MERRILL LYNCH B.V

UNAUDITED

INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED

JUNE 30, 2013

CONTENTS

	Pages
Directors' report	2-4
Financial statements	
- Statement of comprehensive income	5
- Statement of financial position	6
- Statement of changes in equity	7
Notes to the financial statements	8 – 26

DIRECTORS' REPORT
For the six months ended 30 June 2013

The directors present their report and the unaudited financial statements of Merrill Lynch B.V (the "Company") for the six months ended 30 June 2013.

Statement of directors' responsibilities

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

The Directors' confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

- the Directors' report gives a true and fair view regarding the position on the balance sheet date, the state of affairs during the financial year of the Company, and the principal risks confronting the Company are discussed.

The Dutch Civil Code requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU").

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS as adopted by the EU. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Business review

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

The ultimate parent of the Company is Bank of America Corporation ("BAC"). The Company has its head office in the Netherlands.

Principal activities and future developments
On January 1, 2013, the Company entered into a cross-border merger with Merrill Lynch SA, in which Merrill Lynch SA ceased to exist and the Company acquired all the assets and liabilities of Merrill Lynch SA under a universal title of succession. Both the Company and the Acquired Company have common shareholders, being Merrill Lynch International Holdings Inc. and Merrill Lynch Corporate Services Limited.

The principal activities of the Company, are the issuance of structured securities and granting intercompany loans to affiliated entities.

DIRECTORS' REPORT (continued)
For the six months ended 30 June 2013

Financial performance
The directors are satisfied with the Company's performance for the financial period ended 30 June 2013 and the financial position at the end of the period. The profit for the financial period, after taxation, amounted to $8,158,231.

Risk management

Legal entity governance is built on the Bank of America Corporation ("BAC") comprehensive approach to risk management. BAC's risk management objectives and policies are described in the notes to the financial statements, (see note 15).

DIRECTORS' REPORT (continued)
For the six months ended 30 June 2013

Board of Directors

Managing Directors
(together authorised to represent the Company)

B. Taylor

A.E. Okobia

Board of Directors
29 August 2013

STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Note	SIX MONTHS ENDED 30 JUNE 2013 $'000	2012 $'000
INCOME			
Net loss on financial instruments held for trading	3	**(9,333)**	(88,120)
Net loss on financial instruments designated at fair value through profit or loss	4	**(22,614)**	(180,124)
Finance income	5	**40,474**	43,749
Operating income		**39**	49
Operating profit/(loss)		**8,566**	(224,447)
EXPENSES			
Operating expense		**43**	49
Total expenses		**43**	49
Profit/(loss) before tax		**8,523**	(224,496)
Tax charge/(credit)	6	**365**	(56,098)
Profit/(loss) for the year		**8,158**	(168,397)
Other comprehensive income		-	-
Total comprehensive income		**8,158**	(168,397)

The notes on pages 7 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	30 JUNE 2013 $'000	31 DECEMBER 2012 $'000
ASSETS			
Non-current assets			
Amounts owed by affiliated undertakings	8	**2,631,966**	3,419,047
Financial assets designated at fair value through profit or loss	7	**494,970**	474,955
Total non-current assets		**3,126,936**	3,894,002
Current assets			
Amounts owed by affiliated undertakings	8	**1,472,977**	2,370,093
Financial assets designated at fair value through profit or loss	7	**78,822**	99,874
Total current assets		**1,551,799**	2,469,967
Total assets		**4,678,735**	6,363,969
EQUITY AND LIABILITIES			
Equity			
Issued share capital	14	**-**	2,771
Share premium	14	**2,771**	-
Preferred share capital	14	**750,000**	-
Retained earnings		**72,984**	59,377
Total equity attributable to the owners of the company		**825,755**	62,148
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	9	**3,111,772**	3,872,514
Deferred tax liability	12	**10,401**	10,224
Total non-current liabilities		**3,122,173**	3,882,738
Current liabilities			
Financial liabilities designated at fair value through profit or loss	9	**495,736**	739,444
Amounts owed to affiliated undertakings	10	**186,565**	1,596,190
Financial instruments held for trading	11	**46,819**	81,939
Income tax payable	12	**1,666**	1,489
Accrued expenses and other liabilities	13	**21**	21
Total current liabilities		**729,141**	2,419,083
Total liabilities		**3,852,980**	6,301,821
Total equity and liabilities		**4,678,735**	6,363,969

