

Merrill Lynch Bank (Suisse) S.A.



A subsidiary of Bank of America Corporation

ANNUAL REPORT 2009

MERRILL LYNCH BANK (SUISSE) S.A.



A subsidiary of Bank of America Corporation



To our clients

2009 began turbulently for banks with true signs of stabilisation as the year drew to a close. The crisis affected all asset classes from corporate bonds to hedge funds leaving our clients with few investment options. As confidence levels of clients remained cautious for much of the year, trading activity reduced with investment preferences towards liquid and fixed return assets. Despite these market changes, we continue focusing on client service and satisfaction and enhancements to our platform.

The bank's total client assets at the end of 2009 (excluding liabilities) were 14.4 billion Swiss Francs, a decrease of 18% compared to 2008 (in US\$ terms, a decrease of 17%). Contrary to 2008, where we managed to marginally increase our net new money, we unfortunately experienced outflows in 2009. A significant element of the outflow was due to the migration of clients to other platforms within the Bank of America group. In addition, the continued trend of deleveraging affected net new money during 2009 as clients rebalanced their positions.

Merrill Lynch Bank (Suisse) S.A. generated a 2009 net revenue of 112 million Swiss Francs, compared to 178 million Swiss Francs in 2008. The revenue decline was predominantly due to the fall in assets, deleveraging and continued interest rate compression. Clients trended towards low risk fixed income products and reduced activity in securities and related transactions. The final pre-tax profit for 2009 was 8 million Swiss Francs (2008 pre tax: 45 million Swiss Francs).

In respect of the wider Bank of America Corporation, the Merrill Lynch Wealth Management brand will continue to strengthen with its industry leading practices and traditional banking capabilities. As a key business within the Merrill Lynch Wealth Management group, Merrill Lynch Bank (Suisse) S.A. continues to build on its solid client offering. Strategic focus continues to be building global presence and strengthening the Swiss Onshore market especially Family Offices, Non Swiss Residents in Switzerland and Swiss Entrepreneurs.

As we look to 2010 and beyond, we will continue to put our clients at the centre of our organisation, working together to identify the best solution for their financial needs. We are confident about our business as we have an outstanding and dedicated team supported by a leading wealth management capability.

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Alfred Berger
Chairman

Serge Robin
CEO & General Manager

**BALANCE SHEET**

(with comparative figures)

(expressed in CHF)

	Notes	31 December 2009	26 December 2008
ASSETS			
Cash		4,031,048	4,471,339
Due from banks		831,734,599	993,217,235
Due from customers	3.1	1,193,841,786	1,750,167,743
Securities trading portfolios	3.2	302,558	3,254,939
Investments in subsidiary companies	3.2/3.3	3,175,117	3,175,117
Fixed assets	3.4	5,731,700	6,687,901
Accrued income and prepaid expenses		29,481,914	73,605,355
Other assets	3.17	36,199,798	325,623,160
Total assets		2,104,498,520	3,160,202,789
<i>Total due from Group entities and qualified participants</i>			
		478,647,549	682,872,723
LIABILITIES			
Due to banks		551,704,095	1,612,298,165
Due to customers		1,070,729,843	590,725,502
Accrued expenses and deferred income		32,392,200	94,200,768
Other liabilities	3.18	38,396,355	299,465,731
Valuation adjustments and provisions	3.9	101,974,780	108,474,780
Share capital	3.10	15,000,000	15,000,000
General legal reserve		7,500,000	3,900,000
Other reserves		282,500,000	401,300,000
Retained earnings brought forward		37,843	1,047,277
Net income		4,263,404	33,790,566
Total liabilities		2,104,498,520	3,160,202,789
<i>Total due to Group entities and qualified participants</i>			
		459,709,938	594,007,612

OFF-BALANCE SHEET TRANSACTIONS

(with comparative figures)

(expressed in CHF)

	Notes	31 December 2009	26 December 2008
Contingent liabilities	4.1	224,618,804	459,580,985
Irrevocable liabilities		3,484,000	1,958,000
Derivative instruments:			
- Positive replacement values	4.3	34,156,680	313,547,941
- Negative replacement values	4.3	32,739,883	292,780,585
- Contract volume	4.3	2,578,570,470	7,157,446,225
Fiduciary transactions	4.4	2,668,225,351	3,922,420,962

STATEMENT OF INCOME
(with comparative figures)

