



## Credit Suisse Group AG

(incorporated with limited liability in Switzerland)

### U.S.\$1,500,000,000 7.125 per cent. Perpetual Tier 1 Contingent Convertible Capital Notes

Issue Price: 100 per cent.

The U.S.\$1,500,000,000 7.125 per cent. Perpetual Tier 1 Contingent Convertible Capital Notes (the “Notes”) will be issued by Credit Suisse Group AG (the “Issuer” or “CSG”) on 30 January 2017 (the “Issue Date”). Interest on the Notes will accrue from and including the Issue Date to (but excluding) the First Optional Redemption Date (each as defined under “Terms and Conditions of the Notes—Part B”) at an initial rate of 7.125 per cent. per annum payable semi-annually in arrear on 29 January and 29 July in each year, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 5.108 per cent., payable semi-annually in arrear on 29 January and 29 July in each year. There will be a short first Interest Period. The first payment of interest will be made on 29 July 2017 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date. Payments on the Notes will be made without deduction for or on account of taxes of Switzerland to the extent described herein under “Terms and Conditions of the Notes — Taxation”. **Payments of interest will be made at the sole discretion of the Issuer and may be subject to mandatory cancellation, as more particularly described herein under “Terms and Conditions of the Notes — Interest Calculations – Cancellation of Interest; Prohibited Interest”. Any interest not paid as foresaid will not accumulate.**

The Notes are perpetual securities and have no fixed or final redemption date. Unless previously redeemed (including by way of conversion as described herein under “Terms and Conditions of the Notes – Conversion”) or purchased and cancelled as described below, the Notes may, subject to the satisfaction of certain conditions described herein and applicable law, be redeemed at the option of the Issuer, on the First Optional Redemption Date or on any Reset Date

(each as defined herein) thereafter, in whole, but not in part, at their principal amount plus accrued but unpaid interest thereon. The Notes are also subject to redemption in whole, but not in part, at the option of the Issuer, at their Tax Event Redemption Amount upon the occurrence of a Tax Event or at their Capital Event Redemption Amount upon the occurrence of a Capital Event (each as defined herein), as more particularly described in “Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase”. The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves, as more particularly described herein under “Terms and Conditions of the Notes — Status of the Notes” and “ — Subordination of the Notes”.

**If a Contingency Event or a Viability Event (each as defined herein) occurs, the Notes shall, subject to the satisfaction of certain conditions, mandatorily convert into Ordinary Shares (as defined herein) which shall be delivered to the Settlement Shares Depository (as defined herein) on behalf of the Holders, as more particularly described in “Terms and Conditions of the Notes — Conversion”. In the event of a Contingency Event Conversion (as defined herein), such Ordinary Shares may, at the election of the Issuer, be offered for sale in a Settlement Shares Offer as described herein.**

The Notes are expected to be provisionally admitted to trading on the SIX Swiss Exchange Ltd. (“SIX Swiss Exchange”) from 30 January 2017. The last trading day is expected to be the second dealing day prior to the date on which the Notes are fully redeemed or the Conversion Date, as applicable, in accordance with the Terms and Conditions of the Notes. Application will be made to the SIX Swiss Exchange for listing of the Notes. This Information Memorandum is an advertisement and not a prospectus for the purposes of EU Directive 2003/71/EU (as amended).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold only in “offshore transactions” to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Information Memorandum, see “Selling Restrictions”.

The Notes are issued in uncertificated form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof as uncertificated securities (*Wertrechte*) in accordance with Article 973c of the Swiss Federal Code of Obligations. The uncertificated securities will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*) and will be entered into the main register (*Hauptregister*) of SIX SIS Ltd and credited to the accounts of one or more participants of SIX SIS Ltd. The Notes will then constitute Intermediated Securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

The Notes are expected upon issue to be rated BB by Fitch Ratings Limited (“Fitch”) and BB- by Standard & Poor’s Credit Market Services Europe Limited (“Standard & Poor’s”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the assigning rating agency.

**An investment in Notes involves certain risks, including the risk that the Notes will be converted into Ordinary Shares or written-down in certain circumstances. For a discussion of certain of the risks that potential investors should carefully consider before deciding to invest in the Notes, see “Risk Factors”.**

#### Sole Book-Running Manager

Credit Suisse

#### Joint Lead Managers

COMMERZBANK  
RBC Capital Markets

Danske Bank  
Santander Global Corporate Banking

ING  
Société Générale Corporate &  
Investment Banking  
Wells Fargo Securities

TD Securities

UniCredit Bank

#### Co-Managers

ABN AMRO  
BNP PARIBAS  
Deutsche Bank  
Natixis  
Rabobank

ANZ  
CIBC Capital Markets  
Morgan Stanley  
NatWest Markets

BMO Capital Markets  
Crédit Agricole CIB  
National Australia Bank Limited  
Nordea  
Scotiabank

The date of this Information Memorandum is 26 January 2017.

This Information Memorandum may only be used for the purposes for which it has been published.

The Issuer accepts responsibility (including for the purposes of, Article 27 of the listing rules of the SIX Swiss Exchange and section 4 of Scheme E thereunder) for all information contained in this Information Memorandum. The information contained in this Information Memorandum is, to the best of the Issuer's knowledge, correct and no material facts or circumstances have been omitted herefrom.

This Information Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Information Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Information Memorandum.

The Managers (as defined herein under "*Selling Restrictions*") have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by the Issuer or the Managers to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Managers or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Managers that any recipient of this Information Memorandum or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Each Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

## **RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS**

The Notes discussed in this Information Memorandum are complex financial instruments and are not a suitable or an appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the “FCA”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “PI Instrument”).

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “PI Rules”), (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA and (ii) from 1 October 2015, there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the applicable PI Rules.

To the extent applicable, the Managers are required to comply with the applicable PI Rules. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

1. it is not a retail client in the EEA (as defined in the applicable PI Rules);
2. whether or not it is subject to the PI Rules, it will not (A) sell or offer the Notes (or any beneficial interests therein) to retail clients in the EEA or (B) communicate (including the distribution of this Information Memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (within the meaning of the PI Rules), in any such case other than (i) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (“MiFID”) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

## **STABILISATION**

In connection with the issue of the Notes, Credit Suisse Securities (Europe) Limited (the “**Stabilising Manager**”) (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

**EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS INFORMATION MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL, OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND THE ISSUER AND THE MANAGERS SHALL NOT HAVE ANY RESPONSIBILITY THEREFOR.**

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Notes covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence under the laws of the United States.

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

Any dispute which might arise under the Notes shall fall within the exclusive jurisdiction of the Courts of Zurich, Switzerland. Furthermore, the Issuer is a corporation organised under the laws of Switzerland. Most of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Switzerland upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Switzerland predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Swiss law, including any judgment predicated upon United States federal securities laws.

## **WARNING**

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Managers represent that this Information

Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States, the United Kingdom, Japan and the Republic of Italy, see “*Selling Restrictions*”.

All references in this document to “**U.S. dollars**”, “**USD**”, “**U.S.\$**” and “**\$**” refer to United States dollars and to “**CHF**” refer to Swiss francs. In addition, all references to “**euro**” and “**EUR**” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

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## SUMMARY

*This summary must be read as an introduction to this Information Memorandum and any decision to invest in the Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated herein by reference.*

*Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings when used in this summary.*

<b>Issuer</b>	Credit Suisse Group AG. Credit Suisse Group AG (together with its consolidated subsidiaries, the “Group”) is a global financial services company domiciled in Switzerland.
<b>Notes</b>	U.S.\$1,500,000,000 7.125 per cent. Perpetual Tier 1 Contingent Convertible Capital Notes.
<b>Risk Factors</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. Certain of these factors are set out under “Risk Factors” below and include liquidity risks, market risks, credit risks, cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks, among others. In addition, there are certain factors which are material for the purpose of assessing the risks associated with the Notes. These include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of the Notes including that they are (i) subject to Conversion upon the occurrence of a Contingency Event or Viability Event, which will result in Holders being effectively further subordinated due to their conversion from being the holder of debt instruments to being the holder of Ordinary Shares, or (ii) in certain circumstances, a write-down, and consequently result in an enhanced risk that Holders will lose all or some of their investment in the Notes.
<b>Sole Book-Running Manager</b>	Credit Suisse Securities (Europe) Limited.
<b>Joint Lead Managers</b>	Banco Santander, S.A. Commerzbank Aktiengesellschaft Danske Bank A/S ING Bank N.V. RBC Europe Limited Société Générale The Toronto-Dominion Bank UniCredit Bank AG Wells Fargo Securities, LLC
<b>Co-Managers</b>	ABN AMRO Bank N.V. Australia and New Zealand Banking Group Limited Bank of Montreal, London Branch BNP Paribas

	<p>CIBC World Markets plc</p> <p>Coöperatieve Rabobank U.A.</p> <p>Crédit Agricole Corporate and Investment Bank</p> <p>Deutsche Bank AG, London Branch</p> <p>Morgan Stanley &amp; Co. International plc</p> <p>National Australia Bank Limited (ABN 12 004 044 937)</p> <p>Natixis</p> <p>Nordea Bank AB (publ)</p> <p>Scotiabank Europe plc</p> <p>The Royal Bank of Scotland plc (trading as NatWest Markets)</p> <p>Credit Suisse AG</p>
<b>Principal Paying and Conversion Agent and Swiss Listing Agent</b>	
<b>Currency</b>	United States dollars.
<b>Maturity Date</b>	<p>The Notes are perpetual securities and have no fixed or final redemption date. Unless previously redeemed or purchased and cancelled, and provided that no Contingency Event or Viability Event has occurred, and subject to the satisfaction of certain conditions described herein and to applicable law, the Notes may be redeemed at the option of the Issuer on the First Optional Redemption Date or on any Reset Date thereafter, in whole but not in part, at their principal amount plus accrued but unpaid interest thereon.</p>
<b>Issue Price</b>	100 per cent.
<b>Form of Notes</b>	<p>The Notes will be issued as uncertificated securities (<i>Wertrechte</i>) in accordance with article 973c of the Swiss Code of Obligations. Such uncertificated securities will then be entered by the Principal Paying and Conversion Agent into the main register (<i>Hauptregister</i>) of SIX SIS Ltd. or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the “<b>Intermediary</b>”). Once the uncertificated securities (<i>Wertrechte</i>) are registered in the main register (<i>Hauptregister</i>) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (<i>Bucheffekten</i>) (“<b>Intermediated Securities</b>”) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (<i>Bucheffektengesetz</i>).</p>
<b>Denominations</b>	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
<b>Interest and Interest Payment Dates</b>	<p>The Notes will bear interest at an initial rate of 7.125 per cent. per annum from (and including) the Issue Date to (but excluding) the First Optional Redemption Date, payable semi-annually in arrear on 29 January and 29 July, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 5.108 per cent., payable semi-annually in arrear on 29 January and 29 July in each year. There will be a short first Interest Period. The first payment of interest will be made on 29 July 2017 in respect of the period from (and including) the Issue Date to (but excluding)</p>



**Discretionary Interest  
Payments**

such Interest Payment Date.

Payments of interest will be made at the sole discretion of the Issuer and may be subject to mandatory cancellation, as more particularly described herein under “*Terms and Conditions of the Notes – Interest Calculations – Cancellation of Interest; Prohibited Interest*”.

Any interest not paid on any relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a winding-up, dissolution or liquidation of the Issuer or otherwise.

**Status of the Notes**

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of Holders are subordinated as described in “*Terms and Conditions of the Notes – Subordination of the Notes*”.

In the event of an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer, subject to certain exceptions as described herein under “*Terms and Conditions of the Notes – Subordination of the Notes – Subordination*”, prior to the occurrence of a Contingency Event or a Viability Event, the claims of Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank (i) junior to all claims of Priority Creditors, (ii) *pari passu* with Parity Obligations and (iii) senior to the rights and claims of all holders of Junior Capital.

“**Junior Capital**” means (i) all classes of paid-in capital in relation to shares (and participation certificates, if any) of the Issuer and (ii) all other obligations of the Issuer which rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation;

“**Parity Obligations**” means (i) all obligations of the Issuer in respect of CSG Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes) and (ii) any other securities or obligations (including any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with the obligations of the Issuer under the Notes and/or any other Parity Obligation; and

“**Priority Creditors**” means creditors of the Issuer whose claims are in respect of debt and other obligations (including those in respect of bonds, notes, debentures and guarantees) which are unsubordinated, or which are subordinated (including, but not limited to, CSG Tier 2 Instruments) and which do not, or are not expressly stated to, rank *pari passu* with, or junior to, the obligations of the Issuer under the Notes and/or any Parity Obligation.

Following the occurrence of a Contingency Event or a Viability Event and an announcement that the Issuer is unable to create and issue the Ordinary Shares so as to fulfil the provisions of Conversion set forth in “*Terms and Conditions of the Notes – Conversion*”, the claims of the Holders will convert to a monetary claim to participate in the liquidation proceeds of the

**Redemption, Substitution  
or Variation**

Issuer with a claim per Note for a sum equal to that which holders of the number of Ordinary Shares into which such Notes should have been converted at the then applicable Conversion Price would receive out of the liquidation proceeds of the Issuer.

Unless previously redeemed or purchased and cancelled, and provided that a Contingency Event or Viability Event has not occurred on or prior to the applicable date fixed for redemption and subject to certain conditions as described herein under “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”, the Notes will be redeemable at the option of the Issuer, in whole but not in part, upon giving not less than 30 nor more than 60 days’ notice to Holders notifying the date fixed for redemption, in the following circumstances:

- (i) at their Optional Redemption Amount plus accrued but unpaid interest thereon, on the First Optional Redemption Date or on any Reset Date thereafter;
- (ii) at their Tax Event Redemption Amount plus accrued but unpaid interest thereon, if a Tax Event occurs; or
- (iii) at their Capital Event Redemption Amount plus accrued but unpaid interest thereon, if a Capital Event occurs.

If a Tax Event or a Capital Event has occurred and is continuing, the Issuer may, subject to certain conditions as described herein under “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”, at its option and without any requirement for the consent or approval of Holders (unless required by the mandatory provisions of Swiss law), either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that the Notes remain or, as appropriate, become, Compliant Securities (and provided such Tax Event or, as the case may be, Capital Event, no longer continues following, and no other Tax Event or Capital Event arises as a result of, such substitution or variation), as more particularly described in “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”.

A “**Tax Event**” will be deemed to have occurred if in making any payments on the Notes, the Issuer (i) has paid or will or would on the next payment date be required to pay Additional Amounts or (ii) has paid, or will or would be required to pay, any additional tax in respect of the Notes, as more fully described under “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”.

A “**Capital Event**” will be deemed to have occurred if a change in National Regulations and/or BIS Regulations occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be both (i) treated as Additional Tier 1 Capital under BIS Regulations and (ii) counted towards the Going Concern Requirement.

**Conversion**

If a Contingency Event or, prior to a Statutory Loss Absorption Date (if any), Viability Event occurs, and subject to the satisfaction of certain conditions and the provisions relating to Takeover Events (each as described in “*Terms and Conditions of the Notes – Conversion*”), the Notes shall be

mandatorily converted into Ordinary Shares to be delivered to the Settlement Shares Depository on behalf of the Holders, as more particularly described in “*Terms and Conditions of the Notes – Conversion*”. Receipt by the Settlement Shares Depository of the Settlement Shares and the payment in cash of any and all accrued but unpaid interest on such Notes, if any, from (and including) the Interest Payment Date immediately preceding the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice (or, if none, from the Issue Date) to (but excluding) the date on which the Contingency Event Notice or, as the case may be, the Viability Event Notice is published, shall be a good and complete discharge of the Issuer’s obligations in respect of the Notes. The Notes are not convertible into Ordinary Shares at the option of the Holders at any time.

#### **Contingency Event**

“**Contingency Event**” means that the Issuer has given a Contingency Event Notice. “**Contingency Event Notice**” means the notice that the Issuer shall give to the Holders which shall (i) state that, as at any Reporting Date, the CET1 Ratio contained in the relevant Financial Report is below the Threshold Ratio and that, with the giving of such notice, a Contingency Event has occurred and a Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) will take place; (ii) state (x) the Contingency Event Conversion Settlement Date (or, in the circumstances described in Condition 7(a)(viii), a Write-down Date) and, (y) except on the occurrence of a Takeover Event, the Conversion Price and details for the arrangement for the settlement of the Contingency Event Conversion, including whether or not there is to be a Settlement Shares Offer; and (iii) be given no later than the fifth Business Day after the date of publication of the relevant Financial Report.

No Contingency Event Notice shall be given, and no Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) in relation thereto shall be deemed to have occurred, if the Regulator, at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above the Threshold Ratio that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time (as described herein under “*Terms and Conditions of the Notes – Conversion upon a Contingency Event or a Viability Event*”).

#### **Viability Event**

“**Viability Event**” means that either:

- (i) the Regulator has notified CSG that it has determined that Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) of the Notes, together with the conversion or write-down/off of holders’ claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written-down/off at that time, is, because customary measures to improve CSG’s capital adequacy are at the time inadequate or

	<p>unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business; or</p> <p>(ii) customary measures to improve CSG’s capital adequacy being at the time inadequate or unfeasible, CSG has received an irrevocable commitment of extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG’s capital adequacy and without which, in the determination of the Regulator, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.</p>
<b>Conversion Price</b>	<p>The Notes will be converted into a number of Ordinary Shares determined by dividing the principal amount of each Note by the Conversion Price in effect on the relevant Conversion Date.</p> <p>“<b>Conversion Price</b>” means:</p> <p>(i) at any time when the Ordinary Shares are admitted to trading on a Recognised Stock Exchange, in respect of any Conversion Date, the greatest of: (a) the Reference Market Price of an Ordinary Share on the fifth Zurich Business Day prior to the date of the relevant Contingency Event Notice or, as the case may be, the Viability Event Notice translated, if necessary, into the Specified Currency at the Exchange Rate; (b) the Floor Price on the fifth Zurich Business Day prior to the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice; and (c) the nominal value of each Ordinary Share on the Share Creation Date (being, at the Issue Date, CHF 0.04) translated, if necessary, into the Specified Currency at the Adjusted Exchange Rate; or</p> <p>(ii) without prejudice to Condition 7(j), at any time when the Ordinary Shares are not admitted to trading on a Recognised Stock Exchange, the greater of (b) and (c) above.</p>
<b>Taxation</b>	<p>The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Notes, after withholding for any taxes imposed on the Issuer by tax authorities in Switzerland (or in any political subdivision thereof or therein having power to tax) upon payments made by or on behalf of the Issuer under the Notes will equal the amount which would have been received in the absence of any such withholding taxes, save in certain limited circumstances as more particularly set out in “<i>Terms and Conditions of the Notes — Taxation</i>”.</p>
<b>Events of Default</b>	<p>It will be an Event of Default if:</p> <p>(i) the Issuer fails to make any payment of principal in respect of the Notes for a period of 10 days or more after the date such payment is due, or the Issuer fails to make any payment of interest in respect of the Notes for a period of 30 days or more after the date on which such payment is due;</p> <p>(ii) an involuntary case or other proceedings are commenced against the Issuer, with respect to the Issuer or its debts under any bankruptcy,</p>

	<p>insolvency or other similar present or future law seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or for any substantial part of the property and assets of the Issuer, and such involuntary case or other proceedings shall remain undismissed and unstayed for a period of 60 days, except that the issuance of a writ of payment (<i>Zahlungsbefehl</i>) under the Swiss debt enforcement and bankruptcy laws shall not constitute such involuntary case or proceeding for the purpose of Condition 12(a); or an order for relief is entered against the Issuer for the purpose of Condition 12(a); or an order for relief is entered against the Issuer under any bankruptcy, insolvency or other similar law now or hereafter in effect; or</p> <p>(iii) the Issuer (x) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (y) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer for all or substantially all of the property and assets of the Issuer; or (z) effects any general assignment for the benefit of creditors.</p> <p>Holders have limited enforcement remedies, as more particularly described in “<i>Terms and Conditions of the Notes — Events of Default</i>”.</p>
<b>Issuer Substitution</b>	<p>Holders will be deemed to have acknowledged, and explicitly consented to, the fact that the Issuer may at any time, at the discretion of the Issuer and without any requirement for the further consent of Holders, be substituted as Issuer by another entity, provided certain conditions (including the giving by CSG of a subordinated guarantee) are satisfied, as more particularly described in “<i>Terms and Conditions of the Notes — Meetings of Holders, Modification and Substitution — Issuer Substitution</i>”.</p>
<b>Use of Proceeds</b>	<p>The net proceeds from the Notes, amounting to U.S.\$1,477,500,000, will be used by the Issuer for its general corporate purposes, which could include investments in its subsidiaries.</p>
<b>Expected Rating</b>	<p>The Notes are expected upon issue to be rated BB by Fitch and BB- by Standard &amp; Poor’s. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the assigning rating agency.</p>
<b>Listing and Admission to trading</b>	<p>Application will be made to the SIX Swiss Exchange for listing of the Notes. The Notes are expected to be provisionally admitted to trading on the SIX Swiss Exchange from 30 January 2017. The last trading day is expected to be the second dealing day prior to the date on which the Notes are fully redeemed or the Conversion Date, as applicable, in accordance with the Terms and Conditions of the Notes.</p>
<b>Clearing Systems</b>	<p>The Notes shall be accepted for clearing through the systems operated by SIX SIS Ltd, Euroclear, Clearstream, Luxembourg or any clearing system, and Holders will have to rely on their procedures for transfers of, and payments on, the Notes and communications with the Issuer.</p>

<b>Governing Law</b>	Swiss law.
<b>Jurisdiction</b>	<p>Upon an Event of Default under the Notes, Holders will have only limited enforcement remedies in the case of enforcing payment of sums due.</p> <p>Following an Event of Default and non-payment of the relevant sums due within a statutory period following the issue of a writ of payment as required by Swiss insolvency laws, Holders may only institute proceedings against CSG in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws.</p>
<b>Selling Restrictions</b>	The Notes are subject to restrictions on their offering, sale and delivery both generally and specifically in the United States, the United Kingdom, Japan and the Republic of Italy. These restrictions are described under “ <i>Selling Restrictions</i> ”.
<b>Regulation S</b>	Offers and sales in accordance with Regulation S under the Securities Act will be permitted, subject to compliance with all relevant, legal and regulatory requirements of the United States.
<b>Security Codes</b>	<p>ISIN: CH0352765157</p> <p>Common code: 154936084</p> <p>Swiss Security Number: 35276515</p>

## RISK FACTORS

*Investing in the Notes involves risk, including the risk that the Notes will be converted into Ordinary Shares. Investors should reach their own investment decision with regard to the Notes only after consultation with their own financial and legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under, and may affect the likelihood of an occurrence of the conversion of, the Notes into Ordinary Shares.*

*In addition, certain factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or a Contingency Event or a Viability Event triggering a Conversion may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently anticipate. Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Notes. The information is not intended to be an exhaustive list of all potential risks associated with an investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.*

*Capitalised terms used in this section but not defined herein shall have the meanings assigned to them elsewhere in this Information Memorandum.*

### **Factors which are material for the purpose of assessing an investment in the Notes**

***The likelihood of an occurrence of a Conversion of the Notes into Ordinary Shares is material for the purpose of assessing an investment in the Notes. The Notes may be subject to a Conversion and upon the occurrence of such an event Holders will be further subordinated and subject to an enhanced risk that they will lose all or some of their investment in the Notes.***

Upon the occurrence of a Contingency Event or a Viability Event, as the case may be, a Conversion will occur and the Notes will be mandatorily converted, in whole and not in part, into Ordinary Shares. As a result, each Holder will be effectively further subordinated due to their conversion from being the holder of debt instruments to being the holder of Ordinary Shares and there is an enhanced risk that Holders will lose all or some of their investment in the Notes. On the Conversion Date, (i) the Notes will be mandatorily converted, in whole and not in part, into Ordinary Shares to be delivered to the Settlement Shares Depositary on behalf of the Holders and (ii) the Issuer will pay interest on such Notes if and to the extent accrued and unpaid from (and including) the Interest Payment Date immediately preceding the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice (or, if none, from the Issue Date) to (but excluding) the date on which the Contingency Event Notice or, as the case may be, the Viability Event Notice is published. The performance by the Issuer of (i) and (ii) above will constitute good and complete discharge of the Issuer's obligations in respect of the Notes.

A Conversion will occur if at any time while the Notes are outstanding, a Contingency Event or Viability Event occurs.

A Contingency Event will occur if the Issuer or, following any substitution under Condition 13(d) of the Terms and Conditions of the Notes, the Substitute Issuer or CSG gives Holders a Contingency Event Notice. A Contingency Event Notice shall be required to be given if the CET1 Ratio, calculated as of any

Reporting Date, falls below 7.00 per cent., unless the Regulator, at the request of CSG, agrees that a Conversion should not occur – for more information, see “*Terms and Conditions of the Notes — Conversion — Conversion upon a Contingency Event or a Viability Event*”.

A Viability Event will occur if, prior to a Statutory Loss Absorption Date (if any), the Regulator makes the determination that the circumstances described in paragraph (A) or paragraph (B) of the definition of “Viability Event” has occurred – for more information, see “*Terms and Conditions of the Notes — Conversion — Conversion upon a Contingency Event or a Viability Event*”. Any such event could occur before formal insolvency proceedings would be commenced in respect of CSG.

Investors should understand that the determination of whether a Contingency Event or a Viability Event has occurred will be made on the basis of the CET1 Ratio calculated by CSG with respect to the Group and other circumstances relating to CSG. For more information on CSG, see “*Credit Suisse Group AG*” below, and for more information on the possibility of the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”) having increased authority in case of resolution proceedings involving banks, and bank holding companies in Switzerland, see “*Risk Factors — Legal and regulatory risks — Regulatory changes may adversely affect CSG’s business and ability to execute its strategic plans*”.

Investors should note that, as at the date hereof, the agreed-upon procedures referred to in the definition of Interim Capital Report in Condition 18 will be provided solely for the exclusive use of FINMA and cannot be relied upon by any person other than FINMA without the written consent of the Auditor.

Each Holder and beneficial owner of a Note agrees, by accepting a direct or beneficial interest in such Note, to be bound by and consents to the application of the Conversion.

***The circumstances triggering Conversion of the Notes are unpredictable. Future regulatory or accounting changes to the calculation of the CET1 Amount and/or RWA Amount may negatively affect the CET1 Ratio and thus increase the risk of a Contingency Event, which will lead to a Conversion, as a result of which Holders will be further subordinated and subject to an enhanced risk that they will lose all or some of their investment in the Notes.***

The occurrence of a Contingency Event or Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer’s control.

The occurrence of a Contingency Event depends, in part, on the calculation of the CET1 Ratio, which can be affected, among other things, by the growth of CSG’s business and its future earnings; expected dividend payments by CSG; regulatory changes (including possible changes in regulatory capital definitions and calculations) and CSG’s ability to mitigate risk weighted assets (“**RWAs**”) in exit businesses, structured products, emerging markets and derivatives. The calculation may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments modifying the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules or the related changes to regulatory adjustments are not applicable as of the relevant calculation date, the Regulator could require CSG to reflect such changes in any particular calculation of the CET1 Ratio. Those accounting changes or regulatory changes may have a material adverse impact on the calculation of the CET1 Amount and RWA Amount used to calculate the CET1 Ratio. Moreover, pursuant to the Capital Adequacy Ordinance, CSG is permitted, insofar as its going concern capital requirements are met, and in line with international requirements, to allocate capital, including Common Equity Tier 1 Capital, to Gone Concern Capital. If it were to choose to do so, any such Common Equity Tier 1 Capital would no longer be included in the CET1 Ratio and the CET1 Ratio would be reduced accordingly. Any such re-allocation could make the occurrence of a Contingency Event more likely and would not be subject to any approval or consent by Holders or any beneficial owner of a Note. Furthermore, although CSG reports the CET1 Ratio only as of each quarterly period end, the Regulator as part of its supervisory activity may instruct CSG to calculate the CET1 Ratio as of any date during such periods. The CET1 Ratio and other capital metrics fluctuate during any reporting



period in the ordinary course of business. A Contingency Event could, therefore, occur at any time if the CET1 Ratio as of any such date is below 7.00 per cent. For additional information on CSG's capital ratios and the relevant regulatory framework including expected effects of the phase-in requirements on the calculation of the CET1 Ratio, see "*Information Regarding the CET1 Ratio and Swiss Capital Ratios*" below.

Furthermore, regulatory changes that may occur which effect the basis of CSG's calculation of the CET1 Ratio subsequent to the date of this Information Memorandum may individually or in the aggregate negatively affect the CET1 Ratio and thus increase the risk of Conversion, as a result of which Holders will be further subordinated and subject to an enhanced risk that they will lose all or some of their investment in the Notes and have no further rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest on the Notes for any period from the date of the relevant Contingency Event Notice or Viability Event Notice, as the case may be.

The occurrence of a Viability Event, and a Conversion resulting therefrom, is subject to, *inter alia*, a subjective determination by the Regulator as more particularly described below and in "*Terms and Conditions of the Notes — Conversion upon a Contingency Event or a Viability Event*". As a result, the Regulator may require and/or the federal government may take actions contributing to the occurrence of a Conversion in circumstances that are beyond the control of CSG and with which CSG does not agree.

The Regulator may notify CSG that it has determined that Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) of the Notes, together with the conversion or write-down/off of holders' claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written-down/off at that time, is, because customary measures to improve CSG's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business. Additionally, if measures to improve CSG's capital adequacy are at the time inadequate or unfeasible and if CSG has received an irrevocable commitment of extraordinary support from the federal or central government or central bank in CSG's country of incorporation (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG's capital adequacy, the Regulator may determine that, without such irrevocable commitment, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business. Such a notification or determination by the Regulator will constitute a Viability Event.

Because of the inherent uncertainty regarding the determination as to whether a Contingency Event or a Viability Event has occurred, it will be difficult to predict when, if at all, a Conversion will occur. Accordingly, trading behaviour in respect of the Notes is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that CSG is trending towards a condition that could trigger a Contingency Event or a Viability Event can be expected to have a material adverse effect on the market price of the Notes.

As more fully described in Condition 7(a)(vii) and (viii) in relation to a Takeover Event, the Notes will not convert into Ordinary Shares but, instead, will convert into Approved Entity Shares in the case of a Qualifying Takeover Event and shall be written-down to zero in the case of a Non-Qualifying Takeover Event.