The notes on pages 7 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
As at 30 June 2013

Movements in shareholders' equity during the year are as follows:

	Preferred share capital $000	Share capital $000	Share premium $000	Retained earnings $000	Total $000
Balance at 31 December 2012	**-**	**2,771**	**-**	**59,377**	**62,148**
Profit for the year	-	-	-	8,158	**8,158**
Additions	750,000	-		5,449	**755,449**
Transfers	-	(2,771)	2,771		-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2013	**750,000**	**-**	**2,771**	**72,984**	**825,755**

The notes on pages 7 to 25 form part of these financial statements.

1. General information

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

The Company has its registered address at Amstelplein 1 Rembrandt Tower, 11th Floor 1096 HA Amsterdam, the Netherlands.

The Company's ultimate parent is Bank of America Corporation ("BAC"). In addition, the Company is included in the consolidated accounts of Merrill Lynch & Co., Inc.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Financial period

The financial period of the Company is for the six months ending 30 June 2013.

2.2 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The financial statements were prepared using the going concern assumption given the merger.

New and amended standards adopted by the Company

- There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until 1 January 2013 but is available for early adoption.

2. Accounting Policies (continued)

2.2 Basis of accounting (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted (continued)

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company has yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The effective date of the amendment was 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.3 Translation of foreign currencies

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

Revenues and expenses arising from transactions to be settled in foreign currencies are translated into US Dollars at average monthly market rates of exchange. Monetary assets and liabilities are translated into US Dollars at the market rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of foreign currencies are reflected in the statement of comprehensive income within net loss on financial instruments designated at fair value through profit or loss.

2.4 Financial instruments

a) Classification

(i) Financial instruments designated at fair value through profit or loss

All securities issued and fully-funded swaps are classified as financial instruments designated at fair value through profit or loss upon initial recognition. Designation of any financial asset or financial liability at fair value through profit or loss is made upon initial recognition at the Company's discretion provided that certain conditions are met. These investments are managed and their performance is evaluated on a fair value basis, in accordance with the Company's structured notes program. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Financial instruments held for trading

All derivative financial instruments are classified as financial instruments held for trading. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

2. Accounting Policies (continued)

2.4 Financial instruments (continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or non-determinable payments that are not quoted in an active market other than fully-funded swaps classified as financial instruments designated at fair value through profit or loss. Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment.

b) Recognition

The Company recognises a financial instrument on its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial instruments at fair value through profit or loss are initially recognised using settlement date accounting, whereas financial instruments held for trading are initially recognised using trade date accounting. Gains and losses are recognised from these dates.

c) Measurement

Financial instruments are measured initially at fair value (generally transaction price) plus, in case of financial instruments not designated at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of these financial instruments.

Transaction costs on financial instruments at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised if applicable.

After initial recognition, financial instruments are measured at fair value through profit or loss, with changes in their fair value recognised as gains or losses in the statement of comprehensive income. Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment. Interest calculated using the effective interest rate method is recognised in the statement of comprehensive income.

Management assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

d) Fair value measurement principles

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

2. Accounting Policies (continued)

2.4 Financial instruments (continued)

d) Fair value measurement principles (continued)

For financial instruments where there is no quoted market price (unlisted financial instruments), fair values have been estimated using quoted prices for instruments with characteristics either identical or similar to those held by the Company.

e) De-recognition

The Company de-recognises 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 entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when they are extinguished, that is to say when the obligation is discharged or cancelled or expires.

2.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

2.6 Shareholder's equity

All issued ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium was recognised on 1 January 2013 upon the merger with Merrill Lynch S.A. The premium represents the amount by which the nominal value of issued share capital in Merrill Lynch S.A. exceeded the nominal value of issued share capital in the merged entity Merrill Lynch B.V.

Preferred Shares comprises a perpetual borrowing from Merrill Lynch International Holdings Inc. and any return accrued on the borrowing is subject to prior declaration by the Board of Directors.

