

Merrill Lynch Bank (Suisse) S.A.

Annual Report 2010



Merrill Lynch
Wealth Management

A subsidiary of Bank of America Corporation

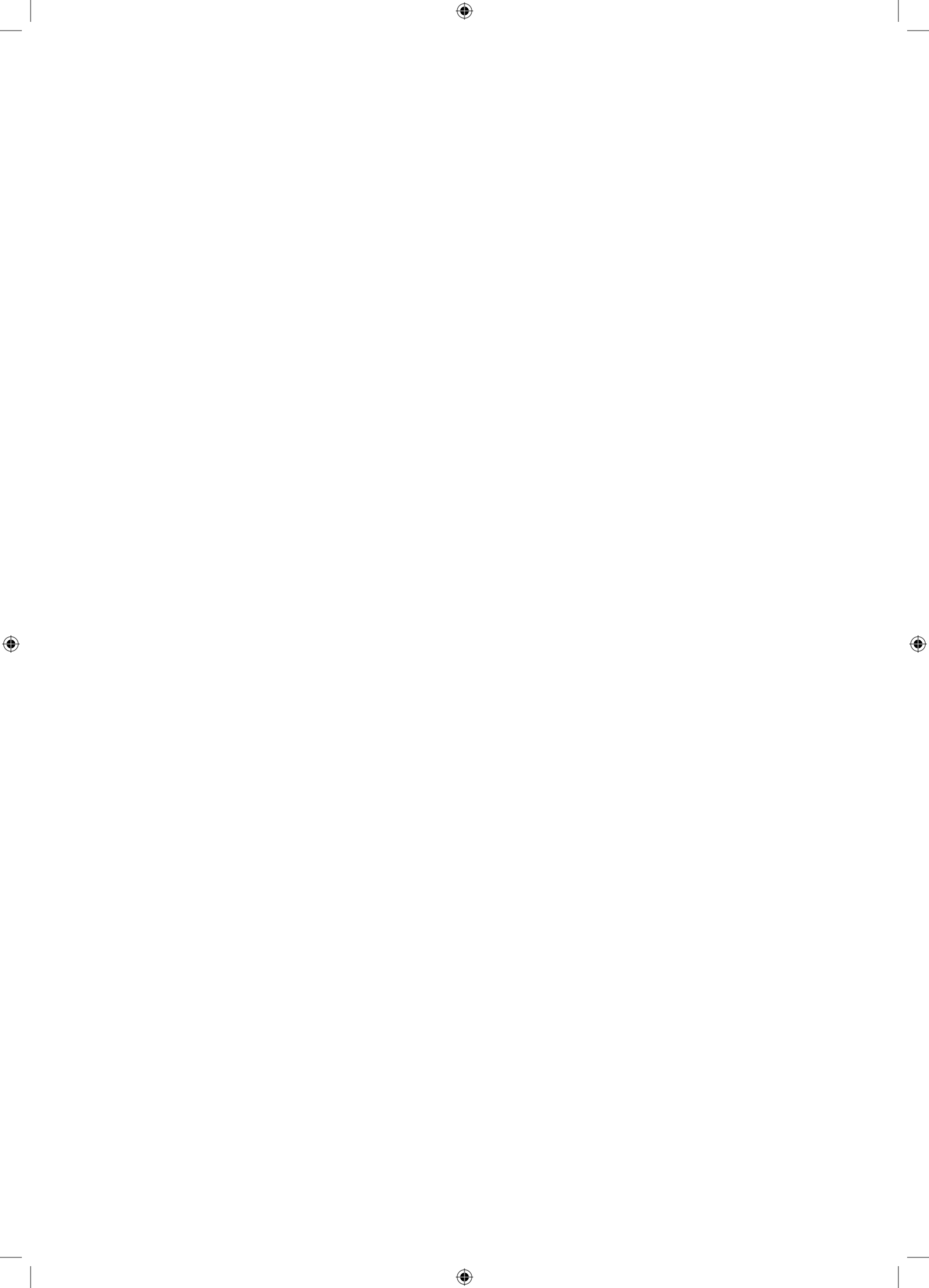


ANNUAL REPORT 2010

MERRILL LYNCH BANK (SUISSE) S.A.



