overdrafts		**(1)**	—
Cash and cash equivalents at the end of the year		**1,106**	1,074

*Prior period restated – Proceeds from warrant issuances increased by $6,102,215,000; Redemption of warrants increased by $6,268,324,000; Movement in trading inventory has now been represented as placement and repayment of corporate debt.

The notes on pages 14 to 43 form part of these financial statements.

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the current and prior year, except where noted, are set out below.

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with European Union ("EU") adopted International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified to include certain assets and liabilities at fair value. The Partnership does not maintain historical cost information on items 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 certain critical accounting estimates. It also requires management to exercise its judgement in applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 NEW AND AMENDED STANDARDS ADOPTED BY THE PARTNERSHIP

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period. None of these developments have significant impact on the Partnership's financial statement. The Partnership has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1.3 SEGMENTAL ANALYSIS

The Partnership's results are now wholly derived from a single class of business, being the issuance of warrants and related financial instruments. The Partnership ceased its activity of the distribution of managed funds (see note 8 Segmental Analysis). The Partners review and analyse performance of the Partnership based on these activities. Segmental performance is analysed geographically as the Partnership operates globally under one management structure.

1.4 GOING CONCERN

The General Partner has a reasonable expectation, based on current and anticipated future performance, that the Partnership will continue in operational existence for a period of 12 months from the date of approval of the Annual report and financial statements. The financial statements of the Partnership have, therefore, been prepared on a going concern basis. Disclosures in respect of liquidity risk is set out in note 17.

1.5 INCORPORATION AND DOMICILE INFORMATION

The Partnership is a Limited Partnership domiciled in Curacao.

1.6 OPERATING REVENUES

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

Other operating revenue includes:

(a) Fee income

Fee income in the prior year represented income earned distributing third party management funds for International Private Clients and was based on a fixed price per unit or as a percentage of the total

1. ACCOUNTING POLICIES (CONTINUED)

1.6 OPERATING REVENUES (CONTINUED)

transaction amount. The Partnership ceased its activity of the distribution of managed funds.See note 8 Segmental Analysis.

(b) Net trading revenue

Realised and unrealised trading profits and losses on financial instruments are recognised in revenue in the period in which they arise. Gains or losses from financial instruments designated at fair value through profit or loss are also recognised within revenue, with the exception of fair value changes in relation to changes in the credit risk of financial liabilities designated at fair value through profit or loss which are recognised in other comprehensive income as detailed in note 1.12.

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

1.7 INTEREST INCOME AND EXPENSE

Amortised cost and effective interest rate

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

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

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

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

Calculation of interest income and expense

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

The effective interest rate is applied to the gross carrying amount of the financial asset (for non- credit impaired assets) or to the amortised cost of the liability. As the Partnership has no credit impaired assets, the effective interest rate is applied to the gross carrying amount of the financial asset or to the amortised cost of the liability.

1. ACCOUNTING POLICIES (CONTINUED)

1.7 INTEREST INCOME AND EXPENSE (CONTINUED)

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 balances with affiliated companies are recognised using the contractual interest rate in net interest income.

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

1.8 PARTNERS' CAPITAL AND INCOME ACCOUNTS

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

Partners’ rights and entitlements are described in note 16.

1.9 TRANSLATION OF FOREIGN CURRENCIES

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

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

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

1.10 CURRENT TAXATION

Curacao introduced a territorial tax system effective from 1 January 2020 under which only income from Curacao source is subject to corporate tax (also referred to as profit tax). All the revenues generated by the Partnership are reported as exempted revenue as having been generated with foreign (non-Curacao) oriented services. Therefore, neither the Partnership or the General Partner is subject to corporate / profit tax in Curacao. No deferred tax has been recognised for the same reason.

For Curacao profit tax purposes, the tax base is the interests allocated to the Limited Partner’s capital account, which is taxed at the standard tax rate. Please refer to the tax calculations detailed in note 10, and the Limited Partner’s capital account and interest allocation are described in note 16.

1. ACCOUNTING POLICIES (CONTINUED)

1.11 FINANCIAL ASSETS

The Partnership recognises financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Management determines the classification of the Partnership's financial assets at initial recognition. The Partnership classifies its financial assets as measured at: amortised cost or Fair Value Through Profit or Loss ("FVPL").

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 on the principal amount outstanding.