2.7 Income and expense recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Interest income is recognised using the effective interest rate method. When the loan and receivable is impaired, the carrying amount is reduced to its receivable amount, being the estimated future cash flow discounted at the original effective interest rate and continues to unwind the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate. Interest income received by the Company may be subject to withholding tax imposed in the country of origin. Interest arising from financial instruments at fair value through profit or loss is included in the change in fair value of financial instruments at fair value through profit or loss.

2. Accounting Policies (continued)

2.9 Taxation

Current tax liabilities are measured at the amount expected to be paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the end of the reporting period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period date and are expected to apply when the related deferred income tax liability is settled.

2.10 Critical accounting estimates and judgment in applying accounting policies

Application of the accounting policies in the preparation of the financial statements requires the Board of Directors to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Company has no critical judgment in applying its accounting policies. The following significant accounting estimates are made to determine fair values that require complex estimates:

Fair value of financial instruments held for trading

The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models. 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. Net loss on financial instruments held for trading

	SIX MONTHS ENDED 30 JUNE	
	2013	2012
	$000	$000
Net loss arising on derivatives	**(9,333)**	(88,120)

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

	SIX MONTHS ENDED 30 JUNE	
	2013	2012
	$000	$000
Change in fair value of fully funded swaps	**(36,268)**	-
Change in fair value of structured notes	**13,711**	(179,875)
Net gain/ (loss) arising on foreign currency holdings	**(57)**	(249)
	(22,614)	(180,124)

5. Finance income

	SIX MONTHS ENDED 30 JUNE	
	2013	2012
	$000	$000
Finance income	**40,474**	43,749

6. Tax on profit

	SIX MONTHS ENDED 30 JUNE	
	2013	**2012**
	$000	**$000**
Current tax		
Current tax on profits for the year	**188**	-
Foreign taxes	**-**	354
Total current tax charge	**188**	354
Deferred tax		
Origination and reversal of temporary differences	**177**	(56,452)
Total deferred tax charge / (credit)	**177**	(56,452)
Income tax charge / (credit)	**365**	(56,098)

7. Financial assets designated at fair value through profit and loss

As at 30 June 2013		Currency CCY '000	Notional $000	Fair Value $000
Fully-funded swaps				
Less than 1 year	USD	82,741	82,741	**78,748**
Credit spread adjustment				**74**
				78,822
Greater than 1 year				
2014	USD	8,270	8,270	**7,061**
			8,270	**7,061**
2015	EUR	2,326	3,023	**2,991**
	GBP	21,138	32,071	**33,231**
	USD	18,015	18,015	**17,846**
			53,110	**54,068**
2016	AUD	6,000	5,546	**5,327**
	EUR	5,000	6,499	**6,431**
	GBP	1,700	2,579	**2,597**
	USD	13,350	13,350	**12,565**
			27,974	**26,920**
2017	EUR	9,000	11,697	**11,805**
	GBP	2,000	3,034	**3,209**
	SEK	7,300	1,082	**980**
	USD	279,300	279,300	**242,600**
			295,114	**258,594**
2018	EUR	5,980	7,772	**8,117**
	GBP	15,709	23,835	**23,998**
	JPY	5,000,000	50,574	**47,791**
	USD	69,331	69,331	**65,833**
			115,512	**145,738**
2019	GBP	1,000	1,517	**1,463**
			1,517	**1,463**
				1,126
Credit spread adjustment				
				494,970
				573,792

7. Financial assets designated at fair value through profit and loss (continued)

As at 31 December 2012		Currency CCY '000	Notional $000	Fair Value $000
Fully-funded swaps				
Less than 1 year	JPY	410,000	4,761	**4,793**
	USD	95,288	95,288	**94,798**
			100,049	**99,591**
Credit spread adjustment				**283**
				99,874
Greater than 1 year				
2014	USD	13,723	13,723	**13,574**
			13,723	**13,574**
2015	EUR	12,802	16,875	**16,404**
	GBP	41,501	67,460	**65,165**
	JPY	700,000	8,129	**8,184**
	USD	42,238	42,238	**41,578**
			134,701	**131,331**
2016	AUD	3,000	3,134	**3,036**
			3,134	**3,036**
2017	EUR	5,000	6,591	**6,390**
	GBP	2,000	3,251	**3,235**
	JPY	220,000	2,555	**2,661**
	SEK	7,300	1,122	**1,100**
	USD	304,300	304,300	**295,566**
			317,819	**308,953**
2018	EUR	4,800	6,327	**6,475**
	GBP	5,668	9,214	**9,211**
			15,541	**15,686**
2021	AUD	3,000	3,134	**2,801**
			3,134	**2,801**
Credit spread adjustment				**(425)**
				474,955
				574,829

