

Financial Statement

Consolidated Balance Sheet

in CHF	31.12.2010	31.12.2009	Change
Assets			
Liquid funds	452'884	356'615	96'269
Money market instruments	55'876	-	55'876
Due from banks	63'070'342	59'180'145	3'890'197
Due from customers	24'012'852	30'809'389	-6'796'537
Financial investments	204'237'753	235'740'627	-31'502'874
Fixed assets	1'883'093	1'154'075	729'018
Accrued income and prepaid expenses	2'820'650	3'229'157	-408'507
Other assets	14'749'132	11'088'680	3'660'452
Total assets	311'282'582	341'558'688	-30'276'106
Total due from non-consolidated holdings and significant shareholders	13'789'851	10'463'450	3'326'401
Liabilities and shareholder's equity			
Due to banks	3'442'086	4'538'182	-1'096'096
Due to customers, other	245'538'372	276'232'533	-30'694'161
Accrued expenses and deferred income	759'782	835'081	-75'299
Other liabilities	865'001	675'104	189'897
Valuation adjustments and provisions	443'434	837'139	-393'705
Share capital	45'500'000	45'500'000	-
Legal reserves	244'000	233'000	11'000
Retained earnings	11'329'293	10'477'549	851'744
Consolidated net profit for the year	3'160'614	2'230'100	930'514
Total liabilities and shareholder's equity	311'282'582	341'558'688	-30'276'106
Total due to non-consolidated holdings and significant shareholders	-	-	-
Off-Balance Sheet Transactions			
Contingent liabilities	4'243'943	6'143'950	-1'900'007
Irrevocable commitments	742'000	1'358'428	-616'428
Derivative instruments			
- contract value	80'456'394	104'729'667	-24'273'273
- positive replacement value	14'492'874	11'088'207	3'404'667
- negative replacement value	696'829	530'187	166'642
Fiduciary transactions	31'853'334	43'508'788	-11'655'454

Consolidated Income Statement

in CHF	2010	2009	Change
Ordinary operating income and expense			
Interest income			
Interest and discount income	1'689'966	4'618'389	-2'928'423
Interest and dividend income on financial investments	6'040'733	4'138'246	1'902'487
Interest expense	-756'070	-2'425'711	1'669'641
<i>Net interest income</i>	6'974'629	6'330'924	643'705
Income from commission and services			
Commission income on lending activities	188'611	284'947	-96'336
Commission income on asset management	3'636'734	3'333'903	302'831
Commission income on other services	595'220	507'884	87'336
Commission expense	-1'532'992	-1'527'227	-5'765
<i>Net commission income</i>	2'887'573	2'599'507	288'066
Income from trading operations	654'214	681'730	-27'516
Other ordinary income			
Results from sale of financial investments	1'223'409	272'519	950'890
Other ordinary income	163'975	2'200	161'775
Other ordinary expense	-651'452	-237'416	-414'036
<i>Total other ordinary income</i>	735'932	37'303	698'629
Total operating income	11'252'348	9'649'464	1'602'884
Operating expenses			
Personnel expenses	-4'045'525	-4'601'987	556'462
Other operating expenses	-2'951'945	-3'382'540	430'595
<i>Total operating expenses</i>	-6'997'470	-7'984'527	987'057
Gross profit	4'254'878	1'664'937	2'589'941
Consolidated net income for the year			
Gross profit	4'254'878	1'664'937	2'589'941
Depreciation and write-offs of non-current assets	-732'696	-781'595	48'899
Valuation adjustments, provisions and losses	-822'850	-158'375	-664'475
<i>Subtotal</i>	2'699'332	724'967	1'974'365
Extraordinary income	543'282	1'586'633	-1'043'351
Extraordinary expenses	-	-	-
Taxes	-82'000	-81'500	-500
Consolidated net income for the year	3'160'614	2'230'100	930'514