The Partnership's cash and debtors that are not considered to be managed on a fair value basis, meet the requirements to be measured at amortised cost. All other financial assets, including long inventory positions, are classified as measured at FVPL. Long inventory positions are the principle instruments measured at FVPL.

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

1.12 FINANCIAL LIABILITIES

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

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

Financial liabilities are designated at FVPL to significantly reduce measurement inconsistencies that would arise if related instruments were measured at FVPL and the underlying financial liabilities were carried at amortised cost, or when doing so is consistent with the Partnership's risk management strategy. Structured liabilities are the principle instruments designated at FVPL.

Short inventory positions are measured at FVPL and warrant instruments issued by the Partnership that do not meet the accounting definition of a derivative and are presented as creditors are designated at FVPL. Gains and losses are recognised through the income statement as they arise. All remaining financial liabilities are carried at amortised cost using the effective interest method.

When the Partnership designates a financial liability as at FVPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income ("OCI") as a debit valuation adjustments reserve. Amounts presented in the debit valuation adjustments reserve are not subsequently transferred to profit or loss.

1. ACCOUNTING POLICIES (CONTINUED)

1.13 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

1.14 IMPAIRMENT

The Partnership calculates a probability-weighted loss allowance for expected credit loss ("ECL") on its financial assets that are debt instruments, financial guarantees, and commitments that are not measured at FVPL. The Partnership's credit exposures are generally assessed as having no significant increase in credit risk since initial recognition. As a result, ECL is calculated on a 12 month basis. In the event that credit risk has increased significantly since initial recognition but not considered to be credit-impaired, and where significant financial difficulty or default of a counterparty indicates that an asset is credit-impaired, the ECL allowance is assessed on a lifetime basis, taking into account ECL that result from all possible default events over the expected life of the financial instrument.

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

1.15 OFFSETTING

Where the Partnership has the legal right to net settle and intends to do so (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, the balance included within the financial statements is the net balance due to or from the counterparty. 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 20 Offsetting).

1.16 CASH AND CASH EQUIVALENTS

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

1.17 STATEMENT OF CASH FLOW

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 warrants are classified as operating activities.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions concerning the future. The resulting accounting estimates are managements best estimate of values. It also requires management to exercise judgement in the process of applying the Partnership's accounting policies. The estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

Valuation of financial instruments

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

The Partnership's policy for valuation of financial instruments is included in note 19 Valuation Adjustments. The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs.

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

3. INTEREST INCOME

	2022	2021
	\$000	\$000
Due from affiliated companies	**100,584**	24,175

All interest income is recognised on an effective interest rate basis.

4. INTEREST EXPENSE

	2022	2021
	$000	$000
Due to affiliated companies	**60,588**	5,747
Interest expense using effective interest rate method	**60,588**	5,747
Limited partner loss allocation	**(35)**	(40)
	60,553	5,707

The distributions accruing to the Limited Partner are classified as interest expense in the statement of comprehensive income, and as liabilities in the statement of financial position. Note 16 provides more details on Partners' interest entitlements.

5. OTHER OPERATING REVENUES

	2022	2021
	$000	$000
Fee Income	**—**	41,336

During prior years, the Partnership novated all its third-party contracts for the distribution of the managed funds business to an affiliated company.

6. NET TRADING PROFIT/(LOSS)

	2022	2021
	$000	$000
Net loss on financial instruments mandatorily at fair value through profit or loss	**(1,257,327)**	(327,398)
Net gain on financial instruments designated at fair value through profit or loss	**1,259,722**	326,599
	2,395	(799)

The Partnership has presented the breakdown of net trading revenues above to better disaggregate between ‘net loss on financial instruments mandatorily at fair value through profit or loss’ and ‘net gains on financial instruments designated at fair value through profit or loss’. Comparative amounts have been re-presented accordingly above.

7. ADMINISTRATIVE EXPENSES

	2022	2021
	$000	$000
Service fee expense	**43,128**	59,272
Foreign exchange loss	**3**	—
Other operating expenses	**185**	—
	43,316	59,272

The service fee expense relates to service fees charged by other affiliated companies.