8. Amounts owed by affiliated undertakings

	30 June 2013 $000	30 December 2012 $000
Non-current assets		
Minority interest in ML&Co. Canada	**7,027**	7,027
Money market deposit	**2,624,939**	3,412,020
	2,631,966	3,419,047
Current assets		
Intercompany loans	**978,752**	1,614,223
Money market deposit	**494,225**	755,871
	1,472,977	2,370,093
	4,104,943	5,786,140

9. Financial liabilities designated at fair value through profit and loss

As at 30 June 2013			Currency CCY '000	Notional $000	Fair Value $000
Structured notes					
Less than 1 year		AUD	56,061	51,822	**48,185**
		EUR	157,825	205,126	**167,080**
		GBP	4,827	7,323	**7,299**
		JPY	7,050,000	71,309	**43,777**
		SEK	30,882	4,578	**4,680**
		SGD	5,250	4,156	**4,240**
		USD	229,464	229,464	**214,379**
				573,779	**489,640**
Credit spread adjustment					**6,131**
Purchase accounting adjustment					**(35)**
					495,736
Greater than 1 year					
	2014	AUD	1,600	1,479	**1,067**
		EUR	83,099	108,003	**105,985**
		GBP	5,670	8,602	**9,270**
		JPY	1,600,000	16,184	**14,523**
		SEK	48,120	7,133	**8,996**
		USD	54,483	54,483	**58,499**
				195,885	**198,341**
	2015	AUD	8,150	7,534	**10,439**
		CHF	851	899	**954**
		EUR	74,349	96,631	**107,840**
		GBP	74,224	112,612	**116,382**
		JPY	7,275,000	73,585	**70,989**
		SEK	39,410	5,842	**5,862**
		SGD	7,600	6,017	**5,863**
		SKK	500,000	21,571	**23,484**
		USD	201,473	201,473	**203,901**
				526,165	**454,714**

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 30 June 2013		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year (continued)				
2015	AUD	8,150	7,534	**10,439**
	CHF	851	899	**954**
	EUR	74,349	96,631	**107,840**
	GBP	74,224	112,612	**116,382**
	JPY	7,275,000	73,585	**70,989**
	SEK	39,410	5,842	**5,862**
	SGD	7,600	6,017	**5,863**
	SKK	500,000	21,571	**23,484**
	USD	201,473	201,473	**203,901**
			526,165	**454,714**
2016	AUD	10,343	9,561	**9,404**
	EUR	15,917	20,688	**21,321**
	GBP	19,090	28,963	**30,196**
	JPY	1,050,000	10,621	**9,199**
	SEK	216,107	32,035	**33,947**
	USD	345,937	345,937	**352,286**
			447,805	**456,264**
2017	AUD	700	647	**614**
	CHF	21,290	22,492	**11,488**
	EUR	777,432	1,010,429	**1,059,600**
	GBP	7,000	10,620	**11,627**
	JPY	1,910,000	19,319	**17,596**
	SEK	271,024	40,176	**39,756**
	USD	315,859	315,859	**277,277**
			1,419,543	**1,417,959**
2018	EUR	10,030	13,036	**13,646**
	GBP	18,628	28,262	**28,697**
	JPY	5,000,000	50,574	**47,798**
	USD	73,961	73,961	**70,568**
			165,833	**160,709**
2019	EUR	8,881	11,542	**5,975**
	GBP	7,650	11,607	**11,378**
	JPY	285,000	2,883	**2,524**
	USD	13,740	13,740	**18,017**
			39,772	**37,894**
2020	EUR	10,334	13,431	**12,301**
	MXN	105,000	8,062	**8,903**
	USD	25,000	25,000	**22,759**
			46,493	**43,963**