Consolidated statement of cash flows

in CHF	2010			2009		
	Source of funds	Application of funds	Balance	Source of funds	Application of funds	Balance
Consolidated net profit for the year	3'160'614	-		2'230'100	-	
Depreciation and write-offs of non-current assets	732'696	-		781'595	-	
Valuation adjustments and provisions	-	393'705		-	1'433'155	
Applications of provisions	-	-		-	-	
Consolidated translation adjustments	-	1'367'356		-	356'587	
Accrued income and prepaid expenses	408'507	-		14'839	-	
Accrued expenses and deferred income	-	75'299		-	1'169'960	
Other assets	-	3'660'452		-	1'380'401	
Other liabilities	189'897	-		-	245'549	
Net cash flows from operating results	4'491'714	5'496'812	1'005'098	3'026'534	4'585'652	1'559'118
Share capital	-	-		-	-	
Net cash flows from equity transactions	-	-	-	-	-	-
Fixed assets	-	1'461'714		-	158'588	
Net cash flows from investment activities	-	1'461'714	1'461'714	-	158'588	158'588
Due to customers, other	-	-		-	108'089	
Due from customers	1'600'588	-		-	1'380'477	
Financial investments	51'423'249	-		-	208'745'274	
Medium and long term operations (>1 year)	53'023'837	-	53'023'837	-	210'233'840	210'233'840
Due to banks	-	1'096'096		469'414	-	
Due to customers, other	-	30'694'161		-	13'462'375	
Money market instruments	-	55'876		-	-	
Due from banks	-	3'890'197		161'630'394	-	
Due from customers	5'195'949	-		76'821'121	-	
Financial investments	-	19'920'375		-	13'375'286	
Short term operations	5'195'949	55'656'705	50'460'756	238'920'929	26'837'661	212'083'268
Net cash flows from banking operations	58'219'786	55'656'705	2'563'081	238'920'929	237'071'501	1'849'428
Decrease / Increase in cash position	-	96'269		-	131'722	
Change in liquid funds	-	96'269	96'269	-	131'722	131'722
Total source of funds / application of funds	62'711'500	62'711'500	-	241'947'463	241'947'463	-

Notes to the consolidated financial statement

1. Information on business activities and number of employees

General information

Mercantil Bank (Schweiz) AG, until January 27, 2000, operating under the name BMS Finanz AG, was incorporated in May 1988 in Zurich. Its activities in the areas of trade finance, private banking and fiduciary transactions are focused on Latin America and complemented by the banking activities of its wholly owned subsidiaries Mercantil Bank & Trust Ltd., Grand Cayman and MBS Advisory Services Ltd., British Virgin Island.

It is intended to continue intensifying the expansion of the private banking activities for the clientele of the Grupo Mercantil Servicios Financieros (MSF). For this, the group invested over CHF 1.4 million in a new core banking software with new internet banking facilities to support and enhance the range of services offered to its customers. The migration and implementation of the new platform from the Swiss company Finnova AG as of August 1st, 2010 was successful. It is also intended to continue developing the traditional trade finance activities between Europe, Asia and Latin America.

Balance Sheet transactions

Short-term financial investments with European banks and US government agencies, as well as short-term lending to Latin American and US corporate borrowers, largely related to preliminary and supplementary trade financing, represent the major assets of the group. Investments in securities of Latin American and European borrowers complement the group's balance sheet business. Exposures with maturities of over one year are entered but limited to the group's net equity.

Funding is obtained through customer deposits and also through credit lines from major European banks.

Income from commissions and services

Income from commissions and services results mainly from letter of credit transactions as well as from the issuance of guarantees, from custody fees, brokerage and other service fees related to fiduciary investments of private customers.

Other activities

For investment and also for liquidity purposes, the group maintains an investment portfolio consisting mainly of fixed income securities of Latin American and European borrowers.

Risk Control

The Board of Directors discussed during its meetings the relevant risks the Group is facing. Relevant risks are market, liquidity, credit, operational and other risks. The basis for the assessment of the risks was the business rationale and strategy of the business generating the risks, the risk appetite of the group and the nature of the risk, its magnitude of a potential misstatement and the likelihood of the risk occurring. Additionally, the predefined risk reducing measures and the internal controls (including financial reporting) were included in the evaluation.

The Board of Directors took also into consideration the monitoring of internal controls, the correct treatment of the risk recognition and the valuation effects of relevant risks on the financial reporting.

For detailed information regarding risk management we refer to the explanations below.

Risk Management

The analysis and control of risks is performed in close cooperation with the Risk Management Group of our parent company (MSF) in Caracas.