***Payments of interest are discretionary.***

Payment of interest on any Interest Payment Date is at the discretion of the Issuer. The Issuer may elect not to pay interest, in whole or in part, on any Interest Payment Date. The Issuer may make such election for any reason. The Issuer will be obliged to cancel interest payments in the circumstances described in "*Terms and Conditions of the Notes – Interest Calculations – Cancellation of Interest; Prohibited Interest*".

Any interest which is not paid on the applicable Interest Payment Date shall not accumulate or be payable at any time thereafter and holders shall have no right thereto. Thus, any interest not paid as a result of these restrictions will be lost and the Issuer will have no obligation to make payment of such interest or to pay interest thereon.

Furthermore, if the Issuer is prohibited from making interest payments or exercises its discretion not to pay interest on any Interest Payment Date, the Issuer will not be restricted from making distributions or any other payments to the holders of any securities ranking *pari passu* with the Notes.

See “*Terms and Conditions of the Notes—Interest Calculations*”.

***Other regulatory capital instruments may not be subject to conversion or write-down.***

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date hereof by CSG or any of its Subsidiaries may vary and accordingly such instruments may not convert into Ordinary Shares or be written-down at the same time, or to the same extent, as the Notes, or at all.

***The Notes are a novel form of security and may not be a suitable investment for all investors.***

The Notes are a novel form of security. As a result, an investment in the Notes and the Ordinary Shares issuable upon conversion of the Notes will involve certain increased risks. Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes, such as the provisions governing a Contingency Event, particularly the calculation of the CSG’s capital ratios (including the CET1 Ratio, the CET1 Amount and the RWA Amount) and the Threshold Ratio, or a Viability Event, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Contingency Event or Viability Event occurring; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, the conversion of Notes into Ordinary Shares, or write-down, where applicable, and its ability to bear the applicable risks.

The Notes are novel and complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of conversion, or a write-down, where applicable, and the value of the Notes, and the impact this investment will have on the potential investor’s overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of

their own financial circumstances and investment objectives, all the information contained in this Information Memorandum or incorporated by reference herein.

***The Notes are subject to the provisions of the laws of Switzerland, which may change and have a material adverse effect on the terms and market value of the Notes.***

The Terms and Conditions of the Notes are based on Swiss law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law or administrative practice after the date of this Information Memorandum.

Changes in the laws of Switzerland after the date hereof may also affect the rights and effective remedies of Holders as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on investment in the Notes.

In particular, any amendment of the Swiss Banking Act or any amendment or implementation of an implementing ordinance in respect of the provisions in the Swiss Banking Act could impact the calculation of the CET1 Ratio, the CET1 Amount and the RWA Amount. Because the occurrence of a Contingency Event depends, in part, on the calculation of the CET1 Ratio, any change in Swiss law that could affect the calculation of the CET1 Ratio could also affect the determination of whether a Contingency Event has occurred. This uncertainty relates to one of the principal terms of the Notes and any uncertainty regarding this term can be expected to have an adverse effect on the market value of the Notes.

Furthermore, on 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. If respective legislation were enacted by Switzerland a paying agent in Switzerland may be required to deduct Swiss withholding tax on payments of interest in respect of a Note to certain Holders. This may have an adverse effect on investment in the Notes. For more information, see “*Risk Factors — Potential changes in Swiss withholding tax legislation*” below.

In addition, any change in the National Regulations and/or BIS Regulations that occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be treated as both Going Concern Capital under National Regulations and Additional Tier 1 Capital under BIS Regulations, would trigger a Capital Event, and any change under the laws or regulations of Switzerland, including any treaty to which Switzerland is a party, or any change in the generally published application or interpretation of such laws, including a decision of any court or tribunal or any relevant tax authority, that would cause the Issuer to have to pay Additional Amounts under the Notes would trigger a Tax Event, at which time the Issuer has the option, subject to certain conditions (a) to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities, or (b) to redeem the Notes in whole but not in part. In any such case, the Notes could cease to be outstanding, which could materially and adversely affect investors and frustrate investment strategies and goals.

In addition, such legislative and regulatory uncertainty could affect an investor’s ability accurately to value the Notes and therefore affect the trading price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes, including the ones described above.

***In certain instances the Issuer could substitute or vary the terms of the Notes and Holders may be bound by certain other amendments to the Notes to which they did not consent.***

If at any time a Capital Event or a Tax Event occurs and is continuing, in addition to its option to redeem the Notes, the Issuer has the option, without the need for any consent of Holders (unless then so required by the mandatory provisions of Swiss law), to substitute all (but not some only) of the Notes for, or

vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities, as described under “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”. While the Issuer cannot so substitute the Notes for securities that have, or so vary the terms of the Notes so that they have, economic terms materially less favourable to a Holder than the terms of the Notes, no assurance can be given as to whether any such substitution or variation will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes.

In addition, the Notes are subject to statutory provisions of Swiss law allowing for the calling of meetings of Holders to consider matters affecting their interests. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Pursuant to the mandatory provisions of Swiss law currently in effect, (i) the Issuer will be required to provide Holders with at least ten days’ notice of any meeting of Holders, (ii) the Issuer will be required to call a meeting of Holders within 20 days if it is requested to do so by Holders holding Notes in an aggregate principal amount that represents at least one-twentieth of the outstanding aggregate principal amount of the Notes, and (iii) only Holders or their proxies will be entitled to attend, or vote at, a meeting of Holders.

In addition, the requirements under Swiss law currently in effect regarding the approval by Holders of amendments to the Terms and Conditions of the Notes will depend on the type of amendment. Pursuant to article 1170 of the Swiss Code of Obligations, the consent of Holders representing at least two-thirds of the outstanding aggregate principal amount of the Notes is required for any resolution limiting Holders’ rights under the Terms and Conditions of the Notes (such as a moratorium on interest or capital and certain amendments to the interest provisions). In addition, in order to become effective and binding on the non-consenting Holders, any such resolution must be approved by the competent superior cantonal composition court. In the case of resolutions that do not limit Holders’ rights under the Terms and Conditions of the Notes, pursuant to article 1181 of the Swiss Code of Obligations, an absolute majority of the votes represented at a meeting of Holders is sufficient to approve any such resolution, unless article 1170 of the Swiss Code of Obligations or the Terms and Conditions of the Notes provide for more stringent requirements.

***Holders will bear the risk of fluctuations in the CET1 Ratio.***

The market price of the Notes is expected to be affected by fluctuations in the CET1 Ratio. Fluctuations in the CET1 Ratio may be caused by changes in the CET1 Amount and/or the RWA Amount (each of which shall be calculated by CSG on a consolidated basis), as well as changes to their respective definitions under relevant capital adequacy standards and guidelines. Any indication that the CET1 Ratio is trending towards a Contingency Event can be expected to have a material adverse effect on the market price of the Notes.

***The interest rate on the Notes will reset on the First Optional Redemption Date, which can be expected to affect the market value of the Notes.***

The Notes will initially bear interest from and including the Issue Date to (but excluding) the First Optional Redemption Date (each as defined under “*Terms and Conditions of the Notes—Part B*”) at an initial rate of 7.125 per cent. per annum payable semi-annually in arrear, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 5.108 per cent., payable semi-annually in arrear on 29 January and 29 July in each year. This reset rate could be less than 7.125 per cent. and could therefore adversely affect the market value of an investment in the Notes.

***The Notes are perpetual securities.***

The Notes are perpetual securities, which means they have no scheduled repayment date. The Issuer is under no obligation to redeem the Notes at any time before the date on which voluntary or involuntary

liquidation proceedings are instituted in respect of the Issuer (should such proceedings ever be instituted). Holders will have no right to call for their redemption.

***The Issuer may, in its sole discretion, elect to redeem the Notes early on the First Optional Redemption Date or on any Reset Date or upon the occurrence of certain events.***

The Notes may be redeemed early, subject to the conditions described under “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*” (including the approval of the Regulator, which is subject to, among others, the remaining regulatory capital following such redemption still satisfying the Swiss requirements or the issuance of a sufficient amount of regulatory capital that is at least equivalent to the regulatory capital being redeemed), in the Issuer’s sole discretion, in whole but not in part, at their principal amount, in each case together with accrued but unpaid interest, in certain circumstances including, on the First Optional Redemption Date or on any Reset Date thereafter, and at any time upon the occurrence of a Tax Event or a Capital Event. The Notes may not be repurchased or redeemed by CSG at the option of the Holder.

CSG may be expected to exercise its right to redeem all or part of the Notes when its cost of alternative borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider whether and how to reinvest the proceeds of such redemption in light of other investments available at that time. There can be no assurance that Holders will be able to reinvest the redemption proceeds at a rate that will provide the same rate of return as their investment in the Notes.

In addition, the early redemption feature of the Notes is likely to affect their market value. During any period when the Issuer has the right to elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

There is no requirement to redeem the Notes or any other capital instruments of the Group on a *pro rata* basis upon the occurrence of any event giving the Issuer the right to redeem the Notes early. Also, upon the occurrence of any event giving the Issuer the right to redeem the Notes early, the Issuer or any other member of the Group, as applicable, may, instead of redeeming the Notes, choose to redeem other outstanding capital instruments if the terms of those capital instruments so provide, leaving Holders subject to the risk of a Conversion while other investors are redeemed at par or other advantageous prices.

For further information, please see “*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*”.

***The obligations of the Issuer under the Notes are subordinated.***

In the event of the liquidation, dissolution or winding-up of CSG prior to the Conversion having occurred, the rights and claims of Holders against CSG in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank junior to all claims of Priority Creditors, *pari passu* with Parity Obligations and senior to the rights and claims of all holders of Junior Capital.

Therefore, if CSG were liquidated, dissolved or wound-up, CSG’s liquidator would first apply assets of CSG to satisfy all claims of Priority Creditors. If CSG does not have sufficient assets to settle claims of Priority Creditors in full, the claims of Holders will not be settled and, as a result, Holders may lose the entire amount of their investment in the Notes. The Notes will share equally in payment with the subordinated obligations of CSG in respect of CSG Tier 1 Instruments, or Parity Obligations, if CSG does not have sufficient funds to make full payments on all of them. In such a situation, Holders could lose all or part of their investment.

Additionally, since 1 January 2016, under certain circumstances, FINMA has the power to open restructuring proceedings with respect to CSG under Swiss banking laws (see “*Risk Factors — Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations*” below), and could convert the Notes into equity or cancel the Notes, in each case, in whole or in part. Holders should be aware that, in the case of any such conversion into equity, FINMA would follow the order of priority set out under Swiss banking laws, which means, among other things, that the Notes would have to be converted prior to the conversion of any of CSG’s subordinated debt that does not qualify as regulatory capital with a contractual write-down or conversion feature. Furthermore, in the case of any such cancellation, FINMA may not be required to follow any order of priority, which means, among other things, that the Notes could be cancelled in whole or in part prior to the cancellation of any or all of CSG’s equity capital.

In addition, if the Notes are converted into Ordinary Shares following a Contingency Event or a Viability Event, each Holder will be effectively further subordinated due to their conversion from being the holder of debt instruments to being the holder of Ordinary Shares and there is an enhanced risk that Holders will lose all or some of their investment in the Notes, and will not have any rights against CSG with respect to repayment of the principal amount of the Notes (whether or not such principal amount has become due) or the payment of interest on such Notes (or any related Additional Amounts) for any period prior to (and excluding) the most recent Interest Payment Date and from (and including) the date of the relevant Contingency Event Notice or, as the case may be, Viability Event Notice, irrespective of whether CSG has sufficient assets available to settle the claims of Holders under the Notes or other securities subordinated to the same or greater extent than the Notes, in liquidation, dissolution or winding-up proceedings or otherwise. As a result, even if other notes that rank *pari passu* with or junior to the Notes are paid in full, if the liquidation, dissolution or winding-up of CSG occurs after the Conversion, Holders will receive only the Accrued Interest (and any related Additional Amounts) that had accrued prior to the date of the relevant Contingency Event Notice or, as the case may be, Viability Event Notice, and any liquidation proceeds as shareholders, subject to any write-down and/or conversion into equity of CSG by FINMA during restructuring proceedings with respect to CSG preceding any such liquidation, dissolution or winding-up proceedings (see “*Risk Factors — Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations*” below). Moreover, if any Non-Qualifying Takeover Event occurs prior to the occurrence of a Contingency Event or Viability Event and prior to the liquidation, dissolution or winding-up of CSG, the full principal amount of the Notes will be automatically and permanently written-down to zero on any Write-down Date and, as a result, each Holder will lose its entire investment in the Notes.

***There are limited remedies available under the Notes.***

In accordance with the Basel III requirements for additional tier 1 instruments, and as more particularly described in “*Terms and Conditions of the Notes — Events of Default*”, the Notes contain limited Events of Default, confined to non-payment of sums due on the Notes for specified periods and the commencement of proceedings for the winding up, dissolution or liquidation of CSG or, *inter alia*, the taking of certain proceedings under Swiss bankruptcy and insolvency laws in relation to CSG.

Upon an Event of Default, Holders have only limited enforcement remedies. In the case of enforcing payment of sums due, Holders are limited to the institution of proceedings in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws. Following an Event of Default and non-payment of the relevant sums due within a statutory period following the issue of a writ of payment as required by Swiss insolvency laws, Holders may only institute proceedings against CSG in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws.

Furthermore, even in the event of the liquidation, dissolution or winding-up of CSG, if a Conversion occurs before such event, the claim that a Holder could submit in the relevant proceedings would be limited to the amount of any Accrued Interest (and any related unpaid Additional Amounts) that had accrued prior to the date of the relevant Contingency Event Notice or, as the case may be, Viability Event Notice, subject to any

write-down and/or conversion into equity of CSG by FINMA during restructuring proceedings with respect to CSG preceding any such liquidation, dissolution or winding-up proceedings (see “*Risk Factors — Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations*” below). There is no restriction on the amount or type of further securities or indebtedness which CSG may issue.

There is no restriction on the amount or type of further securities or indebtedness which CSG may issue, incur or guarantee, as the case may be, which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such further securities or indebtedness may limit the ability of CSG to meet its respective obligations under the Notes.

***Holders will bear the risk of fluctuation in the value of CSG Ordinary Shares.***

Upon the occurrence of a Contingency Event or, prior to a Statutory Loss Absorption Date (if any), a Viability Event, the Notes will, subject to write-down in the circumstances described in Condition 7(a)(viii), be mandatorily converted into Ordinary Shares. Because a Contingency Event will occur when CSG’s capital ratios will have deteriorated significantly and a Viability Event will occur when CSG’s chances of continuing as a going concern will have deteriorated significantly, the Contingency Event or Viability Event will likely be accompanied by a prior deterioration in the market price of the Ordinary Shares, which may be expected to continue after declaration of the Contingency Event or Viability Event. Therefore, if there were a Contingency Event or Viability Event, the Reference Market Price may be below the Floor Price and investors would receive Ordinary Shares at a time when both the conversion ratio and the market price of the Ordinary Shares are diminished. In addition, there may be a delay in a Holder receiving its Ordinary Shares following a Contingency Event or Viability Event, during which time the market price of the Ordinary Shares may further decline. Therefore, the value of the Ordinary Shares received upon a Contingency Event or Viability Event could be substantially lower than the price paid for the Notes at the time of their purchase. As a result, an investor in the Notes faces almost the same risk of loss as an investor in the Ordinary Shares since the investor will receive Ordinary Shares only in case of a Contingency Event or Viability Event.

***Holders have limited anti-dilution protection.***

The number of Ordinary Shares deliverable upon conversion of a Note will be the principal amount thereof divided by the Conversion Price in effect on the relevant Conversion Date. The Conversion Price will be (i) at any time when the Ordinary Shares are admitted to trading on a Recognised Stock Exchange, in respect of any Conversion Date, the greatest of: (a) the Reference Market Price of an Ordinary Share on the fifth Zurich Business Day prior to the date of the relevant Contingency Event Notice or, as the case may be, the Viability Event Notice translated, if necessary, into the Specified Currency at the Exchange Rate; (b) the Floor Price on the fifth Zurich Business Day prior to the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice; and (c) the nominal value of each Ordinary Share on the Share Creation Date (being, at the Issue Date, CHF 0.04) translated, if necessary, into the Specified Currency at the Adjusted Exchange Rate, or (ii) without prejudice to Condition 7(j) of the Notes, at any time when the Ordinary Shares are not admitted to trading on a Recognised Stock Exchange, the greater of (b) and (c) above.

The Floor Price will be adjusted if there is a consolidation, reclassification or subdivision of the Ordinary Shares, bonus issue, Extraordinary Dividend, rights issue or certain other adjustments which affect the Ordinary Shares, but only in the situations and to the extent provided in “*Terms and Conditions of the Notes — Conversion — Adjustments to the Floor Price*”). There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares or that, if a Holder of the Notes were to have held the Ordinary Shares at the time of such adjustment, such Holder would not have benefited to a greater extent.

Accordingly, events in respect of which no adjustment to the Floor Price is made may adversely affect the value of the Notes.

***Holders may receive cash instead of Ordinary Shares upon a Contingency Event or Viability Event.***

Holders may not receive Ordinary Shares upon a Contingency Event because the Issuer may elect, in its sole and absolute discretion, to appoint a Settlement Shares Offer Agent, acting on behalf, and for the accounts, of the Holders, to conduct a Settlement Shares Offer of the Ordinary Shares. If a Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the 5th Business Day after the end of the Offer Settlement Period, in respect of each Ordinary Share to which they were otherwise entitled, cash proceeds received from the Settlement Shares Offer in an amount equal to the Conversion Price. If the Settlement Shares Offer is only partially subscribed, Holders shall in aggregate be entitled to receive on a *pro rata* basis (a) cash proceeds received from such Settlement Shares Offer in an amount equal to the Conversion Price multiplied by the aggregate number of Ordinary Shares sold on the 5th Business Day after the end of the Offer Settlement Period from the Settlement Shares Offer Agent, pursuant to the agreement appointing the Settlement Shares Offer Agent, together with (b) the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer. Because, in the event of a Contingency Event, investors are likely to receive Ordinary Shares at a time when both the conversion ratio and the market price of the Ordinary Shares are diminished, the cash value of the Ordinary Shares received upon the sale could be substantially lower than the price paid for the Notes at the time of their purchase.

No interest or other compensation is payable for the delivery of cash sums or Ordinary Shares in the circumstances described above after the date of the relevant Contingency Event Notice or, as the case may be, Viability Event Notice.

Each Holder may, subject to certain conditions, deliver a Disposal Notice to the Paying and Conversion Agent requesting the Issuer to dispose of the Ordinary Shares otherwise to be delivered to such Holder. The Issuer may, in its sole and absolute discretion, elect to undertake such disposal.

***Receipt by the Settlement Shares Depository of the Ordinary Shares shall be good and complete discharge of the Issuer's obligations in respect of the Notes.***

Following a Contingency Event Conversion or a Viability Event Conversion, the relevant Ordinary Shares will be delivered by CSG to the Settlement Shares Depository. Receipt by the Settlement Shares Depository of the Ordinary Shares and the payment in cash of any and all accrued but unpaid interest on such Notes from (and including) the Interest Payment Date immediately preceding the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice (or, if none, from the Issue Date) to (but excluding) the date on which the Contingency Event Notice or, as the case may be, the Viability Event Notice is published, shall be a good and complete discharge of the Issuer's obligations in respect of the Notes and a Holder shall have recourse only to the Settlement Shares Depository for the transfer to it of the relevant Ordinary Shares by the Settlement Shares Depository and the payment to it of interest, if any. In no event will Holders be entitled to receive American Depositary Shares ("ADSs") upon conversion and a Holder may not be able to deposit the Ordinary Shares it receives upon conversion into the ADS deposit facility. The Issuer shall not have any liability for the performance of the obligations of the Settlement Shares Depository.

***Holders will not be entitled to any rights with respect to the Ordinary Shares, but will be subject to all changes made with respect to the Ordinary Shares.***

The exercise of voting rights and rights related thereto with respect to any Ordinary Shares is only possible after the Share Creation Date and the registration of the person entitled to the Ordinary Shares in CSG's share register as a shareholder with voting rights in accordance with the provisions of, and subject to the limitations provided in, the articles of association of CSG. Any pecuniary rights, in particular the entitlement to dividends and the ability to sell the Ordinary Shares in the open market, exist without any such registration in the share register.



***Holders may be obliged to make a take-over bid in case of a Contingency Event or Viability Event if they take delivery of Ordinary Shares.***

Upon the occurrence of a Contingency Event or Viability Event, Holders receiving Ordinary Shares may have to make a take-over bid addressed to the shareholders of CSG pursuant to the rules of the Federal Act on Financial Infrastructures and Market Conduct in Securities and Derivatives Trading (“FMIA”) if their aggregate holdings in CSG exceed 33 1/3 per cent. of the voting rights in CSG as a result of the mandatory conversion of the Notes into Ordinary Shares.

***Holders may be subject to disclosure obligations and/or may need approval by CSG’s Regulator.***

As the Notes are mandatorily convertible into Ordinary Shares in certain prescribed circumstances described herein, an investment in the Notes may result in Holders, upon conversion of their Notes into Ordinary Shares, having to comply with certain disclosure and/or approval requirements pursuant to the FMIA and/or the Swiss Banking Act (“**Swiss Banking Act**”). Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by Holders of substantial fines and/or suspension of voting rights associated with the Ordinary Shares. Each potential investor should consult its legal advisers as to the terms of the Notes (in particular as to conversion).

***Ordinary Shares to be delivered upon Conversion of the Notes will be delivered through SIX SIS AG (“SIS”) or any other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange Ltd. (“SIX Swiss Exchange”).***

Ordinary Shares to be delivered upon conversion of the Notes will be delivered in uncertificated form through the dematerialised securities trading system operated by SIX Swiss Exchange, known as SIS, unless at the relevant time the Ordinary Shares are not a participating security in SIS, in which case Ordinary Shares will be delivered in certificated form. Accordingly, in the event of Conversion of Notes into Ordinary Shares to be delivered in uncertificated form, Holders will need to have direct or indirect access to SIS in order to receive their Ordinary Shares.

***CSG has limited authority to issue the Ordinary Shares***

The Ordinary Shares to be delivered by the Issuer in the case of a Contingency Event or Viability Event will consist of new Ordinary Shares issued by CSG out of its conditional capital or conversion capital or authorised capital or a combination thereof. As of the date of this Information Memorandum, the Board of Directors of CSG has reserved and allocated a total of 116,000,000 Ordinary Shares that may be issued out of a combination of CSG’s conditional capital and conversion capital for purposes of delivering Ordinary Shares upon conversion of the Notes pursuant to the terms of the Notes, which number of Ordinary Shares would be sufficient if the Notes were to be converted at the Floor Price in effect on the Issue Date. However, Condition 7(e) of the terms of the Notes provides for the adjustment of the Floor Price upon the occurrence of various events. Currently, the authorisation of CSG to issue any additional Ordinary Shares that may be required to be delivered as a result of such adjustment is limited to approximately 134,900,000 (prior to utilization of the 116,000,000 mentioned above) Ordinary Shares. Accordingly, if any adjustment of the Floor Price were to occur that would result in a significantly higher number of Ordinary Shares to be delivered upon Conversion, the ability of CSG to deliver the additional Ordinary Shares required to be delivered as a result of such adjustment may be subject to further approval by the shareholders of CSG.

***There is no restriction on the amount or type of further securities or indebtedness which the Issuer may issue.***

There is no restriction on the amount or type of further securities or indebtedness which the Issuer may issue or incur which rank senior to, or *pari passu* with, the Notes. The issue of any such further securities or indebtedness may reduce the amount recoverable by Holders on a winding-up of the Issuer under the Notes and may limit the ability of the Issuer to meet its obligations under the Notes. In addition, the Notes do not

contain any restriction on the Issuer issuing securities that may have preferential rights to the Ordinary Shares or securities with similar, different or no Contingency Event or Viability Event provisions.

***Credit ratings may not reflect all risks. Changes to the credit ratings could affect the value of the Notes.***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. The Notes are expected upon issue to be rated BB by Fitch and BB- by Standard & Poor's. There can be no assurance that the methodology of these rating agencies will not evolve or that such ratings will not be suspended, reduced or withdrawn at any time by Fitch or Standard & Poor's. Further, such credit rating may be revised downwards in the event of a deterioration in the capital position or viability of CSG. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

***The investors will have to rely on the clearing system's procedures for transfer, payment, voting and communication with the Issuer.***

The Notes will be entered into the main register (*Hauptregister*) of SIX SIS Ltd and credited to the accounts of one or more participants of SIX SIS Ltd. The Notes will then constitute Intermediated Securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) and be cleared through the systems operated by SIX SIS Ltd, Euroclear, Clearstream, Luxembourg, or any clearing system, and Holders will have to rely on their procedures for transfers of, and payments on, the Notes and communications with the Issuer.

***The Notes are not covered by any government compensation or insurance scheme and do not have the benefit of any government guarantee.***

An investment in the Notes will not be covered by any compensation or insurance scheme of any government agency of Switzerland or any other jurisdiction and the Notes do not have the benefit of any government guarantee. The Notes are the obligations of CSG only and Holders must solely look to CSG for the performance of CSG's obligations under the Notes. In the event of the insolvency of CSG, a Holder may lose all or some of its investment in the Notes.

***CSG is a holding company and relies on its subsidiaries for all funds necessary to meet its financial obligations.***

CSG is a holding company and its subsidiaries conduct all of its operations and own all of its assets. CSG has no significant assets other than the partnership interests, stock and other equity interests in its subsidiaries. CSG's subsidiaries are separate and distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit the ability of these subsidiaries to provide CSG with funds for CSG's payment obligations, whether by dividends, distributions, loans or other payments, including but not limited to payments in connection with regulatory capital instruments issued by CSG's subsidiaries to CSG. For example, there are various regulatory requirements applicable to some of CSG's subsidiaries that limit their ability to pay dividends and make loans and advances to CSG, as the case may be. Any distribution of earnings to CSG from its subsidiaries, or advances or other distributions of funds by these subsidiaries to CSG, all of which are subject to statutory or contractual restrictions, are contingent upon the subsidiaries' earnings and are subject to various business considerations.

Additionally, since the creditors of any of CSG's subsidiaries would generally have a right to receive payment that is superior to CSG's right to receive payment as shareholder from the assets of that subsidiary, Noteholders will be effectively subordinated to creditors of CSG's subsidiaries.

***Since Holders receive Ordinary Shares upon a Contingency Event or Viability Event, they are particularly exposed to changes in the market price of the Ordinary Shares.***

Many investors in convertible or exchangeable securities seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities, often through short selling of the underlying equity securities or through similar transactions. Prospective investors in the Notes may look to sell Ordinary Shares in anticipation of taking a position in, or during the term of, the Notes. This could cause downward pressure on the price of the Ordinary Shares. Since the Notes will, subject to write-down in the circumstances described in Condition 7(a)(viii), mandatorily convert into a variable number of Ordinary Shares upon a Contingency Event or Viability Event, the price of the Ordinary Shares may be more volatile if CSG is trending towards a Contingency Event or Viability Event.

***Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations.***

Prior to 1 January 2016, the Swiss bank resolution regime only applied to duly licensed banks, such as Credit Suisse AG (“CS”), and certain other regulated financial service providers in Switzerland, but not to a parent company of a financial group, such as CSG. However, pursuant to an amendment to the Swiss Banking Act that took effect on 1 January 2016, the scope of the Swiss bank resolution regime was extended to, among others, Swiss parent companies of financial groups, including CSG, so that the same resolution regime that applies to CS also applies to CSG.

Under the amended Swiss Banking Act, FINMA is able to exercise its broad statutory powers thereunder with respect to CSG, including its powers to order of protective measures, institute restructuring proceedings (and exercise any Swiss resolution powers in connection therewith), and institute liquidation proceedings, if there is justified concern that CSG is over-indebted, has serious liquidity problems or, after the expiry of a deadline, no longer fulfils capital adequacy requirements.

Protective measures may be ordered even before a Contingency Event or Viability Event, as the case may be, has occurred. Such protective measures may include (a) giving instructions to the governing bodies of CSG, (b) appointing an investigating agent, (c) stripping governing bodies of CSG of their power to legally represent CSG or remove them from office, (d) removing the regulatory or company-law audit firm from office, (e) limiting CSG’s business activities, (f) forbidding CSG to make or accept payments or undertake security trades, (g) closing down CSG, or (h) except for mortgage-secured receivables of central mortgage bond institutions, ordering a moratorium or deferral of payments. CSG will have limited ability to challenge any such protective measures. Additionally, holders of the Notes would have no right under Swiss law and in Swiss courts to reject, seek the suspension of, or to challenge the imposition of any such protective measures.

Resolution powers that may be exercised during restructuring proceedings with respect to CSG, include the power to (a) transfer the assets, or portions thereof, together with debt and other liabilities, or portions thereof, and contracts, to another entity, (b) stay (for a maximum of two business days) the termination of, and the exercise of rights to terminate, netting rights, rights to enforce or dispose of certain types of collateral or rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Re-structuring Proceedings is a party, and/or (c) partially or fully convert into equity of CSG and/or write-down the obligations of CSG, including the Notes, if not already written-down pursuant to their terms, and the amount of any Accrued Interest (and any related unpaid Additional Amounts) that had accrued prior to the date of a Contingency Event Notice or a Viability Event Notice, as the case may be. Creditors, including holders of the Notes, will have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised with respect to CSG. Holders of the Notes will have only limited rights to challenge any decision to exercise resolution powers with respect to CSG or to have that decision reviewed by a judicial or administrative process or otherwise.

While the terms of the Notes provide for conversion of the full principal amount of the Notes into Ordinary Shares upon the occurrence of a Contingency Event or Viability Event, there can be no assurance that the taking of any actions by FINMA, or any other authority in Switzerland that is competent at the relevant time, with respect to CSG would not as well or instead of the conversion adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or CSG's ability to satisfy their obligations under the Notes.