(expressed in CHF)

	Notes	For the period from 27 December 2008 to 31 December 2009	For the period from 29 December 2007 to 26 December 2008
Interest and discount income		37,092,794	86,418,069
Interest expenses		(21,072,150)	(51,131,373)
<i>Net interest income</i>		16,020,644	35,286,696
Commission income:			
- on lending activities		3,381,726	4,512,372
- on securities and investment transactions		93,177,890	144,885,579
Commission expenses		(30,384,831)	(53,215,530)
<i>Results from commission and service fee activities</i>		66,174,785	96,182,421
<i>Results from trading operations</i>	5.2	18,815,427	25,163,708
Other ordinary income		11,499,588	21,823,711
Other ordinary expenses		(856,246)	(851,938)
<i>Other ordinary results</i>		10,643,342	20,971,773
Personnel expenses	5.3	(71,378,935)	(87,988,167)
Other operating expenses	5.4	(32,622,980)	(45,988,684)
<i>Total operating expenses</i>		(104,001,915)	(133,976,851)
<i>Gross profit</i>		7,652,283	43,627,747
Depreciation of fixed assets		(1,994,983)	(2,912,836)
Valuation adjustments, provisions and losses		(659,979)	(2,283,815)
<i>Income before extraordinary items and taxation</i>		4,997,321	38,431,096
Extraordinary income	5.5	9,577,849	6,702,995
Extraordinary expenses	5.5	(6,637,304)	-
Taxes		(3,674,462)	(11,343,525)
Net income		4,263,404	33,790,566

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS
(with comparative figures)

(expressed in CHF)

	31 December 2009	26 December 2008
Net income	4,263,404	33,790,566
Retained earnings, brought forward	37,843	1,047,277
Total	4,301,247	34,837,843
Less: allocation to other reserves	(4,300,000)	(34,800,000)
Retained earnings, carried forward	1,247	37,843



1. COMMENTS ON BUSINESS ACTIVITIES AND NUMBER OF EMPLOYEES

On 1 January 2009, the ultimate parent company and controlling party of the Company, Merrill Lynch & Co. Inc ("ML&Co") was acquired by Bank of America Corporation ("BAC"). Upon completion of the acquisition, a wholly owned subsidiary of Bank of America Corporation merged with and into ML&Co with ML&Co continuing as the surviving corporation and is now a wholly owned subsidiary of Bank of America Corporation. Upon completion of the acquisition, each outstanding share of ML&Co common stock was converted into 0.8595 shares of Bank of America Corporation common stock. On the same date, Merrill Lynch International bank Limited ("MLIB") adopted calendar year-end reporting periods to coincide with those of BAC.

In accordance with the strategy of the *Merrill Lynch Global Wealth & Investment Management (GWIM) group*, Merrill Lynch Bank (Suisse) SA's (the Bank's) activities are primarily private banking services including portfolio management. Geographically, this activity occurs at the head office of the Bank in Geneva and at the branch offices in Zurich and Dubai. The Bank has representative offices in Dubai, Bahrain, Hong Kong, Singapore and Panama.

The Bank outsources the following activities, covered by the provisions of the FINMA 08/7, to Broadridge (Suisse) SA, Geneva:

- Administration of IT operations (main banking software);
- Data maintenance and backup.

The total number of employees at the end of the year is 280 employees (2008 - 337 employees).

According to legal requirements, the Board of directors performed a risk assessment on December 1, 2009.

2. DISCLOSURE OF ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The Bank's financial statements are presented in accordance with the requirements of the FINMA 08/2.

Accounting principles and valuation methods:

Due from customers - Due from customers are stated at nominal value. Potential valuation adjustments are presented as liabilities under *Valuation adjustments and provisions*.

Securities trading portfolios - The portfolio is stated at the market value prevailing at the balance sheet date.

Investments in subsidiary companies - Investments in subsidiary companies are stated at cost, after deduction of depreciation if required.

Fixed assets - Fixed assets are stated at their acquisition cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets, as follows:

Leasehold improvements	Until expiry of the rental contract (March 31, 2014)
Furniture	5 years
Vehicles	4 years
Computer equipment and software	2 years

The estimated useful lives remain the same as in the preceding year.

Current taxes - The fiscal charge includes income and capital taxes, and is accrued on the basis of the current income statement and the shareholders' equity. It is expensed during the period of the realised gains.