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 30 June 2013		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year (continued)				
2021	EUR	20,421	26,541	**8,943**
	USD	41,755	41,755	**40,536**
			68,296	**49,478**
2022	EUR	12,792	16,626	**7,650**
	USD	15,310	15,310	**12,975**
			31,936	**20,625**
2025	USD	10,000	10,000	**8,864**
			10,000	**8,864**
2027	USD	3,642	3,642	**6,792**
			3,642	**6,792**
2028	USD	30,000	30,000	**26,439**
			30,000	**26,439**
2029	JPY	710,000	7,182	**7,207**
			7,182	**7,207**
2030	EUR	5,000	6,499	**5,312**
			6,499	**5,312**
2036	JPY	1,000,000	10,115	**7,349**
			10,115	**7,349**
2037	CLP	2,612,000	5,164	**7,307**
	EUR	33,000	42,890	**19,154**
	JPY	690,000	6,979	**4,632**
	USD	1,785	1,785	**4,339**
			56,818	**35,432**
2038	USD	1,000	1,000	**661**
			1,000	**661**
2099	CHF	1,335	1,410	**876**
	EUR	68,914	89,567	**99,969**
	USD	3,392	3,392	**2,440**
			94,370	**103,284**

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 30 June 2013		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year (continued)				
2105	EUR	12,895	16,760	**21,912**
	USD	2,000	2,000	**1,587**
			18,760	**23,500**
2106	EUR	675	877	**1,571**
			877	**1,571**
Credit spread adjustment				**(28,173)**
Purchase accounting adjustment				**(17,414)**
				3,111,772
				3,607,508

As at 31 December 2012		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Less than 1 year				
	AUD	21,561	22,377	**18,311**
	EUR	118,507	156,204	**156,924**
	GBP	23,156	37,639	**35,838**
	HUF	407,700	1,846	**1,845**
	JPY	14,100,000	163,735	**95,332**
	PLN	22,839	7,378	**5,197**
	RUB	305,000	10,008	**10,699**
	SGD	22,000	18,014	**17,571**
	USD	413,205	413,205	**394,867**
			830,405	**736,585**
Credit spread adjustment				**3,045**
Purchase accounting adjustment				**(186)**
				739,444

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 31 December 2012 (continued)		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year				
2014	AUD	46,600	48,364	**50,339**
	EUR	239,472	315,648	**277,928**
	GBP	8,670	14,093	**14,837**
	JPY	5,610,000	65,145	**50,233**
	SEK	83,462	12,832	**13,817**
	USD	125,932	125,932	**130,219**
			582,014	**537,373**
2015	AUD	10,850	11,261	**14,592**
	CHF	1,081	1,181	**1,245**
	EUR	89,396	117,833	**129,184**
	GBP	128,435	208,772	**213,149**
	JPY	11,920,000	138,420	**123,530**
	SEK	57,440	8,831	**9,706**
	SGD	7,600	6,223	**6,144**
	SKK	500,000	21,876	**18,485**
	USD	253,342	253,342	**259,853**
			767,738	**775,888**
2016	AUD	10,545	10,944	**10,720**
	EUR	11,146	14,691	**15,140**
	GBP	18,667	30,343	**31,461**
	JPY	1,080,000	12,541	**9,028**
	SEK	325,434	50,034	**50,956**
	SGD	0	0	**0**
	USD	345,442	345,442	**352,055**
			463,996	**469,361**
2017	AUD	700	726	**496**
	CHF	21,781	23,795	**8,555**
	EUR	806,079	1,062,492	**1,129,933**
	GBP	71,006	115,420	**124,369**
	JPY	2,890,000	33,560	**31,013**
	SEK	588,344	90,455	**95,191**
	USD	348,599	348,599	**332,672**
			1,675,049	**1,722,227**
2018	EUR	8,850	11,665	**11,943**
	GBP	8,586	13,957	**13,946**
	USD	4,630	4,630	**4,647**
			30,252	**30,536**