A subsidiary of Bank of America Corporation





To our clients

2010 turned out to be another eventful year for financial markets and the wealth management industry. Four main macroeconomic drivers affected the global economy: the sovereign debt crisis in the Euro zone and the related Euro weakening, the persistence of the global growth imbalance between developed and emerging economies and the policymakers' responses to those events. These drivers have led to increased volatility, especially on the euro and the dollar exchange rates, and to a general climate of uncertainty in the markets. As a result, clients trading stance remained relatively passive with a preference for liquid and low risk assets. Finally, in addition to these macroeconomic events, political factors and regulatory changes had an important impact on the performance of the banking sector in Switzerland.

At the end of 2010, the bank's total client assets were CHF 12.4 billion (USD 13.6 billion). The reporting of mainly USD and Euro assets in Swiss Franc terms was markedly lower compared to the prior year due to the strengthening of the Swiss currency.

The bank posted a pre-tax profit of CHF 36.6 million in 2010 compared to CHF 7.9 million in 2009. Most of this uplift came from a one-off liquidation dividend of CHF 42.6 million from its subsidiary. The underlying operating result for 2010 was a loss of CHF 10.2 million compared to a CHF 5 million operating profit in the prior year. The 2010 operating loss was primarily driven by a decrease in revenues due to reduced client assets, low trading and low interest margin environment. Despite the challenging macroeconomic situation, the bank has successfully executed a number of significant initiatives to further enhance its core offering as well as adding capital strength; Merrill Lynch Bank (Suisse) S.A. has surplus regulatory capital of CHF336m.

Looking at 2011 and beyond, Merrill Lynch Bank (Suisse) S.A. enters a new phase of development. The recent CEO nomination at the end of 2010 and the development of an international coordinated wealth strategy will strengthen the position of our bank in Switzerland and lead to a sustained growth drive. Whilst the bank continues to focus on profitably growing client assets by serving clients with a leading edge platform and offering, it will build on its strengths to provide clients with the finest Swiss banking experience, powered by the global capabilities of Merrill Lynch Wealth Management and Bank of America Corporation.

We would like to take this opportunity to thank our outgoing Chairman, Alfred Berger, for his 52 years of service and the invaluable contribution that he has made to the bank. The bank welcomes David Jervis, Head of Merrill Lynch EMEA Wealth Management, as our new Chairman.

Finally, thank you to our clients and our employees for their strong ongoing support and commitment to the bank.

David Jervis
Chairman

Peter Schmid
General Manager and CEO

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BALANCE SHEET
(with comparative figures)

(expressed in CHF)

	NOTES	31 December 2010	31 December 2009
ASSETS			
Cash		5,005,418	4,031,048
Due from banks		675,262,225	831,734,599
Due from customers	3.1	737,115,248	1,193,841,786
Securities trading portfolios	3.2	419,152	302,558
Investments in subsidiary companies	3.2/3.3	-	3,175,117
Fixed assets	3.4	4,614,402	5,731,700
Accrued income and prepaid expenses		19,031,104	29,481,914
Other assets	3.17	26,430,821	36,199,798
Total assets		1,467,878,370	2,104,498,520
<i>Total due from Group entities and qualified participants</i>		<i>181,142,221</i>	<i>478,647,549</i>
LIABILITIES			
Due to banks		113,741,047	551,704,095
Due to customers		846,723,541	1,070,729,843
Accrued expenses and deferred income		28,474,653	32,392,200
Other liabilities	3.18	32,033,584	38,396,355
Valuation adjustments and provisions	3.9	101,999,780	101,974,780
Share capital	3.10	15,000,000	15,000,000
General legal reserve		7,500,000	7,500,000
Other reserves		286,800,000	282,500,000
Retained earnings brought forward		1,247	37,843
Net income		35,604,518	4,263,404
Total liabilities		1,467,878,370	2,104,498,520
<i>Total due to Group entities and qualified participants</i>		<i>65,567,834</i>	<i>494,359,475</i>

OFF-BALANCE SHEET TRANSACTIONS
(with comparative figures)

(expressed in CHF)

	NOTES	31 December 2010	31 December 2009
Contingent liabilities	3.1/4.1	134,361,520	224,618,804
Irrevocable liabilities	3.1	4,050,000	3,484,000
Derivative instruments:			
- Positive replacement values	4.3	25,938,263	34,156,680
- Negative replacement values	4.3	27,241,376	32,739,883
- Contract volume	4.3	2,138,131,371	2,578,570,470
Fiduciary transactions	4.4	1,596,553,164	2,668,225,351

STATEMENT OF INCOME
(with comparative figures)

(expressed in CHF)