Translation of foreign currencies - Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Income and expenses arising during the year in foreign currencies are translated into Swiss francs at the rates of exchange ruling at the date of the transaction. Exchange differences are recorded in the statement of income.

The main exchange rates ruling at the balance sheet dates are as follows:

Currency	2009	2008
USD	1.0292	1.0719
EUR	1.4839	1.5055
JPY	0.0111	0.0118

Financial disclosures - Some figures from previous years had been reclassified to be in line with the current year presentation requirements.

Derivative financial instruments - Replacement values of derivative financial instruments and the related unrealised differences are calculated using forward exchange rates and interest rates prevailing at the balance sheet date (market values). The unrealised differences thereof are included in the statement of income under *Results from trading operations*. Contract volumes presented in the off-balance sheet section are translated at spot rates at the balance sheet date.

(continued)

Changes in accounting policies and valuation principles:

Not applicable.

Treatment of doubtful interest income:

Not applicable.

Treatment of funding of trading positions:

The Bank does not offset the interest and dividend income on trading portfolios with the cost of funding these portfolios.

Risk management:**Market risks:**

Interest rate risk - Exposure to interest rate risk is measured based on diverging maturities of interest-sensitive positions within pre-defined time bands per currency (gap analysis). These positions are monitored daily with respect to adherence to internal limits. The control process is regularly reviewed by management and is also reviewed at Group level.

Pricing risk on foreign exchange positions - The Bank does not take significant positions in the foreign exchange market. Trading limits fixed by the Board of Directors are reviewed on a daily basis.

Pricing risk on equities - The Bank does not trade for its own account and positions held in the securities trading portfolios are the result of trading discrepancies.

Credit risk:

Loans to customers are only granted under the form of collateralised loans. Credit limits are granted on the basis of an advance value depending on the nature of the assets. Lending values for different collateral are established in consideration of various factors including the liquidity, volatility and marketability of the collateral, but are set at a conservative level to allow the Bank a cushion in the event a borrower is unable to meet contractual obligations in a timely manner. Collateral values are updated with market prices on a daily basis, where available, and any collateral shortfalls are promptly identified. Credit risk is mitigated through prudent client selection, conservative lending values and effective collateral monitoring systems.

Loans to private clients are regularly monitored by the credit control department, especially with respect to adherence to limits and maintenance of sufficient collateral. The result of these controls is reported to the Credit committee. Potential valuation adjustments are assessed on an individual basis as required.

Limits for correspondent banks are set at Group level and are regularly monitored.

Legal risk:

Risks related to potential litigations are assessed individually by the legal department. Required provisions are presented as liabilities under *Valuation adjustments and provisions*.

Business policy concerning the use of derivative instruments:

The Bank carries out these transactions as part of services provided to private clients. Derivative instruments operations with clients are integrated in the supervision of credit risk as described above. The Bank carries out derivative operations on its own account to hedge operations with clients. The entire portfolio of derivative financial instruments is included in the trading book.

Procedures followed in recording business transactions:

All transactions carried out by the Bank are recorded on the trade date.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 DECEMBER 2008 TO 31 DECEMBER 2009**

(expressed in CHF)

(continued)

3. INFORMATION ON THE BALANCE SHEET**3.1 Collateral for loans and off-balance sheet transactions**

	With collateral	Without collateral	Total
LOANS:			
Due from customers	1,186,703,237	7,138,549	1,193,841,786
Prior year	1,746,302,115	3,865,628	1,750,167,743
OFF-BALANCE SHEET TRANSACTIONS:			
Contingent liabilities	224,618,804	-	224,618,804
Irrevocable liabilities	-	3,484,000	3,484,000
Total	224,618,804	3,484,000	228,102,804
Prior year	459,580,985	1,958,000	461,538,985

No impaired loans exist at the balance sheet date.

All loans to customers are collateralised in accordance with bank policy. Due from customers without collateral is a result of timing differences in the accounting records.

