ML UK Capital Holdings Limited

Including Merrill Lynch International

Pillar 3 Disclosure

For the Quarter Ended 30 June 2021

ML UK Capital Holdings Limited – Including Merrill Lynch International

Pillar 3 Disclosure for the Quarter Ended 30 June 2021

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 30 June 2021 of ML UK Capital Holdings Limited ("MLUKCH"), its sole operating subsidiary Merrill Lynch International ("MLI" or "the Company") and its other non-operating subsidiaries (together "the Group" or "the MLUKCH Group").

MLUKCH's ultimate parent company is Bank of America Corporation ("BAC" or "the Enterprise") and it acts predominantly as the holding company for MLI. In accordance with the Capital Requirements Regulation ("CRR") MLUKCH complies with the Pillar 3 requirements on a consolidated basis.

The information contained herein predominantly relates to MLI as the sole operating subsidiary of MLUKCH. For further information on MLI's risk management objectives and policies, liquidity and asset encumbrance, please refer to the MLUKCH Group annual Pillar 3 disclosure for the year ended 31 December 2020 on BAC's corporate website:

http://investor.bankofamerica.com

1.1 ML UK Capital Holdings

The MLUKCH Group is supervised on a consolidated basis in the UK by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The principal activity of MLUKCH is to act as a holding company for MLI. MLUKCH also acts as a holding company for a small number of non-operating subsidiaries.

MLUKCH is not itself a risk taking entity and the risk is booked in its operating subsidiary MLI, where the business is managed.

1.2 Merrill Lynch International

MLI is a wholly owned subsidiary of MLUKCH. MLI's ultimate parent is BAC. MLI is BAC's largest operating subsidiary outside of the US and serves the core financial needs of global corporations and institutional investors.

MLI's head office is in the United Kingdom with branches in Dubai and Qatar along with a representative office in Zurich. MLI is authorised by the PRA and regulated by the FCA and PRA.

As at 30 June 2021, MLI was rated by Fitch Ratings Inc. ("Fitch") (AA / F1+) and Standard & Poor's ("S&P") (A+ / A-1).

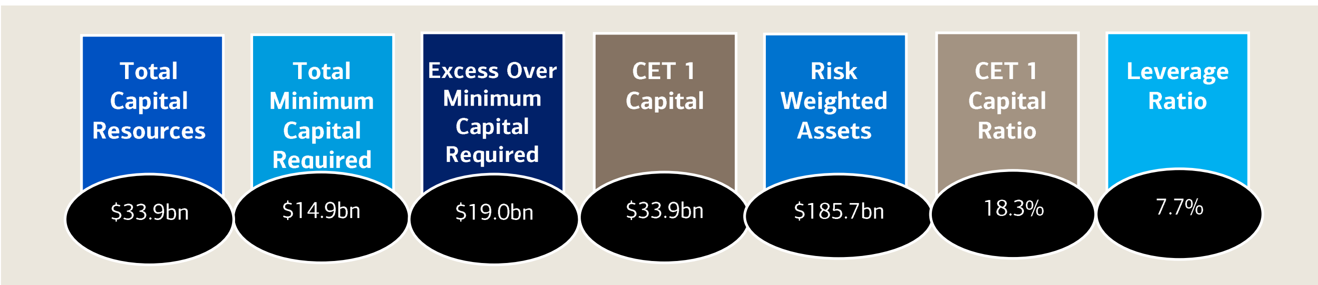
1.3 Other Entities

Other entities, although consolidated into the Group, are not separately disclosed in this document on the grounds of materiality.

1.4 MLI's Capital Position at 30 June 2021

Figure 1 illustrates MLI's key capital metrics. MLI's Capital Resources consist entirely of Common Equity Tier 1 ("CET1") capital and MLI continues to maintain capital ratios and resources significantly in excess of its minimum requirement.

Figure 1. Summary of MLI's Key Metrics as at 30 June 2021



Note: All of MLI's Tier 1 capital is CET1, therefore CET1 Capital Ratio and Tier 1 Capital ratio are the same.

2. Basis of Preparation

The Basel Capital Accords provides a series of international standards for bank regulation commonly known as Basel I, Basel II and, most recently, Basel III. Basel III was implemented in the European Union ("EU") via the Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR"), collectively known as the Capital Requirements Directive IV. CRR was subsequently amended by the Capital Requirements Regulation 2 ("CRR2"), with the collective CRD IV requirements being amended by Capital Requirements Directive V ("CRD V"). The CRD IV requirements took effect from 1 January 2014. The CRD V was transposed into UK law on 29 December 2020.

This legislation consists of three pillars. Pillar 1 is defined as 'Minimum Capital Requirement,' Pillar 2 'Supervisory Review Process,' and Pillar 3 'Market Discipline.' The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding the capital adequacy of institutions through a prescribed set of disclosure requirements.

Following the passing of the European Union (Withdrawal) Act 2018 by the U.K. government, the relevant EU Regulations were brought in to U.K. law, and therefore continue to apply following the U.K.'s exit from the European Union. On 16 November 2020, HM Treasury, in conjunction with the PRA and FCA, announced that implementation of those Basel 3 reforms which make up the U.K. equivalent of the outstanding elements of the EU's 2nd Capital Requirements Regulation will be effective from 1 January 2022.

After the U.K.'s exit from the European Union and the end of the transition period on 31 December 2020, MLI and MLUKCH is subject to all EU regulation brought into U.K. law and all disclosure requirements issued by the Bank of England. For the purposes of this disclosure, any reference to an EU regulation, including to a Binding Technical Standard and Guidelines, is a reference to the U.K. version of that regulation, unless otherwise stated.

The information contained in this disclosure has been prepared in accordance with the requirements of Part Eight of the CRR, for the purpose of explaining the basis on which the MLUKCH Group and MLI have prepared and disclosed certain information about the application of regulatory capital adequacy rules and concepts.

It does not constitute any form of financial statement on MLUKCH or its subsidiaries, or of the wider Enterprise, and as such, is not prepared in accordance with International Financial Reporting Standards ("IFRS") or Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Therefore the information is not directly comparable with the annual financial statements and the disclosure is not required to be audited by external auditors.

In addition, the report does not constitute any form of contemporary or forward looking record or opinion on the Group, the Company or the Enterprise. Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks. Any financial information included herein is unaudited.

The basis of consolidation used for the MLUKCH Group for prudential purposes is the same as the consolidation used for accounting purposes. Figures for the Group are presented on a consolidated basis. Figures for MLI are presented on a solo basis.