8. SEGMENTAL ANALYSIS

	Warrant business $000	**Managed funds $000**	**Total $000**
For the year ended 31 December 2022			
Interest income	**100,584**	**—**	**100,584**
Interest expense	**(60,553)**	**—**	**(60,553)**
Fee income	**—**	**—**	**—**
Net trading profit	**2,395**	**—**	**2,395**
Net operating revenue	**42,426**	**—**	**42,426**
Administrative expense	**(43,316)**	**—**	**(43,316)**
Loss before tax	**(890)**	**—**	**(890)**

	Warrant business $000	Managed funds $000	Total $000
For the year ended 31 December 2021			
Interest income	24,175	—	24,175
Interest expense	(5,707)	—	(5,707)
Fee income	—	41,336	41,336
Net trading losses	(799)	—	(799)
Net operating revenue	17,669	41,336	59,005
Administrative expense	(17,937)	(41,335)	(59,272)
(Loss)/profit before tax	(268)	1	(267)

8. SEGMENTAL ANALYSIS (CONTINUED)

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

During prior years, the Partnership novated all its third-party contracts for the distribution of the managed funds business to an affiliated company.

The Partnership operates in three geographic regions, being Europe, Middle East and Africa ("EMEA"), the Americas and Asia Pacific ("APAC"). The methodology for allocating revenue to geographic regions is dependent on estimates and management judgement.

	2022	2021
	$000	$000
Americas	**21,293**	49,168
EMEA	**13,624**	2,676
APAC	**7,509**	7,161
Total net operating revenue	**42,426**	59,005

9. AUDITORS' REMUNERATION

The following amounts are due to the Partnership's auditors in respect of the audit of the financial statements and for other services provided to the Partnership. The costs are borne by an affiliated company.

	2022	2021
	$000	$000
Fees payable to the Partnership's auditors and its associates for the audit of the Partnership's annual financial statements	**166**	169
Fees payable to the Partnership's auditors for audit related assurance services	**25**	41

10. TAX ON LOSS

	2022	2021
	$000	$000
CORPORATION TAX PAYABLE		
Current tax on other comprehensive income for the period	**—**	—
Adjustments to tax charge in respect of prior years	**—**	8
TOTAL TAX CHARGE FOR THE PERIOD	**—**	8

10. TAX ON LOSS (continued)

	2022	2021
	$000	$000
FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD		
Loss before tax	**(890)**	(267)
Loss before tax multiplied by rate of tax in Curacao of 22% (2021: 22%)	**(196)**	—
EFFECTS OF:		
Expense not taxable	**196**	—
Adjustments to tax charge in respect of previous periods	**—**	8
TOTAL TAX CHARGE FOR THE PERIOD	**—**	8

The profit is not subject to tax in Curacao because the Partnership does not have a permanent establishment in Curacao. The profit/interest attributable to the Limited Partner is subject to profit tax in Curacao at local tax rate of 22%.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework, also known as the 'Pillar 2' rules, with further commentary released in March 2022. We are awaiting detailed guidance to assess the full implications from the local Curacao tax authority.

11. DEBTORS

	2022	As restated 2021
	$000	$000
Trade debtors		
Amounts owed by affiliated companies	**8,044**	9,898
Brokers, dealers and clearing houses	**—**	4,500
Other receivables	**21**	—
Other debtors*		
Amounts owed by affiliated companies	**3,921,851**	6,955,458
	3,929,916	6,969,856

Amounts owed by affiliated companies comprise of interest-bearing amounts arising on principal activities.

*Prior period included an amount of $6,913,348,000 which was presented as debtors due in more than one year. This balance has been re-presented as debtors due within one year.

12. LONG INVENTORY POSITIONS

	2022	2021
	$000	$000
Derivative assets	1	1
Corporate debt	3,145,461	6,207,536
	3,145,462	6,207,537

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

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposits held with affiliated companies which the Partnership uses in its operations and are available on demand. Balance for the year ended 31 December 2022 amounted to $1,107,000 (2021: $1,074,000).

14. SHORT INVENTORY POSITIONS

	2022	2021
	$000	$000
Derivative liabilities	—	7

15. CREDITORS

	2022	2021
	$000	$000
Trade creditors		
Collateral amounts repayable to affiliated companies	**3,296,610**	6,337,340
Other creditors		
Structured liabilities	**3,140,547**	6,205,680
Amounts due to affiliated companies	**11,190**	6,793
Corporation tax payable	**184**	490
	3,151,921	6,212,963
	6,448,531	12,550,303

Amounts due to affiliated companies comprise both interest-bearing and non-interest-bearing amounts arising on principal activities. The Partnership manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows. Amounts owed to affiliated companies are due on demand or within one year.