Credit approval is based on requirements as to quality, collaterals, limits and credit authority as laid down in the internal risk policy. All credit risk positions, including those from derivative instruments, are limited and monitored continuously by a credit line system based on counterparty and country risk.

In the secured loan business, collaterals in the form of marketable securities and fiduciary deposits are accepted. Their collateral value is determined by applying haircuts, the size of which depends on the quality as measured by a number of different factors. Credit utilization and collateral value are monitored on an on-going basis. If the amount of credit utilized exceeds the collateral value, clients receive a margin call to increase the securities deposited as collateral or sell them.

Foreign exposures are entered into and monitored in compliance with the internal risk policy. The assessment procedure, except for exposures in industrialized countries (Category 1), where country risk is negligible, is based on the rating of the Interagency Country Exposure Committee (ICERC) and on the Group's own internal rating system. The internal evaluation is based on economic trends and political and social developments and derived from various group-internal and external sources (Categories 2 – 6).

The risk provisioning requirements for country risk and counterparty risk are calculated independently on the basis of an internal rating process.

Liquidity and interest rate risks are monitored and managed on a consolidated basis.

Foreign exchange risks are to a large extent restricted by internal limits for open currency positions.

Derivative financial instruments are used exclusively to hedge open foreign exchange positions and interest rate risks.

When trading securities for customers, the group does not engage in open positions from which market risks could arise.

All other operating risks, especially those related to the internal organization and information systems, are monitored through internal policies and directives.

The Board of Directors and Senior Management are regularly informed of the risks related to asset value, financial position, liquidity, earnings and operations through a management information system.

Outsourcing

Mercantil Bank (Schweiz) AG has outsourced the operation of its banking system to PriBaSys AG in Zurich and the operation of SWIFT and SIC to Biveroni Batschelet Partners AG in Baden. These outsourcing arrangements were set up under detailed Service Level Agreements according to the regulations of the Swiss Financial Market Supervisory Authority (FINMA). All personnel of the service providers are placed under the group secrecy act, which safeguards the requirements of confidentiality.

Personnel

The group employed 22.1 persons including part-time employees. It also receives support from the head office and affiliates in areas such as internal audit, loan review, IT, and credit and country risk analysis.

2. Accounting and valuation principles

General principles

The Group's accounting and valuation principles comply with the Swiss Code of Obligations, the Bank Law, and guidelines of the Swiss Financial Market Supervisory Authority (FINMA).

Consolidation principles

Besides the figures of Mercantil Bank (Schweiz) AG, the consolidated financial statements include the financial statements of Mercantil Bank and Trust Ltd, Grand Cayman and MBS Advisory Services Ltd., British Virgin Islands which are fully consolidated.

The capital is consolidated using the purchase method, i.e. at the time of acquisition.

Upon elimination of intercompany transactions, the assets, liabilities, income and expenses of the subsidiaries are included in the relevant line items in the consolidated financial statements.

Translation differences resulting from the consolidation are included in the line item "currency translation differences", which is part of the capital resources.

The consolidated financial statements reflect a true and fair view of the net assets as well as of profitability and the financial situation.

Accounting and booking of transactions

All transactions are recorded in the Group's balance sheet on a trade date basis, except for forward transactions, which are reported from the trade date as off-balance sheet items and from the settlement date in the balance sheet. All transactions are valued from the trade date onward.

Foreign currency translation

Transactions in foreign currencies are translated at daily exchange rates. Foreign currency positions, with the exception of participations, are converted at the exchange rates prevailing at the year-end closing date. Resulting conversion profits and losses are included in the income statement. Participations are valued at the exchange rates prevailing at the time of the purchase. In the event of a decline in the value of such an investment, giving due account also to the fluctuation of exchange rates, a valuation adjustment is made.

Assets and liabilities of group companies are translated using the exchange rate as at the balance sheet date, and income and expenses at the average exchange rate of the year. The

difference arising from the use of different exchange rates is directly recognized in capital resources and disclosed as currency translation difference.

The following exchange rates were used as at the balance sheet date (major currencies):

	2010	2009
USD	0.9383	1.0297
EUR	1.2466	1.4838

The balance sheet of the subsidiaries carrying its books in USD was translated using the above mentioned exchange rate as at the balance sheet date, and the income statement was translated using the average rate for the year of 1.0423 (2009: 1.0884).