This Pillar 3 disclosure is published on BAC's corporate website: http://investor.bankofamerica.com.

Transitional Impact of IFRS9

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments.

Based on materiality no further disclosures for the transitional impact of IFRS9 are made in this document.

CRR 'Quick Fix'

On 26 June 2020, Regulation (EU) 2020/873 (CRR 'quick fix') was published in the Official Journal of the EU, amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic. The CRR 'quick fix' is part of a series of measures taken by European institutions to mitigate the impact of the COVID-19 pandemic on institutions across EU Member States. In addition to the flexibility already provided in the existing rules, the CRR 'quick fix' introduces certain adjustments to the CRR, including temporary measures, intended, inter alia, to enhance credit flows to companies and households, thereby supporting the EU's economy.

Article 468 of CRR 'quick fix' relates to the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

This article introduces a temporary treatment that allows institutions to remove from the calculation of their CET1 items, unrealised gains and losses measured at fair value through other comprehensive income, corresponding to exposures to central governments, to regional governments or to local authorities referred to in Article 115(2) CRR and to public sector entities referred to in Article 116(4) CRR, excluding those financial assets that are credit-impaired, during the period from 1 January 2020 to 31 December 2022. This article replaces the current article that was applicable until 31 of December 2017.

Neither MLI nor the MLUKCH Group have chosen to apply the temporary treatment available in Article 468.

3. Capital Resources

Capital resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under CRR, capital resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of CET1 and Additional Tier 1 ("AT1"). CET1 is the highest quality of capital and typically represents equity and audited reserves; AT1 usually represents contingent convertible bonds; Tier 2 capital typically consists of subordinated debt and hybrid debt capital instruments.

Table 1 shows a breakdown of the capital resources of MLI and the Group.

Table 1. Regulatory Capital Resources and Ratios Summary

(Dollars in Millions)	MLI	MLUKCH Group
Common Equity Tier 1 (CET1) capital before regulatory adjustments	35,512	35,567
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	(1,612)	(1,612)
Common Equity Tier 1 (CET1) Capital	**33,900**	**33,955**
Additional Tier 1 (AT1) capital	-	-
Tier 1 Capital (T1 = CET1 + AT1)	**33,900**	**33,955**
Tier 2 (T2) Capital	-	-
Total Capital (TC = T1 + T2)	**33,900**	**33,955**
Total Risk Weighted Assets	**185,704**	**183,493**
Common Equity Tier 1 (as a percentage of risk exposure amount)	18.3%	18.5%
Tier 1 (as a percentage of risk exposure amount)	18.3%	18.5%
Total Capital (as a percentage of risk exposure amount)	18.3%	18.5%

4. Minimum Capital Requirement

MLI and the Group are subject to a Minimum Capital Requirement set out in the CRR (Pillar 1 Capital Requirement). MLI and the Group are also required to hold capital in addition to the Minimum Capital Requirement to meet PRA obligations and CRD buffers (Pillar 2 Capital Requirements).

The Minimum Capital Requirement principally comprises of Credit Risk, Market Risk and Operational Risk requirements.

Table 2. Overview of RWAs and Minimum Capital Requirement

	MLI			MLUKCH Group		
	RWAs		Minimum capital requirements	RWAs		Minimum capital requirements
(Dollars in Millions)	Q2 2021	Q1 2021	Q2 2021	Q2 2021	Q1 2021	Q2 2021
Credit risk (excluding CCR)	**5,467**	**5,554**	**437**	**5,476**	**5,450**	**438**
Of which the standardised approach	**5,467**	5,554	437	**5,476**	5,450	438
Of which the foundation IRB (FIRB) approach	-	-	-	-	-	-
Of which the advanced IRB (AIRB) approach	-	-	-	-	-	-
Of which equity IRB under the simple risk-weighted approach or the IMA	-	-	-	-	-	-
CCR	**113,072**	**113,695**	**9,046**	**112,936**	**113,449**	**9,035**
Of which mark to market	45,371	46,632	3,630	45,371	46,589	3,630
Of which original exposure	-	-	-	-	-	-
Of which the standardised approach	-	-	-	-	-	-
Of which: comprehensive approach for credit risk mitigation (for SFTs)	43,679	42,833	3,494	43,559	42,702	3,485
Of which internal model method (IMM)	-	-	-	-	-	-
Of which risk exposure amount for contributions to the default fund of a CCP	318	430	25	318	430	25
Of which CVA	23,704	23,800	1,896	23,689	23,727	1,895
Settlement risk	**425**	**681**	**34**	**425**	**681**	**34**
Securitisation exposures in the banking book (after the cap)	**5,501**	**4,993**	**440**	**5,467**	**4,960**	**437**
Of which IRB approach	-	-	-	-	-	-
Of which IRB supervisory formula approach (SFA)	-	-	-	-	-	-
Of which internal assessment approach (IAA)	-	-	-	-	-	-
Of which standardised approach	5,501	4,993	440	5,467	4,960	437
Market risk	**40,075**	**34,007**	**3,206**	**40,401**	**34,345**	**3,232**
Of which the standardised approach	18,106	15,451	1,448	18,431	15,789	1,475
Of which IMA	21,969	18,556	1,758	21,969	18,556	1,758
Large exposures	**9,855**	**6,306**	**788**	**8,008**	**5,117**	**641**
Operational risk	**10,919**	**10,919**	**873**	**10,781**	**10,781**	**863**
Of which basic indicator approach	-	-	-	-	-	-
Of which standardised approach	10,919	10,919	873	10,781	10,781	863
Of which advanced measurement approach	-	-	-	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	**391**	**391**	**31**	**-**	**-**	**-**
Floor adjustment	-	-	-	-	-	-
Total	**185,704**	**176,546**	**14,856**	**183,493**	**174,784**	**14,679**

4.1 Key Movements in the Quarter

MLI and the MLUKCH Group's Minimum Capital Requirement increased during the quarter. This was primarily driven by an increase in capital requirements for large exposure risk and market risk in the period.

Within the Group, MLI has adopted the standardised approach for calculating Counterparty Risk, Credit Risk and Operational Risk Capital Requirements. In order to adhere to the standardised rules in CRR, MLI uses external ratings where available from External Credit Assessment Institutions ("ECAIs") based on a combination of Moody's Investors Service, Inc. ("Moody's"), S&P and Fitch.

The approach used for Market Risk is a combination of models approved by the PRA, including Value at Risk ("VaR") and the standardised approach. The Group applies the standardised approach to all other exposures.