Structured liabilities are designated at FVPL. The amount contractually required to pay at maturity to the holder of these obligations was $3,199,721,989 (2021: $5,983,776,474).

16. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $000	Limited Partner $000	Total $000
At 1 January 2021	**631,195**	**405**	**631,600**
Interest on Partners' capital	**—**	**(40)**	**(40)**
Loss for the period	**(275)**	**—**	**(275)**
Other comprehensive income	**491**	**—**	**491**
Capital distribution	**(3,606)**	**(13)**	**(3,619)**
At 31 December 2021 and 1 January 2022	**627,805**	**352**	**628,157**
Interest on Partners' capital (note 4 Interest expense)	**—**	**(35)**	**(35)**
Loss for the period	**(890)**	**—**	**(890)**
Other comprehensive income	**721**	**—**	**721**
At 31 December 2022	**627,636**	**317**	**627,953**

The rights and entitlements of the Partners in relation to allocations of profits (or losses) shall be divided by the General Partner and the Limited Partner.

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

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

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

During 2021, MLICO Panama Branch was eliminated resulting in distribution of its assets (mainly cash) to the parent.

17. RISK MANAGEMENT

LEGAL ENTITY GOVERNANCE

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

The risk management approach has five components

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

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

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

MARKET RISK

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings. Trading positions within the entity are subject to various changes in market based risk factors. The majority of this risk is generated by the activities in interest rate, foreign exchange, equities, commodities and credit markets. In addition, the values of asset and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility.

Value at Risk ("VaR") is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. A single model is used consistently across the trading portfolios, and it uses a historical simulation approach based on a three-year window of historical data. The primary VaR statistic is equivalent to a 99 percent confidence level. This means that for a VaR with a one day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

The table that follows presents VaR analysis independently for each risk category at 31 December 2022 and 31 December 2021. Additionally, high and low VaR is presented independently for each risk category and overall.

Interest rate risk

Interest rate risk is the risk to the current or projected financial condition and resilience arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (re-pricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products (options risk).

17. RISK MANAGEMENT (CONTINUED)

	31 December 2022	High 2022	Daily average 2022	Low 2022
	$000	**$000**	**$000**	**$000**
3 year 99% Daily VAR				
Total	**7**	**246**	**67**	**5**
Interest rate risk	**—**	**13**	**5**	**—**
Currency risk	**2**	**108**	**3**	**—**
Equity price risk	**7**	**247**	**66**	**5**
Credit risk	**—**	**—**	**—**	**—**
Commodity risk	**—**	**—**	**—**	**—**

	2021	High 2021	Daily average 2021	Low 2021
	$000	$000	$000	$000
3 year 99% Daily VAR				
Total	53	142	46	22
Interest rate risk	2	4	2	1
Currency risk	4	14	2	—
Equity price risk	52	142	45	21
Credit risk	—	—	—	—
Commodity risk	—	13	—	—

CREDIT RISK

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

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

Credit management includes the following processes:

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

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

The primary credit risks of the Partnership relate to its derivatives trading activities with affiliates. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period.
There were no credit exposures that were past due at 31 December 2022 or 31 December 2021.

17. RISK MANAGEMENT (CONTINUED)

CREDIT RISK (CONTINUED)

The Partnership's trading positions are only exposed to credit risk with other affiliated companies. The Partnership is primarily exposed to Merrill Lynch International ("MLI"), a UK investment firm regulated by the Prudential Regulation Authority. MLI's credit rating is A+/A-1(S&P); AA/F1+(Fitch) as at 31 December 2022 (31 December 2021: A+/A-1(S&P); AA/F1+(Fitch)). Residual exposures are mainly to other subsidiaries of BAC. BAC's credit rating is A- / A-2 (S&P); AA-/F1+ (Fitch) as at 31 December 2022 (31 December 2021: A- / A-2 (S&P); AA-/F1+ (Fitch)).

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

Exposure as at 31 December 2022 to MLI is $7,067,311,000 (31 December 2021: $13,162,785,000) and to other BAC entities is $8,066,000 (31 December 2021: $14,607,000).

Derivatives trading

The Partnership has entered into International Swaps and Derivatives Association, Inc. ("ISDA") master agreements with Merrill Lynch International ("MLI"). Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms.