General valuation principles

Each item reflected in the balance sheet is valued individually.

Cash, Due from Money Market Instruments, Due from banks, Deposits

They are stated at their nominal value, or at historical cost, less specific valuation adjustments for doubtful receivables. Money market instruments are adjusted for discounts. Unearned discounts on money market instruments are accrued over their life within the corresponding balance sheet item.

Due from customers

Doubtful receivables, i.e. loans for which it is unlikely that the customer will be able to comply with its future obligations, are valued individually and the impairment of value is covered by a specific provision. Off-balance sheet transactions, such as firm commitments, guarantees and derivative financial instruments are also included in this valuation. Loans are classified as impaired at the latest when a borrower is in arrears with payments of capital and/or interest for a period of over 90 days. Interests in arrears for a period of over 90 days are considered overdue. Overdue interest and interest of which collection is considered at risk are not reflected as income but directly allocated to valuation adjustments and provisions. Loans are placed on a non-accrual status when the collectibility of their interest is considered doubtful to the extent that an accrual would be imprudent.

The amount of the impairment is measured by the difference between the book value of the loan and the estimated collectible amount, considering the counterparty risk and the net value from the execution of any collateral. If the process of execution is expected to take longer than a year, then a present value calculation is made of the expected cash flows to be generated from the execution process. Specific provisions are deducted directly from the corresponding asset item.

Loans that are believed to be entirely or partially uncollectible or for which the group consents to their remission, are charged off against the provision for loan losses. Recoveries of previously charged-off amounts are directly credited to the provision for loan losses.

A general provision for loan losses is made, based on set rates per credit rating category, to cover for not yet recognizable loan loss risks inherent in the credit portfolio.

Doubtful receivables are classified again at full value if payments of outstanding capital and interest are resumed according to the contractual terms and also credit standing criteria are fulfilled.

Financial investments

Fixed income securities held as available for sale are valued at the lower of cost or market. The net balances of value adjustments are made through "Other Ordinary Income" or "Other Ordinary Expense", respectively. Write-ups are recognized up to the acquisition costs, provided the market value which had fallen below the acquisition cost recovers again. Such value adjustment is recognized as described above.

Debt securities acquired with the intention to hold them to maturity are recorded using the accrual method, i.e. premiums or discounts are accrued over their remaining life. Interest-related gains or losses from sale before maturity or prepayment are deferred and accrued over the remaining life, i.e., until the original maturity. Value reductions or subsequent increases, resulting from credit-worthiness are treated in the income statement like "available for sale".

Buildings and participations acquired from the credit business earmarked for disposal are registered as financial investments and valued at the lower of cost or market, i.e. at the lower of acquisition cost or liquidation value.

Other fixed assets / Software

Other fixed assets and Software are stated at cost plus value-creating investments less depreciation computed on a straight line basis over their expected useful life – of 3 years for software, IT and communication systems, 5 years for furniture, and installations in new premises over the duration of the lease contract.

Valuation adjustments and provisions

Specific valuation adjustments and provisions are created for all recognizable risks both on and off-balance sheet. Valuation adjustments and provisions which are no longer required in the reporting period are reversed affecting income.

Specific valuation adjustments and provisions are directly deducted from the corresponding asset item. General provisions for default risks as well as other risks are recorded under this balance sheet position.

Employee benefit obligation

The group maintains two defined contribution pension plans for its employees in Switzerland. The group bears the expenses of the pension plans of all its employees as well as their survivors in accordance with the Swiss social security law. The benefit obligations as well as the coverage capital are disincorporated into legally independent pension funds or foundations of insurance companies. The organization, management and financing of the pension plans conform to the legal regulations, to the articles of the funds as well as to current pension regulations.

For each pension plan the group has to assess, according to Swiss GAAP FER 16, if a possible credit or debit balance of a plan can result in economical gains or losses. The financial statement of the pension fund provides the basis for the annual assessment.

The group records its contributions as employer in "personnel expenses" in the same period in which the contributions are paid.

Taxes

Tax expenditure is calculated on basis of the actual profit of the individual group companies.

Contingent liabilities, irrevocable commitments

Contingent liabilities and irrevocable commitments are stated at their nominal value. Provisions for recognizable risks are created and recorded under "valuation adjustments and provisions" on the liability side.