Table 3 presents a breakdown of MLI and the Group's Market Risk under the standardised approach and Table 4 presents a breakdown of MLI's Market Risk under the Internal Model Approach ("IMA"). Table 5 shows a reconciliation of movements in RWAs under the IMA for MLI's Market Risk.

MLI is the only entity in the Group with an internal model permission for market risk therefore Table 4 is presented for MLI only. Market Risk under the IMA is the same for MLI and the Group.

Table 3. EU MR 1 Market Risk under the Standardised Approach

	Q2 2021			
	MLI		MLUKCH Group	
(Dollars in Millions)	RWAs	Capital requirements	RWAs	Capital requirements
Outright products				
Interest rate risk (general and specific)	5,087	407	5,182	415
Equity and Collective Investment Undertakings risk (general and specific)	5,420	434	5,753	460
Foreign exchange risk	2,251	180	2,146	172
Commodity risk	3,895	312	3,895	312
Options				
Simplified approach	-	-	-	-
Delta-plus method	1,042	83	1,042	83
Scenario approach	-	-	-	-
Securitisation (specific risk)	412	33	414	33
Total	**18,106**	**1,448**	**18,431**	**1,475**

Market Risk capital requirements under the Standardised Approach increased in the first half of 2021, mainly driven by increases in capital requirements for Equity and Collective Investment Undertakings risk, and Commodity risk in the period.

Table 4. EU MR 2-A Market Risk under the IMA

(Dollars in Millions)	Q2 2021	
	RWAs	**Capital requirements**
VaR	**1,971**	**158**
Previous day's VaR (Article 365(1) of the CRR (VaRt-1))		51
Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR		158
SVaR	**4,235**	**339**
Latest SVaR (Article 365(2) of the CRR (SVaRt-1))		114
Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)		339
IRC	**6,636**	**531**
Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)		531
Average of the IRC number over the preceding 12 weeks		320
Comprehensive risk measure	**1,540**	**123**
Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)		23
Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		18
8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)		123
Other	**7,587**	**607**
Total	**21,969**	**1,758**

Table 5. EU MR 2-B RWA Flow Statements of Market Risk Exposures under the IMA

(Dollars in Millions)	MLI						
	VaR	SVaR	IRC	CRM	Other	Total RWAs	Total Capital Requirements
RWAs at previous quarter end	1,552	4,852	4,656	1,371	6,124	18,555	1,484
Regulatory adjustment[1]	(1,097)	(3,364)	(846)	(994)	-	(6,302)	(504)
RWAs at the previous quarter-end (end of the day)	455	1,488	3,810	377	6,124	12,253	980
Movement in the risk levels	182	(63)	2,827	(86)	1,463	4,323	346
RWAs at the end of the reporting period (end of the day)	637	1,424	6,636	291	7,587	16,576	1,326
Regulatory adjustment[1]	1,335	2,810	0	1,249	-	5,393	432
RWAs at the end of the reporting period	**1,971**	**4,235**	**6,636**	**1,540**	**7,587**	**21,969**	**1,758**

[1] Regulatory adjustment accounts for the difference between the RWA calculated based on the end-of-day position, compared with the RWA calculated based on the 60-day average in the case of VaR/SVaR, and 12-week average measure or the floor measure in the case of IRC and CRM. The regulatory adjustments also account for the multiplication factors mc and ms, per Article 366 of the CRR, for the VaR, SVaR and Other respectively.

Market risk capital requirements under the IMA increased in the second quarter of 2021. This was mainly driven by an increase in capital requirements for VaR, IRC and Risks not in VaR ("RNIVs") in the quarter.

Table 6 shows MLI's maximum, minimum, average and period-end values for regulatory VaR and Stressed VaR, and risk numbers for the IRC and CRM models for the six months to 30 June 2021.

Table 6. MR 3 IMA Values for Trading Portfolios

(Dollars in Millions)	Q2 2021
VaR (10 day 99%)	
Maximum value	135
Average value	48
Minimum value	21
Period end	51
SVaR (10 day 99%)	
Maximum value	206
Average value	122
Minimum value	45
Period end	114
IRC (99.9%)	
Maximum value	531
Average value	346
Minimum value	234
Period end	531
Comprehensive risk capital charge (99.9%)	
Maximum value	36
Average value	23
Minimum value	14
Period end	23

Backtesting

The VaR methodology is evaluated through a daily backtesting process, which compares the daily VaR results, utilizing a one-day holding period, against a comparable subset of trading Profit and Loss ("P&L").

As required by the CRR, backtesting uses the 'Hypothetical' and 'Actual' definitions of the P&L. Hypothetical P&L is the P&L from the move in the value of the portfolio on the current day assuming unchanged positions from the end of the previous day. Actual P&L and Hypothetical P&L exclude fees, commissions and net interest income.

A backtesting overshooting occurs when a trading loss on day N exceeds the VaR value of the portfolio on day N-1. These overshootings are evaluated to understand the positions and market moves that produced the trading loss and to ensure that the VaR methodology accurately represents those losses.

The number of backtesting overshootings observed can differ from the statistically expected number of overshootings for a number of reasons. When this occurs, analysis is done to assess the model's performance.

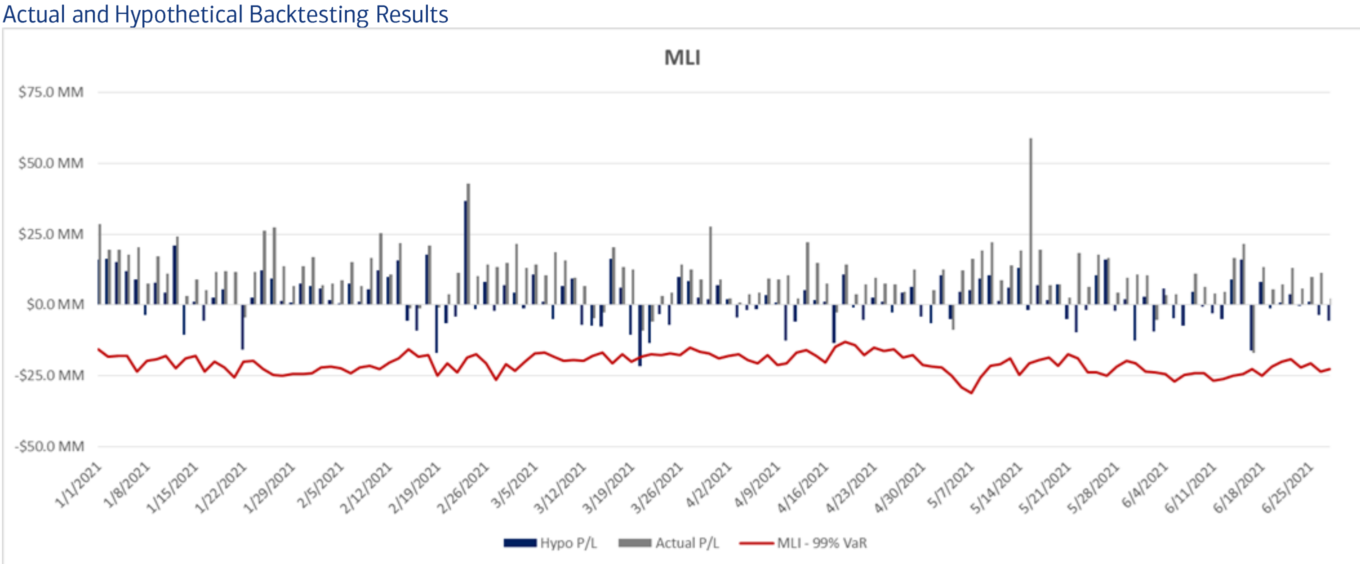
In the six months ending 30 June 2021, MLI trading losses as measured by Hypothetical P/L exceeded the prior day's VaR on one occasion, and as measured by Actual P/L did not exceed the prior day's VaR. The number of overshootings corresponds to the Green zone.