### ***International Exchange of Information in Tax Matters***

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information in tax matters (the "AEOI"), which is replacing the EU savings tax agreement. The agreement became effective as of 1 January 2017, and applies to all 28 member states and also Gibraltar. Also, Switzerland has concluded a number of bilateral AEOI agreements, including with Argentina, Australia, Brazil, Canada, Guernsey, Iceland, Isle of Man, India, Japan, Jersey, Mexico, Norway, San Marino, South Africa, South Korea, and Uruguay, which agreements became effective on 1 January 2017, or, subject to ratification, will become effective on 1 January 2018. Switzerland intends to conclude further AEOI agreements with further countries. An updated list of AEOI agreements of Switzerland can be found on: [www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsausausch.html](http://www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsausausch.html). Based on such agreements in effect and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Notes or, following Conversion, Ordinary Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from 2017 or 2018, and begin to exchange it from 2018 or 2019, depending on the effectiveness date of the agreement.

In addition, if the financial institution through which an investor holds its account is located in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA (as defined herein), or a jurisdiction that has committed to the implementation of the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS"), the financial institution may be required to determine whether accounts held in the financial institution are held directly or indirectly by U.S. persons (in the case of FATCA) or by residents of the jurisdictions that have implemented CRS (in the case of CRS). Accordingly, investors may be required to provide the financial institution through which the investor holds its account with information about the investor's identity, tax status, and if required, the investor's direct and indirect owners. This information may be provided, directly or indirectly, to the investor's home taxing jurisdiction, and may also be provided to the jurisdiction in which the investor holds its account, if different. Investors should consult their own tax advisers regarding the potential implications of AEOI, FATCA, CRS and other similar systems for collecting and reporting account information.

### ***Potential changes in Swiss withholding tax legislation.***

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Note by any person other than the Issuer, the Holder would not be entitled to receive any Additional Amounts as a result of such deduction or withholding under the terms of the Notes.

***The Notes have a minimum denomination.***

The Notes consist of a minimum Specified Denomination of U.S.\$200,000 plus integral multiples of U.S.\$1,000 in excess thereof and it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. Holders should be aware that Notes held in an amount that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. In addition, a Holder who holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

***No public market exists for the Notes, and there are uncertainties regarding the existence of any trading market for the Notes.***

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, CSG's results of operations and fluctuations in CSG's capital ratios. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes as they are especially sensitive to interest rate, currency and market risks, are designed for specific objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Although application will be made for the admission to trading and listing of the Notes on the SIX Swiss Exchange, there can be no assurance that such application will be accepted or that an active trading market in the Notes will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for the Notes. Illiquidity may have a severely adverse effect on the market value of the Notes.

***The market value of the Notes may be influenced by unpredictable factors.***

Many factors, most of which are beyond CSG's control, will influence the value of the Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market, including:

- (i) the trading price of the Ordinary Shares;
- (ii) the creditworthiness of CSG and, in particular, the level of CSG's capital ratios from time to time;
- (iii) supply and demand for the Notes, including inventory with any securities dealer; and
- (iv) economic, financial, political or regulatory events or judicial decisions that affect CSG and the Group or the financial markets generally.

Accordingly, if a Holder sells its Notes in the secondary market, it may not be able to obtain a price equal to the principal amount of the Notes or a price equal to the price that it paid for the Notes.

***The U.S. dollar exchange rate may have an effect on the value of the Notes.***

The Issuer will pay principal and interest on the Notes in United States dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than United States dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of United States dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the

Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to United States dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of any principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Although the principal amount of the Notes is denominated in United States dollars, the Ordinary Shares are traded and quoted in CHF as such shares are listed on the SIX Swiss Exchange. As a result, fluctuations in the exchange rate between the CHF and United States dollars will affect, among other things, the secondary market price of the Notes and the market value of the Ordinary Shares in United States dollars. In addition, the Conversion Price requires that the prevailing Reference Market Price of the Ordinary Shares be translated into United States dollars at the prevailing Exchange Rate. As a result the USD/CHF exchange rate could impact the number of Ordinary Shares received by a Holder upon conversion.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Notes.

***Holders are subject to interest rate risks.***

Because the Notes bear a fixed rate of interest from the Issue Date to (but excluding) the First Optional Redemption Date, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes during this period

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to assess the terms of the Notes (including as to Conversion) and to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

**Factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and/or the likelihood of a Contingency Event or a Viability Event**

CSG is exposed to a variety of risks that could adversely affect its results of operations or financial condition, including, among others, those described below. Unless indicated otherwise, all references to CSG in the risk factors set out under this section "*Factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and/or the likelihood of a Contingency Event or a Viability Event*" are describing the consolidated businesses carried on by CSG and its subsidiaries.

**Liquidity risk**

Liquidity, or ready access to funds, is essential to CSG's business, particularly CSG's investment banking businesses. CSG seeks to maintain available liquidity to meet its obligations in a stressed liquidity environment. For information on CSG's liquidity management, refer to "*III—Treasury, risk, balance sheet and off-balance sheet*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet*" in each of CSG's quarterly financial reports dated 3 November 2016, 28 July 2016 and 10 May 2016 (collectively, the "**2016 Quarterly Reports**").

***CSG's liquidity could be impaired if it is unable to access the capital markets or sell its assets, and CSG expects its liquidity costs to increase.***

CSG's ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to CSG or the banking sector, including CSG's perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on CSG's liquidity. In challenging credit markets, CSG's funding costs may increase or it may be unable to raise funds to support or expand its businesses, adversely affecting its results of operations. Following the financial crisis in 2008 and 2009, its costs of liquidity have been significant, and CSG expects to incur additional costs as a result of regulatory requirements for increased liquidity and the continued challenging economic environment in Europe, the United States and elsewhere.

If CSG is unable to raise needed funds in the capital markets (including through offerings of equity and regulatory capital securities), it may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, CSG may be unable to sell some of its assets, or it may need to sell assets at depressed prices, which in either case could adversely affect its results of operations and financial condition.

***CSG's businesses rely significantly on its deposit base for funding.***

CSG's businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, CSG's liquidity position could be adversely affected and it might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

***Changes in CSG's ratings may adversely affect its business.***

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in February 2015, Standard & Poor's lowered its long-term credit ratings of several European banks, including Credit Suisse Group AG, by one notch and in January 2016 Moody's lowered its long term credit ratings of Credit Suisse AG by one notch. Any downgrades in CSG's assigned ratings, including in particular its credit ratings, could increase CSG's borrowing costs, limit its access to capital markets, increase its cost of capital and adversely affect the ability of its businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain its clients.

## **Market risk**

***CSG may incur significant losses on its trading and investment activities due to market fluctuations and volatility.***

Although CSG continued to strive to reduce its balance sheet and made significant progress in implementing its new strategy in 2015, CSG continues to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that CSG owns assets, or has net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of CSG's net long positions. Conversely, to the extent that CSG has sold assets that it does not own or has net short positions in any of those markets, an

upturn in those markets could expose CSG to potentially significant losses as it attempts to cover its net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of CSG's positions and its results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in CSG's net revenues and profitability.

***CSG's businesses are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal and other developments in the countries it operates in around the world.***

As a global financial services company, CSG's businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the United States, Asia and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. The European sovereign debt crisis, as well as United States' debt levels and the federal budget process, have not been permanently resolved. In addition, significantly higher market volatility, low commodity prices, particularly the recent significant decrease in energy prices, and concerns over emerging markets, in particular slower economic growth in China, have recently affected financial markets. CSG's financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which CSG operates or invests have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. Concerns about weaknesses in the economic and fiscal condition of certain European countries continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including CSG) which lent funds to or did business with or in those countries. For example, sanctions have been imposed on certain individuals and companies in Russia due to the conflict in the Ukraine. In addition, events in Greece have led to concerns about its economic and financial stability and the effects that it could have on the eurozone. Continued concern about European economies, including the refugee crisis and uncertainty related to the upcoming UK referendum on withdrawal from the EU, could cause disruptions in market conditions in Europe and around the world. Economic disruption in other countries, even in countries in which CSG does not currently conduct business or have operations, could adversely affect its businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices and concerns over European stagnation and Greece's position in the eurozone have affected financial markets and the economy. In recent years, the low interest rate environment has adversely affected CSG's net interest income and the value of its trading and non-trading fixed income portfolios, and future changes in interest rates, including changes in the current negative short-term interest rates in CSG's home market, could adversely affect its businesses and results. In addition, movements in equity markets have affected the value of CSG's trading and non-trading equity portfolios, while the historical strength of the Swiss franc has adversely affected CSG's revenues and net income. Further, diverging monetary policies among the major economies in which CSG operates, in particular among the U.S. Federal Reserve (the "Fed"), the European Central Bank and the Swiss National Bank (the "SNB") may adversely affect its results.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which CSG provides underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect its financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that CSG executes for customers and may adversely affect the net revenues it receives from commissions and spreads. In addition, several of CSG's businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose CSG to enhanced sovereign, credit-



related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect CSG's financial condition and results of operations.

Unfavourable market or economic conditions have affected CSG's businesses over the last years, including the low interest rate environment, continued cautious investor behaviour and changes in market structure, particularly in CSG's macro businesses. These negative factors have been reflected in lower commissions and fees from CSG's client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of CSG's clients' portfolios. Investment performance that is below that of competitors or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. There has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and CSG's results of operations related to private banking and asset management activities have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected CSG's private equity investments since, if a private equity investment substantially declines in value, CSG may not receive any increased share of the income and gains from such investment (to which CSG is entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose its pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other events beyond CSG's control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on CSG's businesses and results.

***CSG may incur significant losses in the real estate sector.***

CSG finances and acquires principal positions in a number of real estate and real estate-related products, primarily for clients, and originates loans secured by commercial and residential properties. As of 31 December 2015, CSG's real estate loans as reported to the SNB totaled approximately CHF 143 billion. CSG also securitises and trades in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including commercial mortgage-backed securities and residential mortgage-backed securities ("RMBS"). CSG's real estate-related businesses and risk exposures could be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on CSG's real estate-related businesses.

***Holding large and concentrated positions may expose CSG to large losses.***

Concentrations of risk could increase losses, given that CSG has sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which CSG makes significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect CSG's net revenues.

CSG has significant risk concentration in the financial services industry as a result of the large volume of transactions it routinely conducts with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of CSG's business it may be subject to risk concentration with a particular counterparty. CSG, like other financial institutions, continues to adapt its practices and operations in consultation with its regulators to better address an evolving understanding of its exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about

how best to address them. There can be no assurance that the changes in CSG's industry, operations, practices and regulation will be effective in managing this risk. For further information, refer to "*I—Information on the Company—Regulation and supervision*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Capital management—Regulatory Capital Framework*" in the 2016 Quarterly Reports. Risk concentration may cause CSG to suffer losses even when economic and market conditions are generally favourable for others in its industry.

***CSG's hedging strategies may not prevent losses.***

If any of the variety of instruments and strategies CSG uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur losses. CSG may be unable to purchase hedges or be only partially hedged, or its hedging strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.

***Market risk may increase the other risks that CSG faces.***

In addition to the potentially adverse effects on CSG's businesses described above, market risk could exacerbate the other risks that CSG faces. For example, if CSG were to incur substantial trading losses, its need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with another market downturn, CSG's customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing CSG's credit and counterparty risk exposure to them.

**Credit risk**

***CSG may suffer significant losses from its credit exposures.***

CSG's businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. CSG's credit exposures exist across a wide range of transactions that it engages in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. CSG's exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in CSG's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of RWAs on CSG's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. For information on management of credit risk, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the 2016 Quarterly Reports.

CSG's regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

CSG management's determination of the provision for loan losses is subject to significant judgment. CSG's banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if its original estimates of loss prove inadequate, which could have a material adverse effect on its results of operations. For information on provisions for loan losses and related risk mitigation refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" and "*Note 1—Summary of significant accounting policies*", "*Note 10—Provision for credit losses*" and "*Note 19—Loans, allowance for loan losses and credit quality*", each in "*V—Consolidated financial statements—Credit Suisse Group*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance*

*sheet—Risk management” and “Note 10—Provision for credit losses” and “Note 17—Loans, allowance for loan losses and credit quality” each in “III—Condensed consolidated financial statements—unaudited” in the 2016 Quarterly Reports.*

Under certain circumstances, CSG may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit risks that CSG takes. As a result of these risks, CSG’s capital and liquidity requirements may continue to increase.

***Defaults by a large financial institution could adversely affect financial markets generally and CSG specifically.***

Concerns or even rumours about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2015 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which CSG interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. CSG’s credit risk exposure will also increase if the collateral it holds cannot be realised upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

***The information that CSG uses to manage its credit risk may be inaccurate or incomplete.***

Although CSG regularly reviews its credit exposure to specific clients and counterparties and to specific industries, countries and regions that it believes may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. CSG may also fail to receive full information with respect to the credit or trading risks of a counterparty.

**Risks from estimates and valuations**

CSG makes estimates and valuations that affect its reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating its ability to realise deferred tax assets, valuing equity-based compensation awards, modelling its risk exposure and calculating expenses and liabilities associated with its pension plans. These estimates are based upon judgement and available information, and CSG’s actual results may differ materially from these estimates. For information on these estimates and valuations, refer to “II—Operating and financial review—Critical accounting estimates” and “Note 1—Summary of significant accounting policies” in “V—Consolidated financial statements—Credit Suisse Group” in the Annual Report 2015 and “Note 1—Summary of significant accounting policies” in “III—Condensed consolidated financial statements—unaudited” in the 2016 Quarterly Reports.

CSG’s estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to CSG or impact the value of assets. To the extent CSG’s models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, its ability to make accurate estimates and valuations could be adversely affected.

**Risks relating to off-balance sheet entities**

CSG enters into transactions with special purpose entities (“SPEs”) in its normal course of business, and certain SPEs with which CSG transacts business are not consolidated and their assets and liabilities are off-balance sheet. CSG may have to exercise significant management judgement in applying relevant

accounting consolidation standards, either initially or after the occurrence of certain events that may require CSG to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If CSG is required to consolidate an SPE, its assets and liabilities would be recorded on its consolidated balance sheets and CSG would recognise related gains and losses in its consolidated statements of operations, and this could have an adverse impact on its results of operations and capital and leverage ratios. For information on CSG's transactions with and commitments to SPEs, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Balance sheet, off-balance sheet and other contractual obligations—off-balance sheet*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Balance sheet and off-balance sheet—off-balance sheet*" in the 2016 Quarterly Reports.

## **Country and currency exchange risk**

### ***Country risks may increase market and credit risks CSG faces.***

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to CSG, which in turn may have an adverse impact on CSG's results of operations.

### ***CSG may face significant losses in emerging markets.***

A key element of CSG's new strategy is to scale up its private banking businesses in emerging market countries. CSG's implementation of that strategy will necessarily increase its already existing exposure to economic instability in those countries. CSG monitors these risks, seeks diversity in the sectors in which it invests and emphasises client-driven business. CSG's efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries, in particular China and Brazil during 2015, have experienced and may continue to experience severe economic and financial disruptions or slower economic growth than in prior years. The possible effects of any such disruptions may include an adverse impact on CSG's businesses and increased volatility in financial markets generally.

### ***Currency fluctuations may adversely affect CSG's results of operations.***

CSG is exposed to risk from fluctuations in exchange rates for currencies, particularly the U.S. dollar. In particular, a substantial portion of CSG's assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of its financial reporting. CSG's capital is also stated in Swiss francs and it does not fully hedge its capital position against changes in currency exchange rates. Despite some weakening, the Swiss franc remained strong against the U.S. dollar and euro in 2015.

In addition, on 15 January 2015, the SNB decided to discontinue the minimum exchange rate of CHF 1.20 per euro. As CSG incurs a significant part of its expenses in Swiss francs while it generates a large proportion of its revenues in other currencies, its earnings are sensitive to changes in the exchange rates between the Swiss franc and other major currencies. Although CSG has implemented a number of measures designed to offset the impact of exchange rate fluctuations on its results of operations, the appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on CSG's results of operations and capital position in recent years and may have such an effect in the future.

## **Operational risk**

### ***CSG is exposed to a wide variety of operational risks, including information technology risk.***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although it has business continuity plans, CSG's businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure as well as from the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. As a global financial services company, CSG relies heavily on its financial, accounting and other data processing systems, which are varied and complex. CSG's business depends on its ability to process a large volume of diverse and complex transactions, including derivatives transactions, which have increased in volume and complexity. CSG is exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to CSG's businesses. Despite CSG's wide array of security measures to protect the confidentiality, integrity and availability of its systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to its systems and information. CSG could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties. In addition, CSG may introduce new products or services or change processes, resulting in new operational risk that CSG may not fully appreciate or identify.

These threats may derive from human error, fraud or malice, or may result from accidental technological failure. There may also be attempts to fraudulently induce employees, clients, third parties or other users of CSG's systems to disclose sensitive information in order to gain access to CSG's data or that of its clients.

Given CSG's global footprint and the high volume of transactions CSG processes, the large number of clients, partners and counterparties with which CSG does business, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection for an extended period of time. In addition, CSG expects that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, CSG may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of CSG's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, CSG could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. Any such event could also require CSG to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

### ***CSG may suffer losses due to employee misconduct.***

CSG's businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of traders performing unauthorised trades or other employees. It is not always possible to deter employee misconduct and the precautions CSG takes to prevent and detect this activity may not always be effective.

### ***Risk management.***

CSG has risk management procedures and policies designed to manage its risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. CSG continues to adapt its risk management techniques, in particular value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and CSG's risk management procedures and hedging strategies, and the judgements behind them, may not fully mitigate its risk exposure in all markets or against all types of risk. For information on CSG's risk management, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the 2016 Quarterly Reports.

### **Legal and regulatory risks**

#### ***CSG's exposure to legal liability is significant.***

CSG faces significant legal risks in its businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continue to increase in many of the principal markets in which it operates.

CSG and its subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on CSG's operating results for any particular period, depending, in part, upon its results for such period. For information relating to these and other legal and regulatory proceedings involving CSG's investment banking and other businesses, refer to "*Note 39—Litigation*" in "*V—Consolidated Financial Statements—Credit Suisse Group*" in the Annual Report 2015 and "*Note 31—Litigation*" in "*III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports. See also "*Credit Suisse Group AG—Recent Developments—Settlement reached with U.S. Department of Justice regarding legacy Residential Mortgage-Backed Securities matter*" in this Information Memorandum.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving CSG's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. CSG's management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters. For more information, refer to "*II—Operating and financial review—Critical accounting estimates*" and "*Note 1—Summary of significant accounting policies*" in "*V—Consolidated financial statements—Credit Suisse Group*" in the Annual Report 2015 and "*Note 1—Summary of significant accounting policies*" in "*III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports.

#### ***Regulatory changes may adversely affect CSG's business and ability to execute its strategic plans.***

As a participant in the financial services industry, CSG is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations in Switzerland, the European Union, the United Kingdom and the United States and other jurisdictions in which CSG operates around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to its compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit CSG's activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which CSG may operate or invest. Such limitations can have a negative effect on CSG's business and its ability to implement strategic initiatives. To the extent CSG is required to divest certain businesses, it could incur losses, as it may be forced to sell such businesses at a discount, which in certain

instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. CSG is already subject to extensive regulation in many areas of its business and expects to face increased regulation and regulatory scrutiny and enforcement. These various regulations and requirements could require CSG to reduce assets held in certain subsidiaries, inject capital into or otherwise change its operations or the structure of its subsidiaries and the Group. CSG expects such increased regulation to continue to increase its costs, including, but not limited to, costs related to compliance, systems and operations, as well as affecting its ability to conduct certain businesses, which could adversely affect its profitability and competitive position. Variations in the details and implementation of such regulations may further negatively affect CSG, as certain requirements currently are not expected to apply equally to all of its competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by Basel III, together with more stringent requirements imposed by the Swiss “Too Big To Fail” legislation and its implementing ordinances and related actions by CSG’s regulators, have contributed to its decision to reduce risk-weighted assets and the size of its balance sheet, and could potentially impact its access to capital markets and increase its funding costs. In addition, the ongoing implementation in the United States of the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”), including the “Volcker Rule”, derivatives regulation, and other regulatory developments described in “*I—Information on the company—Regulation and supervision*” in the Annual Report 2015 and in “*II—Treasury, risk, balance sheet and off-balance sheet—Capital management—Regulatory Capital Framework*” in the 2016 Quarterly Reports, have imposed, and will continue to impose, new regulatory burdens on certain of CSG’s operations. These requirements have contributed to its decision to exit certain businesses (including a number of its private equity businesses) and may lead it to exit other businesses. New Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission (“**SEC**”) rules could materially increase the operating costs, including compliance, information technology and related costs, associated with its derivatives businesses with United States persons, while at the same time making it more difficult for CSG to transact derivatives business outside the United States. Further, in 2014, the Fed adopted a final rule under the Dodd-Frank Act that created a new framework for regulation of the United States operations of foreign banking organisations such as CSG’s. Although the final impact of the new rule cannot be fully predicted at this time, it is expected to result in CSG incurring additional costs and to affect the way it conducts its business in the United States, including by requiring it to create a single U.S. intermediate holding company.

Similarly, already enacted and possible future cross-border tax regulation with extraterritorial effect, such as the U.S. Foreign Account Tax Compliance Act and multilateral or bilateral agreements on the automatic exchange of information in tax matters, impose detailed reporting obligations and increased compliance and system-related costs on CSG’s businesses. Additionally, implementation of the European Market Infrastructure Regulation (“**EMIR**”), and its Swiss equivalent, the FMIA, the Capital Requirements Directive IV and Capital Requirements Regulation (“**CRD IV**”) and the proposed revisions to the Revised Markets in Financial Instruments Directive (“**MiFID II**”) may negatively affect CSG’s business activities. If Switzerland does not pass legislation that is deemed equivalent to MiFID II in a timely manner, or if Swiss regulation already passed is not deemed equivalent to EMIR, Swiss banks, including CS, may be limited from participating in businesses regulated by such laws. Finally, CSG expects that new or expected total loss-absorbing capacity requirements, which have been implemented in Switzerland and are being or have been finalised in many jurisdictions including the United Kingdom and the United States, may increase CSG’s cost of funding and may restrict its ability to deploy capital and liquidity on a global basis as needed.

CSG expects the financial services industry, including CSG, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2016 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect CSG's results of operations.

Despite CSG's best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against CSG, which could result in, among other things, suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect CSG's results of operations and seriously harm its reputation.

For a description of CSG's regulatory regime and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry, refer to "*I—Information on the company—Regulation and supervision*" in the Annual Report 2015. For information regarding CSG's current regulatory framework and expected changes to this framework affecting capital and liquidity standards, refer to "*Liquidity and funding management*" and "*Capital management*", each in "*III—Treasury, risk, balance sheet and off-balance sheet*" in the Annual Report 2015, and "*II—Treasury, risk, balance sheet and off-balance sheet—Liquidity and funding management*" in the 2016 Quarterly Reports.

***Swiss resolution proceedings and resolution planning requirements may affect CSG's shareholders and creditors.***

Pursuant to Swiss banking laws, FINMA has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as CSG, and, since 1 January 2016, to a Swiss parent company of a financial group, such as Credit Suisse Group AG. These broad powers include the power to cancel CS's or Credit Suisse Group AG's outstanding equity, convert debt instruments and other liabilities of CS or Credit Suisse Group AG into equity and cancel such liabilities in whole or in part, and stay (for a maximum of two business days) certain rights under contracts, as well as order protective measures, including the deferment of payments, and institute liquidation proceedings. The scope of such powers and discretion and the legal mechanisms that would be utilised are subject to development and interpretation.

CSG is currently subject to resolution planning requirements in Switzerland, the United States and the United Kingdom and may face similar requirements in other jurisdictions. If a resolution plan is determined by the relevant authority to be inadequate, relevant regulations may allow the authority to place limitations on the scope or size of CSG's business in that jurisdiction, require it to hold higher amounts of capital or liquidity, require it to divest assets or subsidiaries or to change its legal structure or business to remove the relevant impediments to resolution.

For a description of the current resolution regime under Swiss banking laws as it currently applies to CS and, since 1 January 2016, to Credit Suisse Group AG, see "*—Recent regulatory developments and proposals—Switzerland*" and "*—Regulatory framework—Switzerland—Resolution regime*" each in "*I—Information on the Company—Regulation and Supervision*" in the Annual Report 2015.

***Changes in monetary policy are beyond CSG's control and difficult to predict.***

CSG is affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the United States and other countries. The actions of the SNB and other central banking authorities directly impact CSG's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments CSG holds and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy and may implement further changes. CSG cannot predict whether these changes will have a material



adverse effect on it or its operations. In addition, changes in monetary policy may affect the credit quality of its customers. Any changes in monetary policy are beyond CSG's control and difficult to predict.

***Legal restrictions on its clients may reduce the demand for CSG's services.***

CSG may be materially affected not only by regulations applicable to it as a financial services company, but also by regulations and changes in enforcement practices applicable to its clients. CSG's business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to further asset outflows from CSG's private banking businesses.

**Competition**

***CSG faces intense competition.***

CSG faces intense competition in all financial services markets and for the products and services it offers. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like CSG, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than CSG does, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in CSG's industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. CSG can give no assurance that its results of operations will not be adversely affected.

***CSG's competitive position could be harmed if its reputation is damaged.***

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to CSG's performance, including its ability to attract and maintain clients and employees. CSG's reputation could be harmed if its comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions. For more information, refer to "III—Treasury, risk, balance sheet and off-balance sheet—Risk management—Risk coverage and management—Reputational risk" in the Annual Report 2015 and "II—Treasury; Risk; Balance sheet and Off-balance sheet— Risk management" in the 2016 Quarterly Reports.

***CSG must recruit and retain highly skilled employees.***

CSG's performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. CSG has devoted considerable resources to recruiting, training and compensating employees. CSG's continued ability to compete effectively in its businesses depends on its ability to attract new employees and to retain and motivate its existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on CSG's ability to attract and retain highly skilled employees. In particular, limits on the amount and form of executive compensation imposed by regulatory initiatives, including the Compensation Ordinance Against Excessive Compensation in Switzerland and the

implementation of CRD IV in the UK, could potentially have an adverse impact on CSG's ability to retain certain of its most highly skilled employees and hire new qualified employees in certain businesses.

***CSG faces competition from new trading technologies.***

CSG's businesses face competitive challenges from new trading technologies, including trends towards direct access to automated and electronic markets, and the move to more automated trading platforms. Such technologies and trends may adversely affect its commission and trading revenues, exclude its businesses from certain transaction flows, reduce its participation in the trading markets and the associated access to market information and lead to the creation of new and stronger competitors. CSG has made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain its competitive position.

**Risks relating to CSG's strategy**

***CSG may not achieve all of the expected benefits of its strategic initiatives.***

In October 2015, CSG announced a comprehensive new strategic direction, structure and organisation of the Group, and on 23 March 2016 and 7 December 2016 CSG announced updates to this strategy. CSG's ability to implement its new strategic direction, structure and organisation is based on a number of key assumptions regarding the future economic environment, the economic growth of certain geographic regions, the regulatory landscape, CSG's ability to meet certain targets, anticipated interest rates and central bank action. If any of these assumptions (including but not limited to CSG's ability to meet certain targets) prove inaccurate in whole or in part, CSG's ability to achieve some or all of the expected benefits of this strategy could be limited, including CSG's ability to meet its stated financial objectives, keep related restructuring charges within the limits currently expected and retain key employees. Factors beyond CSG's control, including but not limited to the market and economic conditions, changes in laws, rules or regulations, execution risk related to the implementation of CSG's new strategy and other challenges and risk factors discussed in this Information Memorandum, could limit CSG's ability to achieve some or all of the expected benefits of this strategy. The breadth of the changes that CSG announced increases the execution risk of CSG's new strategy as CSG seeks to change the strategic direction of the Group while also embarking on a reorganisation of the Group's business divisions. If CSG are unable to implement this strategy successfully in whole or in part or should the components of the strategy that are implemented fail to produce the expected benefits, CSG's financial results and CSG's share price may be materially and adversely affected. For further information on CSG's new strategic direction, refer to "*I—Information on the company*" in the Annual Report 2015 and "*Note 3—Business developments*" in "*III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports. See also "*Credit Suisse Group AG—Recent Developments*" in this Information Memorandum.

Additionally, part of CSG's strategy involves a change in focus within certain areas of CSG's business, which may have unanticipated negative effects in other areas of the business and may result in an adverse effect on CSG's business as a whole.

The implementation of CSG's strategy may increase CSG's exposure to certain risks, including but not limited to, credit risks, market risks, operational risks and regulatory risks. CSG also seeks to achieve certain cost savings, which may or may not be successful. CSG has announced its intention to conduct an initial public offering by the end of 2017 currently estimated to be between 20% and 30% of the legal entity Credit Suisse (Schweiz) AG. There is no guarantee that CSG will be able to conduct such an initial public offering by such time, in such form or at all. Finally, changes to the organisational structure of CSG's business, as well as changes in personnel and management, may lead to temporary instability of CSG's operations.

In addition, acquisitions and other similar transactions CSG undertakes as part of its strategy subject CSG to certain risks. Even though CSG reviews the records of companies CSG plans to acquire, it is

generally not feasible for CSG to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit CSG to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, CSG may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. CSG also faces the risk that it will not be able to integrate acquisitions into its existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into CSG's organisational structure. CSG faces the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses. CSG also faces the risk that unsuccessful acquisitions will ultimately result in CSG having to write down or write off any goodwill associated with such transactions. CSG's results for the fourth quarter of 2015 included a goodwill impairment charge of CHF 3,797 million, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. CSG continues to have a significant amount of goodwill relating to this and other transactions recorded on its balance sheet that could result in additional goodwill impairment charges.

CSG may also seek to engage in new joint ventures and strategic alliances. Although CSG endeavours to identify appropriate partners, its joint venture efforts may prove unsuccessful or may not justify its investment and other commitments.

***CSG has announced a programme to evolve its legal entity structure and cannot predict its final form or potential effects.***

In 2013, CSG announced key components of its programme to evolve its legal entity structure. The execution of the programme evolving the Group's legal entity structure, to meet developing and future regulatory requirements has continued to progress and CSG has reached a number of significant milestones over the course of the year. This programme remains subject to a number of uncertainties that may affect its feasibility, scope and timing. In addition, significant legal and regulatory changes affecting CSG and its operations may require CSG to make further changes in its legal structure. The implementation of these changes will require significant time and resources and may potentially increase operational, capital, funding and tax costs as well as CSG's counterparties' credit risk. For further information on CSG's legal entity structure, refer to "II—Operating and financial review—Credit Suisse" in the Annual Report 2015 and "I—Credit Suisse Results—Credit Suisse" in the 2016 Quarterly Reports.