Derivative financial instruments

Derivative financial instruments are recorded at nominal value in the off-balance sheet. Replacement values are recorded in other assets/liabilities.

Gains or losses arising from hedge instruments are reflected in the same income item as that of the hedged underlying transaction.

3. Information on the Balance sheet

3.1 Listing of collateral of loans and off-balance sheet transactions

in CHF 1000	Type of collateral			Total
	Mortgage collateral	Other collateral	Without collateral	
Loans				
Due from customers	-	16'850	7'163	24'013
Total loans 31.12.2010	-	16'850	7'163	24'013
Previous year	-	18'342	12'467	30'809
Off-balance sheet transactions				
Contingent liabilities	-	2'141	2'103	4'244
Irrevocable commitments	-	-	742	742
Total off-balance sheet transactions 31.12.2010	-	2'141	2'845	4'986
Previous year	-	6'315	1'187	7'502

in CHF 1000	Gross outstanding	Estimated recovery amount of collaterals	Net outstanding	Specific provision
Previous year	856	29	827	88

3.2 Financial investments

in CHF 1000	Book value		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Debt securities	203'613	234'996	205'095	236'828
- of which valued at accrual method	65'739	66'866	66'133	67'512
- of which valued at lower of cost or market	137'874	168'130	138'962	169'316
Shares	625	745	625	746
Total financial investments	204'238	235'741	205'720	237'574

3.3 Fixed assets

in CHF 1000	Historical Cost	Accumulated depreciation	Book value previous year	2010			
				Investments	Disinvestment	Depreciation/Write-offs	Book Value 31.12.2010
Fixed assets							
Other fixed assets	2'247	1'546	701	40	-	203	538
Software	3'216	2'763	453	1'422	-	530	1'345
Total fixed assets	5'463	4'309	1'154	1'462	-	733	1'883

Fire insurance value of other fixed assets

970

3.4 Other Assets and Other Liabilities

in CHF 1000	31.12.2010		31.12.2009	
	Other Assets	Other Liabilities	Other Assets	Other Liabilities
Replacement value from derivative financial instruments				
Contracts as own trader				
- Trading position	703	697	625	530
- Balance sheet structure management	13'790	-	10'463	-
Total derivative financial instruments	14'493	697	11'088	530
Indirect Taxes	12	47	1	69
Sundry accounts	-	-	-	-
Other assets and liabilities	244	121	-	76
Total other assets and other liabilities	14'749	865	11'089	675

3.5 Assets pledged or ceded to secure own commitments and assets subject to retention of title

in CHF 1000	31.12.2010		31.12.2009	
	Book Value	Effective Commitment	Book Value	Effective Commitment
Due from banks	-	-	-	-
Financial investments	471	-	-	-
Other	-	-	-	-
Total	471	-	-	-

3.6 Disclosure of liabilities to own pension plans

The group's employees are entitled to a legally independent personnel pension fund with two different plans. One plan covers the obligatory benefits according to the Swiss pension fund law, while the second plan covers all the non-obligatory benefits. Both plans are defined contribution plans. As in the previous year, the group had no further obligations towards these pension plans and there were no reserves from employer's contributions.

The group's employees are insured at a collective foundation for pension services in the scope of an affiliation agreement. The contracts cover all retirement, invalidity and death benefits. The unaudited coverage ratio of the pension fund for year 2010 is 101.9% (audited ratio for year 2009: 100.7%)

3.7 Valuation adjustments and provisions, reserves for general banking risks

in CHF 1000	Balance previous year	Specific usage	Recoveries, doubtful interest, currency differences	New creation charged to income statement	Reversals credited to income	Balance current year
Valuation adjustments and provisions for credit and country risks	925	-	-87	818	-543	1'113
Valuation adjustments and provisions for investments	-	-	-	-	-	-
Other Provisions (operating loss)	-	-	-	-	-	-
Total valuation adjustments and provisions	925	-	-87	818	-543	1'113
less: set-offs with investments	-88	-	86	-668	-	-670
Total valuation adjustments and provisions as of balance sheet	837					443