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 31 December 2012 (continued)		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year (continued)				
2019	EUR	9,396	12,385	**6,616**
	JPY	285,000	3,310	**2,604**
	USD	13,920	13,920	**18,256**
			29,615	**27,476**
2020	EUR	10,569	13,931	**13,105**
	MXN	105,000	8,085	**9,452**
			22,016	**22,557**
2021	EUR	21,879	28,838	**10,782**
	USD	49,045	49,045	**51,019**
			77,883	**61,801**
2022	EUR	14,053	18,523	**9,004**
	USD	15,605	15,605	**14,257**
			34,128	**23,261**
2025	USD	10,000	10,000	**9,633**
			10,000	**9,633**
2027	USD	3,642	3,642	**7,553**
			3,642	**7,553**
2028	USD	30,000	30,000	**25,039**
			30,000	**25,039**
2029	JPY	710,000	8,245	**8,491**
			8,245	**8,491**
2030	EUR	5,000	6,591	**4,745**
			6,591	**4,745**
2036	JPY	1,000,000	11,612	**6,430**
			11,612	**6,430**
2037	CLP	2,612,000	5,455	**481**
	EUR	33,000	43,497	**19,535**
	JPY	690,000	8,013	**4,311**
	USD	5,521	5,521	**16,078**
			62,486	**40,405**
2038	USD	1,000	1,000	**842**
			1,000	**842**

9. Financial liabilities designated at fair value through profit and loss (continued)

As at 31 December 2012 (continued)		Currency CCY '000	Notional $000	Fair Value $000
Structured notes				
Greater than 1 year (continued)				
2099	CHF	1,900	2,075	**1,489**
	EUR	71,640	94,429	**109,026**
	USD	3,392	3,392	**3,257**
			99,897	**113,772**
2105	EUR	13,900	18,322	**23,038**
	USD	2,000	2,000	**1,705**
			20,322	**24,743**
2106	EUR	2,163	2,851	**3,845**
	USD	200	200	**222**
			3,051	**4,066**
Credit spread adjustment				**(23,737)**
Purchase accounting adjustment				**(19,948)**
				3,872,514
				4,611,959

10. Amounts owed to affiliated undertakings

	30 June 2013 $000	30 December 2012 $000
Amounts owed to affiliated undertakings	**186,565**	1,596,190

11. Financial instruments held for trading

As at 30 June 2013	Notional $000	Fair Value $000
Total return swaps	**3,134,531**	**46,819**

As at 31 December 2012	Notional $000	Fair Value $000
Total return swaps	**4,181,883**	**81,939**

12. Tax liability

	Deferred tax $000	Current tax $000	Total $000
Liability as at 31 December 2012	10,224	1,489	11,713
Charged to the statement of comprehensive income	177	188	365
Impact of foreign tax exchange	-	(11)	(11)
Liability as at 30 June 2013	**10,401**	**1,666**	**12,067**

13. Accrued expenses and other liabilities

	30 June 2013 $000	30 December 2012 $000
Accrued audit fees	**21**	21

14. Share capital

	30 June 2013 $000	30 December 2012 $000
Issued share capital	-	2,771
Share premium	**2,771**	-
Preferred share capital	**750,000**	-
	752,771	2,771

Issued share capital comprises 12,998 Ordinary shares of equal voting rights at $0.01 each. (2011: 6,500 shares at $426.366 each).

Share premium was recognised on 1 January 2013 upon the merger with Merrill Lynch S.A. The premium represents the amount by which the nominal value of issued share capital in Merrill Lynch S.A. exceeded the nominal value of issued share capital in the merged entity Merrill Lynch B.V.

Preferred share capital carry no voting rights and comprises a perpetual borrowing from Merrill Lynch International Holdings Inc. Returns accrued on the borrowing is subject to prior declaration by the Board of Directors.

15. Financial risk management

Legal Entity Governance

Legal entity governance is built on the Bank of America Corporation ("BAC") comprehensive approach to risk management, fully integrating risk management with strategic, financial and customer / client planning so that goals and responsibilities align across BAC. BAC's risk appetite and risk exposures are aligned.

The risk management approach has five components:

- Risk culture;
- Risk philosophy and appetite;
- Risk governance and organisation;
- Risk transparency and reporting; and
- Risk management processes, including the Identify, Mitigate, Monitor and Report ("IMMR") process which consists of Identify and measure, Mitigate and control, Monitor and test and Report and review. IMMR underpins all day-to-day risk management activities and is embedded in each part of our risk management approach.

Focusing on the five components allows us to effectively manage risks across the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks).

