J. SAFRA SARASIN

Basel II Pillar 3 Report
Consolidated Capital Adequacy Disclosures
31 December 2012

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Basel II Pillar 3 Disclosures

Introduction

J. Safra Sarasin Holding Ltd. (the "Group" or the "Holding") is regulated by the Swiss Financial Market Supervisory Authority (FINMA) which requires it to comply with Pillar III disclosures that are part of the Basel II Capital Adequacy Framework. This report discloses the Group's application of Basel II framework as at 31 December 2012.

In order to have the full view of the Group's regulatory environment and capital requirements, this report should be read along with the 2012 Group's Annual Report. For more information on the way the Group manages risk, please refer to the Risk Management (pages 45 - 48) section in the 2012 Group's Annual Report. Certain disclosures contained in this report can not be reconciled with disclosures in the Annual Report due to the way the Group manages risk internally being different to the way it reports it hereunder.

Consolidation perimeter

The consolidation perimeter includes those of J. Safra Sarasin Holding Ltd., Basel, as well as those of its all it's wholly and partially owned, direct or indirect subsidiaries (and their branches and representative offices) listed on page 51 of the 2012 Group's Annual Report. Following the acquisition of Bank Sarasin, the comparison with the previous year is not relevant.

The Group’s capital figures are based on the requirements of the Swiss Financial Market Supervisory Authority (FINMA) Circ.-FINMA 2008/2 concerning the preparation of financial statements for banks.

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Basel II Pillar 3 Disclosures - Capital

Disclosure obligations regarding capital adequacy

(Circ.-FINMA 2008/22 20.11.2008)

The Group reports regulatory capital according to the Swiss Capital Ordinance. Since 31 December 2012, the Group uses the BRI method (before standardised CH approach) to calculate capital adequacy requirements for credit risk, non-counterparty risks and market risks. The basic indicator approach is used to calculate capital adequacy requirements for operational risks.

Total Eligible Capital

CHF 000	**2012**
Core capital prior to deductions	3'283'597
of which minority interests	253'847
Less : Goodwill and intangibles assets	-539'100
Less : Other deductions	-2'343
Tier 1 Capital	**2'742'154**
Upper Tier 2 Capital	68'287
Lower Tier 2 Capital	31'704
Tier 3 Capital	73'247
Total Eligible Capital	**2'915'392**

Required capital

CHF 000	**2012**
Credit Risk	515'806
Non-Counterparty Risk	25'647
Market Risk	258'931
Operational Risk	139'947
Settlement Risk	0
AS-BRI : additional FINMA charge	129'714
Total required capital	**1'070'045**

Capital Ratio's

	2012
Tier 1 Ratio	20.50%
Total Eligible Capital Ratio	21.80%
Eligible capital / capital requirements pursuant to Swiss legislation	272.5%
FINMA minimum target	170.0%
Surplus	**102.5%**

Credit risk

For information on the Group's credit risk approach and risk practice in relation to collateral, refer to Risk management, Credit risk, Lending business with clients, Lending business with banks, governments and companies and Concentrated risk under the Risk Management section (pages 45 - 47) of the 2012 Group's Annual Report. Certains disclosures contained in this section of the report can not be reconciled with disclosures in the Annual Report due to the way the Group manages risk internally being different to the way it reports if for regulatory purposes.

Regulatory gross credit risk exposure by type of counterparty

CHF million	Private Individuals	Corporates	Banks & Multilateral Institutions	Govern-ments	Others	Total
Balance sheet						
Cash	0	0	2'896	0	0	2'896
Money market paper	0	1	58	631	0	690
Due from banks	0	0	3'700	0	0	3'700
Due from customers	6'974	1'664	0	0	0	8'638
Mortgages	2'318	109	0	0	0	2'427
Securities and precious metals trading portfolios	0	0	7	0	0	8
Financial investments	0	982	5'659	738	6	7'385
Derivatives	44	35	151	0	3	233
Other assets	62	21	407	3	5	498
Total current year	**9'398**	**2'812**	**12'878**	**1'372**	**14**	**26'474**
Off balance sheet						
Contingent liabilities	113	57	469	0	36	675
Irrevocable facilities granted	15	0	12	0	11	38
Liabilities for calls on shares and other equities	1	0	0	0	0	1
Add-on	31	69	550	0	3	652
Total current year	**160**	**125**	**1'031**	**0**	**50**	**1'366**

Regulatory gross credit risk exposure is after provisions and application of credit conversion factors on off balance sheet items.