	NOTES	For the period from 1 January 2010 to 31 December 2010	For the period from 27 December 2008 to 31 December 2009
Interest and discount income		19,069,580	37,092,794
Interest expenses		(7,011,863)	(21,072,150)
<i>Net interest income</i>		12,057,717	16,020,644
Commission income:			
- on lending activities		1,095,497	3,381,726
- on securities and investment transactions		86,294,986	93,177,890
Commission expenses		(28,574,396)	(30,384,831)
<i>Results from commission and service fee activities</i>		58,816,087	66,174,785
<i>Results from trading operations</i>	5.2	20,219,226	18,815,427
Other ordinary income		9,137,512	11,499,588
Other ordinary expenses		(1,298,786)	(856,246)
<i>Other ordinary results</i>		7,838,726	10,643,342
Personnel expenses	5.3	(71,599,663)	(71,378,935)
Other operating expenses	5.4	(34,640,368)	(32,622,980)
<i>Total operating expenses</i>		(106,240,031)	(104,001,915)
<i>Gross profit / (loss)</i>		(7,308,275)	7,652,283
Depreciation of fixed assets		(2,057,074)	(1,994,983)
Valuation adjustments, provisions and losses		(818,006)	(659,979)
<i>Profit / (Loss) before extraordinary items and taxation</i>		(10,183,355)	4,997,321
Extraordinary income	5.5	48,699,146	9,577,849
Extraordinary expense	5.5	(1,898,929)	(6,637,304)
Taxes		(1,012,344)	(3,674,462)
Net income		35,604,518	4,263,404

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS
(with comparative figures)

(expressed in CHF)

	31 December 2010	31 December 2009
Net income	35,604,518	4,263,404
Retained earnings, brought forward	1,247	37,843
Total	35,605,765	4,301,247
Less: allocation to other reserves	(35,605,000)	(4,300,000)
Retained earnings, carried forward	765	1,247



CASH FLOW STATEMENT
(with comparative figures)

(expressed in CHF)

	31 December 2010		31 December 2009	
	Sources of funds	Uses of funds	Sources of funds	Uses of funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income from the year	35,604,518	-	4,263,404	-
Depreciation of fixed assets	2,057,074	-	1,994,983	-
Valuation adjustments and provisions	25,000	-	-	6,500,000
Accrued income and prepaid expenses	10,450,810	-	44,123,441	-
Accrued expenses and deferred income	-	3,917,547	-	61,808,568
Other captions	3,406,206	-	28,353,986	-
Prior year dividends	-	-	-	150,000,000
Total	47,626,061	-	-	139,572,754
CASH FLOWS FROM EQUITY TRANSACTIONS				
Share transaction	-	-	-	-
Total	-	-	-	-
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Non consolidated investments	3,175,117	-	-	-
Fixed assets	-	939,776	-	1,038,782
Total	2,235,341	-	-	1,038,782
CASH FLOWS FROM BANKING OPERATIONS				
<i>Short, medium and long term transactions</i>				
Amounts due to banks	-	437,963,048	-	1,060,594,070
Amounts due to customers	-	224,006,302	480,004,341	-
Amounts due from banks	156,472,374	-	161,482,636	-
Amounts due from customers	456,726,538	-	556,325,957	-
Securities trading portfolios	-	116,594	2,952,381	-
<i>Liquidity</i>				
Liquid funds	-	974,370	440,291	-
Total	-	49,861,402	140,611,536	-

1. COMMENTS ON BUSINESS ACTIVITIES AND NUMBER OF EMPLOYEES

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 269 employees (2009 - 280 employees).

According to legal requirements, the Board of Directors performed a risk assessment on November 30, 2010.

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:

Financial disclosures - Some figures from previous years (*Total due to Group entities and qualified participants, note 3.13*) have been reclassified to be in line with the current year presentation requirements.

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	2010	2009
USD	0.9348	1.0292
EUR	1.2492	1.4839
JPY	0.0115	0.0111

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.



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 types 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 risks:

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.

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	736,386,357	728,891	737,115,248
Prior year	1,186,703,237	7,138,549	1,193,841,786
OFF-BALANCE SHEET TRANSACTIONS:			
Contingent liabilities	134,361,520	-	134,361,520
Irrevocable liabilities	-	4,050,000	4,050,000
Total	134,361,520	4,050,000	138,411,520
Prior year	224,618,804	3,484,000	228,102,804

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

	2010	2009
SECURITIES AND PRECIOUS METAL TRADING PORTFOLIOS:		
Investment Propriety positions	419,152	302,558
INVESTMENTS IN SUBSIDIARY COMPANIES:		
- unquoted	-	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)

Not applicable.