3.2 Securities and precious metal trading portfolios, financial investments and investments in subsidiary companies

	2009	2008
SECURITIES AND PRECIOUS METAL TRADING PORTFOLIOS:		
Investment Proprietary positions (long positions)	302,558	3,254,939
INVESTMENTS IN SUBSIDIARY COMPANIES: (SEE NOTE 3.3)		
- unquoted	3,175,117	3,175,117

3.3 Name of company, domicile, business activities, share capital and ownership proportions of significant investments in subsidiary companies (votes and capital as well as contractual ties, if any)

Entity	Domicile	Activity	Share capital	Ownership (%)
MLFM SARL en liquidation	Geneva	Advisory Services	1,998,000	100%

In accordance with art. 23a BO, the Bank is not required to present consolidated financial statements. The Bank has not entered into any commitments to subscribe for additional shares.

3.4 Schedule of fixed assets

	26/12/2008 Purchase Cost	26/12/2008 Acc. Depreciation	26/12/2008 Book Value	2009 Reclas	2009 Addition	2009 Disp.	2009 Depreciation	31/12/2009 Book Value
Participations								
- Unconsolidated participation in subsidiary	3,175,117	-	3,175,117	-	-	-	-	3,175,117
Tangible fixed assets								
- Other fixed assets	38,720,406	(32,032,505)	6,687,901	-	1,038,782	-	(1,994,983)	5,731,700
Total tangible fixed assets	38,720,406	(32,032,505)	6,687,901	-	1,038,782	-	(1,994,983)	5,731,700
Fire insurance value of tangible fixed assets			16,268,664					17,812,873

3.5 Capitalised formation expenses, costs incurred in connection with capital increases, and organisation costs

Not applicable.

3.6 Assets pledged or ceded to secure own liabilities, and assets subject to ownership reservation

The Bank has no pledged securities.

3.7 Liabilities to own pension institutions

The Bank acts as custodian for its pension institution. At the year end, the Bank has a liability in favour of the pension institution amounting to CHF 688,000 (2008 - CHF 11,900).

The plan applies to employees of the Bank as well as all other Swiss entities of the Merrill Lynch Group.

The employer contribution reserves and other economical benefit are not recognised as financial assets in the balance sheet.

	31 December 2009 Pension institution	31 December 2008 Pension institution
PENSION BENEFIT EXPENSES		
Contributions concerning the business period (including result from employer contribution reserves) of which:	3,371,451	3,301,350
Extraordinary contributions in the case of exercised, temporary measures to remove deficits	360,936	Not applicable
Pension benefit expenses with their most important parameters – as part of the personnel expenses	3,371,451	3,301,350
EMPLOYER CONTRIBUTION RESERVES		
Value of employer contribution reserve	2,191,263	2,191,263
Amount of renounced use	2,191,263	Not applicable
ECONOMICAL BENEFIT (OBLIGATION)		
Surplus / (deficit)* - (dotation capital)	(6,897,000)	10,000
Economical benefits (obligations)	Not applicable	Not applicable
Change of economical benefits and economical obligations, respectively, as difference between the two disclosed balance sheet dates	Not applicable	Not applicable

* As of December 31, 2009, the estimated degree of coverage is 103.5 % (unaudited) (December 31, 2008: 93.3%).



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 DECEMBER 2008 TO 31 DECEMBER 2009

(expressed in CHF)

(continued)

3.8 Outstanding bond issues

Not applicable.

3.9 Valuation adjustments and provisions / reserves for general banking risks

	Balance, end of preceding year	Specific usage and reversals	New creation charged to income statement	Releases to income statement	Balance, end of current year
Valuation adjustments and provisions for default and other risks:					
Other business risk	–	–	500,000	–	500,000
Other Provisions	108,474,780	–	–	(7,000,000)	101,474,780
Total	108,474,780	–	500,000	(7,000,000)	101,974,780

3.10 Share capital structure and disclosure of shareholders holding more than 5% of voting rights

	Total nominal value	Number of shares issued	Dividend bearing capital
Share capital	15,000,000	15,000	15,000,000

The share capital is unchanged.