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

In addition, to reduce the risk of loss, the Partnership usually requires collateral that it is permitted by documentation such as repurchase agreements or Credit Support Annex to an ISDA. From an economic standpoint, the Partnership evaluates risk exposures net of related collateral that meets specified standards. The Partnership 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 its derivative contracts under certain defined conditions.

COMPLIANCE AND OPERATIONAL RISK

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

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

17. RISK MANAGEMENT (CONTINUED)

COMPLIANCE AND OPERATIONAL RISK (CONTINUED)

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

FLUs and Control Functions are required to understand their business processes and related risks and controls, including the related regulatory requirements, and monitor and report on the effectiveness of the control environment. In order to actively monitor and assess the performance of their processes and controls, they must conduct comprehensive quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. FLUs and Control Functions must also adhere to Compliance and Operational Risk Appetite Limits to meet strategic, capital and financial planning objectives. Finally, FLUs and Control Functions are responsible for the proactive identification, management and escalation of compliance and operational risks across the Partnership.

LIQUIDITY RISK

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

The Partners are ultimately responsible for the Partnership’s liquidity risk management, delegating additional oversight to the lines of business. The businesses are the first lines of defence in liquidity risk management, partnering with Corporate Treasury to achieve liquidity risk management objectives.

The approach to managing the Partnership’s liquidity risk has been established by the Partners, and is aligned to group processes and tailored to meet Partnership’s business mix, strategy, activity profile, and regulatory requirements.

The Partnership presents its structured liabilities as current liabilities as although in general it is not contractually obliged to do so, in certain circumstances it may choose to terminate such liabilities following a request by a client. The Partnership considers it unlikely that, in any given period, all of the liabilities will unwind in the short term. The Partnership manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows.

REPUTATIONAL RISK

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

BAC manages reputational risk through established policies and controls in the business and risk management processes to mitigate reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events.

Reputational risk items relating to MLICO are considered as part of the EMEA Reputational Risk Committee (the “Reputational Risk Committee”), whose mandate includes consideration of Reputational Risk issues (including matters related to Environmental, Social, and Governance (“ESG”) factors) and provision of guidance and approvals for activities that represent specific Reputational Risks which have been referred for discussion by other current control frameworks or lines of business.

For the EMEA region there is a dedicated committee, the EMEA Reputational Risk Committee, whose mandate includes consideration of reputational risk issues (including matters related to Environmental, Social, and

17. RISK MANAGEMENT (CONTINUED)

REPUTATIONAL RISK (CONTINUED)

Governance factors) and to provide guidance and approvals for activities that represent specific reputational risks which have been referred for discussion by other current control frameworks or lines of business. Reputational risk items relating to MLICO are considered as part of the EMEA Reputational Risk Committee.

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

Given the nature of reputational risk, BAC does not set quantitative limits to define its associated Risk appetite. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

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

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

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

STRATEGIC RISK

Strategic risk is the risk to current or projected financial condition arising from incorrect assumptions about external or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environment.

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

The Partnership's strategic execution and risk management processes are aligned to the overall BAC strategic plans.

18. FAIR VALUE DISCLOSURES

FAIR VALUE HIERARCHY

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

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

18. FAIR VALUE DISCLOSURES (CONTINUED)

VALUATION TECHNIQUES

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

(a) Structured liabilities

The fair values of structured liabilities are 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 structured liabilities. 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.

(b) OTC derivative contracts

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

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

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

The Partnership trades various derivative structures with equity and commodity underlyings. Depending on the type of structure, the model inputs generally include interest rate yield curves, equity and commodity underlier price curves, implied volatility of the underlying equities and, in some cases, the implied correlation between these inputs. The fair value of these products is determined using executed trades and broker and consensus data to provide values for the aforementioned inputs. Where these inputs are unobservable, relationships to observable equities and data points, based on historic and/or implied observations, are employed as a technique to estimate the model input values. Equity and commodity derivatives are generally categorised in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorised in Level 3 of the fair value hierarchy. These OTC derivative contracts are fully funded and therefore do not meet the definition of a derivative and are presented as corporate debt and are measured at FVPL.

18. FAIR VALUE DISCLOSURES (CONTINUED)

The following tables present the Partnership's fair value hierarchy for those assets and liabilities measured at fair value as at 31 December 2022 and 31 December 2021.