3.4 Schedule of fixed assets

	Purchase Cost 31/12/2009	Acc. Deprn 31/12/2009	Book Value 31/12/2009	Reclas 2010	Addition 2010	Disp. 2010*	Deprn 2010	Book Value 31/12/2010
Participations								
Unconsolidated participation in subsidiary	3,175,117	-	3,175,117	-	-	(3,175,117)	-	-
Tangible fixed assets								
Other fixed assets	39,759,188	(34,027,488)	5,731,700	-	939,776	-	(2,057,074)	4,614,402
Total tangible fixed assets	39,759,188	(34,027,488)	5,731,700	-	939,776	-	(2,057,074)	4,614,402
Fire insurance value of tangible fixed assets			17,812,873					16,178,966

* During the course of 2010, some fully depreciated assets were retired from the fixed asset register, CHF 11,879,500.

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 667,992 (2009 - CHF 688,000).

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 2010 Pension institution	31 December 2009 Pension institution
PENSION BENEFIT EXPENSES		
Contributions concerning the business period (including result from employer contribution reserves) of which:	3,119,524	3,371,451
Extraordinary contributions in the case of exercised, temporary measures to remove deficits	Not applicable	360,936
Pension benefit expenses with their most important parameters - as part of the personnel expenses	3,119,524	3,371,451
EMPLOYER CONTRIBUTION RESERVES		
Value of employer contribution reserve	2,191,263	2,191,263
Amount of renounced use	Not applicable	2,191,263
ECONOMICAL BENEFIT (OBLIGATION)		
Surplus / (deficit)* - (dotation capital)	4,913,236	(6,897,000)
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, 2010, the estimated degree of coverage is 104.4% (unaudited) (December 31, 2009: 104.6%).

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	(370,056)	525,000	(129,944)	525,000
Other Provisions	101,474,780	-	-	-	101,474,780
Total	101,974,780	(370,056)	525,000	(129,944)	101,999,780

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.

	2010		2009	
	Percentage of holding Direct	Percentage of holding Indirect	Percentage of holding Direct	Percentage of holding Indirect
Important shareholders:				
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	-	100



3.11 Statement of changes in shareholder's equity

	2010	2009
<i>Shareholder's equity, at beginning of year:</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
Dividend paid to parent from Other Reserves	-	(150,000,000)
Allocation to other reserves	4,300,000	34,800,000
Other allocations deducted from earnings brought forward	(4,300,000)	(34,800,000)
Allocation to General legal reserve	-	3,600,000
Transfer from Other reserves	-	(3,600,000)
Net income	35,604,518	4,263,404
Total shareholder's equity, at end of year:	344,905,765	309,301,247
<i>Of which:</i>		
Share capital	15,000,000	15,000,000
General legal reserve	7,500,000	7,500,000
Other reserves	286,800,000	282,500,000
Retained earnings	35,605,765	4,301,247
Total	344,905,765	309,301,247

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	5,005,418	-	-	-	-	-	5,005,418
Due from banks	99,628,343	538,887,013	15,395,679	9,998,377	11,352,813	-	675,262,225
Due from customers	149,634,670	418,085,180	67,552,165	72,914,192	28,929,041	-	737,115,248
Securities trading portfolios	419,152	-	-	-	-	-	419,152
Current year	254,687,583	956,972,193	82,947,844	82,912,569	40,281,854	-	1,417,802,043
Prior year	253,729,975	1,062,644,526	246,057,158	411,181,881	56,296,451	-	2,029,909,991
BORROWED FUNDS							
Due to banks	48,182,561	934,750	15,707,498	9,181,488	39,734,750	-	113,741,047
Due to customers	846,723,541	-	-	-	-	-	846,723,541
Current year	894,906,102	934,750	15,707,498	9,181,488	39,734,750	-	960,464,588
Prior year	1,117,782,963	10,379,089	30,874,500	407,704,318	55,693,068	-	1,622,433,938

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

	2010	2009
AFFILIATED COMPANIES		
Assets	105,048,379	32,233,379
Liabilities	8,641,494	4,212,309
LOANS TO MEMBERS OF THE BANK'S GOVERNING BODIES	-	8,296

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 CHF 23,631,924 (2009 - CHF 25,402,539). Moreover, assets placed with the Bank generated commissions received from Group entities of CHF 16,255,634 (*Commission income on securities and investment transactions*; 2009 - CHF 15,858,624).