Important shareholders:	2009		2008	
	Percentage of holding Direct	Percentage of holding Indirect	Percentage of holding Direct	Percentage of holding Indirect
Merrill Lynch International Bank Limited, Dublin	100	-	100	-
Merrill Lynch Group Holdings Limited, Dublin	-	100	-	100
Merrill Lynch European Asset Holdings Inc., New York	-	100	-	100
Merrill Lynch Group Inc., Delaware	-	100	-	100
Merrill Lynch & Co. Inc., Delaware	-	100	-	100
Bank of America Corporation	-	100	-	-

3.11 Statement of changes in shareholder's equity

	2009	2008
<i>Shareholder's equity, at beginning of year:</i>		
Share capital	15,000,000	15,000,000
General legal reserve	3,900,000	3,900,000
Other reserves	401,300,000	371,800,000
Retained earnings	34,837,843	30,547,277
Total	455,037,843	421,247,277
Dividend paid to parent from other reserves	(150,000,000)	-
Allocation to other reserves	34,800,000	29,500,000
Other allocations deducted from earnings brought forward	(34,800,000)	(29,500,000)
Allocation to general legal reserve	3,600,000	-
Transfer from other reserves	(3,600,000)	-
Net income	4,263,404	33,790,566
Total shareholder's equity, at end of year	309,301,247	455,037,843
<i>Of which:</i>		
Share capital	15,000,000	15,000,000
General legal reserve	7,500,000	3,900,000
Other reserves	282,500,000	401,300,000
Retained earnings	4,301,247	34,837,843
Total	309,301,247	455,037,843



3.12 Maturity structure of current assets, financial investments and borrowed funds

	At sight	Redeemable by notice	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	More than 5 years	Total
CURRENT ASSETS							
Cash	4,031,048	-	-	-	-	-	4,031,048
Due from banks	87,714,878	669,908,270	70,780,819	2,254,868	1,075,764	-	831,734,599
Due from customers	161,681,491	392,736,256	175,276,339	408,927,013	55,220,687	-	1,193,841,786
Securities trading portfolios	302,558	-	-	-	-	-	302,558
Current year	253,729,975	1,062,644,526	246,057,158	411,181,881	56,296,451	-	2,029,909,991
Prior year	666,808,348	1,295,766,313	191,948,340	538,247,317	54,457,438	-	2,747,227,756
BORROWED FUNDS							
Due to banks	47,053,120	10,379,089	30,874,500	407,704,318	55,693,068	-	551,704,095
Due to customers	1,070,729,843	-	-	-	-	-	1,070,729,843
Current year	1,117,782,963	10,379,089	30,874,500	407,704,318	55,693,068	-	1,622,433,938
Prior year	805,270,431	671,362,933	55,372,983	616,679,940	54,337,380	-	2,203,023,667

3.13 Amounts due to and from affiliated companies as well as loans and exposures to the members of the Bank's governing bodies

	2009	2008
AFFILIATED COMPANIES		
Assets	32,233,379	22,939,465
Liabilities	38,861,846	61,438,698
LOANS TO MEMBERS OF THE BANK'S GOVERNING BODIES		
	8,296	56,853

Amounts due from and due to Group entities, affiliated companies and significant shareholders are primarily comprised of interbank market transactions with other entities of the Merrill Lynch Group.

The Bank has concluded a contract with an affiliated company in respect of the provision of financial services.

The contract provides for the payment of brokerage commissions and expenses, recorded in the item *Commission expenses* of 25,402,539 (2008 - CHF 46,021,369). Moreover, assets placed with the Bank generated commissions received from Group entities of CHF 15,858,624 (*Commission income on securities and investment transactions*; 2008 - CHF 37,403,128).

Stock exchange commissions paid to an affiliated company are recorded as a deduction from *Commission income on securities and investments transactions* of CHF 4,482,218 (2008 - CHF 9,330,385).

Other ordinary income and expenses are principally related to Group and affiliated companies' service fees.

Loans to members of the Bank's governing bodies are principally collateralised loans granted according to usual employees' conditions.

3.14 Assets and liabilities by Swiss and foreign origins (in thousands of CHF)

ASSETS	2009		2008	
	Swiss	Foreign	Swiss	Foreign
Cash	4,031	-	4,471	-
Due from banks	274,485	557,250	40,345	952,873
Due from customers	9,656	1,184,186	114,262	1,635,906
Securities trading portfolios	-	303	-	3,255
Investments in subsidiary companies	3,175	-	3,175	-
Fixed assets	5,732	-	6,688	-
Accrued income and prepaid expenses	29,482	-	73,605	-
Other assets	2,809	33,390	325,623	-
Total assets	329,370	1,775,129	568,169	2,592,034
LIABILITIES				
Due to banks	924	550,780	1,020	1,611,278
Due to customers	68,703	1,002,027	44,094	546,632
Accrued expenses and deferred income	32,392	-	21,961	-
Other liabilities	7,118	31,279	371,705	-
Valuation adjustments and provisions	101,975	-	108,475	-
Share capital	15,000	-	15,000	-
General legal reserve	7,500	-	3,900	-
Other reserves	282,500	-	401,300	-
Retained earnings brought forward	38	-	1,047	-
Net income	4,263	-	33,791	-
Total liabilities	520,413	1,584,086	1,002,293	2,157,910

