Annual General Meeting of Credit Suisse Group AG, April 27, 2012

Further Background Information Regarding the Creation of Conversion Capital (Agenda Item 4.1)

In agenda item 4.1, the Board of Directors of Credit Suisse Group AG (Credit Suisse) proposes the introduction of conversion capital (*Wandlungskapital*) in a maximum amount of CHF 8,000,000 (equivalent to a maximum of 200,000,000 registered shares with a par value of CHF 0.04 each). This document is aimed at providing further background information on the reasons behind such proposal.

Overview of New Regulatory Capital Adequacy Requirements

On March 1, 2012, the Swiss "too big to fail" legislation became effective. This legislation contains measures aimed at considerably strengthening the loss-absorbing capital base beyond the requirements set out under the Basel III framework (i.e. the revised global regulatory standard on bank capital adequacy and liquidity agreed upon by the members of the Basel Committee on Banking Supervision). According to this legislation, Swiss systemically important financial institutions (such as Credit Suisse) will be required to comply with substantially stricter capital adequacy rules compared to non-systemically important banks.

The Swiss capital adequacy rules for systemically important financial institutions are composed of three components:

(1) a basic capital requirement in common equity tier 1 (CET1) of 4.5% of the institution’s total risk-weighted assets (RWA);

(2) a capital conservation buffer of 8.5% of RWA that must be satisfied with CET1 in the amount of at least 5.5% of RWA and may be satisfied by other loss-absorbing capital in the amount of up to 3% of RWA; and

(3) a progressive capital component of up to 6% of RWA of loss-absorbing capital.

Loss-absorbing capital instruments may include financial market instruments with features that allow conversion into shares upon the occurrence of a contractually pre-defined event (i.e. the trigger event), thus enabling debt capital to be converted into equity. Therefore, banks will need to ensure that a sufficiently high number of new shares may be issued upon conversion. The revised Banking Act provides the corporate capital framework with respect to financial market instruments with conversion features by introducing conversion capital (*Wandlungskapital*) as a new kind of capital for banks which may only be used for regulatory purposes (strengthening of the capital base).

Capital Conservation Buffer (Buffer Capital)

Credit Suisse already complies with the capital conservation buffer requirements through the issuance of high-triggering contingent convertible bonds (CoCos) in the form of Buffer Capital Notes (USD 2 billion issued in February 2011, CHF 2.5 billion and USD 3.5 billion committed to be exchanged in October 2013 as per February 2011 agreement, and CHF 750 million issued in March 2012). High-triggering CoCos are bonds which will be converted into shares when the common equity tier 1 ratio falls below 7% of RWA. They are supported by the conditional capital in the version approved by shareholders at the General Meeting of Shareholders in 2011.

Progressive Capital Component

Under the "too big to fail" legislation, Credit Suisse is required to build up a progressive capital component in the amount of up to 6% of total RWA. The progressive capital component may be entirely satisfied by the issuance of financial market instruments with conversion features. These instruments may be structured as low-triggering CoCos, i.e. bonds which will be converted into shares when the common equity tier 1 ratio falls below 5% of RWA. The primary purpose of the progressive capital component is, if ever required, to enable a financial restructuring or an orderly resolution of the bank which would also protect its systemically important functions (i.e. SME loan business, payment services and deposit business). The capital requirements under the progressive capital component will be gradually phased-in between 2013 (1.5%) and the end of 2018 (6%).

With the proposed introduction of conversion capital, the Board of Directors seeks to cover part of the progressive capital requirements under the "too big to fail" legislation. The Board of Directors will consider all potential instruments that qualify for the progressive capital component in order to ensure that the regulatory requirements are met in the best interest of shareholders.

Preemptive Rights and Preferential Subscription Rights in the Context of Conversion Capital

Shareholders' preemptive rights have to be legally excluded in favour of holders of financial market instruments with conversion features supported by conversion capital, as the new shares will need to be delivered to such holders in the case of a conversion into equity of the instruments.

As preemptive rights cannot legally be granted in the context of issuances of financial market instruments with conversion features, shareholders will be granted preferential subscription rights for such instruments. The only exception to this is if CoCos have to be issued in large tranches in a limited time period where the provision of preferential subscription rights would be impractical. In such circumstances, CoCos need to be issued at prevailing market conditions (and potentially be floored at a certain share price, similar to the outstanding Buffer Capital Notes). Credit Suisse believes that the exclusion of preferential subscription rights in these limited circumstances does not unjustifiably disadvantage existing shareholders, in particular as preferential subscription rights for CoCos typically bear very little economic value, as they are issued in good times and in a sound market environment.

In addition, Credit Suisse considers the likelihood of a conversion of CoCos into equity and thus a dilution of existing shareholders to be very remote.

Conclusion

- Under the new Swiss "too big to fail" legislation, Credit Suisse is required to issue financial market instruments with conversion features.

- The creation of conversion capital ensures that Credit Suisse may issue a sufficiently high number of new shares upon conversion of such instruments.

- The creation of conversion capital provides Credit Suisse with the optimal flexibility to start the build-up of the progressive capital component.

- Shareholders will be granted preferential subscription rights for such instruments, except if CoCos have to be issued in large tranches in a limited time period where the provision of preferential subscription rights would be impractical. Preferential subscription rights bear little economic value and CoCos will have to be issued at prevailing market conditions.

Cautionary statement regarding forward-looking information

Our statements contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act 1995. Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward looking statements, including those we identify in "Risk Factors" in our most recent Annual Report on Form 20-F filed with the US Securities and Exchange Commission, and in other public filings and press releases. We do not intend to update these forward looking statements except as may be required by applicable law.