The overage occurring in March of 2021 reflected large market moves beyond the 99th percentile across Turkey based risk factors.

The results are illustrated in the chart below.

Figure 2. EU MR 4 Comparison of VaR Estimates with Gains/Losses

Actual and Hypothetical Backtesting Results



The actual and hypothetical P&L shown in the above graph is only for positions covered by the VaR model, and not for the entirety of MLI. The VaR measure shown is for regulatory VaR using a three year look-back period, and one day holding period.

Capital requirements covered by the VaR model (Pillar 1 capital requirements for VaR and Stressed VaR) total 15% of MLI's Pillar 1 capital requirements for market risk, and 3% of MLI's total Pillar 1 capital requirements.

5. Leverage Ratio

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

In June 2019, amendments to the CRR were published in the Official Journal of the EU as Regulation (EU) 2019/876. These amendments included a binding minimum Leverage Ratio requirement of 3%, as well as a number of changes to the calculation of the exposure measure.

Following a joint statement from HM Treasury, the PRA and the FCA on the implementation of prudential reforms contained in the Financial Services Bill, made on 16 November 2020, these amendments are expected to apply in the U.K. from 1 January 2022.

Currently MLI does not have a binding leverage requirement. MLI's and the Group's leverage ratios are in excess of the incoming minimum requirement at 7.7% and 7.8% respectively, calculated based on the current CRR exposure measure.

Table 7. Leverage Ratio Summary

(Dollars in Millions)	MLI	MLUKCH Group
Tier 1 Capital	33,900	33,955
Total Leverage Ratio Exposures	439,744	435,200
Leverage Ratio	7.7%	7.8%

6. Liquidity Coverage Ratio ("LCR") Disclosures

The MLUKCH Group is subject to the LCR, which requires the Group to hold a sufficient buffer of eligible High Quality Liquid Assets ("HQLA") to cover potential cash outflows during the first 30 days of a liquidity stress event.

Table 8 discloses average weighted values of the liquidity buffer, total net cash outflows and the LCR of MLI and of the MLUKCH Group.

Table 8. LCR Disclosure

	MLI			
(USD in Millions)	Total weighted value (average)			
Quarter ending on	**30-Sep-20**	**31-Dec-20**	**31-Mar-21**	**30-Jun-21**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**
Liquidity Buffer	32,630	32,529	32,683	31,242
Total Net Cash Outflows	17,190	16,992	16,484	14,771
Liquidity Coverage Ratio (%)	192%	194%	202%	215%

	MLUKCH			
(USD in Millions)	Total weighted value (average)			
Quarter ending on	**30-Sep-20**	**31-Dec-20**	**31-Mar-21**	**30-Jun-21**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**
Liquidity Buffer	32,630	32,529	32,683	31,242
Total Net Cash Outflows	17,158	16,958	16,454	14,733
Liquidity Coverage Ratio (%)	193%	194%	203%	216%

Note: The disclosed values and figures within the liquidity buffer, total net cash outflows, and LCR are simple averages of the preceding twelve LCR monthly reporting observations for each quarter.

7. Additional Detail on Capital Resources and Leverage

7.1 Additional Detail on Capital Resources

The below table shows a reconciliation between the accounting balance sheet values and the regulatory capital values of the items included in MLI's and the Group's capital resources. Further details on the composition of MLI's and the Group's capital resources are shown in tables 10, 11 and 12.

Table 9. Regulatory Capital Resources and Reconciliation to Unaudited Balance Sheet

	Q2 2021	
(Dollars in Millions)	**MLI**	**MLUKCH Group**
Ordinary Share Capital	**7,933**	**2,926**
Share Premium	**4,499**	**-**
Other Reserves	**9,193**	**1,082**
Profit and Loss Account	**12,936**	**30,608**
Profit and Loss Account (Accounting Balance Sheet Value)	***14,064***	***31,732***
Debit Valuation Adjustment	***(112)***	***(112)***
Prudential Valuation Adjustment	***(839)***	***(839)***
Current Year Unaudited Profit	***(177)***	***(173)***
Other Current Year Unaudited (Gains) / Losses	***(1)***	***(1)***
CET1 Capital Before Deductions	**34,562**	**34,616**
Deferred Tax Asset	**(382)**	**(382)**
Defined Benefit Pension Fund Asset (net of associated deferred tax liability)	**(279)**	**(279)**
CET1 Capital	**33,900**	**33,955**
Additional Tier 1	**-**	**-**
Tier 1 Capital	**33,900**	**33,955**
Tier 2 Capital	**-**	**-**
Total Capital Resources (net of deductions)	**33,900**	**33,955**