3.15 Assets by countries / country groups (in thousands of CHF)

	2009		2008	
		%		%
Switzerland	329,370	16	568,169	18
Europe	650,264	31	979,029	31
North America	26,732	1	222,836	7
Latin America	91,583	5	186,096	6
Caribbean	724,498	34	845,781	27
Africa	8,848	0	10,091	0
Middle East	124,398	6	159,461	5
Asia / Australia	148,806	7	188,740	6
Total	2,104,499	100	3,160,203	100

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 DECEMBER 2008 TO 31 DECEMBER 2009**

(expressed in CHF)

(continued)

3.16 Balance sheet by currencies (in thousands of CHF)

	CHF	USD	EUR	JPY	Others	Total
ASSETS						
Cash	3,347	97	566	-	21	4,031
Due from banks	362,909	287,347	118,300	5,290	57,889	831,735
Due from customers	54,448	780,422	129,672	156,629	72,670	1,193,841
Securities trading portfolios	-	296	2	-	5	303
Investments in subsidiary companies	3,175	-	-	-	-	3,175
Fixed assets	5,418	169	-	-	145	5,732
Accrued income and prepaid expenses	9,418	17,494	1,941	278	351	29,482
Other assets	36,139	4	-	-	57	36,200
Total balance sheet positions	474,854	1,085,829	250,481	162,197	131,138	2,104,499
Claims for delivery arising from spot, forward and options operations	272,171	1,046,327	789,444	122,427	348,201	2,578,570
Total	747,025	2,132,156	1,039,925	284,624	479,339	4,683,069
LIABILITIES						
Due to banks	9,608	453,454	20,671	38,741	29,230	551,704
Due to customers	31,215	675,654	237,494	28,107	98,260	1,070,730
Accrued expenses and deferred income	3,963	27,236	120	37	1,036	32,392
Other liabilities	36,551	623	312	3	908	38,397
Valuation adjustments and provisions	101,975	-	-	-	-	101,975
Share capital	15,000	-	-	-	-	15,000
General legal reserve	7,500	-	-	-	-	7,500
Other reserves	282,500	-	-	-	-	282,500
Retained earnings brought forward	38	-	-	-	-	38
Net income	4,263	-	-	-	-	4,263
Total balance sheet positions	492,613	1,156,967	258,597	66,888	129,434	2,104,499
Commitments to deliver arising from spot, forward and options operations	221,744	1,005,676	781,524	217,656	350,634	2,577,234
Total	714,357	2,162,643	1,040,121	284,544	480,068	4,681,733
Net currency positions	32,668	(30,487)	(196)	80	(729)	1,336

3.17 Analysis of other assets

	2009	2008
Positive replacement values arising from trading operations	34,156,680	313,547,941
Indirect Taxes	1,760,064	824,271
Other	283,054	11,250,948
Total	36,199,798	325,623,160

3.18 Analysis of other liabilities

Negative replacement values arising from trading operations	32,739,883	292,780,585
Indirect taxes	5,348,418	5,610,076
Other	308,054	1,075,070
Total	38,396,355	299,465,731

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 DECEMBER 2008 TO 31 DECEMBER 2009**

(expressed in CHF)

(continued)

4. INFORMATION ON OFF-BALANCE SHEET TRANSACTIONS

4.1 Contingent liabilities

	2009	2008
Irrevocable guarantees	224,618,804	459,580,985

4.2 Credit commitments

Not applicable.