## FORWARD-LOOKING STATEMENTS

This Information Memorandum contains or incorporates by reference statements that constitute forward-looking statements. In addition, in the future the Issuer, and others on its behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Group's plans, objectives or goals, the Group's future economic performance or prospects, the potential effect on the Group's future performance of certain contingencies, and assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. CSG cautions you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access capital markets; (ii) market volatility and interest rate fluctuations and developments affecting interest rate levels; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the Group conducts its operations, in particular the risk of continued slow economic recovery or downturn in the U.S. or other developed countries in 2016 and beyond; (iv) the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets; (v) adverse rating actions by credit rating agencies in respect of the Group, sovereign issuers, structured credit products or other credit-related exposures; (vi) the ability to achieve the Group's strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital; (vii) the ability of counterparties to meet their obligations to the Group; (viii) the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations; (ix) political and social developments, including war, civil unrest or terrorist activity; (x) the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which the Group conducts its operations; (xi) operational factors such as systems failure, human error, or the failure to implement procedures properly; (xii) actions taken by regulators with respect to the Group's business and practices and possible resulting changes to its business organisation, practices and policies in countries in which it conducts its operations; (xiii) the effects of changes in laws, regulations or accounting policies or practices in countries in which the Group conducts its operations; (xiv) competition or changes in the Group's competitive position in geographic and business areas in which it conducts its operations; (xv) the ability to retain and recruit qualified personnel; (xvi) the ability to maintain the Group's reputation and promote the Group's brand; (xvii) the ability to increase market share and control expenses; (xviii) technological changes; (xix) the timely development and acceptance of the Group's new products and services and the perceived overall value of these products and services by users; (xx) acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets; (xxi) the adverse resolution of litigation, regulatory proceedings and other contingencies; (xxii) the ability to achieve the Group's cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, risk weighted assets threshold, and other targets and ambitions; and (xxiii) other unforeseen or unexpected events and the Group's success at managing these and the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Information Memorandum.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Information Memorandum shall be incorporated in, and form part of, this Information Memorandum:

- (1) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 18 January 2017, which contains a media release announcing that Credit Suisse reached a final settlement with the U.S. Department of Justice (“**DOJ**”) regarding the legacy Residential Mortgage-Backed Securities (“**RMBS**”) matter;
- (2) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 23 December 2016, which contains a media release announcing that Credit Suisse reached a settlement in principle with the DOJ regarding the legacy RMBS matter;
- (3) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 7 December 2016, which contains a media release relating to the Investor Day 2016, except for the information in the sections of the media release entitled “Media Call” and “Webcast details” are not incorporated by reference;
- (4) the Form 6-K of Credit Suisse Group AG filed with the SEC on 3 November 2016, which contains the CSG financial report 3Q16 (the “**Financial Report 3Q16**”), except that the sections entitled “*Message from the Chairman and the Chief Executive Officer*”, “*Investor Information*” and “*Financial calendar and contacts*” are not incorporated by reference;
- (5) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 7 September 2016, which contains a media release announcing changes to the Executive Board of CSG and CS, except that the following sentence “Further information about Credit Suisse can be found at [www.credit-suisse.com](http://www.credit-suisse.com)” is not incorporated by reference;
- (6) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 6 September 2016, which contains a media release announcing the appointment of new members of the Board of Directors of Credit Suisse (Switzerland) Ltd., except that the following sentence “Further information about Credit Suisse can be found at [www.credit-suisse.com](http://www.credit-suisse.com)” is not incorporated by reference;
- (7) the Form 6-K of Credit Suisse Group AG filed with the SEC on 28 July 2016, which contains the CSG financial report 2Q16 (the “**Financial Report 2Q16**”), except that the sections entitled “*Message from the Chairman and the Chief Executive Officer*”, “*Investor Information*” and “*Financial calendar and contacts*” are not incorporated by reference;
- (8) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 2 June 2016, which contains a media release containing the announcement of the issuance of new shares as a result of the scrip dividend elections, except that the following sentences: “*Further information about the scrip dividend can be found in the documentations ‘Shareholder Information – Summary Document’ and ‘Scrip Dividend 2016 – Short Overview’, which are available on the Credit Suisse website at: [www.credit-suisse.com/agm](http://www.credit-suisse.com/agm)*” and “*Further information about Credit Suisse can be found at [www.credit-suisse.com](http://www.credit-suisse.com)*” are not incorporated by reference;
- (9) the Form 6-K of Credit Suisse Group AG filed with the SEC on 10 May 2016, which contains the CSG financial report 1Q16 (the “**Financial Report 1Q16**”), except that the sections entitled “*Dear shareholders*”, “*Investor Information*” and “*Financial calendar and contacts*” are not incorporated by reference;
- (10) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 29 April 2016, which contains a media release containing the results of the Annual General Meeting of CSG on 29

April 2016, except for the sections entitled “*Statements by Urs Rohner, Chairman of the Board of Directors*”, “*Voting Results*” and “*Information*” of the media release, as well as the last paragraph under the section entitled “*Distribution payable out of capital contribution reserves*” and the last paragraph under the section entitled “*Credit Suisse AG*” of the media release is not incorporated by reference;

- (11) The Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 24 March 2016, as amended, which contains a media release stating that Credit Suisse has published its Annual Report 2015 and agenda for the Annual General Meeting of Shareholders on 29 April 2016;
- (12) The Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 23 March 2016, which contains a media release announcing that Credit Suisse has accelerated its restructuring;
- (13) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 8 January 2016, which only incorporates by reference the slides no. 12 through no. 16 of the “*Presentation on historical financials under new reporting structure*”;
- (14) the Form 20-F of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 24 March 2016, which contains the 2015 Annual Report of the Group (the “**Annual Report 2015**”), except that the information under “*Message from the Chairman and the Chief Executive Officer*” and under “*Investor Information*” is not incorporated by reference;
- (15) the Form 20-F of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 20 March 2015, which contains the 2014 Annual Report of the Group (the “**Annual Report 2014**”), except that the information under “*Message from the Chairman and the Chief Executive Officer*” and under “*Investor Information*” is not incorporated by reference; and
- (16) the Articles of Association of Credit Suisse Group AG (available on the website at [www.credit-suisse.com](http://www.credit-suisse.com)).

Following the publication of this Information Memorandum a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum as well as this Information Memorandum and any supplements thereto, if any, are available free of charge in Switzerland at the office of Credit Suisse AG, Uetlibergstrasse 231, CH-8070 Zurich, Switzerland, (telephone: +41 (0)44 333 31 60, facsimile: +41 (0)44 333 57 79 or email [newissues.fixedincome@credit-suisse.com](mailto:newissues.fixedincome@credit-suisse.com)).

Copies of documents incorporated by reference in this Information Memorandum can also be obtained, free of charge, from the registered office of CSG and on the website of CSG ([www.credit-suisse.com](http://www.credit-suisse.com)). A copy of the documents filed by CSG with the SEC may also be obtained either on the SEC’s website at [www.sec.gov](http://www.sec.gov), at the SEC’s public reference room at 100F Street, N.E., Washington, D.C. 2054, or on the website of CSG at [http://www.credit-suisse.com/investors/en/sec\\_filings.jsp](http://www.credit-suisse.com/investors/en/sec_filings.jsp). Information (other than the above-mentioned information incorporated by reference) contained on the website of CSG is not incorporated by reference in this Information Memorandum.

## INFORMATION REGARDING THE CET1 RATIO AND SWISS CAPITAL RATIOS

*As explained in more detail in the “Terms and Condition of the Notes — Conversion”, a Contingency Event will occur and the full principal amount of the Notes will be automatically redeemed and settled by the delivery of new fully paid Ordinary Shares, if, CSG notifies Holders that, as at any Reporting Date, CSG’s CET1 Ratio as contained in the relevant Financial Report was below 7 per cent.; provided, however, that no Contingency Event Notice shall be given, and no Contingency Event in relation thereto shall be deemed to have occurred if the Regulator, at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Conversion shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above 7 per cent. that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time.*

*The following information from “Regulatory Capital Framework” through (and including) “Bank Regulatory Disclosures” below regarding CSG’s and CS’s capital ratios and metrics and the relevant regulatory framework has been primarily extracted from the Credit Suisse Financial Report 3Q16, which is incorporated by reference herein. For purposes of this section, unless the context otherwise requires, the terms “Credit Suisse,” “the Group,” “we,” “us” and “our” mean CSG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are only referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries. Capitalised terms defined in the Credit Suisse Financial Report 3Q16 and not otherwise defined in this section shall have the same meaning when used in this section.*

### Regulatory Capital Framework

Effective 1 January 2013, the Basel III framework was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder (“**Swiss Requirements**”). Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Also, our capital metrics fluctuate during any reporting period in the ordinary course of business.

References to phase-in and look-through included herein refer to Basel III capital requirements and Swiss Requirements. Phase-in reflects that, for the years 2014 – 2018, there will be a five-year (20% per annum) phase-in of goodwill, other intangible assets and other capital deductions (e.g., certain deferred tax assets) and the phase-out of an adjustment for the accounting treatment of pension plans and, for the years 2013 – 2022, there will be a phase-out of certain capital instruments. Look-through assumes the full phase-in of goodwill and other intangible assets and other regulatory adjustments and the phase-out of certain capital instruments.

Refer to “*Treasury, Risk, Balance sheet and Off-balance sheet–Capital management*” in the Annual Report 2015 for more information.

### *BIS requirements*

The BCBS, the standard-setting committee within the BIS, issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector and requires banks to hold more capital, mainly in the form of common equity. The new

capital standards are being phased in from 2013 through 2018 and are fully effective 1 January 2019 for those countries that have adopted Basel III.

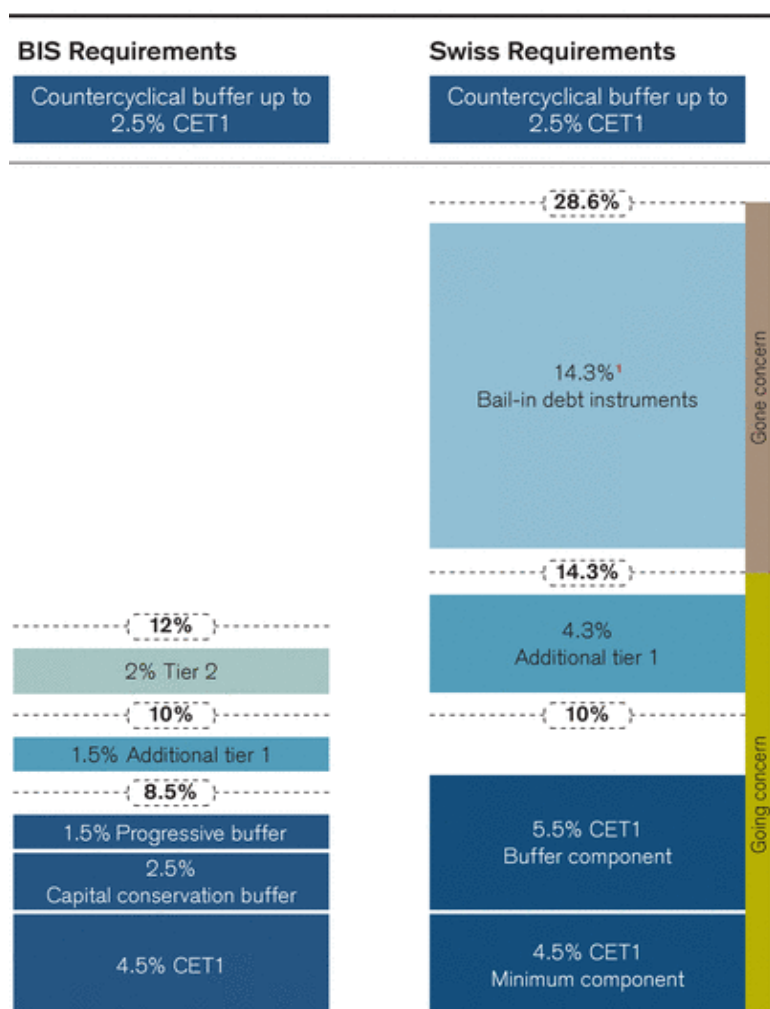
Refer to the table “Basel III phase-in requirements for Credit Suisse”, below for capital requirements and applicable effective dates during the phase-in period.

Under Basel III, the minimum CET1 requirement is 4.5% of risk-weighted assets (RWA). In addition, a 2.5% CET1 capital conservation buffer is required to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends and make discretionary bonus payments and other earnings distributions.

A progressive buffer of between 1% and 2.5% (with a possible additional 1% surcharge) of CET1, depending on a bank’s systemic importance, is an additional capital requirement for global systemically important banks (G-SIB). The Financial Stability Board (FSB) has identified Credit Suisse as a G-SIB and currently requires Credit Suisse to maintain a 1.5% progressive buffer.

In addition to the CET1 requirements, there is also a requirement for 1.5% additional tier 1 capital and 2% tier 2 capital. These requirements may also be met with CET1 capital.

### Basel III capital frameworks for Credit Suisse



<sup>1</sup> Does not include any rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital.



## BIS phase-in requirements for Credit Suisse

For	2016	2017	2018	2019
<b>Capital ratios</b>				
CET1 .....	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer.....	0.625% <sup>1</sup>	1.250% <sup>1</sup>	1.875% <sup>1</sup>	2.5%
Progressive buffer for G-SIB .....	0.375% <sup>1</sup>	0.750% <sup>1</sup>	1.125% <sup>1</sup>	1.5%
<b>Total CET1</b> .....	<b>5.5%</b>	<b>6.5%</b>	<b>7.5%</b>	<b>8.5%</b>
Additional tier 1 .....	1.5%	1.5%	1.5%	1.5%
<b>Tier 1</b> .....	<b>7.0%</b>	<b>8.0%</b>	<b>9.0%</b>	<b>10.0%</b>
Tier 2 .....	2.0%	2.0%	2.0%	2.0%
<b>Total capital</b> .....	<b>9.0%</b>	<b>10.0%</b>	<b>11.0%</b>	<b>12.0%</b>
Phase-in deductions from CET1 <sup>2</sup> .....	60.0% <sup>1</sup>	80.0% <sup>1</sup>	100.0%	100.0%
Capital instruments subject to phase-out	Phased out over a 10-year horizon beginning 2013 through 2022			

Notes:

- (1) Indicates phase-in period.
- (2) Includes goodwill, other intangible assets and certain deferred tax assets.

To qualify as additional tier 1 under Basel III, capital instruments must provide for principal loss absorption through a conversion into common equity or a write-down of principal feature. The trigger for such conversion or write-down must include a CET1 ratio of at least 5.125% as well as a trigger at the point of non-viability.

Basel III further provides for a countercyclical buffer that could require banks to hold up to 2.5% of CET1. This requirement is imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk.

Capital instruments that do not meet the strict criteria for inclusion in CET1 are excluded. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, are phased out at their effective maturity date, generally the date of the first step-up coupon.

Banks are required to maintain a tier 1 leverage ratio of 3% beginning on 1 January 2018.

### Swiss Requirements

The legislation implementing the Basel III framework in Switzerland in respect of capital requirements for systemically relevant banks, including Credit Suisse, goes beyond the Basel III minimum standards for systemically relevant banks.

In May 2016, the Swiss Federal Council amended the Capital Adequacy Ordinance applicable to Swiss banks. The amendment recalibrates and expands the existing “Too Big to Fail” regime in Switzerland. Under the amended regime, systemically important banks operating internationally, such as Credit Suisse, will be subject to two different minimum requirements for loss-absorbing capacity: G-SIBs must hold sufficient capital that absorbs current operating losses to ensure continuity of service (going concern requirement) and they must issue sufficient debt instruments to fund restructuring without recourse to public resources (gone concern requirement). Going concern capital and gone concern capital together form our total loss-absorbing

capacity (TLAC). The going concern and the gone concern requirements are generally aligned with the FSB's total loss-absorbing capacity standard. The amended Capital Adequacy Ordinance came into effect on 1 July 2016, subject to phase-in and grandfathering provisions for certain outstanding instruments, and has to be fully applied by 1 January 2020.

#### Going concern requirement

The going concern requirement applicable in 2020 for a G-SIB consists of (i) a base requirement of 12.86% of RWA and 4.5% of leverage exposure; and (ii) a surcharge, which reflects the G-SIB's systemic importance. For Credit Suisse, this currently translates into a going concern requirement of 14.3% of RWA, of which the minimum CET1 component is 10%, with the remainder to be met with a maximum of 4.3% additional tier 1 capital, which includes high-trigger capital instruments that would be converted into common equity or written down if the CET1 ratio falls below 7%. Under the going concern requirement, the Swiss leverage ratio must be 5%, of which the minimum CET1 component is 3.5%, with the remainder to be met with a maximum of 1.5% additional tier 1 capital, which includes high-trigger capital instruments.

#### Gone concern requirement

The gone concern requirement of a G-SIB is equal to its total going concern requirement, that is in 2020, a base requirement of 12.86% of RWA and 4.5% of leverage exposure, plus any surcharges applicable to the relevant G-SIB, but not including any countercyclical buffers. Credit Suisse is currently subject to a gone concern requirement of 14.3% of RWA and a 5% Swiss leverage ratio and is subject to potential capital rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital.

The gone concern requirement should primarily be fulfilled with bail-in debt instruments that are designed to absorb losses after the write down or conversion into equity of regulatory capital of a G-SIB in a restructuring scenario, but before the write down or conversion into equity of other senior obligations of the G-SIB. Bail-in debt instruments do not feature capital triggers that may lead to a write-down and/or a conversion into equity outside of restructuring, but only begin to bear losses once the G-SIB is formally in restructuring proceedings and FINMA orders capital measures (i.e., a write-down and/or a conversion into equity) in the restructuring plan.

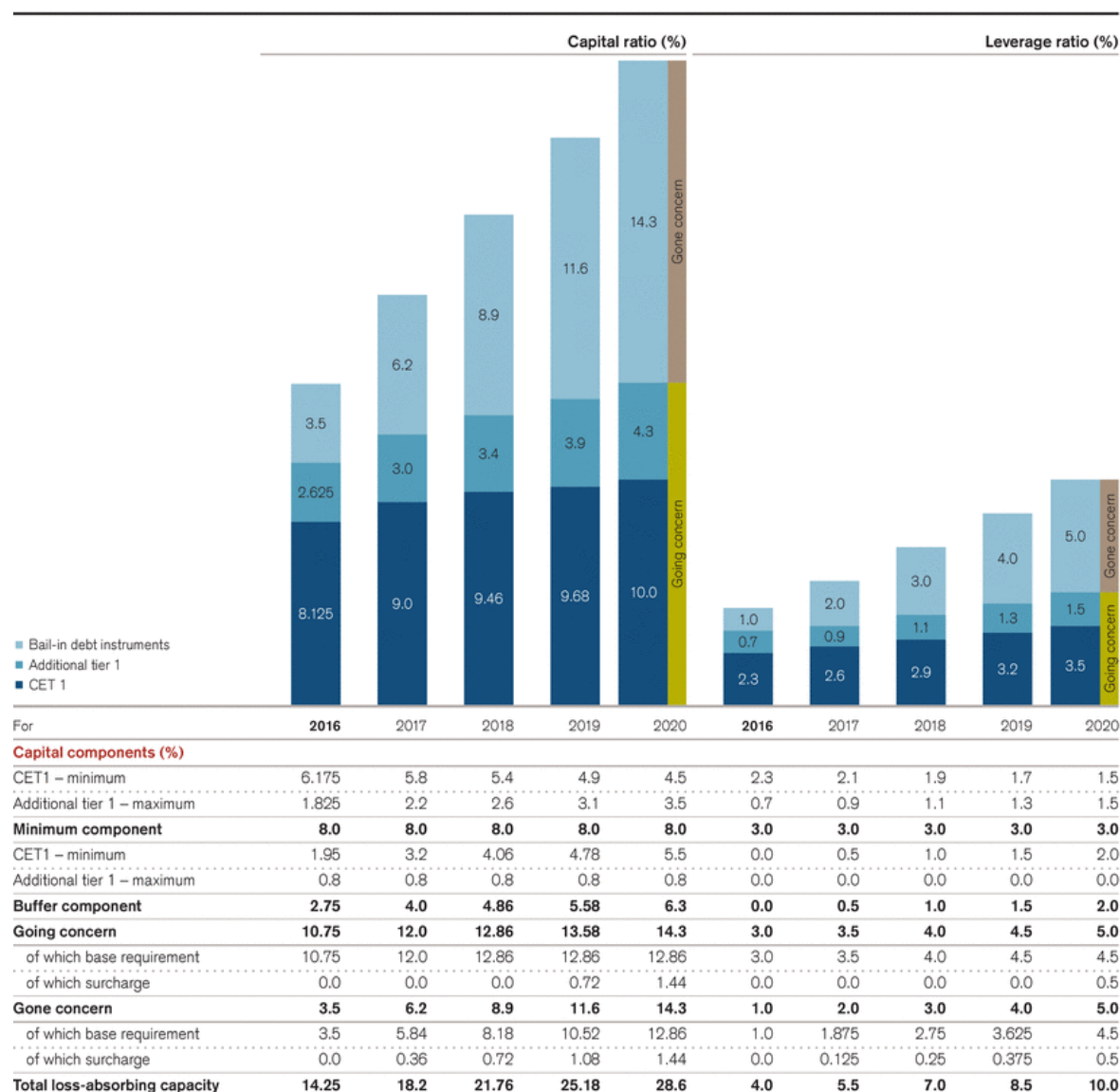
According to the amended Capital Adequacy Ordinance, bail-in debt instruments must fulfil certain criteria in order to qualify under the gone concern requirement, including FINMA approval. In addition to bail-in debt instruments, the gone concern requirement may further be fulfilled with other capital instruments, including CET1, additional tier 1 capital instruments or tier 2 capital instruments.

#### Grandfathering provisions

The Capital Adequacy Ordinance provides for a number of grandfathering provisions with regard to the qualification of previously issued additional tier 1 capital instruments and tier 2 capital instruments:

- Additional tier 1 capital instruments with a low trigger qualify as going concern capital until their first call date. Additional tier 1 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital;

## Swiss capital and leverage phase-in requirements for Credit Suisse



Does not include the effects of the countercyclical buffers and any rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital. As of the end of 3Q16, the Swiss countercyclical buffer for the Group and the Bank was CHF 398 million and CHF 324 million, respectively, which is equivalent to 0.1% and 0.1% of CET1 capital. As of the end of 3Q16, the required extended countercyclical buffer for the Group and the Bank were insignificant.

- Tier 2 capital instruments with a high trigger qualify as going concern capital until the earlier of (i) their maturity date or first call date; and (ii) 31 December 2019. Tier 2 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital until one year before their final maturity; and
- Tier 2 capital instruments with a low trigger also qualify as going concern capital until the earlier of (i) their maturity date or first call date; and (ii) 31 December 2019. Tier 2 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital until one year before their final maturity.

Furthermore, to be eligible as gone concern capital, outstanding bail-in debt instruments issued before 1 July 2016 and bail-in debt instruments to be issued by a (Swiss or foreign) special purpose vehicle before 1 January 2017 must be approved by FINMA.

Both the going concern and the gone concern requirements are subject to a phase-in with gradually increasing requirements and have to be fully applied by 1 January 2020.

#### Other requirements

Effective 1 July 2016, Switzerland implemented an extended countercyclical buffer, which is based on the BIS countercyclical buffer that could require banks to hold up to 2.5% of RWA in the form of CET1 capital. The extended countercyclical buffer relates to a requirement that can be imposed by national regulators when credit growth is deemed to be excessive and leading to the build-up of system-wide risk.

The Swiss Federal Council has not activated the BIS countercyclical buffer for Switzerland but instead requires banks to hold CET1 capital in the amount of 2% of their RWA pertaining to mortgage loans that finance residential property in Switzerland (Swiss countercyclical buffer).

In 2013, FINMA introduced increased capital charges for mortgages that finance owner occupied residential property in Switzerland (mortgage multiplier) to be phased in through 1 January 2019. The mortgage multiplier applies for purposes of both BIS and FINMA requirements.

In December 2013, FINMA issued a decree (FINMA Decree) specifying capital adequacy requirements for the Bank, on a stand-alone basis (Bank parent company), and the Bank and the Group, each on a consolidated basis, as systemically relevant institutions.

Refer to “Regulatory developments and proposals” in “Treasury, Risk, Balance sheet and Off-balance sheet – Capital management” in the Annual Report 2015 for further information on the FINMA Decree.

Within the Basel framework for FINMA regulatory capital purposes, we implemented risk measurement models, including an incremental risk charge, stressed Value-at-Risk (VaR), risks not in VaR (RNIV) and advanced credit valuation adjustment (CVA).

For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. In 3Q16, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

Refer to “Market risk review” in “Risk management” of the Credit Suisse Financial Report 3Q16 for further information.

Refer to “Risk measurement models” in “Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Regulatory capital framework” in the Annual Report 2015 for further information.

#### *Regulatory developments and proposals*

In July 2016, the BCBS published an updated standard for the regulatory capital treatment of securitisation exposures, which will become effective in January 2018. The new standard includes the regulatory capital treatment for “simple, transparent and comparable” (STC) securitisations. It sets forth additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. Reduced minimum capital requirements will apply to securitisations that comply with the STC criteria.

In October 2016, the BCBS published an amendment to the Basel III standard on the definition of capital, which becomes effective 1 January 2019. The new standard requires internationally active banks to deduct from their tier 2 capital TLAC holdings issued by other G-SIBs that do not otherwise qualify as regulatory capital, subject to certain thresholds.

#### *Issuances and redemptions*

In August 2016, Credit Suisse issued GBP 500 million of bail-in debt instruments. In August 2016, Credit Suisse redeemed USD 2.0 billion of 7.875% high-trigger tier 2 instruments.

## Higher Trigger Capital Amount

The capital ratio write-down triggers for certain of our outstanding capital instruments take into account the fact that other outstanding capital instruments that contain relatively higher capital ratios as part of their trigger feature are expected to convert into equity or be written down prior to the write down of such capital instruments. The amount of additional capital that is expected to be contributed by such conversion into equity or write down is referred to as the Higher Trigger Capital Amount.

With respect to the capital instruments that specify a trigger event if the CET1 ratio were to fall below 5.125%, the Higher Trigger Capital Amount was CHF 6.5 billion and the Higher Trigger Capital Ratio (i.e., the ratio of the Higher Trigger Capital Amount to the aggregate of all RWA of the Group) was 2.4%, both as of the end of 3Q16.

With respect to the capital instruments that specify a trigger event if the CET1 ratio were to fall below 5%, the Higher Trigger Capital Amount was CHF 11.6 billion and the Higher Trigger Capital Ratio was 4.2%, both as of the end of 3Q16.

Refer to the table “BIS capital metrics – Group” for further information on the BIS statistics used to calculate such measures.

Refer to “Higher Trigger Capital Amount” in “Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Capital issuances and redemptions” in the Annual Report 2015 for further information on the Higher Trigger Capital Amount.

## BIS capital metrics – Group

	Phase-in				Look-through			
	% change				% change			
end of	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
<b>Capital and risk-weighted assets (CHF million)</b>								
CET1 capital.....	38,646	38,933	42,072	(1)	32,362	32,048	32,938	1
Tier 1 capital.....	50,001	49,780	53,063	0	43,263	43,005	44,601	1
Total eligible capital .....	57,044	58,850	62,682	(3)	48,205	49,921	51,425	(3)
Risk-weighted assets.....	273,779	275,056	294,950	0	270,462	271,455	289,946	0
<b>Capital ratios (%)</b>								
CET1 ratio .....	14.1	14.2	14.3	—	12.0	11.8	11.4	—
Tier 1 ratio .....	18.3	18.1	18.0	—	16.0	15.8	15.4	—
Total capital ratio.....	20.8	21.4	21.3	—	17.8	18.4	17.7	—

## BIS capital metrics

Our CET1 ratio was 14.1% as of the end of 3Q16 compared to 14.2% as of the end of 2Q16, reflecting slightly lower CET1 capital and stable RWA. Our tier 1 ratio was 18.3% as of the end of 3Q16 compared to 18.1% as of the end of 2Q16. Our total capital ratio was 20.8% as of the end of 3Q16 compared to 21.4% as of the end of 2Q16.

CET1 capital was CHF 38.6 billion as of the end of 3Q16 compared to CHF 38.9 billion as of the end of 2Q16, mainly reflecting the cash component of a dividend accrual and the negative foreign exchange impact, partially offset by the net effect of share-based compensation.

Additional tier 1 capital increased to CHF 11.4 billion as of the end of 3Q16 compared to CHF 10.8 billion as of the end of 2Q16, mainly reflecting the regulatory reversal of net losses due to changes in own credit risk on fair-valued financial instruments.

Tier 2 capital was CHF 7.0 billion as of the end of 3Q16 compared to CHF 9.1 billion as of the end of 2Q16, mainly reflecting the redemption of the high-trigger tier 2 instruments.

Total eligible capital was CHF 57.0 billion as of the end of 3Q16 compared to CHF 58.9 billion as of the end of 2Q16, mainly reflecting the decrease in tier 2 capital.

As of the end of 3Q16, the look-through CET1 ratio was 12.0% compared to 11.8% as of the end of 2Q16. As of the end of 3Q16, the look-through total capital ratio was 17.8% compared to 18.4% as of the end of 2Q16.