3.8 Schedule of share capital and disclosure of shareholders

in CHF 1000	31.12.2010			31.12.2009		
	Nominal amount	Number of shares	Capital with dividend rights	Nominal amount	Number of shares	Capital with dividend rights
Capital structure						
Shareholder's equity	45'500	45'500	45'500	45'500	45'500	45'500

Significant shareholders and shareholder groups with voting rights

	31.12.2010		31.12.2009	
	Nominal	Share in %	Nominal	Share in %
Holding Mercantil Internacional, C.A., Caracas, Venezuela	-	-	45'500	100%
Mercantil Servicios Financieros, C.A., Caracas, Venezuela	45'500	100%	-	-

As per 31.12.2010 the shares of the bank were transferred from Holding Mercantil Internacional to Mercantil Servicios Financieros.

Mercantil Servicios Financieros (MSF) is a financial holding registered on the Caracas Stock Exchange. The capital structure of MSF is comprised of A (57%) and B (43%) shares, with B shares having limited voting rights. Its shares are held primarily by Venezuelan investors. Approximately 43% of the B shares are owned through an American Depositary Receipt (ADR) program, therefore MSF does not have information who the holders of the ADR's are. Shareholders with ownership of over 5%, as known to MSF are:

- Capriles Group (14.5% A shares; 16.5% B shares); 15.4% participation
- Gustavo J. Vollmer Group (12.1% A shares; 4.8% B shares); 9.1% participation
- Gustavo A. Marturet Group (14.3% A shares; 1.2% B shares); 8.8% participation
- Travieso Sanchez Group (7.4% A shares; 3.2% B shares); 5.6% participation

3.9 Statement of changes in shareholder's equity

in CHF 1000	31.12.2010	31.12.2009
Shareholder's equity at beginning of current year		
Share capital	45'500	45'500
Capital Reserves	233	233
Retained earnings (incl. Currency translation differences)	10'478	10'169
Consolidated net profit	2'230	668
Total shareholder's equity at beginning of current year (before profit distribution)	58'441	56'567
+ Capital increase	-	-
- Capital increase costs	-	-
+ Consolidated net profit for the year	3'161	2'230
+ Currency translation adjustments	-1'368	-356
Total shareholder's equity at end of current year (before profit distribution)	60'234	58'441
Thereof:		
Share capital	45'500	45'500
Capital Reserves	244	233
Retained earnings (incl. currency translation differences)	11'329	10'478
Consolidated net profit	3'161	2'230

On the basis of the legal provision the capital reserves may not be distributed.

3.10 Maturity structure of current assets, financial investments and liabilities

in CHF 1000	Maturity						Total
	at sight	redeem-able by notice	within 3 months	within 3-12 months	within 1-5 years	after 5 years	
Current assets and financial investments							
Liquid funds	453	-	-	-	-	-	453
Money market instruments	56	-	-	-	-	-	56
Due from Banks	36'334	5'477	21'259	-	-	-	63'070
Due from Customers	-	1'259	12'117	8'223	2'414	-	24'013
Financial investments	625	-	9'417	29'937	117'739	46'520	204'238
Total current assets and financial investments 31.12.2010	37'468	6'736	42'793	38'160	120'153	46'520	291'830
Previous year	24'591	3'041	49'838	28'921	158'920	60'776	326'087
Current liabilities							
Due to banks	20	-	3'422	-	-	-	3'442
Due to customers, other	109'529	17'069	96'422	22'518	-	-	245'538
Total current liabilities 31.12.2010	109'549	17'069	99'844	22'518	-	-	248'980
Previous year	88'492	39'413	119'936	32'930	-	-	280'771

3.11 Disclosure of amounts due from and due to affiliated companies as well as loans and exposures to directors and senior executives

in CHF 1000	31.12.2010	31.12.2009
Due from affiliated companies	16'827	13'397
Due to affiliated companies	79	472
Loans to directors and senior executives	-	-

Transactions with related parties

Transactions with related parties such as securities transactions, international payments, placement of funds and deposits are made under conditions as they would apply with third parties.