4.3 Outstanding derivative instruments

Trading instruments	Positive replacement values	Negative replacement values	Contract volume
FOREIGN EXCHANGE			
Forward contracts	33,133,642	31,716,845	2,526,075,238
Options (OTC)	1,023,038	1,023,038	52,495,232
Total	34,156,680	32,739,883	2,578,570,470
Prior year	313,547,941	292,780,585	7,157,446,255

4.4 Fiduciary transactions

	2009	2008
Fiduciary deposits with third party banks	782,424,337	1,517,321,436
Fiduciary deposits with Group banks	1,885,801,014	2,405,099,526
Total	2,668,225,351	3,922,420,962

4.5 Clients' assets (in thousands of CHF)

	2009	2008
NATURE OF CLIENTS ASSETS		
Discretionary managed assets	1,543,502	1,875,045
Other assets	12,807,692	15,667,685
Total clients assets	14,351,194	17,542,730
Deposits / withdrawals within Group (Net)	(1,133,029)	(37,511)
Deposits / withdrawals outside Group (Net)	(2,462,533)	89,005
	(3,595,562)	51,494

All clients' assets are more than custody only as the Bank's activities are private banking services including portfolio management. *Deposits / withdrawals, net* does not include interest charged to clients and represents the difference between inflows and outflows of clients' assets (cash and securities).

5. INFORMATION ON THE INCOME STATEMENT

5.1 Disclosure of a material funding income under *Interest and discount income*

Not applicable.

5.2 Analysis of results from trading operations

	2009	2008
Foreign currencies and bank notes	18,294,994	25,973,688
Securities	520,433	(809,980)
Total	18,815,427	25,163,708

5.3 Analysis of personnel expenses

Salaries	59,035,220	74,297,253
Social charges	9,312,998	10,419,165
Other personnel expenses	3,030,717	3,271,749
Total	71,378,935	87,988,167

5.4 Analysis of other operating expenses

Occupancy costs	8,240,093	8,836,713
Data processing, fixtures and fittings, vehicles and other equipment expenses	10,364,470	11,170,179
Other	14,018,417	25,981,792
Total	32,622,980	45,988,684

5.5 Comments on material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, valuation adjustments and provisions no longer required

The bank has made a correction for stock awards relating to previous years which has resulted in a reduction to 'Other reserves' (CHF 7,000,000), and an increase to *Accrued expenses and deferred income* (CHF 6,637,304). The adjustment has been disclosed in *Extraordinary Income & Expenses* respectively.

In addition the bank recognised a release of an unutilised provision CHF 308,745 and unallocated funds of CHF 953,350, which date back more than 10 years and exceed the statutory period of limitation. Furthermore, following an internal VAT review the bank recognised a refund for the period 2003 – 2008 CHF 1,315,754.

In 2008 Merrill Lynch (Suisse) Investment Management Sàrl was liquidated resulting in a dividend payable to Merrill Lynch Bank (Suisse) SA of CHF 6,702,995 recorded as extraordinary income.

5.6 Revaluations of non-current assets up to historical cost (Art. 665 and 665a CO)

Not applicable.

5.7 Disclosure of revenue and expenses relating to the ordinary banking business, analysed by Swiss and foreign origin, based on the principle of domicile of operations

The Dubai branch operations are not significant to the Bank as a whole. All other operations are performed in Switzerland.



Report of the statutory auditors to the general meeting of Merrill Lynch Bank (Suisse) S.A., Geneva

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Merrill Lynch Bank (Suisse) S.A., which comprise the balance sheet, income statement and notes (pages 4 to 17), for the period from 27 December 2008 to 31 December 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the period from 27 December 2008 to 31 December 2009 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PRICEWATERHOUSECOOPERS SA