Table 10. MLUKCH Group Capital Instruments and Eligible Liabilities Features

		MLUKCH Group			
Capital Instruments Main Features		CET1	AT1	T2	Eligible Liability
1	Issuer	ML UK Capital Holdings	N/a	N/a	Merrill Lynch International
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a	Private Placement
3	Governing law(s) of the instrument	English	N/a	N/a	English
Regulatory Treatment					
4	Transitional CRR rules	CET1	N/a	N/a	Eligible Liability
5	Post-transitional CRR rules	CET1	N/a	N/a	Eligible Liability
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Consolidated	N/a	N/a	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a	Subordinated Loan Non-T2
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	$2,926m comprising nominal and premium	N/a	N/a	USD 2,500
9	Nominal amount of instrument	$1.00	N/a	N/a	USD 2,500
9a	Issue price	$1.00 30 Dec 2015	N/a	N/a	USD 2,500
9b	Redemption price	N/a	N/a	N/a	USD 2,500
10	Accounting classification	Shareholders equity	N/a	N/a	Liability - amortised cost
11	Original date of issuance	30-Dec-15	N/a	N/a	25-Feb-21
12	Perpetual or dated	Perpetual	N/a	N/a	Dated
13	Original maturity date	No maturity	N/a	N/a	27-Feb-23
14	Issuer call subject to prior supervisory approval	No	N/a	N/a	Yes
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a	No issuer call date. However, may repay in whole or in part at par on any date subject to prior supervisory approval.
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/a	N/a	N/a	Floating
18	Coupon rate and any related index	N/a	N/a	N/a	SOFR plus 43 bps
19	Existence of a dividend stopper	No	N/a	N/a	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a	Mandatory
21	Existence of step up or other incentive to redeem	No	N/a	N/a	No
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a	Cumulative
23	Convertible or non-convertible	Non-convertible	N/a	N/a	Non-convertible
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a	N/a
30	Write-down features	No	N/a	N/a	Yes
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument under the contractual terms if they deem the entity is failing or likely to fail, or if the BAC resolution entity enters into resolution.
32	If write-down, full or partial	N/a	N/a	N/a	Partial
33	If write-down, permanent or temporary	N/a	N/a	N/a	Permanent
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Loan Non-T2	N/a	N/a	Senior Liabilities
36	Non-compliant transitioned features	No	N/a	N/a	No
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
38	TLAC Eligibility	Yes	N/a	N/a	Yes

(') Insert 'N/A' if the question is not applicable

Table 11. MLI Capital Instruments and Eligible Liabilities Features

		MLI			
Capital Instruments Main Features		**CET1**	**AT1**	**T2**	**Eligible Liability**
1	Issuer	Merrill Lynch International	N/a	N/a	Merrill Lynch International
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a	Private Placement
3	Governing law(s) of the instrument	English	N/a	N/a	English
Regulatory Treatment					
4	Transitional CRR rules	CET1	N/a	N/a	Eligible Liability
5	Post-transitional CRR rules	CET1	N/a	N/a	Eligible Liability
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	N/a	N/a	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a	Subordinated Loan Non-T2
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	$12,432m comprising nominal and premium	N/a	N/a	USD 2,500
9	Nominal amount of instrument	$1.00	N/a	N/a	USD 2,500
9a	Issue price	$1.00 19 Dec 2012 $4.76 18 Nov 2014	N/a	N/a	USD 2,500
9b	Redemption price	N/a	N/a	N/a	USD 2,500
10	Accounting classification	Shareholders equity	N/a	N/a	Liability - amortised cost
11	Original date of issuance	$6,735m 19 Dec 2012 $1,198m 18 Nov 2014	N/a	N/a	25-Feb-21
12	Perpetual or dated	Perpetual	N/a	N/a	Dated
13	Original maturity date	No maturity	N/a	N/a	27-Feb-23
14	Issuer call subject to prior supervisory approval	No	N/a	N/a	Yes
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a	No issuer call date. However, may repay in whole or in part at par on any date subject to prior supervisory approval.
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/a	N/a	N/a	Floating
18	Coupon rate and any related index	N/a	N/a	N/a	SOFR plus 43 bps
19	Existence of a dividend stopper	No	N/a	N/a	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a	Mandatory
21	Existence of step up or other incentive to redeem	No	N/a	N/a	No
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a	Cumulative
23	Convertible or non-convertible	Non-convertible	N/a	N/a	Non-convertible
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a	N/a
30	Write-down features	No	N/a	N/a	Yes
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument under the contractual terms if they deem the entity is failing or likely to fail, or if the BAC resolution entity enters into resolution.
32	If write-down, full or partial	N/a	N/a	N/a	Partial
33	If write-down, permanent or temporary	N/a	N/a	N/a	Permanent
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Loan Non-T2	N/a	N/a	Senior Liabilities
36	Non-compliant transitioned features	No	N/a	N/a	No
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
38	TLAC Eligibility	Yes	N/a	N/a	Yes

(') Insert 'N/A' if the question is not applicable

Table 12. Own Funds Disclosure Template (Dollars in Millions) (1)

Own Funds Disclosure Template	Amount at Disclosure Date	
	MLI	MLUKCH Group
Capital instruments and the related share premium accounts	12,432	2,926
of which: Ordinary shares with full voting rights	12,432	2,926
Retained earnings	14,004	31,676
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	9,076	965
Common Equity Tier 1 (CET1) capital before regulatory adjustments	35,512	35,567
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments		
Prudential valuation adjustment	(839)	(839)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(58)	(58)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(112)	(112)
Defined-benefit pension fund assets (negative amount)	(279)	(279)
Deferred tax assets arising from temporary differences	(324)	(324)
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	(1,612)	(1,612)
Common Equity Tier 1 (CET1) Capital	33,900	33,955
Additional Tier 1 (AT1) capital: Instruments	-	-
Tier 1 Capital (T1 = CET1 + AT1)	33,900	33,955
Tier 2 (T2) Capital: Instruments and Provisions		
Capital instruments and the related share premium accounts	-	-
Tier 2 (T2) Capital	-	-
Total Capital (TC = T1 + T2)	33,900	33,955
Total Risk Weighted Assets	185,704	183,493
Capital Ratios and Buffers		
Common Equity Tier 1 (as a percentage of risk exposure amount)	18.3%	18.5%
Tier 1 (as a percentage of risk exposure amount)	18.3%	18.5%
Total Capital (as a percentage of risk exposure amount)	18.3%	18.5%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	7.0%	7.0%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.0%	0.0%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.3%	10.5%
Amounts below the thresholds for deduction (before risk weighting)		
Direct, indirect and synthetic holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,163	1,163
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the insti-tution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	156	-
Applicable caps on the Inclusion of provisions In Tier 2		
Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	-
Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,186	1,180

(1) There are no own funds items or adjustments that are subject to pre-regulation (EU) No 575 / 2013 treatment or prescribed residual amount of regulation (EU) No 575 / 2013 in MLI or the Group.

7.2 Additional Detail on Leverage Ratio

Leverage Approach

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

The leverage ratio is monitored in line with regulatory requirements. Exposure is typically managed through a combination of mechanisms including risk appetite limits, collateralisation and netting arrangements.