## Eligible capital – Group

	Phase-in				Look-through			
				% change				% change
end of .....	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
<b>Eligible capital (CHF million)</b>								
<b>Total shareholders' equity .....</b>	<b>44,276</b>	<b>44,962</b>	<b>44,382</b>	<b>(2)</b>	<b>44,276</b>	<b>44,962</b>	<b>44,382</b>	<b>(2)</b>
Regulatory adjustments <sup>1</sup>	(481)	(223)	(459)	116	(481)	(223)	(459)	116
<b>Adjustments subject to phase-in</b>								
Accounting treatment of defined benefit pension plans .....	1,334	1,362	2,132	(2)	—	—	—	—
Common share capital issued by subsidiaries and held by third parties	79	73	89	8	—	—	—	—
Goodwill <sup>2</sup> .....	(2,806)	(2,819)	(1,906)	0	(4,678)	(4,699)	(4,765)	0
Other intangible assets <sup>2</sup> ..	(37)	(39)	(28)	(5)	(62)	(65)	(71)	(5)
Deferred tax assets that rely on future profitability .....	(2,586)	(2,359)	(1,262)	10	(4,310)	(3,931)	(3,155)	10
Shortfall of provisions to expected losses .....	(289)	(310)	(234)	(7)	(481)	(517)	(584)	(7)
Gains/(losses) due to changes in own credit on fair-valued liabilities.	(464)	(1,225)	(185)	(62)	(773)	(2,042)	(463)	(62)
Defined benefit pension assets <sup>2</sup> .....	(340)	(336)	(244)	1	(568)	(559)	(611)	2
Investments in own shares .....	(10)	(22)	(8)	(55)	(16)	(37)	(21)	(57)
Other adjustments <sup>3</sup> .....	(30)	(54)	(2)	(44)	(49)	(92)	(5)	(47)
Deferred tax assets from temporary differences (threshold-based) .....	0	(77)	(203)	100	(496)	(749)	(1,310)	(34)
<b>Adjustments subject to phase-in .....</b>	<b>(5,149)<sup>4</sup></b>	<b>(5,806)</b>	<b>(1,851)</b>	<b>(11)</b>	<b>(11,433)</b>	<b>(12,691)</b>	<b>(10,985)</b>	<b>(10)</b>
<b>CET1 capital .....</b>	<b>38,646</b>	<b>38,933</b>	<b>42,072</b>	<b>(1)</b>	<b>32,362</b>	<b>32,048</b>	<b>32,938</b>	<b>1</b>

	Phase-in				Look-through			
				% change				% change
end of .....	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
<b>CET1 capital .....</b>	<b>38,646</b>	<b>38,933</b>	<b>42,072</b>	<b>(1)</b>	<b>32,362</b>	<b>32,048</b>	<b>32,938</b>	<b>1</b>
High-trigger capital instruments (7% trigger)	5,793	5,768	6,562	0	5,793	5,768	6,562	0
Low-trigger capital instruments (5.125% trigger) .....	5,108	5,189	5,101	(2)	5,108	5,189	5,101	(2)
<b>Additional tier 1 instruments .....</b>	<b>10,901</b>	<b>10,957</b>	<b>11,663</b>	<b>(1)</b>	<b>10,901</b>	<b>10,957</b>	<b>11,663</b>	<b>(1)</b>
Additional tier 1 instruments subject to phase-out <sup>5</sup> .....	2,703	2,672	2,616	1	—	—	—	—
Deductions from additional tier 1 capital ..	(2,249) <sup>6</sup>	(2,782)	(3,288)	(19)	—	—	—	—
<b>Additional tier 1 capital .....</b>	<b>11,355</b>	<b>10,847</b>	<b>10,991</b>	<b>5</b>	<b>10,901</b>	<b>10,957</b>	<b>11,663</b>	<b>(1)</b>
<b>Tier 1 capital .....</b>	<b>50,001</b>	<b>49,780</b>	<b>53,063</b>	<b>0</b>	<b>43,263</b>	<b>43,005</b>	<b>44,601</b>	<b>1</b>
High-trigger capital instruments (7% trigger)	699	2,649	2,682	(74)	699	2,649	2,682	(74)
Low-trigger capital instruments (5% trigger)	4,243	4,267	4,142	(1)	4,243	4,267	4,142	(1)
<b>Tier 2 instruments .....</b>	<b>4,942</b>	<b>6,916</b>	<b>6,824</b>	<b>(29)</b>	<b>4,942</b>	<b>6,916</b>	<b>6,824</b>	<b>(29)</b>
Tier 2 instruments subject to phase-out .....	2,197	2,257	2,970	(3)	—	—	—	—
Deductions from tier 2 capital .....	(96)	(103)	(175)	(7)	—	—	—	—
<b>Tier 2 capital .....</b>	<b>7,043</b>	<b>9,070</b>	<b>9,619</b>	<b>(22)</b>	<b>4,942</b>	<b>6,916</b>	<b>6,824</b>	<b>(29)</b>
<b>Total eligible capital ....</b>	<b>57,044</b>	<b>58,850</b>	<b>62,682</b>	<b>(3)</b>	<b>48,205</b>	<b>49,921</b>	<b>51,425</b>	<b>(3)</b>

Notes:

- (1) Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.
- (2) Net of deferred tax liability.
- (3) Includes cash flow hedge reserve.
- (4) Reflects 60% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets, and 40% of an adjustment primarily for the accounting treatment of pension plans pursuant to phase-in requirements.
- (5) Includes hybrid capital instruments that are subject to phase-out.
- (6) Includes 40% of goodwill and other intangible assets (CHF 1.9 billion) and other capital deductions, including gains/(losses) due to changes in own credit risk on fair-valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.



## Capital movement – Group

3Q16	Phase-in	Look-through
<b>CET1 capital (CHF million)</b>		
<b>Balance at beginning of period</b> .....	<b>38,933</b>	<b>32,048</b>
Net income attributable to shareholders .....	41	41
Foreign exchange impact .....	(173) <sup>1</sup>	(146)
Other .....	(155) <sup>2</sup>	419
<b>Balance at end of period</b> .....	<b>38,646</b>	<b>32,362</b>
<b>Additional tier 1 capital (CHF million)</b> .....		
<b>Balance at beginning of period</b> .....	<b>10,847</b>	<b>10,957</b>
Foreign exchange impact .....	(41)	(38)
Other .....	549 <sup>3</sup>	(18)
<b>Balance at end of period</b> .....	<b>11,355</b>	<b>10,901</b>
<b>Tier 2 capital (CHF million)</b>		
<b>Balance at beginning of period</b> .....	<b>9,070</b>	<b>6,916</b>
Foreign exchange impact .....	(20)	(4)
Redemptions .....	(1,946)	(1,946)
Other .....	(61)	(24)
<b>Balance at end of period</b> .....	<b>7,043</b>	<b>4,942</b>
<b>Eligible capital (CHF million)</b>		
<b>Balance at end of period</b> .....	<b>57,044</b>	<b>48,205</b>

### Notes:

- (1) Includes US GAAP cumulative translation adjustments and the foreign exchange impact on regulatory CET1 adjustments.
- (2) Includes the impact of a dividend accrual, which includes the assumption that 60% of the proposed dividend is distributed in shares, the net effect of share-based compensation and pensions and a change in other regulatory adjustments (e.g., certain deferred tax assets).
- (3) Includes the regulatory reversal of net losses due to changes in own credit risk on fair-valued financial instruments.

### *Risk-weighted assets*

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorised as credit, market, operational and non-counterparty risk RWA. When assessing RWA, it is not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Under Basel III, certain regulatory capital adjustments are dependent on the level of CET1 capital (thresholds).

The amount above the threshold is deducted from CET1 capital and the amount below the threshold is risk weighted. RWA subject to such threshold adjustments are included in credit risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both balance sheet and off-balance sheet items. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty risk RWA primarily reflect the capital requirements for our premises and equipment.

RWA remained stable at CHF 273.8 billion as of the end of 3Q16 compared to the end of 2Q16, primarily driven by a reduction in risk levels in credit risk and market risk and the foreign exchange impact. These movements were mostly offset by increases resulting from methodology and policy changes in credit risk and market risk.

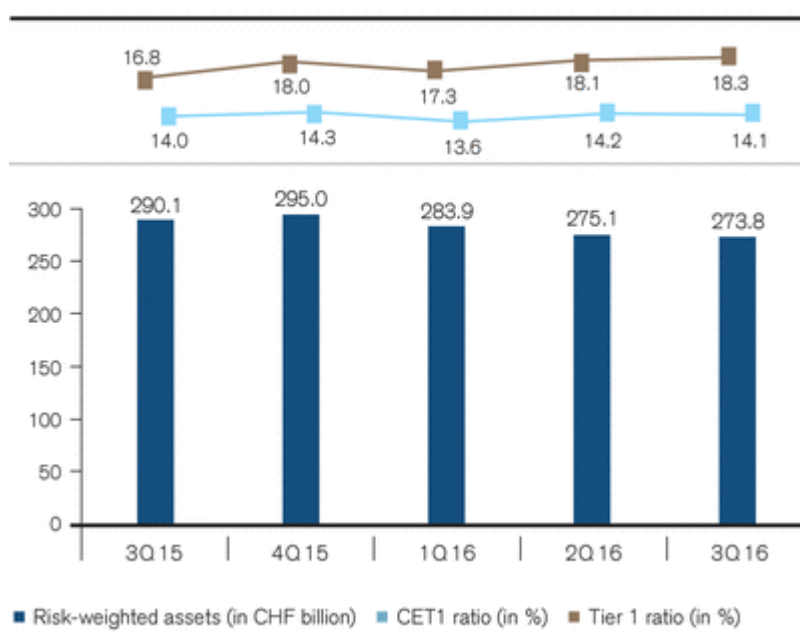
Excluding the foreign exchange impact, the decrease in **credit risk** was primarily driven by movements in risk levels attributable to book size, partially offset by increases related to external methodology and policy changes. The decrease in risk levels attributable to book size was mainly due to reductions in commercial lending exposures in the Strategic Resolution Unit, Asia Pacific and Corporate Center, decreases in derivative exposures in the Strategic Resolution Unit, Asia Pacific and International Wealth Management, reductions in advanced CVA resulting from decreased exposures and an increased benefit from hedges in the Strategic Resolution Unit and decreases in secured financing exposures in Global Markets and Corporate Center. These decreases were partially offset by increases in commercial lending exposures in Global Markets, Investment Banking & Capital Markets and Swiss Universal Bank. External methodology and policy changes were related to a phase-in impact from a new FINMA requirement to treat share-backed lending without personal guarantees as corporate exposures. There was also the multiplier on income producing real estate in Swiss Universal Bank and an additional phase-in of the multiplier on certain investment banking corporate exposures across the Group.

### Risk-weighted assets – Group

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Group
<b>3Q16 (CHF million)</b>								
Credit risk .....	52,702	20,470	18,258	28,073	15,350	29,793	15,484	180,130
Market risk .....	574	431	8,154	9,330	123	4,236	202	23,050
Operational risk .....	11,937	12,289	5,783	13,679	2,546	19,000	0	65,234
Non-counterparty risk .....	358	267	69	45	0	239	4,387	5,365
<b>Risk-weighted assets – phase-in .....</b>	<b>65,571</b>	<b>33,457</b>	<b>32,264</b>	<b>51,127</b>	<b>18,019</b>	<b>53,268</b>	<b>20,073</b>	<b>273,779</b>
Look-through adjustment .....	—	—	—	—	—	—	(3,317)	(3,317)
<b>Risk-weighted assets – look- through .....</b>	<b>65,571</b>	<b>33,457</b>	<b>32,264</b>	<b>51,127</b>	<b>18,019</b>	<b>53,268</b>	<b>16,756</b>	<b>270,462</b>

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Group
<b>4Q15 (CHF million)</b>								
Credit risk .....	47,989	18,653	15,214	33,955	12,856	45,739	18,792	193,198
Market risk .....	801	858	4,744	15,986	112	7,129	169	29,799
Operational risk .....	11,240	13,115	6,812	12,839	3,182	19,250	0	66,438
Non-counterparty risk .....	322	254	65	58	0	306	4,510	5,515
<b>Risk-weighted assets – phase-in .....</b>	<b>60,352</b>	<b>32,880</b>	<b>26,835</b>	<b>62,838</b>	<b>16,150</b>	<b>72,424</b>	<b>23,471</b>	<b>294,950</b>
Look-through adjustment .....	—	—	—	—	—	—	(5,004)	(5,004)
<b>Risk-weighted assets – look- through .....</b>	<b>60,352</b>	<b>32,880</b>	<b>26,835</b>	<b>62,838</b>	<b>16,150</b>	<b>72,424</b>	<b>18,467</b>	<b>289,946</b>

### Risk-weighted assets and capital ratios – Group



Excluding the foreign exchange impact, the increase in **market risk** was primarily driven by internal methodology and policy changes and model and parameter updates. The increase was partially offset by decreases in risk levels. The increase in internal methodology and policy changes was mainly due to a refinement in our RNIV model relating to bond reference spreads. Increases in model and parameter updates were primarily due to market data volatility in Global Markets and the Strategic Resolution Unit, partially offset by decreases in Asia Pacific. The movement in risk levels was primarily related to a reduction in market risk levels in Global Markets and International Wealth Management. This decrease was partially offset by an increase in market risk levels in Asia Pacific. Movements in risk levels was also impacted by an increase in trading book securitisation exposures in Global Markets.

The decrease in **operational risk** was driven by internal methodology and policy changes in Global Markets relating to the removal of the FINMA imposed cap on the benefit from the insurance policy purchased in 2Q16. FINMA approved the policy as part of the AMA capital model. There was also a refinement in the allocation between Global Markets and Asia Pacific to reflect the new organisational structure.

## Risk-weighted asset movement by risk type – Group

3Q16 (CHF million)	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Total
<b><u>Credit risk</u></b>								
<b>Balance at beginning of period .....</b>	<b>51,595</b>	<b>20,386</b>	<b>18,838</b>	<b>27,282</b>	<b>13,864</b>	<b>33,591</b>	<b>16,848</b>	<b>182,404</b>
Foreign exchange impact .....	(120)	(44)	(47)	(99)	(88)	(157)	(47)	(602)
Movements in risk levels.....	672	21	(1,005)	1,001	1,265	(3,446)	(1,333)	(2,825)
of which credit risk – book size <sup>1</sup> .....	553	166	(805)	919	1,126	(3,516)	(1,300)	(2,857)
of which credit risk – book quality <sup>2</sup> .....	119	(145)	(200)	82	139	70	(33)	32
Model and parameter updates <sup>3</sup> .....	(38)	(41)	(69)	(180)	(12)	(55)	10	(385)
Methodology and policy changes – internal <sup>4</sup> .....	26	8	(57)	(135)	75	55	(5)	(33)
Methodology and policy changes – external <sup>5</sup> .....	567	140	598	204	246	(195)	11	1,571
<b>Balance at end of period – phase-in.....</b>	<b>52,702</b>	<b>20,470</b>	<b>18,258</b>	<b>28,073</b>	<b>15,350</b>	<b>29,793</b>	<b>15,484</b>	<b>180,130</b>
<b><u>Market risk</u></b>								
<b>Balance at beginning of period .....</b>	<b>680</b>	<b>687</b>	<b>7,954</b>	<b>8,463</b>	<b>103</b>	<b>3,617</b>	<b>151</b>	<b>21,655</b>
Foreign exchange impact .....	(2)	(1)	(3)	(20)	0	(8)	0	(34)
Movements in risk levels.....	(176)	(293)	423	(521)	18	8	52	(489)
Model and parameter updates <sup>3</sup> .....	66	33	(335)	657	2	260	0	683
Methodology and policy changes – internal <sup>4</sup> .....	6	5	115	751	0	359	(1)	1,235
<b>Balance at end of period – phase-in.....</b>	<b>574</b>	<b>431</b>	<b>8,154</b>	<b>9,330</b>	<b>123</b>	<b>4,236</b>	<b>202</b>	<b>23,050</b>
<b><u>Operational risk</u></b>								
<b>Balance at beginning of period .....</b>	<b>11,937</b>	<b>12,289</b>	<b>4,783</b>	<b>14,954</b>	<b>2,546</b>	<b>19,000</b>	<b>0</b>	<b>65,509</b>
Methodology and policy changes – internal <sup>4</sup> .....	0	0	1,000	(1,275)	0	0	0	(275)
<b>Balance at end of period – phase-in.....</b>	<b>11,937</b>	<b>12,289</b>	<b>5,783</b>	<b>13,679</b>	<b>2,546</b>	<b>19,000</b>	<b>0</b>	<b>65,234</b>
<b><u>Non-counterparty risk</u></b>								
<b>Balance at beginning of period .....</b>	<b>392</b>	<b>251</b>	<b>69</b>	<b>51</b>	<b>0</b>	<b>273</b>	<b>4,452</b>	<b>5,488</b>
Movements in risk levels.....	(34)	16	0	(6)	0	(34)	(65)	(123)
<b>Balance at end of period – phase-in.....</b>	<b>358</b>	<b>267</b>	<b>69</b>	<b>45</b>	<b>0</b>	<b>239</b>	<b>4,387</b>	<b>5,365</b>

3Q16 (CHF million)	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Total
<b>Total</b>								
<b>Balance at beginning of period</b> .....	<b>64,604</b>	<b>33,613</b>	<b>31,644</b>	<b>50,750</b>	<b>16,513</b>	<b>56,481</b>	<b>21,451</b>	<b>275,056</b>
Foreign exchange impact .....	(122)	(45)	(50)	(119)	(88)	(165)	(47)	(636)
Movements in risk levels.....	462	(256)	(582)	474	1,283	(3,472)	(1,346)	(3,437)
Model and parameter updates <sup>3</sup> .....	28	(8)	(404)	477	(10)	205	10	298
Methodology and policy changes – internal <sup>4</sup> .....	32	13	1,058	(659)	75	414	(6)	927
Methodology and policy changes – external <sup>5</sup> .....	567	140	598	204	246	(195)	11	1,571
<b>Balance at end of period – phase-in</b> .....	<b>65,571</b>	<b>33,457</b>	<b>32,264</b>	<b>51,127</b>	<b>18,019</b>	<b>53,268</b>	<b>20,073</b>	<b>273,779</b>
Look-through adjustment <sup>6</sup> .....	—	—	—	—	—	—	(3,317)	(3,317)
<b>Balance at end of period – look-through</b> .....	<b>65,571</b>	<b>33,457</b>	<b>32,264</b>	<b>51,127</b>	<b>18,019</b>	<b>53,268</b>	<b>16,756</b>	<b>270,462</b>

Notes:

- (1) Represents changes in portfolio size.
- (2) Represents changes in average risk weighting across credit risk classes.
- (3) Represents movements arising from updates to models and recalibrations of parameters.
- (4) Represents internal changes impacting how exposures are treated.
- (5) Represents externally prescribed regulatory changes impacting how exposures are treated.
- (6) The look-through adjustment impacts only credit risk within the Corporate Center. The difference between phase-in and look-through risk-weighted assets relates to transitional arrangements such as the impact from pension assets and deferred tax assets not deducted from CET1 during the phase-in period and the transitional impact from threshold-related risk-weighted assets.

### *Leverage Metrics*

Beginning in 1Q15, Credit Suisse adopted the BIS leverage ratio framework, as issued by the BCBS and implemented in Switzerland by FINMA. Under the BIS framework, the leverage ratio measures tier 1 capital against the end of period exposure. BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented in Switzerland by FINMA. Changes in the interpretation of these requirements in Switzerland or in any of our interpretations, assumptions or estimates could result in different numbers from those shown here.

As used herein, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments.

The look-through leverage exposure was CHF 948.7 billion as of the end of 3Q16 compared to CHF 966.5 billion as of the end of 2Q16. The movement was primarily due to a reduction in the Group's consolidated balance sheet, reflecting lower operating activities and the foreign exchange translation impact.

Refer to “Balance sheet and off-balance sheet” in the Credit Suisse Financial Report 3Q16 for further information on the reduction in the Group's consolidated balance sheet.

## Look-through leverage exposure – Group

end of	3Q16	2Q16	4Q15
<b>Look-through leverage exposure (CHF million)</b>			
Swiss Universal Bank .....	246,254	245,108	238,180
International Wealth Management .....	88,899	95,442	101,628
Asia Pacific .....	108,495	107,595	98,632
Global Markets .....	286,694	279,099	276,656
Investment Banking & Capital Markets .....	44,240	43,756	40,898
Strategic Resolution Unit .....	115,008	143,805	168,544
Corporate Center .....	59,154	51,743	63,090
<b>Leverage exposure .....</b>	<b>948,744</b>	<b>966,548</b>	<b>987,628</b>

## BIS leverage ratios – Group

The tier 1 leverage ratio was 5.2% as of the end of 3Q16, with a CET1 component of 4.0%. On a look-through basis, the tier 1 leverage ratio was 4.6%, with a CET1 component of 3.4%.

The CET1 leverage ratio was stable compared to the end of 2Q16, reflecting the slight decrease in CET1 capital, partially offset by lower leverage exposure.

The tier 1 leverage ratio increased compared to the end of 2Q16, reflecting stable tier 1 capital and lower leverage exposure.

## Leverage exposure components – Group

end of	Phase-in				Look-through			
	% change				% change			
	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
<b>Leverage exposure (CHF million)</b>								
<b>Balance sheet assets .....</b>	<b>806,711</b>	<b>821,164</b>	<b>820,805</b>	<b>(2)</b>	<b>806,711</b>	<b>821,164</b>	<b>820,805</b>	<b>(2)</b>
<b>Adjustments</b>								
Difference in scope of consolidation and tier 1 capital deductions <sup>1</sup> .....	(9,151)	(11,067)	(10,553)	(17)	(15,387)	(15,276)	(16,431)	1
Derivative financial instruments .....	91,059	95,582	104,353	(5)	91,059	95,582	104,353	(5)
Securities financing transactions .....	(17,632)	(15,710)	(16,214)	12	(17,632)	(15,710)	(16,214)	12
Off-balance sheet exposures .....	83,993	80,788	95,115	4	83,993	80,788	95,115	4
<b>Total adjustments .....</b>	<b>148,269</b>	<b>149,593</b>	<b>172,701</b>	<b>(1)</b>	<b>142,033</b>	<b>145,384</b>	<b>166,823</b>	<b>(2)</b>
<b>Leverage exposure .....</b>	<b>954,980</b>	<b>970,757</b>	<b>993,506</b>	<b>(2)</b>	<b>948,744</b>	<b>966,548</b>	<b>987,628</b>	<b>(2)</b>

Note:

- (1) Includes adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation and tier 1 capital deductions related to balance sheet assets.

## BIS leverage metrics – Group

end of	Phase-in				Look-through			
	3Q16	2Q16	4Q15	% change QoQ	3Q16	2Q16	4Q15	% change QoQ
<b>Capital and leverage exposure (CHF million)</b>								
CET1 capital.....	38,646	38,933	42,072	(1)	32,362	32,048	32,938	1
Tier 1 capital.....	50,001	49,780	53,063	0	43,263	43,005	44,601	1
Leverage exposure.....	954,980	970,757	993,506	(2)	948,744	966,548	987,628	(2)
<b>Leverage ratios (%)</b>								
CET1 leverage ratio.....	4.0	4.0	4.2	—	3.4	3.3	3.3	—
Tier 1 leverage ratio.....	5.2	5.1	5.3	—	4.6	4.4	4.5	—

### Swiss capital and leverage metrics

#### Swiss capital metrics

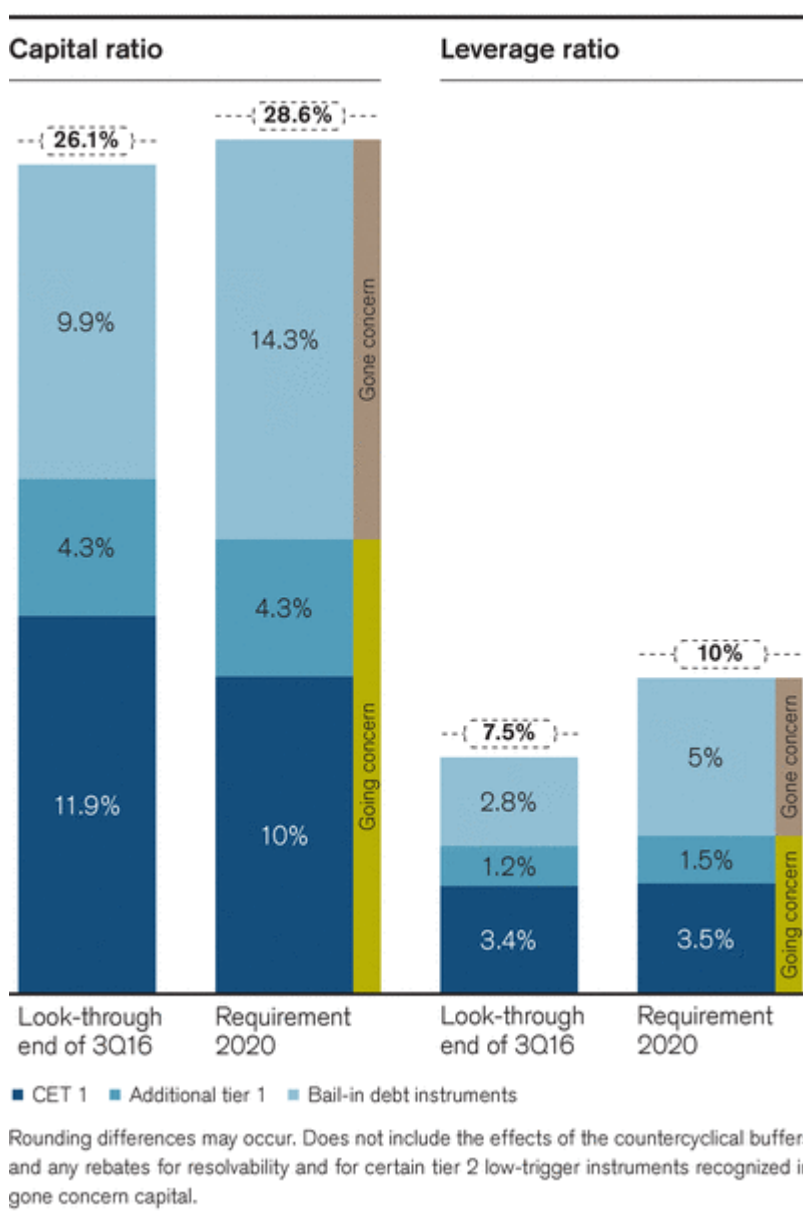
Refer to “Swiss Requirements” in “Regulatory capital framework” in the Credit Suisse Financial Report 3Q16 for further information on Swiss regulatory requirements.

As of the end of 3Q16, our Swiss CET1, going concern capital, gone concern capital and TLAC ratios were 14.0%, 19.8%, 9.7% and 29.5%, respectively, compared to the Swiss phase-in requirements of 8.125%, 10.75%, 3.5% and 14.25%, respectively.

On a look-through basis, as of the end of 3Q16, our Swiss CET1 capital was CHF 32.2 billion and our Swiss CET1 ratio was 11.9% compared to the requirement of 10.0%. Our going concern capital was CHF 43.8 billion and our going concern capital ratio was 16.2%, compared to the requirement of 14.3%. Our gone concern capital was CHF 26.9 billion and our gone concern capital ratio was 9.9%, compared to the requirement of 14.3%. Our total loss-absorbing capacity was CHF 70.7 billion and our TLAC ratio was 26.1%, compared to the requirement of 28.6%.

Refer to “Capital management” in “Treasury, risk, balance sheet and off-balance sheet” in the Credit Suisse Financial Report 2Q16 for previously reported periods.

## Swiss capital and leverage ratios for Credit Suisse



### Swiss capital metrics – Group

	Phase-in	Look-through
end of	3Q16	3Q16
<b>Swiss capital and risk-weighted assets (CHF million)</b>		
Swiss CET1 capital .....	38,498	32,199
Going concern capital .....	54,341	43,799
Gone concern capital.....	26,541	26,915
Total loss-absorbing capacity .....	80,882	70,714
Swiss risk-weighted assets .....	274,513	271,159



	<b>Phase-in</b>	<b>Look-through</b>
<b>end of</b>	<b>3Q16</b>	<b>3Q16</b>
<b>Swiss capital ratios (%)</b>		
Swiss CET1 ratio .....	14.0	11.9
Going concern capital ratio .....	19.8	16.2
Gone concern capital ratio .....	9.7	9.9
TLAC ratio .....	29.5	26.1

#### Swiss capital and risk-weighted assets – Group

	<b>Phase-in</b>	<b>Look-through</b>
<b>end of</b>	<b>3Q16</b>	<b>3Q16</b>
<b>Swiss capital (CHF million)</b>		
CET1 capital – BIS .....	38,646	32,362
Swiss regulatory adjustments <sup>1</sup> .....	(148)	(163)
<b>Swiss CET1 capital.....</b>	<b>38,498</b>	<b>32,199</b>
Additional tier 1 high-trigger capital instruments .....	5,793	5,793
Grandfathered capital instruments .....	10,050	5,807
of which additional tier 1 low-trigger capital instruments.....	5,108	5,108
of which tier 2 high-trigger capital instruments.....	699	699
of which tier 2 low-trigger capital instruments.....	4,243	—
<b>Swiss additional tier 1 capital.....</b>	<b>15,843</b>	<b>11,600</b>
<b>Going concern capital .....</b>	<b>54,341</b>	<b>43,799</b>
Bail-in debt instruments .....	22,672	22,672
Additional tier 1 instruments subject to phase-out .....	2,703	—
Tier 2 instruments subject to phase-out.....	2,197	—
Tier 2 amortisation component.....	1,314	—
Tier 2 low-trigger capital instruments .....	—	4,243
Deductions .....	(2,345)	—
<b>Gone concern capital .....</b>	<b>26,541</b>	<b>26,915</b>
<b>Total loss-absorbing capacity .....</b>	<b>80,882</b>	<b>70,714</b>

	<b>Phase-in</b>	<b>Look-through</b>
<b>end of</b>	<b>3Q16</b>	<b>3Q16</b>
<b>Risk-weighted assets (CHF million)</b>		
Risk-weighted assets – BIS .....	273,779	270,462
Swiss regulatory adjustments <sup>2</sup> .....	734	697
<b>Swiss risk-weighted assets .....</b>	<b>274,513</b>	<b>271,159</b>

Notes:

- (1) Includes adjustments for certain unrealised gains outside the trading book.
- (2) Primarily includes differences in the credit risk multiplier.