3.12 Balance sheet by domestic and foreign origin (by domicile)

in CHF 1000	31.12.2010		31.12.2009	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid Funds	453	-	357	-
Money market instruments	-	56	-	-
Due from banks	17'103	45'967	9'619	49'561
Due from customers	2'649	21'364	3'325	27'484
Financial investments	-	204'238	1	235'740
Fixed assets	1'883	-	1'154	-
Accrued income and prepaid expenses	1'343	1'478	1'433	1'796
Other assets	115	14'634	429	10'660
Total assets	23'546	287'737	16'318	325'241
Liabilities				
Due to banks	1'877	1'565	-	4'538
Due to customers, other	218	245'320	337	275'896
Accrued expenses and deferred income	447	314	427	408
Other liabilities	754	111	315	360
Valuation adjustments and provisions	428	15	731	106
Share capital	45'500	-	45'500	-
Legal reserves	244	-	233	-
Retained earnings (losses)	1'620	9'709	1'423	9'055
Consolidated net profit (loss) for the year	62	3'099	208	2'022
Total liabilities	51'150	260'133	49'174	292'385

3.13.1 Geographical analysis of assets (by domicile)

in CHF 1000	31.12.2010		31.12.2009	
	Amount	in %	Amount	in %
Europe	136'419	43.8%	146'350	42.8%
Switzerland	23'546	7.6%	16'318	4.8%
Other west European countries	112'873	36.3%	130'032	38.1%
North-America	111'171	35.7%	129'670	38.0%
Latin-America	51'131	16.4%	54'954	16.1%
Argentina	-	-	619	0.2%
Brazil	4'080	1.3%	11'449	3.4%
Cayman Islands	1'720	0.6%	1'796	0.5%
Chile	-	-	-	-
Colombia	5'372	1.7%	6'083	1.8%
Costa Rica	-	-	-	-
Dominican Republic	-	-	-	-
Ecuador	929	0.3%	1'030	0.3%
El Salvador	572	0.2%	-	-
Guatemala	-	-	-	-
Mexico	1'476	0.5%	1'751	0.5%
Netherlands Antilles	41	-	63	-
Panama	1'563	0.5%	3'892	1.1%
Peru	4'129	1.3%	-	-
St. Lucia	-	-	-	-
Trinidad and Tobago	-	-	-	-
Venezuela	29'160	9.3%	27'425	8.1%
Virgin Islands (British)	2'089	0.7%	846	0.2%
Other	12'562	4.1%	10'585	3.1%
Total assets	311'283	100.0%	341'559	100.0%

3.13.2 Breakdown of exposure by country of risk and by rating categories

in CHF 1000	31.12.2010		31.12.2009	
	Amount	in %	Amount	in %
Category 1	268'569	84.9%	294'483	84.4%
Australia	9'291	2.9%	5'313	1.5%
Austria	12'402	3.9%	8'265	2.4%
Belgium	2	-	2	-
Canada	1'962	0.6%	3'109	0.9%
Denmark	-	-	9'622	2.8%
France	4'558	1.4%	3'019	0.9%
Germany	41'840	13.2%	35'469	10.2%
Great Britain	26'768	8.5%	26'705	7.7%
Italy	4'709	1.5%	15'509	4.4%
Luxembourg	17'032	5.4%	16'902	4.8%
Netherlands	4'806	1.5%	10'545	3.0%
Portugal	3'662	1.2%	-	-
South Korea	3'072	1.0%	-	-
Spain	9'749	3.1%	32'505	9.3%
Sweden	4'980	1.6%	6'134	1.8%
Switzerland	29'144	9.3%	20'680	5.9%
USA	88'059	27.7%	96'254	27.6%
Virgin Islands (British)	6'533	2.1%	4'450	1.3%
Category 2	-	-	-	-
Category 3	11'660	3.7%	17'825	5.1%
Brazil	4'080	1.2%	11'449	3.3%
Mexico	1'476	0.5%	1'750	0.5%
Panama	2'374	0.8%	4'561	1.3%
Peru	3'682	1.2%	65	-
South Africa	48	-	-	-
Category 4	6'626	2.1%	6'747	1.9%
Colombia	6'054	1.9%	6'747	2.0%
El Salvador	572	0.2%	-	-
Category 5 and 6	29'414	9.3%	30'006	8.6%
Argentina	2	-	619	0.2%
Netherlands Antilles	41	-	63	-
Seychellen	150	0.1%	26	-
Venezuela	29'221	9.2%	29'298	8.4%
Total	316'269	100.0%	349'061	100.0%