Tables 13, 14 and 15 below give detailed disclosure of the elements included in the leverage ratio calculation.

Table 13. Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures [1]

(Dollars in Millions)	MLI
Total Assets as per Balance Sheet	406,108
Adjustments for Derivative Financial Instruments	2,404
Adjustments for Securities Financing Transactions	22,761
Adjustment for Off-Balance Sheet Items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,502
Other Adjustments	4,970
Leverage Ratio Exposure	**439,744**

[1] In accordance with article 4(2) of Regulation (EU) 2016/200 on the disclosure of leverage ratio, this table is not disclosed for the Group as the Group does not publish financial statements at the consolidated level.

Table 14. Leverage Ratio Common Disclosure

(Dollars in Millions)	MLI	MLUKCH Group
On-Balance Sheet Exposures (excluding derivatives and SFTs)		
On-balance Sheet Items (excluding Derivatives, SFTs and fiduciary assets, but including Collateral)	144,824	141,022
Asset Amounts Deducted in Determining Tier 1 Capital	(1,500)	(1,500)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	**143,324**	**139,521**
Derivative Exposures		
Replacement Cost Associated with Derivatives Transactions (net of Eligible Cash Variation Margin)	20,251	20,251
Add-on Amounts for PFE Associated with Derivatives Transactions (Mark-to-Market method)	122,484	122,489
Gross-up for Derivatives Collateral provided where deducted from the Balance Sheet Assets pursuant to the Applicable Accounting Framework	-	-
(Deductions of Receivables Assets for Cash Variation Margin provided in Derivatives Transactions)	(26,835)	(26,835)
(Exempted CCP leg of Client-Cleared Trade Exposures)	(22,149)	(22,149)
Adjusted Effective Notional Amount of Written Credit Derivatives	189,514	189,512
(Adjusted Effective Notional Offsets and Add-On Deductions for Written Credit Derivatives)	(134,910)	(134,909)
Total Derivative Exposure	**148,355**	**148,359**
Securities Financing Transaction Exposures		
Gross SFT Assets (With No Recognition of Netting), after Adjusting for Sales Accounting Transactions	277,858	277,858
(Netted Amounts of Cash Payables and Cash Receivables of Gross SFT Assets)	(156,055)	(156,055)
Counterparty Credit Risk Exposure for SFT Assets	22,761	22,720
Total Securities Financing Transaction Exposures	**144,564**	**144,524**
Off-Balance Sheet Exposures		
Off-balance Sheet Exposures at Gross Notional Amount	18,665	11,615
Adjustments for Conversion to Credit Equivalent Amounts	(15,164)	(8,818)
Total Off-Balance Sheet Exposures	**3,502**	**2,797**
Capital and Total Exposures		
Tier 1 Capital	33,900	33,955
Total Leverage Ratio Exposures	**439,744**	**435,200**
Leverage Ratio		
Leverage Ratio	7.7%	7.8%

Table 15. Split of On-Balance Sheet Exposures (excluding derivatives, SFTs and exempted exposures)

(Dollars in Millions)	MLI	MLUKCH Group
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**113,299**	**109,497**
Trading Book Exposures	86,117	86,213
Banking Book Exposures, of which:	27,183	23,284
Exposures treated as Sovereigns	9,004	9,004
Exposures to Regional Governments, MDB, International Organisations and PSE not treated as Sovereigns	114	114
Institutions	1,685	1,688
Secured by Mortgages of Immovable Properties	2	228
Corporate	15,397	11,323
Exposures in Default	3	3
Other Exposures (Eg Equity, Securitisations, and other Non-Credit Obligation Assets)	977	923

7.3 Additional Detail on Minimum Requirements for Own Funds & Eligible Liabilities

As part of amendments to the CRR which were published in the Official Journal of the EU as Regulation (EU) 2019/876, the international standard to meet a minimum amount of Total Loss Absorbing Capacity ("TLAC") became effective for certain types of Investment Firms and Credit Institutions in June 2019. In the CRR this is referred to as Minimum Requirements for Own Funds & Eligible Liabilities ("MREL").

Firms that are material subsidiaries of a non-UK Global Systemically Important Institution ("G-SII") per the CRR definition are required to hold a minimum amount of MREL. BAC is a non-UK G-SII and MLI and the MLUKCH Group meet the definition of material subsidiary, and are therefore subject to this requirement.

MREL resources are comprised of qualifying capital resources and eligible liabilities. In order for liabilities that are not capital resources to qualify as eligible, they must meet certain criteria such as having a minimum residual maturity of at least one year, and being subordinated to other operating liabilities.

MLI and the MLUKCH Group had $2.5bn of eligible liabilities in issuance at the end of June 2021. Total MREL resources for MLI and the Group are equal to Tier 1 capital, plus eligible liabilities issued. Table 16 shows MLI and MLUKCH's key metrics relating to MREL requirements.

Table 16. Key metrics – MREL Requirements

	Q2 2021	
(Dollars in Millions)	MLI	MLUKCH Group
Total MREL Resources Available	36,400	36,455
Total RWA	185,704	183,493
MREL as a percentage of RWA	19.6%	19.9%
Leverage Ratio Exposure Measure	439,744	435,200
MREL as a percentage of Leverage Ratio Exposure Measure	8.3%	8.4%
Excluded Liabilities	336,646	332,780

Appendix – Supplementary Disclosure Templates

The following table shows the credit quality of exposures by exposure class and instrument type as at 30 June 2021 for MLI.

Table 17. EU CR1-A Credit quality of Exposures by Exposure Class and Instrument

	Q2 2021						
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
(Dollars in Millions)	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks	0	9,133	-	-	-	-	9,133
Institutions	0	2,883	-	-	-	-	2,883
Corporates	1	29,468	-	-	-	-	29,469
Claims on institutions and corporate with a short-term credit assessment	-	2,030	-	-	-	-	2,030
Other exposures	2	527	-	-	-	-	529
Exposures in default [1]	3	-	-	-	-	-	3
Total	3	44,042	-	-	-	-	44,045
of which: Loans	2	5,648	-	-	-	-	5,650
of which: Debt Securities	1	5,327	-	-	-	-	5,328
of which: Off-balance-sheet exposures	-	18,145	-	-	-	-	18,145

(1) In line with EBA guidance, Defaulted exposures are shown both as "Exposures in Default" and in the Exposure Class that corresponded to the exposure before default. Any duplication is not included in the "Total" row.