#### Swiss leverage metrics – Group

	<b>Phase-in</b>	<b>Look-through</b>
<b>end of</b>	<b>3Q16</b>	<b>3Q16</b>
<b>Swiss capital and leverage exposure (CHF million)</b>		
Swiss CET1 capital .....	38,498	32,199
Going concern capital .....	54,341	43,799
Gone concern capital .....	26,541	26,915
Total loss-absorbing capacity .....	80,882	70,714
Leverage exposure .....	954,980	948,744
<b>Swiss leverage ratios (%)</b>		
Swiss CET1 leverage ratio .....	4.0	3.4
Going concern leverage ratio .....	5.7	4.6
Gone concern leverage ratio .....	2.8	2.8
TLAC leverage ratio .....	8.5	7.5

Note: Rounding differences may occur.

#### Swiss leverage metrics

The leverage exposure used in the Swiss leverage ratio is measured on the same period-end basis as the leverage exposure for the BIS leverage ratio.

As of the end of 3Q16, our Swiss CET1 leverage, going concern leverage, gone concern leverage and TLAC leverage ratios were 4.0%, 5.7%, 2.8% and 8.5%, respectively, compared to the Swiss phase-in requirements of 2.3%, 3.0%, 1.0% and 4.0%, respectively.

On a look-through basis, as of the end of 3Q16, our Swiss CET1 leverage ratio was 3.4% compared to the requirement of 3.5%, our going concern leverage ratio was 4.6%, compared to the requirement of 5.0%, our gone concern leverage ratio was 2.8%, compared to the requirement of 5.0% and our TLAC leverage ratio was 7.5% compared to the requirement of 10.0%.

### Bank regulatory disclosures

The following capital, RWA and leverage disclosures apply to the Bank. The business of the Bank is substantially the same as that of the Group, including business drivers and trends relating to capital, RWA and leverage metrics.

#### BIS capital and leverage metrics – Bank

Refer to “BIS capital metrics”, “Risk-weighted assets” and “Leverage metrics” for further information.

#### BIS capital metrics – Bank

end of	Phase-in			
	% change			
	3Q16	2Q16	4Q15	QoQ
<b>Capital and risk-weighted assets (CHF million)</b>				
CET1 capital.....	36,713	37,164	40,013	(1)
Tier 1 capital.....	47,444	47,497	50,570	0
Total eligible capital .....	54,543	56,619	60,242	(4)
Risk-weighted assets.....	266,168	267,502	286,947	0
<b>Capital ratios (%)</b>				
CET1 ratio .....	13.8	13.9	13.9	—
Tier 1 ratio .....	17.8	17.8	17.6	—
Total capital ratio.....	20.5	21.2	21.0	—

#### Eligible capital and risk-weighted assets – Bank

end of	Phase-in			
	% change			
	3Q16	2Q16	4Q15	QoQ
<b>Eligible capital (CHF million)</b>				
<b>Total shareholder's equity .....</b>	<b>43,172</b>	<b>43,997</b>	<b>43,406</b>	<b>(2)</b>
Regulatory adjustments <sup>1</sup> .....	(495)	(313)	(5)	58
Adjustments subject to phase-in .....	(5,964) <sup>2</sup>	(6,520)	(3,388)	(9)
<b>CET1 capital .....</b>	<b>36,713</b>	<b>37,164</b>	<b>40,013</b>	<b>(1)</b>
Additional tier 1 instruments .....	10,024 <sup>3</sup>	10,098	10,805	(1)
Additional tier 1 instruments subject to phase-out <sup>4</sup> .....	2,703	2,672	2,616	1
Deductions from additional tier 1 capital.....	(1,996) <sup>5</sup>	(2,437)	(2,864)	(18)
<b>Additional tier 1 capital.....</b>	<b>10,731</b>	<b>10,333</b>	<b>10,557</b>	<b>4</b>
<b>Tier 1 capital .....</b>	<b>47,444</b>	<b>47,497</b>	<b>50,570</b>	<b>0</b>

end of	Phase-in			
				% change
	3Q16	2Q16	4Q15	QoQ
Tier 2 instruments .....	4,991 <sup>6</sup>	6,962	6,865	(28)
Tier 2 instruments subject to phase-out .....	2,197	2,257	2,970	(3)
Deductions from tier 2 capital .....	(89)	(97)	(163)	(8)
<b>Tier 2 capital .....</b>	<b>7,099</b>	<b>9,122</b>	<b>9,672</b>	<b>(22)</b>
<b>Total eligible capital .....</b>	<b>54,543</b>	<b>56,619</b>	<b>60,242</b>	<b>(4)</b>
<b>Risk-weighted assets by risk type (CHF million)</b>				
Credit risk .....	172,878	175,221	185,574	(1)
Market risk .....	22,999	21,602	29,755	6
Operational risk .....	65,234	65,509	66,438	0
Non-counterparty risk .....	5,057	5,170	5,180	(2)
<b>Risk-weighted assets .....</b>	<b>266,168</b>	<b>267,502</b>	<b>286,947</b>	<b>0</b>

Notes:

- (1) Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.
- (2) Primarily reflects 60% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets.
- (3) Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.9 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.2 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.
- (4) Includes hybrid capital instruments that are subject to phase-out.
- (5) Includes 40% of goodwill and other intangible assets (CHF 1.6 billion) and other capital deductions, including gains/(losses) due to changes in own credit risk on fair-valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.
- (6) Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 0.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.2 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

## Leverage exposure components – Bank

end of	Phase-in			
				% change
	3Q16	2Q16	4Q15	QoQ
<b>Leverage exposure (CHF million)</b>				
<b>Balance sheet assets .....</b>	<b>789,158</b>	<b>804,003</b>	<b>803,931</b>	<b>(2)</b>
<b>Adjustments</b>				
Difference in scope of consolidation and tier 1 capital deductions <sup>1</sup> .....	(11,476)	(12,877)	(13,059)	(11)
Derivative financial instruments .....	91,370	95,821	104,604	(5)
Securities financing transactions.....	(17,633)	(15,712)	(16,215)	12
Off-balance sheet exposures .....	83,208	79,918	94,312	4
<b>Total adjustments .....</b>	<b>145,469</b>	<b>147,150</b>	<b>169,642</b>	<b>(1)</b>
<b>Leverage exposure .....</b>	<b>934,627</b>	<b>951,153</b>	<b>973,573</b>	<b>(2)</b>

Note:

- (1) Includes adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation and tier 1 capital deductions related to balance sheet assets.

## BIS leverage metrics – Bank

end of	Phase-in			
				% change
	3Q16	2Q16	4Q15	QoQ
<b>Capital and leverage exposure (CHF million)</b>				
CET1 capital.....	36,713	37,164	40,013	(1)
Tier 1 capital.....	47,444	47,497	50,570	0
Leverage exposure.....	934,627	951,153	973,573	(2)
<b>Leverage ratios (%)</b>				
CET1 leverage ratio.....	3.9	3.9	4.1	—
Tier 1 leverage ratio.....	5.1	5.0	5.2	—

## Swiss capital and leverage metrics – Bank

Refer to “Swiss capital and leverage metrics” for further information.

### Swiss capital metrics – Bank

	<b>Phase-in</b>
<b>end of</b>	<b>3Q16</b>
<b>Swiss capital and risk-weighted assets (CHF million)</b>	
Swiss CET1 capital .....	36,585
Going concern capital .....	51,600
Gone concern capital.....	26,800
Total loss-absorbing capacity .....	78,400
Swiss risk-weighted assets .....	266,869
<b>Swiss capital ratios (%)</b>	
Swiss CET1 ratio .....	13.7
Going concern capital ratio .....	19.3
Gone concern capital ratio .....	10.0
TLAC ratio .....	29.4

### Swiss capital and risk-weighted assets – Bank

	<b>Phase-in</b>
<b>end of</b>	<b>3Q16</b>
<b>Swiss capital (CHF million)</b>	
CET1 capital – BIS .....	36,713
Swiss regulatory adjustments <sup>1</sup> .....	(128)
<b>Swiss CET1 capital.....</b>	<b>36,585</b>
Additional tier 1 high-trigger capital instruments .....	5,873
Grandfathered capital instruments .....	9,142
of which additional tier 1 low-trigger capital instruments	4,151
of which tier 2 high-trigger capital instruments	748
of which tier 2 low-trigger capital instruments	4,243
<b>Swiss additional tier 1 capital.....</b>	<b>15,015</b>
<b>Going concern capital .....</b>	<b>51,600</b>
Bail-in debt instruments .....	22,672
Additional tier 1 instruments subject to phase-out.....	2,703
Tier 2 instruments subject to phase-out.....	2,197
Tier 2 amortisation component.....	1,314

	<b>Phase-in</b>
<b>end of</b>	<b>3Q16</b>
Deductions .....	(2,086)
<b>Gone concern capital .....</b>	<b>26,800</b>
<b>Total loss-absorbing capacity .....</b>	<b>78,400</b>

	<b>Phase-in</b>
<b>end of</b>	<b>3Q16</b>
<b>Risk-weighted assets (CHF million)</b>	
Risk-weighted assets – BIS .....	266,168
Swiss regulatory adjustments <sup>2</sup> .....	701
<b>Swiss risk-weighted assets .....</b>	<b>266,869</b>

Notes:

- (1) Includes adjustments for certain unrealised gains outside the trading book.
- (2) Primarily includes differences in the credit risk multiplier.

#### Swiss leverage metrics – Bank

	<b>Phase-in</b>
<b>end of</b>	<b>3Q16</b>
<b>Swiss capital and leverage exposure (CHF million)</b>	
Swiss CET1 capital .....	36,585
Going concern capital .....	51,600
Gone concern capital .....	26,800
Total loss-absorbing capacity .....	78,400
Leverage exposure .....	934,627
<b>Swiss leverage ratios (%)</b>	
Swiss CET1 leverage ratio .....	3.9
Going concern leverage ratio .....	5.5
Gone concern leverage ratio .....	2.9
TLAC leverage ratio .....	8.4

#### *Other regulatory disclosures*

In connection with the implementation of Basel III, certain regulatory disclosures for the Group, the Bank, the Bank parent company and Credit Suisse International are required. Additional information on capital instruments, including the main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base of the Group, G-SIB financial indicators, subsidiary regulatory

reporting, reconciliation requirements, Pillar 3 disclosures, leverage ratios and certain liquidity disclosures can be found on our website.

Refer to [www.credit-suisse.com/regulatorydisclosures](http://www.credit-suisse.com/regulatorydisclosures) for additional information.

### *Shareholders' equity and share metrics*

#### Total shareholders' equity

Our total shareholders' equity decreased to CHF 44.3 billion as of the end of 3Q16 compared to CHF 45.0 billion as of the end of 2Q16. Total shareholders' equity was negatively impacted by losses on fair value elected liabilities relating to credit risk and foreign exchange-related movements on cumulative translation adjustments. These movements were partially offset by an increase in the share-based compensation obligation.

Refer to the "Consolidated statements of changes in equity (unaudited)" in "Condensed consolidated financial statements – unaudited for further information on shareholders' equity" in the Credit Suisse Financial Report 3Q16.

#### Shareholders' equity and share metrics

	% change			
end of	3Q16	2Q16	4Q15	QoQ
<b><u>Shareholders' equity (CHF million)</u></b>				
Common shares .....	84	84	78	0
Additional paid-in capital .....	31,925	31,702	31,925	1
Retained earnings .....	28,573	28,532	29,139	0
Treasury shares, at cost.....	(18)	(94)	(125)	(81)
Accumulated other comprehensive loss.....	(16,288)	(15,262)	(16,635)	7
<b>Total shareholders' equity .....</b>	<b>44,276</b>	<b>44,962</b>	<b>44,382</b>	<b>(2)</b>
Goodwill .....	(4,725)	(4,745)	(4,808)	0
Other intangible assets .....	(192)	(191)	(196)	1
<b>Tangible shareholders' equity<sup>1</sup> .....</b>	<b>39,359</b>	<b>40,026</b>	<b>39,378</b>	<b>(2)</b>
<b><u>Shares outstanding (million)</u></b>				
Common shares issued .....	2,089.9	2,089.9	1,957.4	0
Treasury shares .....	(1.6)	(8.5)	(5.9)	(81)
<b>Shares outstanding .....</b>	<b>2,088.3</b>	<b>2,081.4</b>	<b>1,951.5</b>	<b>0</b>
<b><u>Par value (CHF)</u></b>				
<b>Par value.....</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0</b>
<b><u>Book value per share (CHF)</u></b>				
<b>Total book value per share.....</b>	<b>21.20</b>	<b>21.60</b>	<b>22.74</b>	<b>(2)</b>
Goodwill per share.....	(2.26)	(2.28)	(2.46)	(1)
Other intangible assets per share.....	(0.09)	(0.09)	(0.10)	0
<b>Tangible book value per share<sup>1</sup> .....</b>	<b>18.85</b>	<b>19.23</b>	<b>20.18</b>	<b>(2)</b>

Note:



- (1) Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the “Conditions”) that, shall be applicable to the Notes.*

### PART A

The U.S.\$1,500,000,000 7.125 per cent. Perpetual Tier 1 Contingent Convertible Capital Notes (“Notes”) are issued by Credit Suisse Group AG (the “Issuer” or “CSG”), and are subject to these terms and conditions (the “Conditions”, which expression shall, unless the context otherwise requires, include the detailed provisions of the pricing schedule relating to the Notes as set out in Part B of these Conditions (the “Pricing Schedule”). In the event of any inconsistency between Part A of these Conditions and the Pricing Schedule, the Pricing Schedule shall prevail. The Notes are issued with the benefit of a Swiss law-governed Agency Agreement (the “Agency Agreement”) dated the Issue Date between the Issuer and Credit Suisse AG, Zurich, Switzerland as principal paying and conversion agent and calculation agent (the “Principal Paying and Conversion Agent”, the “Calculation Agent” (which expression shall include the Principal Paying and Conversion Agent) (each such expression shall include any successors or additional such agents as the Issuer may appoint from time to time under the Agency Agreement)). Credit Suisse AG, Zurich, Switzerland shall act as share delivery agent (the “Share Delivery Agent”) hereunder on the basis of a Swiss law-governed share delivery agency agreement dated the Issue Date between the Issuer and Credit Suisse AG, Zurich, Switzerland.

#### 1 Amount, Denomination, Interest Basis and Form

##### (a) Amount, Denomination and Interest Basis

The initial aggregate amount of the Notes is specified in the relevant Pricing Schedule. Each Note will be issued in the Specified Denomination(s) specified in the relevant Pricing Schedule.

Each Note is a Fixed Rate Note, a Floating Rate Note or a Fixed/Floating Rate Note, depending upon the Interest Basis shown in the relevant Pricing Schedule.

##### (b) Form

The Notes are issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations.

The uncertificated securities (*Wertrechte*) will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*). Such uncertificated securities will then be entered by the Principal Paying and Conversion Agent into the main register (*Hauptregister*) of SIX SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the “Intermediary”). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) (“Intermediated Securities”) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

#### 2 Transfers of Notes

So long as the Notes are Intermediated Securities (*Bucheffekten*), the Notes may only be transferred by the entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Notes held through each participant of that Intermediary. In respect of Notes held in the form of Intermediated Securities, the holders of the Notes (the “Holders” and, individually, a “Holder”) will be the persons holding the Notes in a securities account (*Effektenkonto*) which is in their name, or, in case of intermediaries (*Verwahrungsstellen*), the intermediaries

(*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their name.

The conversion of the uncertificated securities (*Wertrechte*) into a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying and Conversion Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of, a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*). No physical delivery of the Notes shall be made.

### **3 Status of the Notes**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4.

### **4 Subordination of the Notes**

#### **(a) Subordination**

In the event of an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except in any such case, a solvent liquidation or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in accordance with Condition 13(a) and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions):

- (i) prior to the occurrence of a Contingency Event or a Viability Event, the claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank (i) junior to all claims of Priority Creditors, (ii) *pari passu* with Parity Obligations and (iii) senior to the rights and claims of all holders of Junior Capital;
- (ii) on and after the occurrence of a Contingency Event or a Viability Event, the rights and claims of Holders against the Issuer under the Notes in respect of any Accrued Conversion Interest shall rank in the manner described in Condition 4(a)(i) above;
- (iii) on and after the occurrence of a Contingency Event or a Viability Event and an announcement that the Issuer is unable to create and issue the Ordinary Shares so as to fulfil the provisions of Conversion set forth in Condition 7(a), the claims of the Holders in respect of the delivery of Ordinary Shares in accordance with Condition 7 will convert to a monetary claim of such Holder against the Issuer to participate in the liquidation proceeds of the Issuer with a claim per Note for a sum equal to that which holders of the number of Ordinary Shares into which such Notes should have been converted at the then applicable Conversion Price would receive out of the liquidation proceeds of the Issuer.

#### **(b) Definitions:**

As used in these Conditions:

“**Junior Capital**” means (i) all classes of paid-in capital in relation to shares (and participation certificates, if any) of the Issuer and (ii) all other obligations of the Issuer which rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**“Parity Obligations”** means (i) all obligations of the Issuer in respect of CSG Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes) and (ii) any other securities or obligations (including any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with the obligations of the Issuer under the Notes and/or any other Parity Obligation.

**“Priority Creditors”** means creditors of the Issuer whose claims are in respect of debt and other obligations (including those in respect of bonds, notes, debentures and guarantees) which are unsubordinated, or which are subordinated (including, but not limited to, CSG Tier 2 Instruments) and which do not, or are not expressly stated to, rank *pari passu* with, or junior to, the obligations of the Issuer under the Notes and/or any Parity Obligation.

## **5 Set-off**

Subject to applicable law and as provided for in Condition 7(a) and 7(d), each Holder, by acceptance of a Note, agrees that it shall not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes.

## **6 Interest Calculations**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Fixed Rate of Interest, such interest being, subject as provided in Condition 6(h), payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).

### **(b) Interest on Floating Rate Notes**

#### **(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Floating Rate of Interest, such interest being, subject as provided in Condition 6(h), payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).

#### **(ii) Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the relevant Pricing Schedule is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Floating Rate of Interest for Floating Rate Notes

The Floating Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined as provided herein:

- (x) The Floating Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) if required pursuant to Condition 6(b)(iii)(y) below, the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time if the Reference Rate is LIBOR or Brussels time if the Reference Rate is EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Pricing Schedule as being other than LIBOR or EURIBOR, the Floating Rate of Interest in respect of such Notes will be determined as provided in the relevant Pricing Schedule.

- (y) If the Relevant Screen Page is not available or if Condition 6(b)(iii)(x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If Condition 6(b)(iii)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Floating Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks, or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is

EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

**(c) Interest on Fixed/Floating Rate Notes**

Each Fixed/Floating Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date and during the Fixed Interest Rate Period at the rate per annum (expressed as a percentage) equal to the Fixed Rate of Interest, such interest being, subject as provided in Condition 6(h), paid in arrear on each Interest Payment Date falling in the Fixed Interest Rate Period, and during the Floating Interest Rate Period at the rate per annum (expressed as a percentage) equal to the Floating Rate of Interest, such interest being, subject as provided in Condition 6(h), paid in arrear on each Interest Payment Date falling in the Floating Rate Interest Period. The amount of interest payable shall be determined in accordance with Condition 6(f).

**(d) Accrual of Interest**

- (i) Where a Note is to be redeemed pursuant to Condition 8(c), 8(d) or 8(e), interest shall accrue up to (but excluding) the due date for redemption, and shall cease to accrue on such Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the relevant Rate of Interest from time to time in the manner provided in this Condition 6 to the Due Date.
- (ii) In the case of the occurrence of a Contingency Event or Viability Event, interest shall accrue on the principal amount of each Note up to (but excluding) the date of the relevant Contingency Event Notice or, as the case may be, Viability Event Notice, and interest shall cease to accrue on each Note with effect from the relevant Contingency Event Notice or, as the case may be, Viability Event Notice.

**(e) Margin, Maximum/Minimum Rates of Interest and Rounding**

- (i) If any Margin is specified in the relevant Pricing Schedule (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or

subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Pricing Schedule, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is legal tender.

**(f) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be calculated by reference to the Rate of Interest, the Calculation Amount specified in the relevant Pricing Schedule and the Day Count Fraction for such Interest Accrual Period, unless (as specified in the relevant Pricing Schedule) an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

**(g) Determination and Publication of Rates of Interest and Interest Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation under the Conditions, calculate such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer, each of the Paying and Conversion Agents, the Holders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If there is an Event of Default in payment in respect of the Notes as provided in Condition 12(a)(i), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each

determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) Cancellation of Interest; Prohibited Interest**

- (i) The Issuer may, at its discretion, elect to cancel all or part of any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Holders in accordance with Condition 17, and to the Principal Paying and Conversion Agent, not more than 30 nor less than 10 Business Days prior to the relevant Interest Payment Date. This Condition 6(h)(i) is without prejudice to the provisions of Condition 6(h)(ii) and Condition 6(h)(v).
- (ii) The Issuer shall be prohibited from making, in whole or in part, any payment of interest on the Notes on the relevant Interest Payment Date if, and to the extent that, on such Interest Payment Date:
  - (a) CSG has an amount of Distributable Profits which is less than the sum of (i) the aggregate amount of such interest payment and (ii) all other payments (other than redemption payments) made by CSG since the date of the Relevant Accounts (1) on the Notes and (2) on or in respect of any Tier 1 Instruments or Tier 1 Shares, in each case, excluding any portion of such other payments already accounted for in determining the Distributable Profits and, in each case as necessary, translated into CSG's reporting currency at the relevant Prevailing Rate on or around such Interest Payment Date;
  - (b) the Regulatory Condition is not satisfied or would not be satisfied if such interest payment were made; and/or
  - (c) the Regulator has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Principal Paying and Conversion Agent and shall give notice, in accordance with Condition 17, to the Holders in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this Condition 6(h)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this Condition 6(h)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor.

As used in these Conditions:

**“Distributable Profits”** means, in respect of any Interest Payment Date, the aggregate amount of (i) net profits carried forward and (ii) freely available reserves (other than reserves for own shares), in each case, less any amounts that must be contributed to legal reserves under applicable law, all in CSG's reporting currency and as appearing in the Relevant Accounts.

**“Regulatory Condition”** means, in respect of any Interest Payment Date, that CSG is, and will be immediately after the relevant payment of interest, in compliance with all applicable minimum regulatory capital adequacy requirements of the National Regulations.

**“Relevant Accounts”** means, in respect of any Interest Payment Date, the audited unconsolidated financial statements of CSG for the financial year ended immediately prior to such Interest Payment Date.

- (iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full by reason of Condition 6(h)(i) (such amount not paid, being **“Unpaid Interest”**) or by reason of Condition 6(h)(ii),



- (a) CSG shall not, directly or indirectly, resolve, or recommend to the Shareholders, that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; and
- (b) CSG shall not, directly or indirectly, redeem, purchase or otherwise acquire any Ordinary Shares other than in relation to (1) transactions effected by or for the account of customers of CSG or any of its Subsidiaries or in connection with the distribution or trading of, or market making in respect of Ordinary Shares; (2) the satisfaction by CSG or any of its Subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants; (3) a reclassification of the capital stock of CSG or any of its Subsidiaries or the exchange or conversion of one class or series of such capital stock for another class or series of such capital stock; or (4) the purchase of fractional interests in shares of the capital stock of CSG or any of its majority-owned subsidiaries pursuant to the provisions of any security being converted into or exchanged for such capital stock,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) the date on which the Notes have been redeemed in accordance with Condition 8 or converted in accordance with Condition 7.

- (iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Conditions but without prejudice to Condition 6(h)(v), the cancellation or non-payment of any interest amount by virtue of this Condition 6(h) shall not constitute a default for any purpose (including, without limitation, Condition 12(a)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 6(h) shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto.
- (v) Notwithstanding any other provision in these Conditions, if the Shareholders resolve to make or pay a dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) on the Ordinary Shares in respect of a financial year or other specified period during which there has arisen any Unpaid Interest on one or more occasions, the Issuer shall, subject as provided below, pay to the Holders, within five Business Days of such distribution or dividend being paid or made, an amount equal to the aggregate amount of all Unpaid Interest which has arisen during such financial year or other specified period. For the avoidance of doubt, if the Shareholders do not resolve to make or pay a distribution or dividend on the Ordinary Shares as described in this Condition 6(h)(v), no amount shall be payable under this Condition 6(h)(v).

**(i) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or

- (iii) in the case of a currency and/or one or more Financial Centres specified in the relevant Pricing Schedule a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in such Financial Centre(s) or, if no currency is indicated, generally in each of such Financial Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**Actual/Actual-ICMA**” is specified in the relevant Pricing Schedule,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date(s) specified as such in the relevant Pricing Schedule or, if none is so specified, the Interest Payment Date(s); and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Pricing Schedule, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Fixed Interest Rate Period**” means the period specified as such in the relevant Pricing Schedule.

“**Fixed Rate of Interest**” means the rate of interest payable from time to time in respect of a Fixed Rate Note or during the Fixed Interest Rate Period in respect of a Fixed/Floating Rate Note and that is either specified in the relevant Pricing Schedule or calculated in accordance with the provisions in the relevant Pricing Schedule.

“**Floating Interest Rate Period**” means the period specified as such in the relevant Pricing Schedule.

“**Floating Rate of Interest**” means the rate of interest payable from time to time in respect of a Floating Rate Note or during the Floating Interest Rate Period in respect of a Fixed/Floating Rate Note and that is either specified in the relevant Pricing Schedule or calculated in accordance with the provisions in the relevant Pricing Schedule.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Pricing Schedule, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Pricing Schedule as being payable on the Interest Payment Date ending in the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date specified in the relevant Pricing Schedule or such other date as may be specified in the relevant Pricing Schedule.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Schedule or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business

Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Payment Date”** means, in respect of the Notes, the date or dates specified as such, or determined as provided, in the relevant Pricing Schedule.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the relevant Pricing Schedule.

**“Rate of Interest”** means the Fixed Rate of Interest and/or Floating Rate of Interest, as the case may be.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer on consultation with the Calculation Agent or as specified in the relevant Pricing Schedule.

**“Reference Rate”** means the rate specified as such in the relevant Pricing Schedule.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Pricing Schedule.

**“Specified Currency”** means the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

#### **(j) Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Pricing Schedule and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **7 Conversion**

### **(a) Conversion upon a Contingency Event or a Viability Event**

- (i) If a Contingency Event occurs at any time while the Notes are outstanding, each Note shall, subject to and as provided in this Condition 7, be redeemed and settled (the **“Contingency**

**Event Conversion**”) by the delivery of new fully paid Ordinary Shares to the Settlement Shares Depository on behalf of the Holders on the date specified therefor in the Contingency Event Notice, which date shall be no more than 20 Business Days following the occurrence of the Contingency Event (the “**Contingency Event Conversion Settlement Date**”). Subject to Condition 7(c), receipt by the Settlement Shares Depository of the Ordinary Shares shall be a good and complete discharge of the Issuer’s obligations in respect of the Notes.

- (ii) As used in these Conditions, a “**Contingency Event**” means the giving of a Contingency Event Notice in accordance with this Condition 7(a)(ii).

CSG or, following any substitution under Condition 13(d), the Substitute Issuer or CSG shall give a notice (the “**Contingency Event Notice**”) to the Holders in accordance with Condition 17 in the event that, as at any Reporting Date, the CET1 Ratio contained in the relevant Financial Report is below the Threshold Ratio; *provided, however*, that no Contingency Event Notice shall be given, and no Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) in relation thereto shall be deemed to have occurred, if the Regulator, at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above the Threshold Ratio that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time.

Any Contingency Event Notice shall:

- (A) state that the CET1 Ratio contained in the relevant Financial Report is below the Threshold Ratio and that, with the giving of such notice, a Contingency Event has occurred and a Contingency Event Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) will take place;
  - (B) state (x) the Contingency Event Conversion Settlement Date (or, in the circumstances described in Condition 7(a)(viii), Write-down Date) and (y) except in the circumstances described in Condition 7(a)(viii), the Conversion Price and details of the arrangement for the settlement of the Contingency Event Conversion, including whether or not there is to be a Settlement Shares Offer; and
  - (C) be given no later than the fifth Business Day after the date of publication of the relevant Financial Report.
- (iii) If a Viability Event occurs at any time while the Notes are outstanding and prior to a Statutory Loss Absorption Date (if any), each Note shall, subject to and as provided in this Condition 7, be redeemed and settled (the “**Viability Event Conversion**”) by the delivery of new fully paid Ordinary Shares to the Settlement Shares Depository on behalf of the Holders on the date specified therefor in the Viability Event Notice, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the “**Viability Event Conversion Settlement Date**”). Subject to Condition 7(c), receipt by the Settlement Shares Depository of the Ordinary Shares shall be a good and complete discharge of the Issuer’s obligations in respect of the Notes.

As used in these Conditions, “**Viability Event**” means that either:

- (A) the Regulator has notified CSG that it has determined that Conversion (or, in the circumstances described in Condition 7(a)(viii), a write-down) of the Notes, together

with the conversion or write-down/off of holders' claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written-down/off at that time, is, because customary measures to improve CSG's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business; or

- (B) customary measures to improve CSG's capital adequacy being at the time inadequate or unfeasible, CSG has received an irrevocable commitment of extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG's capital adequacy and without which, in the determination of the Regulator, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

CSG, or, following any substitution under Condition 13(d), the Substitute Issuer or CSG shall give a notice (the "**Viability Event Notice**") to the Holders in accordance with Condition 17 following the occurrence of a Viability Event, which notice shall (w) state that a Viability Event has occurred, (x) specify the circumstances giving rise to the Viability Event, (y) specify the Conversion Price and the Viability Event Conversion Settlement Date and details of the arrangements for the settlement of the Viability Event Conversion (or, in the circumstances described in Condition 7(a)(viii), the Write-down Date), and (z) be given no later than three Business Days after the occurrence of the relevant Viability Event.