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2010
(continued)

(expressed in CHF)

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

	2010		2009	
	Swiss	Foreign	Swiss	Foreign
ASSETS				
Cash	5,005	-	4,031	-
Due from banks	354,978	320,284	274,485	557,250
Due from customers	21,559	715,556	9,656	1,184,186
Securities trading portfolios	-	419	-	303
Investments in subsidiary companies	-	-	3,175	-
Fixed assets	4,615	-	5,732	-
Accrued income and prepaid expenses	19,031	-	29,482	-
Other assets	2,453	23,978	2,809	33,390
Total assets	407,641	1,060,237	329,370	1,775,129
LIABILITIES				
Due to banks	157	113,584	924	550,780
Due to customers	55,495	791,228	68,703	1,002,027
Accrued expenses and deferred income	28,475	-	32,392	-
Other liabilities	10,175	21,858	7,118	31,279
Valuation adjustments and provisions	102,000	-	101,975	-
Share capital	15,000	-	15,000	-
General legal reserve	7,500	-	7,500	-
Other reserves	286,800	-	282,500	-
Retained earnings brought forward	1	-	38	-
Net income	35,605	-	4,263	-
Total liabilities	541,208	926,670	520,413	1,584,086

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

	2010		2009	
		%		%
Switzerland	407,641	29	329,370	16
Europe	375,705	26	650,264	31
North America	12,602	1	26,732	1
Latin America	61,327	4	91,583	5
Caribbean	358,570	24	724,498	34
Africa	6,488	0	8,848	0
Middle East	139,296	9	124,398	6
Asia / Australia	106,249	7	148,806	7
Total	1,467,878	100	2,104,499	100

3.16 Balance sheet by currencies (in thousands of CHF)

	CHF	USD	EUR	JPY	Others	Total
ASSETS						
Cash	4,006	144	847	-	8	5,005
Due from banks	343,360	154,053	77,830	22,806	77,214	675,263
Due from customers	70,295	286,451	158,677	128,838	92,854	737,115
Securities trading portfolios	-	419	-	-	-	419
Investments in subsidiary companies	-	-	-	-	-	-
Fixed assets	4,606	9	-	-	-	4,615
Accrued income and prepaid expenses	5,202	12,566	975	190	97	19,030
Other assets	26,324	107	-	-	-	26,431
Total balance sheet positions	453,793	453,749	238,329	151,834	170,173	1,467,878
Claims for delivery arising from spot, forward and options operations	139,812	932,492	435,178	141,097	389,098	2,037,677
Total	593,605	1,386,241	673,507	292,931	559,271	3,505,555
LIABILITIES						
Due to banks	-	71,910	28,731	-	13,100	113,741
Due to customers	39,036	490,408	170,275	4,478	142,527	846,724
Accrued expenses and deferred income	12,166	15,785	97	-	425	28,473
Other liabilities	31,565	366	93	-	10	32,034
Valuation adjustments and provisions	102,000	-	-	-	-	102,000
Share capital	15,000	-	-	-	-	15,000
General legal reserve	7,500	-	-	-	-	7,500
Other reserves	286,800	-	-	-	-	286,800
Retained earnings brought forward	1	-	-	-	-	1
Net income	35,605	-	-	-	-	35,605
Total balance sheet positions	529,673	578,469	199,196	4,478	156,062	1,467,878
Commitments to deliver arising from spot, forward and options operations	64,968	808,355	474,199	288,320	402,990	2,038,832
Total	594,641	1,386,824	673,395	292,798	559,052	3,506,710
Net currency positions	(1,036)	(583)	112	133	219	(1,155)



3.17 Analysis of other assets

	2010	2009
Positive replacement values arising from trading operations	25,938,263	34,156,680
Indirect Taxes	386,485	1,760,064
Other	106,073	283,054
Total	26,430,821	36,199,798

3.18 Analysis of other liabilities

	2010	2009
Negative replacement values arising from trading operations	27,241,376	32,739,883
Indirect Taxes	4,399,575	5,348,418
Other	392,633	308,054
Total	32,033,584	38,396,355

4. INFORMATION ON OFF-BALANCE SHEET TRANSACTIONS

4.1 Contingent liabilities

	2010	2009
Contingent guarantees	134,361,520	224,618,804

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	23,155,027	24,458,140	1,957,910,008
Options (OTC)	2,783,236	2,783,236	180,221,363
Total			
Current year	25,938,263	27,241,376	2,138,131,371
Prior year	34,156,680	32,739,883	2,578,570,470