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Basel II Pillar 3 Disclosures - Credit risk

Regulatory gross credit risk exposure by geography

CHF million	Switzer-land	Europe	Americas	Asia	Others	Total
Balance sheet						
Cash	2'805	89	0	2	0	2'896
Money market paper	1	9	0	679	0	690
Due from banks	650	2'584	127	332	7	3'700
Due from customers	646	1'412	4'032	2'395	153	8'638
Mortgages	2'286	141	0	0	0	2'427
Securities and precious metals trading portfolios	1	4	3	0	0	8
Financial investments	259	2'774	3'916	227	210	7'385
Derivatives	52	104	55	22	0	233
Other assets	113	318	46	19	1	498
Total current year	**6'813**	**7'434**	**8'180**	**3'677**	**371**	**26'474**
Off balance sheet						
Contingent liabilities	502	31	125	15	1	675
Irrevocable facilities granted	24	14	0	0	0	38
Liabilities for calls on shares and other equities	1	0	0	0	0	1
Add-on	60	506	63	22	1	652
Total current year	**587**	**551**	**188**	**38**	**3**	**1'366**

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Basel II Pillar 3 Disclosures - Credit risk

Risk weighted assets and total regulatory net credit risk exposure

CHF million	Regulatory gross credit risk exposure	Less credit risk mitigation	Total regulatory net credit exposure	Average risk weight	Risk weighted assets
Balance sheet					
Cash	2'896	0	2'896	0%	0
Money market paper	690	0	690	2%	14
Due from banks	3'700	-847	2'853	16%	464
Due from customers	8'638	-6'259	2'379	63%	1'504
Mortgages	2'427	-208	2'219	46%	1'014
Securities and precious metals trading portfolios	8	0	8	151%	12
Financial investments	7'385	0	7'385	38%	2'802
Derivatives	233	-29	204	57%	117
Other assets	498	-16	481	33%	157
Total current year	**26'474**	**-7'360**	**19'114**	**32%**	**6'083**
Off balance sheet					
Contingent liabilities	675	-156	519	27%	141
Irrevocable facilities granted	38	-15	23	58%	13
Liabilities for calls on shares and other equities	1	0	1	0%	1
Add-on	652	-42	611	34%	208
Total current year	**1'366**	**-212**	**1'154**	**32%**	**364**

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Basel II Pillar 3 Disclosures - Credit risk

Credit exposure after risk mitigation of collateral by risk weighting

	Risk weighting							Total regulatory net credit exposure
CHF million	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	
Private Individuals	42	0	1'804	125	91	1'543	2	3'607
Corporates	657	133	15	120	0	1'096	43	2'063
Banks & Multilateral Institutions	5'056	4'482	3'221	1	0	323	0	13'083
Governments	1'302	173	0	25	0	0	0	1'500
Other	0	6	0	0	0	10	0	16
	7'057	**4'794**	**5'040**	**270**	**91**	**2'971**	**45**	**20'268**

Client impaired loans

For a detailed overview of impaired and past due loans, see to Note Impaired loans on page 49 in the 2012 Group's Annual Report.

Market risk

For more information on the Group's approach to manage market risk, see the Holding's Annual Report 2012 in the section Market risk and Interest rate risk (page 46). The Group uses the BRI method to calculate market risks.

Below is the table displaying the breakdown in the Group's Market Risk capital adequacy requirement at 8 % of the Risk Weighted Assets equivalent :

CHF 000	**2012**
Interest rate instruments held in the trading book	40'991
Equities held in the trading book	63'687
Currencies and precious metals	140'964
Commodities	10'228
Options	3'061
Total required capital	**258'931**

Financial instruments in the trading book are marked to market and calculated on this basis for market risk purposes.

Interest rate instruments in the trading book

Two components compose interest rate risk in the trading book, which must be calculated separately. One component is based on specific risk of interest rate instruments. Specific risk includes risks that relate to factors other than changes in the general interest rate structure. These risks are calculated per issuer. These positions are based on the issuer rating and residual maturity of the instrument.

The second component is : general market risk. General market risk includes risks which relate to a change in the general interest rate structure and are therefore, calculated per currency. The Group uses the maturity method where the total of a currency is broken down into maturity time bands per position and each specific maturity band carries its own risk weight that is applied to the total positions.

Interest rate instruments in the trading book

Capital adequacy requirement for share price risk takes into account all positions in equities, derivatives, and equity-like instruments. There is a distinction between the types of risk for share price risks between general market risk and share issuer.

Currency risk, Gold, Commodity risk

The Group calculates a capital requirement for all foreign currencies and gold positions. The calculations are based on the net long or net short positions of the currencies and then a 10% factor is applied. When reviewing the commodity risk, the Group reviews the risk of changes in spot prices and the forward gap risk.

Operational risk

For more information on the Group's approach to manage operational risk, see the Holding's Annual Report 2012 in the Operational and reputation risk (page 47).

Interest rate risk in the banking book

CHF million	**2012**
USD	-10
EUR	-3
CHF	-3

Interest rate risk in the banking book

Descriptions of calculations methodologies in this document are meant to explain the Basel II capital calculation implemented by the Group according to FINMA requirement but do neither represent the full set of rules publishes by FINMA, nor provide a legally binding opinion of the Group.