- (iv) If a Contingency Event or Viability Event occurs, the Notes will, subject to Condition 7(a)(viii), be converted in whole and not in part as provided in accordance with this Condition 7(a).
  - (v) The Notes are not convertible into Ordinary Shares at the option of Holders at any time and are not redeemable in cash as a result of a Contingency Event or a Viability Event.
  - (vi) Prior to giving the Contingency Event Notice or the Viability Event Notice, the Issuer shall deliver to the Principal Paying and Conversion Agent a certificate signed by two Authorised Signatories of the Issuer stating that the Contingency Event or, as the case may be, the Viability Event has occurred, and such certificate will be conclusive and binding on the Holders.
  - (vii) If a Takeover Event shall occur that is a Qualifying Takeover Event, then, where the relevant Conversion Date falls on or after the New Conversion Condition Effective Date (as defined below), each Note shall, upon the occurrence of the Contingency Event or, as the case may be, the Viability Event, subject to and as provided in this Condition 7(a) and Condition 7(j), be converted into Approved Entity Shares (as defined below) of the Approved Entity (as defined below).
  - (viii) If a Takeover Event shall occur that is a Non-Qualifying Takeover Event, then (unless any Conversion Date shall have occurred prior to the date on which the Non-Qualifying Takeover Event shall become effective) the Notes shall, notwithstanding any other provisions of this Condition 7, not be subject to Conversion upon the occurrence of any subsequent Contingency Event or Viability Event but, instead, on the date falling ten Business Days after the date of the relevant Contingency Event Notice or Viability Event Notice (the "**Write-down Date**");
- (A) the full principal amount of each Note will be written down to zero, each Note will be cancelled and all references to the principal amount of the Notes in these Conditions will be construed accordingly;

- (B) the Holders will be deemed to have irrevocably waived their rights to, and will no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes, and the Holders will be deemed to have agreed to the foregoing (*bedingte Aufhebung einer Forderung durch Übereinkunft*); and
- (C) all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under, or in respect of, the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) will become null and void, irrespective of whether such amounts have otherwise become due and payable or such claims have arisen prior to the occurrence of the Contingency Event or Viability Event, as applicable, or the date of the Contingency Event Notice or Viability Event Notice, as applicable, or the Write-down Date.

**(b) Recourse for Ordinary Shares**

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Shares Depository pursuant to these Conditions. After such delivery to the Settlement Shares Depository, Holders shall have recourse only to the Settlement Shares Depository for the delivery to them of such Ordinary Shares or, in the circumstances described in Condition 7(m), any cash amounts to which such Holders are entitled under Condition 7(m).

**(c) Accrued Conversion Interest**

Upon Conversion, the Issuer shall pay to the Holders the Accrued Conversion Interest (if any) in respect of the Notes on the relevant Conversion Date, in accordance with Condition 9.

**(d) Conversion Price**

As at the date on which the Contingency Event Notice or, as the case may be, the Viability Event Notice is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (i) the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Share Delivery Agent shall effect such conversion on such Holder's behalf, and (ii) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.

The Issuer, with the assistance of the Share Delivery Agent, where necessary under Swiss law, shall issue and deliver such number of Ordinary Shares to the Settlement Shares Depository on the Conversion Date in respect of each Note as is determined by dividing the principal amount of a Note by the Conversion Price in effect on the relevant Conversion Date.

**“Conversion Price”** means, (i) at any time when the Ordinary Shares are admitted to trading on a Recognised Stock Exchange, in respect of any Conversion Date, the greatest of:

- (a) the Reference Market Price of an Ordinary Share on the fifth Zurich Business Day prior to the date of the relevant Contingency Event Notice or, as the case may be, the Viability Event Notice translated, if necessary, into the Specified Currency at the Exchange Rate;
- (b) the Floor Price on the fifth Zurich Business Day prior to the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice; and

- (c) the nominal value of each Ordinary Share on the Share Creation Date (being, at the Issue Date, CHF 0.04) translated, if necessary, into the Specified Currency at the Adjusted Exchange Rate,
- or, (ii) without prejudice to Condition 7(j), at any time when the Ordinary Shares are not admitted to trading on a Recognised Stock Exchange, the greater of (b) and (c) above.

**“Reference Market Price”** means, in respect of an Ordinary Share at a particular date, the average of the daily VWAP of an Ordinary Share on each of the 5 consecutive dealing days ending on the dealing day immediately preceding such date (the **“Reference Period”**); provided that, if at any time during the Reference Period the VWAP shall have been based on a price ex-dividend (or ex- any other entitlement) and during some other part of that Reference Period the VWAP shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (i) if the Ordinary Shares to be issued or delivered (if applicable) do not rank for the dividend (or entitlement) in question, the VWAP on the dates on which the Ordinary Shares shall have been based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement; or
- (ii) if the Ordinary Shares to be issued or delivered (if applicable) do rank for the dividend (or entitlement) in question, the VWAP on the dates on which the Ordinary Shares shall have been based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement,

and provided further that, if on each of the 5 dealing days in the Reference Period the VWAP shall have been based on a price cum-dividend (or cum- any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or delivered do not rank for that dividend (or other entitlement), the VWAP on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement,

and provided further that, if the VWAP of an Ordinary Share is not available on one or more of the 5 dealing days in the Reference Period (disregarding for this purpose the proviso to the definition of VWAP), then the average of such VWAPs which are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such VWAP is available in the Reference Period, the Reference Market Price shall be determined in good faith by an Independent Financial Adviser appointed in good faith by the Issuer.

**“VWAP”** means, in respect of an Ordinary Share on any dealing day, the order book volume-weighted average sale price in the Share Currency of an Ordinary Share (rounded to the nearest second decimal place) published by or derived from the relevant Bloomberg page or such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the VWAP, in respect of such dealing day shall be the VWAP, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or



determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

The initial Floor Price per Ordinary Share in respect of the Notes is specified in the relevant Pricing Schedule. The Floor Price is subject to adjustment in the circumstances described in Condition 7(e) below.

Following Conversion, there is no provision for the reconversion of such Ordinary Shares following the relevant Share Creation Date back into Notes.

**(e) Adjustments to the Floor Price**

Upon the happening of any of the events described below, the Floor Price shall be adjusted as follows:

- (i) *Consolidation, Reclassification and Subdivision*: If and whenever there shall be a consolidation, reclassification or subdivision affecting the number of Ordinary Shares, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) *Bonus Issue*: If and whenever CSG shall issue any fully paid Ordinary Shares to the Shareholders by way of capitalisation of *profits* or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Dividend which the Shareholders would or could otherwise have elected to receive, (2) where the Shareholders may elect to receive a Cash Dividend in lieu of such Ordinary Shares or (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) *Extraordinary Dividend*: If and *whenever* any Extraordinary Dividend shall be made or paid to Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Volume Weighted Average Price of one Ordinary Share on whichever is the earlier of (x) the last dealing day preceding the Effective Date or (y) the dealing day when the amount of the relevant Extraordinary Dividend is announced, or, if the day on which the amount of the relevant Extraordinary Dividend is announced is not a dealing day, the next following dealing day; and

B is the portion of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Dividend on the Effective Date by the number of Ordinary Shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend shall be expressed in a currency other than the Share Currency, it shall be converted into the Share Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

**“Extraordinary Dividend”** means any Cash Dividend which is expressed by CSG or declared by the Board of Directors of CSG to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders of CSG or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

**“Effective Date”** means, in respect of this Condition 7(e)(iii), the first date on which the Ordinary Shares are traded ex-the relevant Extraordinary Dividend on the Primary Stock Exchange.

**“Cash Dividend”** means any dividend or distribution which is to be paid or made in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Holders upon or in connection with a reduction of capital.

- (iv) *Rights Issue*: If and whenever CSG shall issue Ordinary Shares to Shareholders as a class by way of rights at a *price* per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights would purchase at such Current Market Price per Ordinary Share on the Effective Date; and

C is the number of Ordinary Shares to be issued.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this Condition 7(e)(iv), the first date on which the Ordinary Shares are traded ex-rights on the Primary Stock Exchange.

For the purpose of any calculation of the consideration receivable pursuant to this Condition 7(e)(iv), the following provisions shall apply:

- (1) the aggregate consideration receivable for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) if the consideration determined pursuant to (1) above shall be expressed in a currency other than the Share Currency, it shall be converted into the Share Currency at the Prevailing Rate on the relevant Effective Date;
- (3) in determining the consideration pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or otherwise in connection therewith; and
- (4) the consideration shall be determined as provided above on the basis of the consideration received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to CSG or another entity.
- (v) *Other Events*: If CSG determines, at its discretion, that, notwithstanding paragraphs (i) to (iv) of this Condition 7(e), a reduction to the Floor Price should be made as a result of one or more events or circumstances not referred to in this Condition 7(e) that (1) might have an adverse effect on the right of Holders upon any Conversion or (2) would require an adjustment to the Floor Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of conditional capital, the Floor Price will be reduced (either generally or for a specified period as notified to Holders) in such manner and with effect from such date as CSG shall, at its discretion, determine and notify to the Holders.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 7(e) have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of CSG, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
- (B) such modification shall be made to the operation of the Notes as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of an Extraordinary Dividend is not taken into account more than once; and

- (C) for the avoidance of doubt, the issue of Ordinary Shares upon a Conversion or upon any conversion or exchange in respect of any other securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Floor Price.

**(f) Notice of Adjustments to the Floor Price**

Notice of any adjustments to the Floor Price shall be given by the Issuer in accordance with Condition 17 to Holders promptly after the determination thereof.

The Floor Price shall not in any event be reduced to below the prevailing nominal value of the Ordinary Shares, translated into the Specified Currency at the Prevailing Rate at the Effective Date of such adjustment. CSG shall not take any action and shall procure that no action is taken that would otherwise result in an adjustment to the Floor Price to below such nominal value.

**(g) Decision of an Independent Financial Adviser**

If any doubt shall arise as to whether an adjustment falls to be made to the Floor Price or the Conversion Price or as to the appropriate adjustment to the Floor Price or the Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer and the Holders, save in the case of manifest error.

**(h) Share Option Schemes**

No adjustment will be made to the Floor Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of CSG or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

**(i) Rounding Down and Notice of Adjustment to the Floor Price**

On any adjustment, the resultant Floor Price, if a number that is of more decimal places than the initial Floor Price, shall be rounded to such decimal place. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Floor Price then in effect. Any adjustment not required to be made, and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

**(j) Qualifying Takeover Event**

- (i) If a Qualifying Takeover Event shall occur, the Notes shall, where the Conversion Date falls on or after the New Conversion Condition Effective Date, be converted into Approved Entity Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 7, at a Conversion Price that shall be the New Conversion Price.
- (ii) The New Floor Price shall be subject to adjustment in the circumstances provided in this Condition 7 for the adjustment of the Floor Price (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Floor Price and of any such modifications and amendments thereafter.

(iii) In the case of a Qualifying Takeover Event:

- (1) the Issuer shall on or prior to the New Conversion Condition Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to these Conditions, and such amendments and modifications to these Conditions shall be made to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall be convertible into, or exchangeable for, Approved Entity Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 7 (as may be so supplemented, amended or modified) at the New Conversion Price;
- (2) the Issuer shall, where the Conversion Date falls on or after the New Conversion Condition Effective Date, procure the issue and/or delivery of the relevant number of Approved Entity Shares in the manner provided in this Condition 7, as may be amended or modified as provided above.

(iv) Within 10 business days following the occurrence of a Takeover Event, the Issuer shall give notice thereof in accordance with Condition 17 to the Holders (a “**Takeover Event Notice**”).

The Takeover Event Notice shall specify:

- (1) the identity of the Acquiror;
- (2) whether the Takeover Event is a Qualifying Takeover Event or a Non-Qualifying Takeover Event;
- (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Floor Price;
- (4) if applicable, the New Conversion Condition Effective Date; and
- (5) in the case of a Non-Qualifying Takeover Event, that (unless any Conversion Date shall have occurred prior to the date on which the Non-Qualifying Takeover Event shall become effective), the Notes shall not be subject to Conversion upon the occurrence of any subsequent Contingency Event or Viability Event but, instead, the Notes will be subject to a write-down to zero in accordance with Condition 7(a)(viii).

(v) “**Acquiror**” means the person which, following a Takeover Event, controls CSG.

“**Approved Entity**” means a body corporate which, on the occurrence of the Takeover Event, has in issue Approved Entity Shares. On and after the date of a Qualifying Takeover Event, references to Ordinary Shares shall be read as references to Approved Entity Shares.

“**Approved Entity Shares**” means ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which is listed and admitted to trading on a Recognised Stock Exchange.

“**EEA Regulated Market**” means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets on financial instruments.

The “**New Conversion Condition**” shall be satisfied if, by not later than seven days following the occurrence of a Takeover Event where the Acquiror is an Approved Entity, CSG shall, to the satisfaction of CSG, have entered into arrangements with the Approved Entity which provide for delivery of Approved Entity Shares upon a Conversion of the Notes on terms *mutatis mutandis* identical to the provisions of Condition 7.

**“New Conversion Condition Effective Date”** means the date with effect from which the New Conversion Condition shall have been satisfied.

**“New Conversion Price”** means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the greater of:

- (i) the Reference Market Price of the Approved Entity Shares on the fifth Zurich Business Day prior to the date of the relevant Contingency Event Notice or Viability Event Notice (translated, if necessary, into the Specified Currency at the Prevailing Rate on the relevant Business Day) (and where references in the definition of “Reference Market Price” and “VWAP” to “Ordinary Shares” shall be construed as a reference to the Approved Entity Shares and in the definition of “dealing day”, reference to the “Primary Stock Exchange” shall be to the relevant Recognised Stock Exchange); and
- (ii) the New Floor Price on the fifth Zurich Business Day prior to such Contingency Event Notice or Viability Event Notice translated, if necessary, into the Specified Currency at the Prevailing Rate on such Business Day.

**“New Floor Price”** means the amount determined in accordance with the following formula:

$$NFP = EFP \times \frac{VWAPAES}{VWAPOS}$$

where:

NFP is the New Floor Price.

EFP is the Floor Price in effect on the dealing day immediately prior to the New Conversion Condition Effective Date.

VWAPAES means the average of the Volume Weighted Average Price of the Approved Entity Shares (translated, if necessary, into the Specified Currency at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of “**Volume Weighted Average Price**” to “**Ordinary Shares**” shall be construed as a reference to the Approved Entity Shares and in the definition of “dealing day”, references to the “**Primary Stock Exchange**” shall be to the relevant Recognised Stock Exchange).

VWAPOS is the average of the Volume Weighted Average Price of the Ordinary Shares on each of the five dealing days ending on the dealing day immediately prior to the closing date of the Takeover Event.

**“Non-Qualifying Takeover Event”** means a Takeover Event that is not a Qualifying Takeover Event.

**“Qualifying Takeover Event”** means a Takeover Event where:

- (i) the Acquiror is an Approved Entity; and
- (ii) the New Conversion Condition is satisfied.

**“Recognised Stock Exchange”** means an EEA Regulated Market or an exchange that is a member of the World Federation of Exchanges or another regulated, regularly operating, recognised stock exchange or securities market in Switzerland.

A “**Takeover Event**” shall occur if any person or persons acting in concert acquires control of CSG (other than as a result of an Exempt Reorganisation). For the purposes of the definition of “**Takeover Event**”, “**control**” means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of CSG and as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and “**controlled**” shall be construed accordingly.

**(k) Procedure for Settlement and Delivery of Ordinary Shares on Conversion**

Ordinary Shares to be issued upon a Conversion in respect of the Notes shall be delivered subject to and as provided below.

**(l) Fractions**

Fractions of Ordinary Shares will not be issued or delivered pursuant to the Conditions upon a Conversion and no cash payment will be made in lieu thereof. However, the number of Ordinary Shares to be issued or transferred and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Notes to be converted and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

Where Ordinary Shares are to be issued and delivered to the Selling Agent pursuant to Condition 7(m)(iii) below, the number of Ordinary Shares to be so issued and/or delivered shall be calculated on the basis of the aggregate principal amount of the Notes to be converted in respect of which such issue or delivery is to be made and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

**(m) Procedure for Delivery in respect of a Conversion**

- (i) CSG, with the assistance of the Share Delivery Agent where necessary under Swiss law, shall on or prior to the Conversion Date issue and deliver to the Settlement Shares Depository such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion of the aggregate amount of Notes on the Conversion Date. Receipt by the Settlement Shares Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer’s and CSG’s obligations in respect of the Notes.
- (ii) Subject to the making of a Settlement Shares Offer (as defined below) and as otherwise provided herein, the Principal Paying and Conversion Agent shall give instructions to the Settlement Shares Depository for the relevant Ordinary Shares to be delivered by the Settlement Shares Depository on the Conversion Date to the Holders.
- (iii) Not later than 5 Business Days prior to the relevant Conversion Date (the “**Notice Cut-off Date**”), any Holder may deliver to the Principal Paying and Conversion Agent at its specified office a notice requesting the Issuer, subject to its discretion referred to in, and otherwise in accordance with, this Condition 7(m)(iii) and Condition 7(m)(v), to (a) in the event that no Settlement Shares Offer is made, dispose of the Ordinary Shares otherwise to be delivered on the Conversion Date to such Holder, or (b) in the event that a Settlement Shares Offer is made, dispose of any Ordinary Shares not sold pursuant to the Settlement Shares Offer and otherwise to be delivered within 5 Business Days after the end of the Offer Settlement Period (as defined below) to such Holder (the “**Disposal Notice**”).

If a duly completed Disposal Notice has been delivered to the specified office of the Principal Paying and Conversion Agent on or before the Notice Cut-off Date, then at any time following the Notice Cut-off Date and prior to the 10th Business Day after the Conversion Date, the Issuer may in its sole and absolute discretion, elect to appoint a person (the “**Selling Agent**”) to

procure that all Ordinary Shares held by the Settlement Shares Depository in respect of which duly completed Disposal Notices have been received on or before the Notice Cut-off Date as aforesaid, shall be sold by or on behalf of the Selling Agent as soon as reasonably practicable. Subject to the deduction by or on behalf of the Selling Agent of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue, registration and/or transfer taxes and duties (if any) and any fees or costs incurred by or on behalf of the Selling Agent in connection with the issue, allotment and sale thereof, the net proceeds of sale, converted into the Specified Currency at the Prevailing Rate on the Notice Cut-off Date, if necessary, shall as soon as reasonably practicable be distributed rateably to the relevant Holders in accordance with Condition 9 or in such other manner and at such time as the Issuer shall determine and notify to the Holders.

The amount of such net proceeds of sale, converted into the Specified Currency at the Prevailing Rate on the Notice Cut-off Date, if necessary, payable to a Holder pursuant to this Condition 7(m)(iii) shall be treated for all purposes as a good discharge of the obligations of the Issuer, the Settlement Shares Depository and the Selling Agent in respect of the relevant Conversion.

The Issuer, the Settlement Shares Depository and the Selling Agent shall have no liability in respect of the exercise or non-exercise of any discretion or power pursuant to this Condition 7(m)(iii) or in respect of any sale of any Ordinary Shares, whether for the timing of any such sale or the price at or manner in which any such Ordinary Shares are sold or the inability to sell any such Ordinary Shares save for cases of gross negligence or wilful intent.

If the Issuer does not appoint the Selling Agent by the 10th Business Day after the Conversion Date, or if any Ordinary Shares are not sold by the Selling Agent in accordance with this Condition 7(m)(iii), such Ordinary Shares shall be delivered by the Settlement Shares Depository to the relevant Holders as soon as reasonably practicable.

- (iv) Any Disposal Notice shall be irrevocable. Any determination as to whether any Disposal Notice has been properly completed and delivered as provided in this Condition 7 shall be made by the Issuer in its sole discretion, acting in good faith, and shall, in the absence of manifest error, be conclusive and binding on the relevant Holders.
- (v) In respect of a Contingency Event Conversion only, following receipt by the Settlement Shares Depository of the Ordinary Shares as described above, which, subject to Condition 7(c), shall be a good and complete discharge of the Issuer's obligations in respect of the Notes, the Issuer may, in its sole and absolute discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Contingency Event Notice, the Issuer shall notify whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Shares Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made at a net price per Ordinary Share, which, translated into the Specified Currency at the Prevailing Rate at the date of the Contingency Event Notice, is equal to or above the Conversion Price, to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer and CSG in the Offer Settlement Period (as defined below), all shareholders of CSG on the record date of the Contingency Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed



no later than 20 Business Days after the occurrence of the Contingency Event (the “**Offer Settlement Period**”). Neither CSG nor the Settlement Shares Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

In the event of a Settlement Shares Offer being fully subscribed by or before the end of the Offer Settlement Period, Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the 5th Business Day after the end of the Offer Settlement Period, in respect of each Ordinary Share to which they were otherwise entitled, cash proceeds received from the Settlement Shares Offer in an amount equal to the Conversion Price. In the event that the Settlement Shares Offer is only partially subscribed, Holders shall in aggregate be entitled to receive on a pro rata basis (a) cash proceeds received from such Settlement Shares Offer in an amount equal to the Conversion Price multiplied by the aggregate number of Ordinary Shares sold on the 5th Business Day after the end of the Offer Settlement Period from the Settlement Shares Offer Agent, pursuant to the agreement appointing the Settlement Shares Offer Agent, together with (b) the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer on the dates described below from the Settlement Shares Depository. In the case that no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares on the dates described below from the Settlement Shares Depository.

Any net proceeds raised by the Settlement Shares Offer in excess of the cash amounts payable above to Holders shall not be for the account of Holders and shall be paid by the Settlement Shares Offer Agent to CSG.

In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, (a) in respect of which no duly completed Disposal Notice has been delivered to the specified office of the Principal Paying and Conversion Agent on or before the Notice Cut-off Date, or (b) in respect of which a duly completed Disposal Notice has been so delivered but where the Issuer, in its sole and absolute discretion, has not appointed a Selling Agent by the 10th Business Day after the Conversion Date, the Principal Paying and Conversion Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares Offer Agent to the relevant Holders within 5 Business Days after the end of the Offer Settlement Period.

**(n) Taxes and Duties**

A Holder, Settlement Shares Offer Agent or Selling Agent must pay (in the case of the Settlement Shares Offer Agent or the Selling Agent by means of deduction from the net proceeds of sale referred to in Condition 7(m) above) any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on Conversion (other than any Swiss federal taxes or capital, issue and registration and transfer taxes or Swiss federal or other stamp duties payable in Switzerland by CSG in respect of the issue or transfer and delivery of the Ordinary Shares delivered pursuant to these Conditions which shall be paid by CSG) and such Holder, Settlement Shares Offer Agent or the Selling Agent (as the case may be) must pay (in the case of the Settlement Shares Offer Agent or the Selling Agent, by way of deduction from the net proceeds of sale as aforesaid) all, if any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein.

If CSG shall fail to pay any Swiss federal capital, stamp, issue, registration and transfer taxes and Swiss federal or other duties payable in Switzerland for which it is responsible as provided above, the Holder, Settlement Shares Offer Agent or Selling Agent, as the case may be, shall be entitled (but shall not be obliged) to tender and pay the same and the Issuer as a separate and independent stipulation,

covenants to reimburse and indemnify on an after tax basis each Holder, Settlement Shares Offer Agent or Selling Agent, as the case may be, in respect of any payment thereof and any penalties payable in respect thereof.

**(o) Delivery**

CSG, with the assistance of the Share Delivery Agent where necessary under Swiss law, will issue and deliver Ordinary Shares to the Settlement Shares Depository on behalf of the Holder of the relevant Note(s).

Ordinary Shares will be delivered in respect of such Note(s) in uncertificated form through SIX SIS or any other appropriate settlement organisations. Where Ordinary Shares are to be delivered through SIX SIS or any other of the SIX Swiss Exchange's settlement organisations, the Principal Paying and Conversion Agent shall request that the Settlement Shares Depository deliver such Ordinary Shares to the account(s) in which the relevant Note(s) is/are held, on the relevant Conversion Date or such other date as is specified for the delivery. At the time of such delivery of the Ordinary Shares, the then valid share registration rules of CSG shall apply. CSG does not offer any assurance or guarantee that the Holders will be accepted as a shareholder with voting rights in the share register of CSG.

**(p) Ordinary Shares**

The Ordinary Shares issued or delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued or delivered will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

**(q) Purchase or Redemption of Ordinary Shares**

CSG or any Subsidiary of CSG may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of CSG (including Ordinary Shares) or any depository or other receipts or certificates representing the same without the consent of Holders.

**(r) Alternative Loss Absorption**

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of CSG and the Regulator, or, following any substitution under Condition 13(d), CSG, the Substitute Issuer and the Regulator, the effect that Condition 7(a)(iii) could cease to apply to the Notes without giving rise to a Capital Event, then the Issuer shall give notice to the Holders no later than five Business Days after such joint determination stating that such provisions shall cease to apply from the date of such notice (the “**Statutory Loss Absorption Date**”), and from the date of such notice, such provisions shall cease to apply to the Notes.

## **8 Redemption, Substitution, Variation and Purchase**

**(a) No Fixed Redemption Date**

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of conversion pursuant to Condition 7) or purchased and cancelled as provided in these Conditions, each Note is perpetual and shall only be redeemed or purchased as specified in this Condition 8.

**(b) Conditions to Redemption, Substitution, Variation and Purchase**

Any redemption, substitution, variation or purchase of the Notes in accordance with Condition 8(c), (d), (e), (g) or (h) is subject to the Issuer or, following any substitution under Condition 13(d), the Substitute Issuer and CSG receiving the prior approval of the Regulator, if then required.

Prior to the publication of any notice of redemption pursuant to Conditions 8(d) or 8(e) or notice of substitution or variation pursuant to Condition 8(h), the Issuer shall deliver to the Principal Paying and Conversion Agent a certificate signed by two Authorised Signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as the case may be, vary is satisfied and the reasons therefor and such certificate shall be conclusive and binding on the Holders. Prior to the publication of any notice of redemption pursuant to Condition 8(d), the Issuer shall deliver an opinion of independent legal advisers of recognised standing to the Principal Paying and Conversion Agent to the effect that circumstances entitling the Issuer to exercise its rights of redemption under Condition 8(d) have arisen.

**(c) Optional Redemption**

If Optional Redemption is specified in the Pricing Schedule as being applicable, then, subject to Conditions 8(b) and 8(f), the Issuer may elect, by giving not less than 30 nor more than 60 days' notice to the Principal Paying and Conversion Agent and, in accordance with Condition 17, the Holders (which notice shall, subject to Conditions 8(b) and 8(f), be irrevocable), to redeem in accordance with these Conditions all, but not some only, of the Notes on the First Optional Redemption Date specified in the applicable Pricing Schedule or any other Optional Redemption Date specified for this purpose in the applicable Pricing Schedule at their Optional Redemption Amount together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the relevant Notes as aforesaid.

**(d) Redemption due to Taxation**

If, prior to the giving of the notice referred to below, a Tax Event has occurred and is continuing, then the Issuer may, subject to Conditions 8(b) and 8(f) and having given not less than 30 nor more than 60 days' notice to the Principal Paying and Conversion Agent and, in accordance with Condition 17, the Holders (which notice shall, subject to Conditions 8(b) and 8(f), be irrevocable), redeem in accordance with these Conditions at any time specified for the purpose in the Pricing Schedule all, but not some only, of the Notes at their Tax Event Redemption Amount, together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the Notes as aforesaid.

**(e) Redemption for Capital Event**

If, prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to Conditions 8(b) and 8(f) and having given not less than 30 nor more than 60 days' notice to the Principal Paying and Conversion Agent and, in accordance with Condition 17, the Holders (which notice shall, subject to Conditions 8(b) and 8(f), be irrevocable), redeem in accordance with these Conditions at any time specified for the purpose in the Pricing Schedule all, but not some only, of the Notes at their Capital Event Redemption Amount, together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the Notes as aforesaid.

**(f) No redemption following a Contingency Event or Viability Event**

Notwithstanding the other provisions of this Condition 8, the Issuer may not give a notice of redemption of the Notes or redeem the Notes pursuant to this Condition 8 if a Contingency Event or, as

the case may be, a Viability Event shall have occurred prior to the date of such notice or the relevant redemption date, as the case may be.

**(g) Purchases**

CSG (or any Subsidiary of CSG) may, subject to Condition 8(b), at any time purchase or procure others to purchase beneficially for its account Notes in any manner and at any price.

**(h) Substitution or Variation upon a Capital Event or a Tax Event**

If a Capital Event or a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 8(b) and having given not less than 30 days' notice to the Holders in accordance with Condition 17 (which notice shall, subject as provided in Condition 8(f), be irrevocable), without any requirement for the consent or approval of the Holders unless so required by the mandatory provisions of Swiss law, either substitute all, but not some only, of the Notes for, or vary the terms of the Notes in such manner that they remain or, as appropriate, become, Compliant Securities (and provided such Tax Event or, as the case may be, Capital Event, no longer continues following, and no other Tax Event or Capital Event arises as a result of, such substitution or variation). Upon the expiry of the notice required by Condition 8(b), the Issuer shall, subject as provided below, either vary the terms of, or substitute, the Notes in accordance with this Condition 8(h), as the case may be.

Notwithstanding the other provisions of this Condition 8(h), the Issuer may not give a notice of substitution or variation of the Notes or substitute or vary the Notes pursuant to this Condition 8(h) if a Contingency Event or, as the case may be, a Viability Event shall have occurred prior to the date of such notice or the relevant date set for such substitution or variation, as the case may be.

In connection with any substitution or variation in accordance with this Condition 8(h), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

**(i) Cancellation**

All Notes redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Notes purchased by or on behalf of CSG or any Subsidiary of CSG may be held, reissued, resold or, at the option of CSG or any such Subsidiary, surrendered for cancellation to the Principal Paying and Conversion Agent. Notes so surrendered shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged upon such cancellation of such Notes.

**9 Payments**

**(a) Notes**

- (i) All payments required to be made to Holders in respect of the Notes shall be made available in good time in freely disposable U.S. dollars and be placed at the free disposal of the Principal Paying and Conversion Agent on behalf of the Holders.
- (ii) If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Notes will be made to the Holders in U.S. dollars without collection costs.

**(b) Payments subject to Fiscal Laws**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any

withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”), as amended or described in any agreement between any Tax Jurisdiction and the United States relating to the foreign account provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any agreement, law, regulation, or other official guidance implementing an intergovernmental approach thereto (collectively, “FATCA”). No commission or expenses shall be charged to the Holders in respect of such payments.