31 December 2022 Fair Value Measurement

	Level 2	**Level 3**	**Total**
	$000	**$000**	**$000**
Assets			
Long inventory	**3,138,160**	**7,302**	**3,145,462**

	Level 2	**Level 3**	**Total**
	$000	**$000**	**$000**
Liabilities			
Other creditors	**(3,133,246)**	**(7,301)**	**(3,140,547)**

31 December 2021 Fair Value Measurement

	Level 2	Level 3	Total
	$000	$000	$000
Assets			
Long inventory	6,200,731	6,806	6,207,537

	Level 2	Level 3	Total
	$000	$000	$000
Liabilities			
Short inventory	(7)	—	(7)
Other creditors	(6,198,875)	(6,805)	(6,205,680)
	(6,198,882)	(6,805)	(6,205,687)

18. FAIR VALUE DISCLOSURES (CONTINUED)

FAIR VALUE OF LEVEL 3 ASSETS AND LIABILITIES

The following tables provide a summary of the changes in the fair value of the Partnership's Level 3 financial assets and liabilities as at 31 December 2022 and 31 December 2021.

	Assets: Long inventory $000	**Liabilities: Other creditors $000**
At 1 January 2022	**6,806**	**(6,805)**
Total gain/(loss) recognised in the income statement	**1,439**	**(1,439)**
New issuances	**1,550**	**(1,550)**
Settlements	**(136)**	**136**
Transfers out	**(12,506)**	**12,506**
Transfers in	**10,149**	**(10,149)**
At 31 December 2022	**7,302**	**(7,301)**
Unrealised gain/(loss)	**558**	**(558)**

	Assets: Long inventory $000	Liabilities: Other creditors $000
At 1 January 2021	655	(654)
Total (loss)/ gain recognised in the income statement	(3,817)	3,817
New issuances	4,556	(4,556)
Settlements	(1,286)	1,286
Transfers out	(24,005)	24,005
Transfers in	30,703	(30,703)
At 31 December 2021	6,806	(6,805)
Unrealised gain/(loss)	637	(637)

Unrealised gains/(losses) relate to profit or loss from positions still held at year end.

18. FAIR VALUE DISCLOSURES (CONTINUED)

TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

Transfers between levels of the fair value hierarchy are assessed on a quarterly basis and the policy for determining a transfer amount is consistent for transfers in and transfers out. The transfers between Level 2 and Level 3 occur on a regular basis for these instruments primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

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

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

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

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

For the year ended 31 December 2022;

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Assets $'000					
Long inventory	$7,302	Industry standard derivative pricing	Equity correlation	0% to 100%	73.00%
			Long-dated equity volatilities	4% to 101.00%	44.00%
Liabilities $'000					
Other creditors	$7,301	Industry standard derivative pricing	Equity correlation	0% to 100%	73.00%
			Long-dated equity volatilities	4% to 101.00%	44.00%

18. FAIR VALUE DISCLOSURES (CONTINUED)

For the year ended 31 December 2021;

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Assets $'000					
Long inventory	$6,806	Industry standard derivative pricing	Equity correlation	3.00% to 100%	80.00%
			Long-dated equity volatilities	5.00% to 78.00%	36.00%
Liabilities $'000					
Other creditors	$6,805	Industry standard derivative pricing	Equity correlation	3.00% to 100%	80.00%
			Long-dated equity volatilities	5.00% to 78.00%	36.00%

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

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

(a) Correlation

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

(b) Volatility

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

18. FAIR VALUE DISCLOSURES (CONTINUED)

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

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

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

Where a financial instrument has more than one unobservable parameter, the sensitivity analysis reflects the greatest reasonably possible increase or decrease to fair value by varying the assumptions individually. It is unlikely that all unobservable parameters would be concurrently at the extreme range of possible alternative assumptions, then at the period end, it could have increased fair value by as much a $249,000 (2021: $646,000) or decreased fair value by as much as $249,000 (2021: $646,000) and therefore the sensitivity is likely to be greater than the actual uncertainty relating to the financial instruments 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 Partnership's financial assets and liabilities which are carried at amortised cost.

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

19. VALUATION ADJUSTMENTS

The Partnership records credit risk valuation adjustments on financial instruments held at fair value in order to properly reflect the credit quality of the counterparties and its own credit quality. The Partnership calculates valuation adjustments on these instruments based on a modelled expected exposure that incorporates current market risk factors.