Over the first half of 2021, MLI's exposures to corporates and claims on institutions and corporates with a short-term credit assessment increased. This was partly offset by a reduction in exposures to institutions.

The following table shows the credit quality of on-balance-sheet and off-balance-sheet exposures by industry as at 30 June 2021 for MLI.

Table 18. EU CR1-B Credit Quality of Exposures by Industry or Counterparty Types

	Q2 2021						
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
(Dollars in Millions)	Defaulted exposures	Non-defaulted exposures					
Bank	0	2,632	-	-	-	-	2,632
Broker Dealer	0	4,547	-	-	-	-	4,547
Other Financial	2	26,563	-	-	-	-	26,565
Sovereign & Government Related	1	9,250	-	-	-	-	9,250
Other [1]	0	1,049	-	-	-	-	1,049
Total	**3**	**44,042**	**-**	**-**	**-**	**-**	**44,045**

(1) Industry classification of "Other" comprises of Energy & Commodities, Industrial & Commercial Companies, Insurance, Central Counterparties and Hedge Fund.

Over the first half of 2021, MLI's exposures to other financial counterparties increased, partially offset by a reduction in exposure to banks and broker dealers.

The following table shows the credit quality of on-balance-sheet and off-balance-sheet exposures by geography as at 30 June 2021 for MLI.

Table 19. EU CR1-C Credit Quality of Exposures by Geography

	Q2 2021						
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
(Dollars in Millions)	Defaulted exposures	Non-defaulted exposures					
EMEA	**2**	**26,073**	**-**	**-**	**-**	**-**	**26,074**
United Kingdom	2	16,720	-	-	-	-	16,722
Luxembourg	-	2,219	-	-	-	-	2,219
France	-	1,910	-	-	-	-	1,910
Saudi Arabia	-	1,089	-	-	-	-	1,089
Germany	0	1,045	-	-	-	-	1,045
Other EMEA Countries (1)	0	3,088	-	-	-	-	3,088
Americas	**1**	**14,178**	**-**	**-**	**-**	**-**	**14,180**
United States Of America	1	6,091	-	-	-	-	6,091
Curacao	-	7,436	-	-	-	-	7,436
Other Americas Countries (1)	1	652	-	-	-	-	652
Asia	**0**	**3,681**	**-**	**-**	**-**	**-**	**3,681**
Japan	-	1,570	-	-	-	-	1,570
Other Asia Countries (1)	0	2,111	-	-	-	-	2,111
Other Geographical Areas (2)	**-**	**110**	**-**	**-**	**-**	**-**	**110**
Total	**3**	**44,042**	**-**	**-**	**-**	**-**	**44,045**

(1) Only countries which have exposures greater than $1bn have been disclosed separately. Other countries within a given region have been aggregated together as "Other Countries".

(2) "Other Geographical Areas" comprises of exposures to Multilateral Development Banks and International Organisations.

Over the first half of 2021, MLI's exposures to EMEA increased, led by an increase in exposure to the United Kingdom. This was partly offset by a reduction in exposure to the Americas region, led by a reduction in exposure to USA. Both were mainly driven by liquidity management and intercompany funding activities.

No template for EU CR1-D Ageing of Past-Due Exposures is included in this document because there are no balances past due to disclose.

The following table shows an overview of performing and non-performing exposures and the related provisions as at 30 June 2021 for MLI.

Table 20. EU CR1-E Non-Performing and Forborne Exposures

	Q2 2021												
	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collateral and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
(Dollars in Millions)					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Loans	5,650	-	-	2	2	-	-	-	-	-	-	-	-
Debt Securities	5,328	-	-	1	1	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	18,145	-	-	-	-	-	-	-	-	-	-	-	-

Over the first half of 2021, MLI's off-balance sheet exposures increased. This was mainly driven by intercompany activity.

No template for EU CR2-A Changes in Stock of General and Specific Credit Risk Adjustment is included in the document because there are no credit risk adjustments to disclose.

The following table shows the changes in stock of defaulted loans and debt securities as at 30 June 2021 for MLI.

Table 21. EU CR2-B Changes in the Stock of Defaulted and Impaired Loans and Debt Securities

(Dollars in Millions)	Q2 2021 Gross carrying value defaulted exposures
Opening balance	**6**
Loans and debt securities that have defaulted or impaired since the last reporting period	-
Returned to non-defaulted status	-
Amounts written off	-
Other changes	(3)
Closing balance	**3**

Over the first half of 2021, there have been no material changes.

The following table shows the extent of the use of CRM techniques as at 30 June 2021 for MLI.

Table 22. EU CR3 CRM Techniques – Overview

	Q2 2021				
(Dollars in Millions)	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	1,815	-	3,836	-	-
Total debt securities	5,328	-	-	-	-
Total exposures	**7,143**	**-**	**3,836**	**-**	**-**
Of which defaulted	3	-	-	-	-

Over the first half of 2021, unsecured exposures to debt securities decreased, driven by liquidity management activity.

The following table shows the effect of all CRM techniques as at 30 June 2021 for MLI.

Table 23. EU CR4 Standardised approach – Credit Risk Exposure and CRM Effects

	Q2 2021					
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
(Dollars in Millions)	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	9,003	129	9,003	129	603	7%
Regional governments or local authorities	2	2	2	2	4	100%
Public sector entities	-	-	-	-	-	0%
Multilateral development banks	110	-	110	-	-	0%
International organisations	-	-	-	-	-	0%
Institutions	683	2,200	683	280	541	56%
Corporates	13,987	15,482	2,751	595	3,334	100%
Retail	-	-	-	-	-	0%
Secured by mortgages on immovable property	2	-	2	-	2	100%
Exposures in default	3	-	3	-	4	150%
Items associated with particularly high risk	65	-	65	-	98	150%
Covered bonds	-	-	-	-	-	0%
Claims on institutions and corporate with a short-term credit assessment	1,723	307	1,687	24	711	42%
Collective investments undertakings	-	-	-	-	-	0%
Equity exposures	314	-	314	-	548	175%
Other Items	7	25	7	5	12	100%
Total	**25,899**	**18,145**	**14,627**	**1,035**	**5,858**	**37%**

Over the first half of 2021, risk weighted exposure amounts to corporates decreased, mainly due to intercompany funding activity in the period.

The following table shows the breakdown of exposures under the standardised approach by exposure class and risk weight as at 30 June 2021 for MLI.