Trading activities expose the Company to market, credit, operational and liquidity risk. These risks are managed in accordance with established risk management policies and procedures and are further detailed below. No sensitivity analysis is required because the counterparty of all derivatives bears all liquidity and other risks. The Company is largely market risk neutral due to the performance of derivatives in conjunction with the structured notes issued.

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

Market risk

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates and equity index prices. The level of market risk is influenced by the volatility and liquidity in the markets in which financial instruments are traded.

The Company seeks to mitigate market risk associated with structured notes and senior loans by employing economic hedging strategies that correlate rate, price and spread movements of these financial instruments and related financing and hedging activities. The Company uses total return swaps to economically hedge its market exposures.

Credit risk

The Company is exposed to risk of loss if counterparty fails to perform its obligations under contractual terms ('default risk'). Both cash and derivatives expose the Company to default risk, but all this risk is with affiliated companies and hence credit risk in this respect is limited.

The Company has established policies and procedures for mitigating credit risk on principal transactions, including establishing and reviewing limits for credit exposure, maintaining collateral, purchasing credit protection and continually assessing the creditworthiness of counterparties.

15. Financial risk management (continued)

Operational risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some of these risks cannot be avoided, for example, the exposure to natural or man-made disasters, but can be mitigated by management actions, recovery plans and insurance. The Company manages operational risks in a variety of ways. These include maintaining a comprehensive system of internal controls, using technology to automate processes and reduce manual errors, monitoring and analysing risk events and trends, employing experienced staff, monitoring of business activities by compliance and audit professionals, maintaining fully operational off-site backup facilities, requiring education and training of employees and emphasising the importance of management oversight.

Liquidity risk

The Company defines liquidity risk as the potential inability to meet financial obligations, on- or off-balance sheet, as they fall due. Liquidity risk relates to the ability of a company to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern.

Liquidity risk also includes both the potential inability to raise funding with appropriate maturity, currency and interest rate characteristics and the inability to liquidate assets in a timely manner at a reasonable price. The Company actively manages the liquidity risks in its business that can arise from asset-liability mismatches, credit sensitive funding, commitments or contingencies.

The Liquidity Risk Management Group of BAC is responsible for measuring, monitoring and controlling the BAC Group's liquidity risk. This Group establishes methodologies and specifications for measuring liquidity risk, performs the scenario analysis and liquidity stress testing, and sets and monitors liquidity limits. The Group works with business units to limit liquidity risk exposures and reviews liquidity risks associated with new products and new business strategies.

Risk management structure

BAC manages its operations on a divisional basis. Management of the Company relies on the management of BAC in order to monitor and manage the risks to which the Company is exposed. Risk management is managed across the BAC group in the following manner:

BAC's Global Risk Committee ("GRC"), chaired by BAC's Global Markets Risk Executive, has been designated by its Asset Liability Market Risk Committee ("ALMRC") as the primary governance authority for its Global Markets Risk Management, including trading risk management. The GRC's focus is to take a forward-looking view of the primary credit and market risks impacting BAC's Global Markets business (of which the Company is a component) and prioritise those that need a proactive risk mitigation strategy.

At the GRC meetings, the committee considers significant daily revenues and losses by business along with an explanation of the primary driver of the revenue or loss. Thresholds are established for each of BAC's businesses in order to determine if the revenue or loss is considered to be significant for that business. If any of the thresholds are exceeded, an explanation of the variance is made to the GRC. The thresholds are developed in coordination with the respective risk managers to highlight those revenues or losses which exceed what is considered to be normal daily profit and loss volatility.

The Company entered into a master loan agreement with MLI Treasury and MLCO. Under this arrangement, the Company lends amounts received upon issuance of structured notes to MLI Treasury and MLCO. The maturity profiles of these loans are shown in note 9 of the financial statements.

16. Fair value measurement

Financial instruments carried at fair value have been categorised into levels based on the observability of pricing information.

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

As at 30 June 2013	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Assets				
Fully-funded swaps	-	559,087	14,704	**573,792**
Total assets	**-**	**559,087**	**14,704**	**573,792**
Liabilities				
Financial instruments held for trading	-	(55,255)	102,074	**46,819**
Financial liabilities designated at fair value through profit and loss	-	3,193,031	414,477	**3,607,508**
Total liabilities	**-**	**3,317,776**	**516,551**	**3,654,327**