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

The amount of CVA recorded by the Partnership on its long inventory positions was $nil (2021: $nil), as a result of collateral posted by the counterparty.

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

The amount of the change in fair value attributable to changes in own credit risk on the Partnership's structured liabilities which is recorded in other comprehensive income for the year was as follows:

	2022	2021
	$000	$000
Movement in debit valuation reserve	**721**	491

20. OFFSETTING

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

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2022 and 31 December 2021. The column 'net amount' shows the impact on the Partnership's SOFP if all set-off rights were exercised.

As at 31 December 2022

	Gross amounts recognised	**Gross amounts set off in the SOFP**	**Net amounts presented in the SOFP**	**Cash collateral**	**Net amounts**
	$000	**$000**	**$000**	**$000**	**$000**
Assets					
Long inventory	**3,305,206**	**(159,744)**	**3,145,462**	**(3,145,462)**	**—**
Liabilities					
Other creditors	**3,300,291**	**(159,744)**	**3,140,547**	**—**	**3,140,547**

As at 31 December 2021

	Gross amounts recognised	Gross amounts set off in the SOFP	Net amounts presented in the SOFP	Cash collateral	Net amounts
	$000	$000	$000	$000	$000
Assets					
Long inventory	6,368,902	(161,365)	6,207,537	(6,207,537)	—
Liabilities					
Other creditors	6,367,045	(161,365)	6,205,680	—	6,205,680

20. OFFSETTING (CONTINUED)

Financial instruments

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

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

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

Cash collateral

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

21. RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between related parties and the Partnership, 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 Partnership.

The Partnership's related parties include;

The General Partner, ML Cayman Holdings Inc.;
The Limited Partner, Merrill Lynch International Services Limited;
Officers of the General Partner;
Officers of the Limited Partner;
The Partnership's ultimate parent company, BAC; and
Other BAC affiliates

Transactions with related parties for the year ended 31 December 2022:

	Interest income	Interest expense	Service fee expense
	2022	2022	2022
	$000	$000	$000
Merrill Lynch International Services Limited	—	(35)	—
Other BAC affiliated entities	100,584	60,588	43,128
	100,584	60,553	43,128

Balances outstanding as at 31 December 2022:

	Corporate debt	Amounts owed by affiliated companies	Collateral amounts repayable to affiliated companies	Amounts due to affiliated companies	Partners' capital account
	2022	2022	2022	2022	2022
	$000	$000	$000	$000	$000
ML Cayman Holdings Inc.	—	—	—	—	627,636
Merrill Lynch International Services Limited	—	—	—	—	317
Other BAC affiliated entities	3,145,461	315,119	3,296,610	11,190	—
	3,145,461	315,119	3,296,610	11,190	627,953

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties for the year anded 31 December 2021:

	Interest income	Interest expense	Service fee expense
	2021	2021	2021
	$000	$000	$000
Merrill Lynch International Services Limited	—	(40)	—
Other BAC affiliated entities	24,175	5,747	59,272
	24,175	5,707	59,272

Balances outstanding as at 31 December 2021:

	Corporate debt	Amounts owed by affiliated Companies	Collateral amounts repayable to affiliated companies	Amounts due to affiliated companies	Partners' capital account
	2021	2021	2021	2021	2021
	$000	$000	$000	$000	$000
ML Cayman Holdings Inc.	—	—	—	—	627,805
Merrill Lynch International Services Limited	—	—	—	—	352
Other BAC affiliated entities	6,207,537	6,969,856	6,337,340	6,793	—
	6,207,537	6,969,856	6,337,340	6,793	628,157

Transactions with other BAC affiliates are primarily with Merrill Lynch International ("MLI") and Merrill Lynch Pierce Fenner & Smith Inc. ("MLPFS"). The partnership hedges its warrants and related financial instruments through fully funded OTC derivative contracts with MLI. Transactions with MLPFS primarily represents service fee expense as part of the managed funds business. The Partnership also grants intercompany loans and places deposits with affiliated companies, as disclosed in the table above.

22. EVENTS AFTER THE REPORTING PERIOD

The partners are of the opinion that there are no significant events that have occurred since 31 December 2022 to the date of this report which need to be disclosed or would impact the financial position of the partnership if retrospectively applied since the year end.

23. CONTROLLING PARTIES

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

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