Jean-Christophe Pernollet

*Audit expert
Auditor in charge*

Marie-Eve Fortier

Geneva, 4 March 2010

Board of Directors

ALFRED B. BERGER

Chairman

DAVID JERVIS

Managing Director

Head of EMEA Global Wealth Management, Merrill Lynch

DOMINIK SCHAERER

Director

JBV Vermögensverwaltung AG, Zurich

OLIVIER DUNANT

Attorney at Law

Borel & Barbey, Geneva

KEITH PEARSON

Managing Director

CFO Controller EMEA, Merrill Lynch

DR. ROBERT FURTER

Attorney at Law

Pestalozzi Lachenal Patry, Zurich

Senior Management

GENERAL MANAGER AND CEO

Serge Robin*

Patrick Ramsey**

Management

CHIEF ADMINISTRATIVE OFFICER

Roesheen Cosgrave

REGIONAL BUSINESS MANAGEMENT

Patrick Ramsey, Europe

Fabrizio Pelfini, Asia Pacific

Patrick Ramsey, Latin America

Serge Robin, Middle East*

DISCRETIONARY ASSET MANAGEMENT

Pascal Bachy

SALES MANAGEMENT

Patrick Ramsey

FAMILY WEALTH SOLUTIONS GROUP

Patrick Ramsey

LEGAL AND COMPLIANCE

Michael Hold

Thierry Widmer

LENDING / CREDIT

Jeffrey Donkin

Javier Santamaria

FINANCE

Richard Greenwood

TREASURY AND TRADING

Hakan Kjellqvist

RISK MANAGEMENT

Luis Mariné

TECHNOLOGY

Arvinder Mudhar

BANKING SERVICES

Anthony Thompson

HUMAN RESOURCES

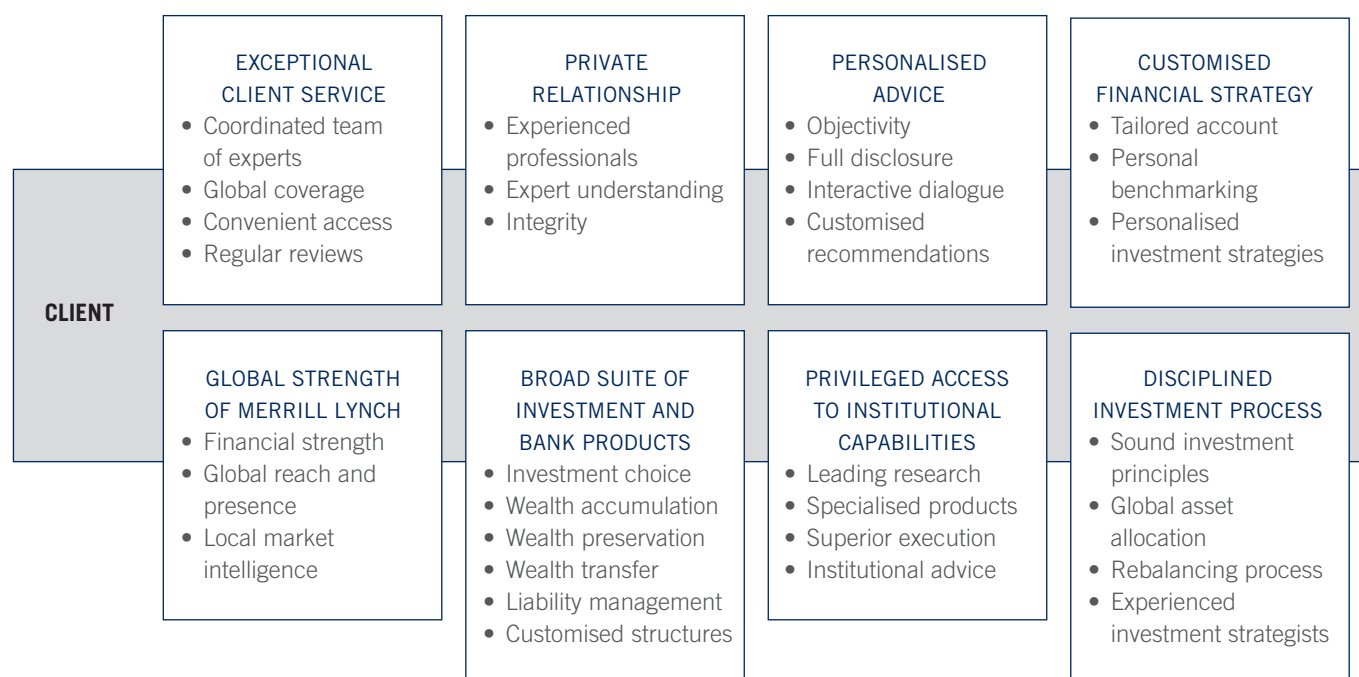
Patrizia Castagno

* until April 30th, 2010

** as of May 1st, 2010



AN OVERVIEW OF SERVICES FORM MERRILL LYNCH BANK (SUISSE) S.A.



FINMA circular 08/22 CA disclosure:

The bank has chosen the basic indicator approach for operational risk and the Swiss standard approach (SA - CH) (Art.38 let.a.) for credit risk (Art.48 al.1. let.b.). Eligible capital is CHF 407,6m vs. total requirement of CHF 76,3m (credit risk CHF 30,8m, non counterparty risk CHF 2,9m, market risk CHF 5,3m and operational risk CHF 37,3m).

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