3.14 Balance sheet by currencies

in CHF 1000	Currencies			
	CHF	EUR	USD	other
Assets				
Liquid Funds	418	24	11	-
Money market instruments	-	-	56	-
Due from banks	401	11'067	48'617	2'985
Due from customers	2	1'682	22'328	1
Financial investments	-	66'118	138'120	-
Fixed assets	1'883	-	-	-
Accrued income and prepaid expenses	233	1'337	1'251	-
Other assets	717	-	14'032	-
Total balance sheet effective assets	3'654	80'228	224'415	2'986
Claims from transactions related to forex spot, forward and option transactions	48'338	14'402	16'869	4'325
Total assets	51'992	94'630	241'284	7'311
Liabilities				
Due to banks	-	9	3'433	-
Due to customers, other	3'122	80'878	158'873	2'665
Accrued expenses and deferred income	483	98	180	-
Other liabilities	864	-	1	-
Valuation adjustments and provisions	428	-	15	-
Share capital	45'500	-	-	-
Legal reserves	244	-	-	-
Retained earnings (losses)	1'620	-	9'709	-
Consolidated net profit for the year	62	-	3'099	-
Total balance sheet effective liabilities	52'323	80'985	175'310	2'665
Claims from transactions related to forex spot, forward and option transactions	592	13'094	66'073	4'175
Total liabilities	52'915	94'079	241'383	6'840
Net position per currency	-923	551	-99	471

4. Information on Off-Balance Sheet Transactions

4.1 Analysis of contingent liabilities

in CHF 1000	31.12.2010	31.12.2009	Change
Guarantees to secure credits and similar	4'244	6'144	-1'900
Guarantees for warranty and similar	-	-	-
Irrevocable commitments	742	1'358	-616
Total contingent liabilities	4'986	7'502	-2'516

4.2 Outstanding derivative instruments

in CHF 1000	positive replacement value	negative replacement value	Contract Volume
Foreign exchange			
Forward contracts with maturity under 1 year	14'493	697	80'456
- thereof trading instruments	703	697	32'518
- thereof hedging instruments	13'790	-	47'938
Total 31.12.2010	14'493	697	80'456
Previous year	11'088	530	104'730
- thereof trading instruments	625	530	56'791
- thereof hedging instruments	10'463	-	47'938

4.3 Analysis of fiduciary transactions

in CHF 1000	31.12.2010	31.12.2009	Change
Fiduciary placements with third party banks	16'304	14'251	2'053
Fiduciary placements with affiliated banks	15'549	29'258	-13'709
Total fiduciary transactions	31'853	43'509	-11'656

5. Information on the Income Statement

5.1 Income from trading activities

in CHF 1000	31.12.2010	31.12.2009	Change
Foreign exchange	654	682	-28
Total trading income	654	682	-28

5.2 Personnel expenses

in CHF 1000	31.12.2010	31.12.2009	Change
Salaries and allowances	3'448	3'946	-498
Contributions to pension funds	251	280	-29
Social security contributions	286	315	-29
Other personnel expenses	61	61	-
Total personnel expenses	4'046	4'602	-556

5.3 Other operating expenses

in CHF 1000	31.12.2010	31.12.2009	Change
Expenses for premises	338	291	47
Expenses for IT, machinery, furniture vehicles and other equipment	1'300	1'359	-59
Other operating expenses	1'314	1'733	-419
Total other operating expenses	2'952	3'383	-431

5.4 Tax expenses

Tax expenditure includes current income and annual capital tax and is calculated on the actual income (after offsetting potential tax losses) as well as on the actual taxable capital.

5.5 Comments to extraordinary income and expenses, to significant reversals of general banking risks and of freed valuation adjustments and reserves

The extraordinary income of TCHF 543 resulted from the reversal of loan loss provisions.

6. Disclosure according to capital adequacy ordinance

6.1 Information on eligible capital and capital requirements (after profit distribution)

in CHF 1000	31.12.2010	31.12.2009	Change
Eligible capital	60'234	58'441	1'793
Total amount of eligible capital	60'234	58'441	1'793
Credit risk	11'639	16'193	-4'554
Non-Counterparty risks	942	577	365
Market risks	1'247	1'354	-107
Operational risks	1'468	1'458	10
Total amount of capital requirements	15'296	19'582	-4'286