4.4 Fiduciary transactions

	2010	2009
Fiduciary deposits with third party banks	657,544,015	782,424,337
Fiduciary deposits with Group banks	939,009,149	1,885,801,014
Total	1,596,553,164	2,668,225,351

4.5 Clients' assets (in thousands of CHF)

	2010	2009
NATURE OF CLIENTS ASSETS		
Discretionary managed assets	1,326,362	1,543,502
Other assets	11,097,108	12,807,692
Total clients assets	12,423,470	14,351,194
Deposits / withdrawals within Group (Net)	(194,428)	(1,133,029)
Deposits / withdrawals outside Group (Net)	(952,510)	(2,462,533)
	(1,146,938)	(3,595,562)

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

	2010	2009
Foreign currencies and bank notes	20,205,786	18,294,994
Securities	13,440	520,433
Total	20,219,226	18,815,427

5.3 Analysis of personnel expenses

	2010	2009
Salaries	59,425,018	59,035,220
Social charges	9,875,822	9,312,998
Other personnel expenses	2,298,823	3,030,717
Total	71,599,663	71,378,935

5.4 Analysis of other operating expenses

	2010	2009
Occupancy costs	7,045,707	8,240,093
Data Processing, fixtures and fittings, vehicles and other equipment expenses	11,233,926	10,364,470
Other	16,360,735	14,018,417
Total	34,640,368	32,622,980

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

Within *Extraordinary Income* the bank has reported the following items:-

(1) MLFM SARL en liquidation net dividend CHF 42,724,556; (2) Prior years long term awards revaluation / accounting adjustment CHF 5,510,923; (3) Funds received in respect of closing a 2008 litigation item CHF 231,194 (4) Unutilised provision CHF 232,472

Within *Extraordinary Expense* the bank has reported the following items:-

(1) Variable compensation relating to prior year CHF 1,282,983 (2) VAT relating to 2003–2008 CHF 468,853 (3) Interest relating to prior year CHF 147,094

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) SA, which comprise the balance sheet, income statement, cash flow statement and notes (pages 4 to 18), for the year ended 31 December 2010.

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 year ended 31 December 2010 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

Prince Rahming

Audit expert

Auditor in charge

Marie-Eve Fortier

Geneva, 1st March 2011



Board of Directors

DAVID JERVIS - CHAIRMAN

Managing Director
Head of EMEA Global Wealth Management, Merrill Lynch

KEITH PEARSON - VICE CHAIRMAN

Managing Director
CFO Controller EMEA, Merrill Lynch

DOMINIK SCHAERER

Director
JBV Vermögensverwaltung AG, Olten

OLIVIER DUNANT

Attorney at Law
Borel & Barbey, Geneva

DR. ROBERT FURTER

Attorney at Law
Pestalozzi Attorneys at Law S.A., Zurich

*MANUEL EBNER

Managing Director
CEO Merrill Lynch Capital Markets AG, Zurich

Senior Management

GENERAL MANAGER AND CEO

Peter Schmid

Management

CHIEF ADMINISTRATIVE OFFICER

Roesheen Cosgrave

CHIEF FINANCIAL OFFICER

Richard Greenwood

REGIONAL BUSINESS MANAGEMENT

Peter Schmidli, Europe and Middle East
Fabrizio Pelfini, Asia Pacific
Jonathan Klassen, Latin America

DISCRETIONARY ASSET MANAGEMENT

Frank Juliano

SALES MANAGEMENT

Jorge Fertis

LEGAL AND COMPLIANCE

Thierry Widmer

LENDING / CREDIT

Jeffrey Donkin
Javier Santamaria

TREASURY AND TRADING

Hakan Kjellqvist

RISK MANAGEMENT

Luis Mariné

TECHNOLOGY

Jean-Louis Truquet

BANKING SERVICES

Mark Giannelli

HUMAN RESOURCES

Patrizia Castagno

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 410,8m (2009: CHF 407,6m) vs. total requirement of CHF 62,5m (2009: CHF 76,3m) (credit risk CHF 27,6m (2009: CHF 30,8m), non counterparty risk CHF 2,3m (2009: CHF 2,9m), market risk CHF 3,3m (2009: CHF 5,3m) and operational risk CHF 29,3m (2009: CHF 37,3m)). 2010 Capital Coverage Ratio 6.575 (2009: 5.340).

* Elected to the Board of Directors March 1, 2011.
Management as at 31 December 2010.



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