Table 24. EU CR5 Standardised Approach

	Q2 2021																	
	Risk Weight																Total	Of which unrated
(Dollars in Millions)	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
Central governments or central banks	7,529	-	-	-	1,251	-	-	-	-	353	-	-	-	-	-	-	9,133	120
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	4	4
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	464	-	102	-	-	398	-	-	-	-	-	-	963	845
Corporates	-	-	-	-	1	-	23	-	-	3,322	0	-	-	0	-	-	3,346	3,295
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	2	2
Exposures in default	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-	3	3
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	65	-	-	-	-	-	65	65
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	836	-	718	-	-	100	56	-	-	0	-	-	1,710	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	157	-	156	-	-	-	-	314	314
Other Items	-	-	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12	12
Total	**7,639**	**-**	**-**	**-**	**2,551**	**-**	**843**	**-**	**-**	**4,349**	**124**	**156**	**-**	**0**	**-**	**-**	**15,662**	**4,660**

Over the first half of 2021, exposures to corporates and institutions decreased mainly due to intercompany funding and liquidity management activities.

The following table shows a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method for MLI as at 30 June 2021.

Table 25. EU CCR1 Analysis of CCR Exposure by Approach

	Q2 2021						
(Dollars in Millions)	Notional	Replacement Cost/Current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		10,727	182,202			78,266	45,026
Original exposure	n/a					n/a	n/a
Standardised approach		n/a		n/a	n/a	n/a	n/a
IMM (for derivatives & SFTs)				n/a	n/a	n/a	n/a
Financial collateral simple method (for SFTs)						n/a	n/a
Financial collateral comprehensive method (for SFTs)						61,478	43,599
VaR for SFTs						n/a	n/a
Total							88,625

The following table shows CVA by approach for MLI as at 30 June 2021.

Table 26: EU CCR2 – CVA Capital Charge

	Q2 2021	
(Dollars in Millions)	Exposure value	RWAs
Total portfolios subject to the advanced method	-	-
(i) VaR component (including the 3× multiplier)	-	-
(ii) SVaR component (including the 3× multiplier)	-	-
All portfolios subject to the standardised method	62,056	23,704
Based on the original exposure method	-	-
Total subject to the CVA capital charge	**62,056**	**23,704**

Over the first half of 2021, there was no material change in exposure amounts for CVA. The following table shows the breakdown of exposures to qualifying and non-qualifying Central Counterparty (“CCPs”) as at 30 June 2021 for MLI.

Table 27: EU CCR8 – Exposures to CCPs

	Q2 2021	
(Dollars in Millions)	EAD post CRM	RWAs
Exposures to QCCPs (total)		**1,107**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	31,569	631
(i) OTC derivatives	18,056	361
(ii) Exchange-traded derivatives	9,515	190
(iii) SFTs	3,998	80
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	7,882	158
Prefunded default fund contributions	1,093	318
Alternative calculation of own funds requirements for exposures		7,369
Exposures to non-QCCPs (total)		-

Over the first half of 2021, the underlying movements are driven by market, collateral and portfolio changes.

The following table shows a breakdown of CCR exposures under the standardised approach, by exposure class and risk weight, as at 30 June 2021 for MLI.

Table 28. EU CCR3 Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk

	Q2 2021												
	Risk Weight											Total	Of which unrated
(Dollars in Millions)	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
Central governments or central banks	1,812	-	-	-	14	662	-	-	3,037	-	-	**5,525**	4,235
Regional governments or local authorities	20	-	-	-	37	6	-	-	9	-	-	**73**	38
Public sector entities	100	-	-	-	761	-	-	-	17	-	-	**877**	778
Multilateral development banks	168	-	-	-	-	-	-	-	-	-	-	**168**	-
International organisations	359	-	-	-	-	-	-	-	-	-	-	**359**	359
Institutions	-	39,452	-	-	18,814	20,635	-	-	474	-	-	**79,375**	50,201
Corporates	-	-	-	-	1,903	6,825	-	-	50,351	57	-	**59,135**	46,962
Retail	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	7,445	24,020	-	-	1,400	680	-	**33,545**	-
Other Items	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	**2,460**	**39,452**	**-**	**-**	**28,975**	**52,149**	**-**	**-**	**55,287**	**737**	**-**	**179,058**	**102,573**

Over the first half of 2021, CCR exposures remained broadly flat with an increase in Claims on institutions and corporates with a short-term credit assessment offset by a reduction in exposures to institutions and public sector entities.

The following table shows the impact of netting and collateral held on derivative and Secured Financing Transaction ("SFT") exposures held as at 30 June 2021 for MLI.

Table 29. EU CCR5-A Impact of Netting and Collateral Held on Exposure Values

	Q2 2021						
	Gross positive fair value or net carrying amount	Netting benefits		Netted current credit exposure	Collateral held		Net credit exposure
(Dollars in Millions)		Applied	Not Applied		Used	Not Used	
Derivatives	181,002	(154,675)	(1)	26,327	(21,563)	(29,342)	4,764
SFTs	768,078	(736,216)	(3,274)	31,862	-	(23,452)	31,862
Total	**949,080**	**(890,891)**	**(3,275)**	**58,189**	**(21,563)**	**(52,794)**	**36,625**

Note: These values can differ from the accounting balance sheet for example, due to differences in netting and off balance sheet items.

The following table shows the breakdown of all types of collateral posted or received to support or reduce CCR exposures related to derivative transactions or to SFTs as at 30 June 2021 for MLI.

Table 30. EU CCR5-B Composition of Collateral for Exposures to CCR

	Q2 2021			
	Collateral used in derivative transactions		Collateral used in SFTs	
(Dollars in Millions)	Fair Value of collateral received	Fair Value of collateral posted	Fair Value of collateral received	Fair Value of collateral posted
Cash	35,352	32,735	326,357	357,607
Non Cash	15,139	6,137	501,066	410,471
Total	**50,491**	**38,872**	**827,423**	**768,078**

Over the first half of 2021, collateral values have moved in line with exposures.

The following table shows exposures to credit derivative transactions broken down between derivatives bought or sold for MLI.

Table 31. EU CCR6 Credit Derivatives Exposures

	Q2 2021		
	Credit derivative hedges		Other credit derivatives
(Dollars in Millions)	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps	3,438	3,214	106,758
Index credit default swaps	494	1,333	205,494
Other credit derivatives	95	313	70,599
Total Notional	**4,027**	**4,860**	**382,851**
Fair Values	-	-	-
Positive fair value (asset)	265	411	8,146
Negative fair value (liability)	(53)	(145)	(8,440)

Over the first half of 2021, the notional amount of credit derivatives decreased, primarily on index credit default swaps.