**(c) Appointment of Agents**

The Principal Paying and Conversion Agent, the Share Delivery Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying and Conversion Agent or the Calculation Agent(s) and to appoint additional or other Paying and Conversion Agents or Calculation Agents, provided that there shall at all times be (i) a Principal Paying and Conversion Agent, (ii) one or more Calculation Agent(s) where these Conditions so require, (iii) for so long as any Notes are listed on the SIX Swiss Exchange, a Paying and Conversion Agent that has an office in Switzerland and is a bank or securities dealer subject to supervision by FINMA to perform the functions of a Swiss paying agent, (iv) for so long as the obligation to deliver shares pursuant to Condition 7 of these Conditions may be satisfied by shares issued out of conditional capital of the Issuer, a Share Delivery Agent that is a Swiss bank, and (v) such other agents as may be required by any stock exchange on which the Notes may at any time be listed (if any).

Notice of any such change or any change of any specified office shall promptly be given to the Holders in accordance with Condition 17.

**(d) Non-Business Days**

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in such jurisdictions (if any) as shall be specified as “**Financial Centres**” in the relevant Pricing Schedule and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

**10 Taxation**

All payments of principal, premium (if any) and/or interest to Holders by or on behalf of the Issuer in respect of the Notes shall be made without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any authority thereof or therein having power to impose, levy, collect, withhold or assess taxes, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result (after such withholding or deduction) in receipt by the Holders of the sums which would have been receivable (in the absence of such

withholding or deduction) from it in respect of their Notes; except that no such Additional Amounts shall be payable with respect to any Note on account of:

- (a) any such taxes, duties, assessments or other governmental charges imposed in respect of such Note by reason of the Holder having some connection with a Tax Jurisdiction other than the mere holding of such Note; or
- (b) any such taxes, duties, assessments or other governmental charges imposed on a payment in respect of such Note where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the issuer is required to withhold tax on any interest payments; or
- (c) where such withholding or deduction is imposed on any payment by reason of FATCA; or
- (d) any combination of two or more items set out in (a) to (c) above.

## **11 Prescription**

Claims against the Issuer for payment in respect of the Notes shall become time-barred after a period of 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Due Date in respect of them.

## **12 Events of Default**

### **(a) Events of Default**

An event of default (“**Event of Default**”) will occur in the following circumstances:

- (i) the Issuer fails to make any payment of principal in respect of the Notes for a period of 10 days or more after the date such payment is due, or the Issuer fails to make any payment of interest in respect of the Notes for a period of 30 days or more after the date on which such payment is due;
- (ii) an involuntary case or other proceeding shall be commenced against the Issuer, with respect to the Issuer or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or for any substantial part of the property and assets of the Issuer, and such involuntary case or other proceedings shall remain undismissed and unstayed for a period of 60 days, except that the issuance of a writ of payment (*Zahlungsbefehl*) under the Swiss debt enforcement and bankruptcy laws shall not constitute such involuntary case or proceeding for the purpose of this Condition 12(a); or an order for relief shall be entered against the Issuer for the purpose of this Condition 12(a); or an order for relief shall be entered against the Issuer under any bankruptcy, insolvency or other similar law now or hereafter in effect; or
- (iii) the Issuer (x) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (y) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer for all or substantially all of the property and assets of the Issuer, or (z) effects any general assignment for the benefit of creditors.

Upon the occurrence of an Event of Default, the payment obligations on the Notes (being, in the case of an Event of Default referred to in Condition 12(a)(i) relating to any failure of the Issuer to meet any payment obligation under the Notes, such payment obligation (and such payment obligation only) and, in the case of an Event of Default referred to in Condition 12(a)(ii) or (iii), as described below) shall be deemed due and payable (*fällige*) payment obligations of the Issuer, and if such payment has not been made within the statutory period after the Holder has formally requested payment and a writ of payment (*Zahlungsbefehl*) has been issued as provided by the Swiss insolvency laws, such Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights under Swiss insolvency laws.

Upon the occurrence of an Event of Default referred to in Condition 12(a)(ii) or (iii), Holders will have a claim on a subordinated basis as described in Condition 4 for an amount equal to the principal amount of their Notes together with any accrued but unpaid interest thereon and the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*), argue or plead that the payment obligations are not due and payable by the Issuer and (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the Holder.

**(b) Extent of Holder's remedy**

No remedy against the Issuer other than as referred to in this Condition 12, shall be available to the Holders for the recovery of amounts owing in respect of the Notes.

**13 Meetings of Holders, Modification and Substitution**

**(a) Meetings of Holders**

The provisions on bondholder meetings contained in Article 1157 et seq. of the Swiss Federal Code of Obligations shall apply in relation to meetings of Holders.

**(b) Modifications**

Notwithstanding Condition 13(a), the Issuer may, subject to mandatory provisions of Swiss law, without the consent or approval of the Holders, make such amendments to the terms of the Notes and the Agency Agreement as it considers necessary or desirable to give effect to the provisions of Condition 7(a), Condition 8(h), Condition 13(c) and Condition 13(d) and such other changes that in its opinion are of a formal, minor or technical nature or made to correct a manifest or proven error or that in its opinion are not materially prejudicial to the interests of the Holders.

**(c) Substitution upon Reorganisation**

In the event of a Reorganisation, the Issuer shall, without the consent of Holders, enter into such agreements and arrangements and make such amendments to the Conditions as are necessary to ensure that following a Reorganisation, the Notes shall be convertible into ordinary shares of Newco *mutatis mutandis* as provided herein. Upon the occurrence of a Reorganisation, the other obligations of the Issuer hereunder shall be unaffected.

**(d) Issuer Substitution**

The Issuer may, without the consent of the Holders, substitute any Subsidiary of CSG (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the “**Substitute Issuer**”) for itself as principal debtor under the Notes upon giving no more than 30 and no less than 10 days’ notice to the Holders in accordance with Condition 17, *provided* that:

- (i) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by CSG;
- (ii) the Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
- (iii) the Issuer and the Substitute Issuer enter into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer undertakes in favour of each Holder to be bound by these Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4) under the Notes in place of the Issuer and procure that all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Documents and the Notes represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;
- (iv) if the Substitute Issuer's residence for tax purposes is in a jurisdiction (the "**New Residence**") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in (vi) below, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to such substitution;
- (v) the Issuer and the Substitute Issuer have obtained all necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
- (vi) CSG irrevocably and unconditionally guarantees to the Holders in accordance with article 111 of the Swiss Code of Obligation, on a subordinated basis corresponding *mutatis mutandis* to Conditions 4 and 5, (A) the due and punctual payment of all amounts due and payable by the Substitute Issuer under, or in respect of, the Notes, (B) upon the occurrence of a Contingency Event Conversion or a Viability Event Conversion, the due delivery of the Ordinary Shares, and (C) the performance of any other action to be performed by the Substitute Issuer in accordance with these Conditions on terms whereby Conditions 6(h)(iii), 12 and 13 shall apply to CSG and to its obligations under the guarantee with any necessary consequential amendments;
- (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes or the Agency Agreement;
- (viii) legal opinions addressed to the Holders shall have been delivered to them (care of the Principal Paying and Conversion Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (iv) above and in Switzerland and England as to the fulfilment of the preceding conditions of this Condition 13(d); and



- (ix) such substitution does not give rise to a Tax Event or a Capital Event.

Upon any substitution pursuant to this Condition 13(d), the Substitute Issuer shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Conditions, and the Issuer shall be released from its obligations under the Notes.

#### **14 Currency Indemnity**

Any amount received or recovered in a currency other than the Specified Currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Specified Currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 14, it shall be sufficient for the Holder to demonstrate that it would have suffered a loss had an actual purchase been made. This indemnity constitutes a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

#### **15 [Reserved]**

#### **16 Further Issues**

The Issuer may, from time to time, without the consent of the Holders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to “Notes” include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

#### **17 Notices**

So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Listing Agent (a) by means of electronic publication on the internet website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)), where notices are currently published under the address [www.six-swiss-exchange.com/news/official\\_notices/search\\_en.html](http://www.six-swiss-exchange.com/news/official_notices/search_en.html) or (b) otherwise in accordance with the regulations of the SIX Swiss Exchange.

If the Notes are for any reason no longer listed on the SIX Swiss Exchange, notices to Holders shall be valid if published in a leading daily newspaper published in Switzerland (which is expected to be the *Neue Zuercher Zeitung*). Any such notice shall be deemed to be validly given on the date of such publication or, if published more than once, on the date of the first such publication as provided above.

#### **18 Definitions**

The following capitalised terms shall have the following meanings:

**“Accrued Conversion Interest”** means, in the case of a Contingency Event or Viability Event, interest accrued but unpaid on the Notes, if any, from (and including) the Interest Payment Date immediately preceding the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice (or, if none, from the Issue Date) to (but excluding) the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice;

**“Additional Amounts”** has the meaning given to it in Condition 10;

**“Additional Tier 1 Capital”** means, at any time, any or all items constituting additional tier 1 capital within the meaning of the Basel III Document, as implemented and amended pursuant to BIS Regulations applicable at such time;

**“Adjusted Exchange Rate”** means the Prevailing Rate between the Share Currency and the Specified Currency appearing on the Share Creation Date;

**“Auditor”** means the accounting firm appointed by the Board of Directors or shareholders of CSG, as the case may be, to provide, *inter alia*, audit and review opinions on CSG’s financial statements;

**“Authorised Signatories”** means any two authorised officers of the Issuer signing jointly;

**“Basel III Document”** means the Basel Committee on Banking Supervision document “Basel III: A global regulatory framework for more resilient banks and banking systems” published in December 2010, as revised in June 2011;

**“BIS Regulations”** means the capital adequacy standards and guidelines applicable from time to time and promulgated by the Basel Committee on Banking Supervision, as implemented by CSG in a manner agreed with the Regulator and/or its Auditor for the purpose of financial reporting and disclosure, *inter alia*, in the Quarterly Financial Report;

a **“Capital Event”** is deemed to have occurred if a change in National Regulations and/or BIS Regulations occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be both (i) treated as Additional Tier 1 Capital under BIS Regulations and (ii) counted towards the Going Concern Requirement;

**“Cash Dividend”** has the meaning given to it in Condition 7(e)(iii);

**“CET1 Amount”** means, at any time, as calculated by CSG in respect of the Group and expressed in CSG’s reporting currency, the sum of all amounts (whether positive or negative) of Common Equity Tier 1 Capital of the Group as at such time;

**“CET1 Ratio”** means the ratio (expressed as a percentage) of CET1 Amount divided by the RWA Amount as at the relevant Reporting Date, in each case as calculated by CSG and appearing in the relevant Financial Report as “BIS Common Equity Tier 1 Ratio”, “BIS CET1 Ratio” or any such other term having the same meaning;

**“CHF”** and **“Swiss francs”** means the lawful currency for the time being of Switzerland;

**“Common Equity Tier 1 Capital”** means all items that constitute common equity tier 1 capital, or deductions from common equity tier 1 capital, in each case within the meaning of these terms in the Basel III Document as amended by, and as determined by CSG pursuant to, BIS Regulations applicable at the relevant time;

**“Compliant Securities”** means securities issued directly by CSG or by a Subsidiary of CSG and guaranteed by CSG that:

- (i) have economic terms not materially less favourable to a Holder than these Conditions (as reasonably determined by the Issuer, and provided that a certification to such effect of the Authorised Signatories shall have been delivered to the Principal Paying and Conversion Agent prior to the issue of the relevant securities), provided that such securities (a) include terms which provide for the same interest rate and principal from time to time applying to the Notes; (b) rank *pari passu* with the Notes (or, in the case of securities issued by a Subsidiary of CSG and guaranteed by CSG, with a guarantee ranking *pari passu* within the Notes); and (c) preserve any existing rights under these Conditions to any accrued but unpaid interest which has not been satisfied; and
- (ii) where the Notes which have been substituted or varied were listed immediately prior to their substitution or variation, the relevant securities are listed on (a) the SIX Swiss Exchange or (b) such other internationally recognised stock exchange as selected by the Issuer; and
- (iii) where the Notes which have been substituted or varied were rated by a Rating Agency immediately prior to their substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to the relevant securities;

“**Contingency Event Notice**” has the meaning given to it in Condition 7(a)(i);

“**Conversion**” means the Contingency Event Conversion or the Viability Event Conversion, as the case may be, and “**convert**” and “**converted**” shall be construed accordingly;

“**Conversion Date**” means the Contingency Event Conversion Settlement Date or, as the case may be, the Viability Event Conversion Settlement Date;

“**CS**” means Credit Suisse AG;

“**CSG**” means Credit Suisse Group AG;

“**CSG Tier 1 Instruments**” means any and all shares, securities, participation securities or other obligations issued (i) by the Issuer (whether or not acting through a branch) but excluding Tier 1 Shares or (ii) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which shares, securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of CSG and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

“**CSG Tier 2 Instruments**” means any and all securities or other obligations issued (i) by the Issuer (whether or not acting through a branch) or (ii) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 2 Capital of CSG and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

“**Current Market Price**” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (i) if the Ordinary Shares to be issued or delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of

any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement; or

- (ii) if the Ordinary Shares to be issued or delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement,

and provided further that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser;

**“dealing day”** means a day on which the Primary Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares, securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Primary Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

**“Disposal Notice”** has the meaning given to it in Condition 7(m)(iii);

**“Due Date”** in respect of any payment on any Note, means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount required to be paid is made;

**“Exchange Rate”** means in relation to any currency the arithmetic average of the Prevailing Rate between such currency and the Specified Currency on each of the five Business Days ending on the 10th Business Day prior to the date of the Contingency Event Notice or, as the case may be, the Viability Event Notice;

**“Exempt Reorganisation”** means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Primary Stock Exchange or (ii) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as CSG or Newco may determine;

**“Extraordinary Dividend”** has the meaning given to it in Condition 7(e)(iii);

**“Fair Market Value”** means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Adviser in good faith, provided that (i) the Fair Market Value of a cash amount shall be the amount of such cash; (ii) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined in good faith by an Independent Financial Adviser), the Fair Market Value (a) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (b) of such options, warrants or

other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of (a) and (b), during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such securities, options, warrants or other rights are publicly traded) or such shorter period as such securities, options, warrants or other rights are publicly traded; and (iii) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall be translated into the Share Currency (if expressed in a currency other than the Share Currency) at the Prevailing Rate on that date. In addition, in the case of (i) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

**“Financial Report”** means a Quarterly Financial Report or an Interim Capital Report, as the case may be;

**“FINMA”** means the Swiss Financial Market Supervisory Authority FINMA;

**“Floor Price”** means such price and in such Specified Currency as is specified in the Pricing Schedule, subject to adjustment thereafter in accordance with Condition 7(e);

**“Going Concern Capital”** means, at any time, any or all items that, pursuant to National Regulations at such time, are eligible to be counted towards the Going Concern Requirement;

**“Going Concern Capital Instruments”** means, at any time, any or all securities and other instruments (other than Common Equity Tier 1 Capital) issued by CSG or any other member of the Group, as the case may be, that are, at such time, eligible to be treated as Going Concern Capital;

**“Going Concern Requirement”** means the requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) and/or by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank;

**“Group”** means CSG together with, from time to time, its consolidated Subsidiaries and any and all other entities included in its consolidated capital adequacy reports prepared pursuant to National Regulations or, as appropriate, BIS Regulations to which it is subject at such time;

**“Holder”** has the meaning given to it in Condition 2;

**“Independent Financial Adviser”** means an independent financial institution of international repute appointed at its own expense by CSG;

**“Interim Capital Report”** means a report based on the financial accounts of CSG and the Group containing, *inter alia*, the CET1 Ratio prepared by CSG upon request of the Regulator in respect of the Notes and with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements;

**“Interim Report Date”** means the date as at which the CET1 Ratio set out in an Interim Capital Report has been prepared;

**“National Regulations”** means the prevailing national banking and capital adequacy laws directly applicable to CSG and prevailing capital adequacy regulations promulgated by the Regulator and applicable to CSG;

“**Notice Cut-off Date**” has the meaning given to it in Condition 7(m)(iii);

“**Ordinary Shares**” means registered ordinary shares of CSG with a nominal value of CHF 0.04 each. The Ordinary Shares deliverable upon Conversion of the Notes will be newly issued from the conditional capital, authorised capital or conversion capital (*Wandlungskapital*) of CSG. Ordinary Shares will rank *pari passu* with all other ordinary registered shares of CSG for any and all distributions payable on them on or after the relevant Share Creation Date;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

“**Prevailing Rate**” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (Zurich time) on that date as appearing on or derived from the Reference Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (Zurich time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Reference Page, the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe;

“**Primary Stock Exchange**” means the SIX Swiss Exchange or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the SIX Swiss Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing;

“**Public Sector**” means the federal or central government or central bank in CSG’s country of incorporation;

“**Quarterly Financial Report**” means the financial accounts and disclosures of CSG and the Group in respect of a calendar quarter reporting period contained in a customary financial report published by CSG;

“**Rating Agency**” means the rating agency specified for this purpose in the Pricing Schedule;

“**Reference Page**” means the relevant page on Bloomberg or such other information service provider that displays the relevant information;

“**Regulator**” means the national regulator body having the leading authority to supervise and regulate CSG with respect to its consolidated capital adequacy at the relevant time, being at the Issue Date FINMA;

“**Reorganisation**” means proceedings which effect the interposition of a limited liability company (“**Newco**”) between the Shareholders of CSG immediately prior to such proceedings (the “**Existing Shareholders**”) and CSG; provided that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings; (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of CSG; (iv) all Subsidiaries of CSG immediately prior to such proceedings (other than Newco, if Newco is then a Subsidiary of CSG) are Subsidiaries of CSG (or of Newco) immediately after completion of such proceedings; and (v) immediately after completion of such proceedings, CSG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by CSG immediately prior to such proceedings;

**“Reporting Date”** means, with respect to any Financial Report, (i) in the case of a Quarterly Financial Report, the date of the financial statements contained in such Quarterly Financial Report, and (ii) in the case of an Interim Capital Report, the relevant Interim Report Date;

**“RWA Amount”** means, as at any date, the aggregate amount of all risk-weighted assets of the Group, calculated by CSG pursuant to BIS Regulations applicable at such time expressed in CSG’s reporting currency;

**“Settlement Shares Depository”** means a reputable independent financial institution, trust company or similar entity, to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Shares Depository in these Conditions is required to be performed to perform such functions and who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Conditions;

**“Share Creation Date”** means, in relation to Ordinary Shares to be issued and delivered upon Conversion, the date falling after the Contingency Event Notice or, as the case may be, Viability Event Notice and on or prior to the relevant Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up;

**“Share Currency”** means Swiss francs or, if at the relevant time or for the purposes of the relevant calculation or determination the SIX Swiss Exchange is not the Primary Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Primary Stock Exchange at such time;

**“Shareholders”** means the holders of Ordinary Shares;

**“SIX SIS”** means SIX SIS Ltd;

**“SIX Swiss Exchange”** means SIX Swiss Exchange Ltd.;

**“Statutory Loss Absorption Date”** has the meaning ascribed thereto in Condition 7(r);

**“Subsidiary”** means a direct or indirect subsidiary within the meaning of applicable Swiss law;

a **“Tax Event”** is deemed to have occurred if in making any payments on the Notes, the Issuer (i) has paid or will or would on the next payment date be required to pay Additional Amounts, or (ii) has paid, or will or would be required to pay, any additional tax in respect of the Notes, in each case under the laws or regulations of a Tax Jurisdiction, or any political subdivision or authority therein or thereof having the power to impose, levy, collect, withhold or assess taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

**“Tax Jurisdiction”** means Switzerland;

**“Threshold Ratio”** means, at any time, 7.00 per cent.;

**“Tier 1 Capital”** means Additional Tier 1 Capital together with Common Equity Tier 1 Capital;

**“Tier 1 Instruments”** means any and all shares, securities, participation securities or other obligations issued (i) by CSG or CS (in either case, whether or not acting through a branch) but excluding Tier 1 Shares or (ii) by any Subsidiary of CSG and having the benefit of a guarantee, credit support agreement or similar undertaking of CSG or CS, each of which shares, securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of CSG or CS and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

“**Tier 1 Shares**” means all classes of paid-in capital in relation to shares and participation certificates, if any, of CSG or any Subsidiary of CSG that qualify as Tier 1 Capital of CSG on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

“**Tier 2 Capital**” means any or all items constituting tier 2 capital under National Regulations or BIS Regulations, as the case may be;

“**Tier 2 Instruments**” means any and all securities or other obligations issued (i) by CSG or CS (in either case, whether or not acting through a branch) or (ii) by any Subsidiary of CSG and having the benefit of a guarantee, credit support agreement or similar undertaking of CSG or CS, each of which securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 2 Capital of CSG, CS and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis; and

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share or security on any dealing day, the order book volume-weighted average price of an Ordinary Share or, as the case may be, security published by or derived (in the case of an Ordinary Share) from the relevant Bloomberg page or (in the case of a security (other than Ordinary Shares)) from the principal stock exchange or securities market on which such securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

In these Conditions, capitalised terms have the respective meanings given to them in the relevant Pricing Schedule, the absence of any such meaning indicating that such term is not applicable to the Notes.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment.

Unless the context otherwise requires, references to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes and all other amounts in the nature of principal payable pursuant to these Conditions or any amendment or supplement to it, and (ii) “**interest**” shall be deemed to include any Accrued Conversion Interest and any Additional Amounts that may be payable under Condition 10 or any undertaking given in addition to or in substitution for it pursuant to Condition 14 in respect of any such amount.

References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser determines in good faith to be appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 7(e), (j), (k), (l), (m), (n), (o) and (p), (i) references to the “issue” of Ordinary Shares or Ordinary Shares being “issued” shall, unless otherwise expressly specified in those paragraphs,



include the delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of CSG or any of its Subsidiaries, and (ii) Ordinary Shares held by or on behalf of CSG or any of its respective Subsidiaries (and which, in the case of Condition 7(e)(iv), do not rank for the relevant right) shall not be considered as or treated as “in issue” or “issued” or entitled to receive the relevant right.

References in Condition 7 to listing on the SIX Swiss Exchange (or like or similar references) shall be construed as listing according to the International Reporting Standard (or any successor standard) of the SIX Swiss Exchange.

## **19 Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes and these Conditions shall be governed by, and construed in accordance with, the laws of Switzerland.

### **(b) Jurisdiction**

Any dispute which might arise based on these Conditions and the Notes shall fall within the exclusive jurisdiction of the Courts of the city of Zurich and, if permitted, the Commercial Court of the Canton of Zurich, the place of jurisdiction being Zurich 1.

The above-mentioned courts shall have exclusive jurisdiction for any declaration of cancellation of the Notes.

**PART B**  
**Pricing Schedule**  
**relating to Credit Suisse Group AG**  
**U.S.\$1,500,000,000 7.125 per cent. Perpetual Tier 1 Contingent Convertible Capital Notes**

This Pricing Schedule supplements, and forms an integral part of, the Terms and Conditions of the Notes.

1	Issuer:	Credit Suisse Group AG
2	Series Number:	1
3	Specified Currency or Currencies:	U.S.\$
4	Aggregate Nominal Amount:	
	(i) Series:	U.S.\$1,500,000,000
	(ii) Tranche:	1
5	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
6	Issue Date:	30 January 2017
7	Interest Commencement Date:	Issue Date
8	Interest Basis:	Fixed Rate (further particulars specified below)
9	Redemption/Payment Basis:	100 per cent. of principal amount
10	Change of Interest or Payment Basis:	Applicable. See item 11 below

**PROVISIONS RELATING TO INTEREST PAYABLE**

11	<b>Fixed Rate Provisions:</b>	Applicable
	(i) Fixed Rate of Interest:	<p>7.125 per cent. per annum, payable in equal instalments semi-annually in arrear to (but excluding) the First Optional Redemption Date and shall, save as provided below, amount to U.S.\$35.625 per Calculation Amount.</p> <p>There will be a short first Interest Period. The first payment of interest will be made on 29 July 2017 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date and shall amount to U.S.\$35.427 per Calculation Amount.</p> <p>From (and including) the First Optional Redemption Date, at the applicable Reset Interest Rate per annum payable in equal instalments semi-annually in arrear.</p> <p><b>“Mid Market Swap Rate”</b> means, in relation to a Reset Interest Period, the applicable semi-annual 5-year U.S.\$ mid market swap rate (the <b>“5-year Mid</b></p>

**Swap Rate**”) displayed on ICESWAP1 (or such other page as may replace that page on ICESWAP, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (New York time) on the relevant Reset Determination Date. If the 5-year Mid Swap Rate does not appear on that page, it shall be determined by the Principal Paying and Conversion Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the U.S.\$ swap market of the rates at which swaps for a 5 year period in U.S.\$ are offered by it at approximately 11.00 a.m. (New York time) on the relevant Reset Determination Date to participants in the U.S.\$ swap market; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations.

“**Reset Date**” means the First Optional Redemption Date and every fifth anniversary thereafter.

“**Reset Determination Date**” means, in respect of a Reset Interest Period, the day falling two New York and Zurich business days prior to the first day of such Reset Interest Period.

“**Reset Interest Period**” means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

“**Reset Interest Rate**” means, in relation to a Reset Interest Period, the rate equal to the Mid Market Swap Rate in relation to that Reset Interest Period plus 5.108 per cent.

(ii) Interest Payment Date(s):	29 January and 29 July in each year commencing on 29 July 2017
(iii) Day Count Fraction:	30/360
(iv) Determination Dates:	Not Applicable
12 <b>Floating Rate Note Provisions:</b>	Not Applicable
13 <b>Fixed/Floating Rate Note Provisions:</b>	Not Applicable

#### PROVISIONS RELATING TO CONVERSION

14 <b>Floor Price</b> (subject to adjustment as provided in the Conditions):	U.S.\$14.00
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#### PROVISIONS RELATING TO REDEMPTION

15 <b>Early Redemption</b>	
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First Optional Redemption Date:	29 July 2022
Other optional redemption dates:	Each Reset Date after the First Optional Redemption Date
Optional Redemption Amount:	100 per cent. of principal amount

**16 Redemption due to Taxation**

Tax Event Redemption Amount:	100 per cent. of principal amount
Tax Event redemption dates:	At any time in accordance with Condition 8(d)

**17 Redemption for Capital Event**

Capital Event Redemption Amount:	100 per cent. of principal amount
Capital Event redemption dates:	At any time in accordance with Condition 8(e)

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

18	Financial Centre(s) or other special provisions relating to payment dates:	Zurich
19	Ratings:	The Notes are expected to be rated: Fitch Ratings Limited: BB Standard & Poor's Credit Market Services Europe Limited: BB-
20	Listing:	Application has been made to admit the Notes to listing on the SIX Swiss Exchange
21	Listing Agent:	Credit Suisse AG
22	Principal Paying and Conversion Agent:	Credit Suisse AG
23	Common Code:	154936084
24	ISIN Code:	CH0352765157
25	Swiss Security Number:	35276515

## **USE OF PROCEEDS**

The net proceeds from the Notes, amounting to U.S.\$1,477,500,000, will be used by the Issuer for its general corporate purposes, which could include investments in its subsidiaries.

## CREDIT SUISSE GROUP AG

### Structure and Business of the Issuer

CSG is a holding company for financial services companies domiciled in Switzerland.

The Group's strategy builds on its core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. The Group takes a balanced approach to capture the wealth management opportunities in emerging markets, the largest of which is in the Asia Pacific region, while also serving key developed markets with an emphasis on Switzerland. Founded in 1856, the Group today has a global reach with operations in about 50 countries and 47,690 employees from over 150 different nations. The Group's broad footprint helps it to generate a geographically balanced stream of revenues and net new assets and allows it to capture growth opportunities around the world. The Group serves its clients through three regionally focused divisions: Swiss Universal Bank, International Wealth Management ("IWM") and Asia Pacific. These regional businesses are supported by two other divisions specialising in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. The Strategic Resolution Unit ("SRU") consolidates the remaining portfolios from the former non strategic units plus additional businesses and positions that do not fit with the Group's strategic direction. The Group's business divisions cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

For information regarding the evolution of the Group's legal entity structure, refer to "*II—Operating and financial review—Credit Suisse—Evolution of legal entity structure*" in the Annual Report 2015 and "*I—Credit Suisse results—Credit Suisse*" in the 2016 Quarterly Reports.

#### *Swiss Universal Bank*

The Swiss Universal Bank division offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients primarily domiciled in the Group's home market of Switzerland, which offers attractive growth opportunities and where the Group can build on a strong market position across its key businesses. The Group's private banking business has a leading franchise in its Swiss home market and serves ultra high net worth individuals, high net worth individuals and retail clients. The Group's corporate and institutional banking business serves large corporate clients, small and medium sized enterprises, institutional clients and financial institutions.

#### *International Wealth Management*

The IWM division offers tailored financial solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America through its private banking business. The division's footprint spans emerging economies as well as mature European markets and it has access to the broad spectrum of the Group's global resources and capabilities. The Group's asset management business offers investment solutions and services globally to its private banking businesses and a wide range of other clients, including pension funds, governments, foundations and endowment funds, corporations and individuals.

#### *Asia Pacific*

The Asia Pacific division offers integrated private banking and investment banking financial solutions to wealthy individuals, institutional investors and corporate clients in the Asia Pacific region, drawing on the Group's global resources. The division is well positioned to capture market opportunities in Asia Pacific, which is experiencing rapid wealth creation and where the number of ultra high-net-worth individuals is

growing. The Group offers institutional investors access to broader financial markets and differentiated product offerings.

#### *Global Markets*

The Global Markets division offers a broad range of equities and fixed income products and services and focuses on client driven businesses and on supporting the Group's private banking businesses and their clients. The Group's suite of products and services includes global securities sales, trading and execution services, prime brokerage, underwriting and comprehensive investment research. The Group's clients include financial institutions, corporations, governments, institutional investors – including pension funds and hedge funds – and private individuals around the world.

#### *Investment Banking & Capital Markets*

The Investment Banking & Capital Markets division offers a broad range of investment banking services to corporations, financial institutions, financial sponsors and ultra high-net-worth individuals and sovereign clients. The Group's range of products and services includes advisory services related to mergers and acquisitions, divestitures, takeover defence mandates, business restructurings and spin offs. The division also engages in debt and equity underwriting of public securities offerings and private placements.

#### *Strategic Resolution Unit*

The SRU was created to facilitate the immediate right sizing of the Group's business divisions from a capital perspective and includes remaining portfolios from former non-strategic units plus transfers of additional exposures from the business divisions. The unit's primary focus is on facilitating the rapid wind down of capital usage and costs to reduce the negative impact on the Group's performance. Repositioned as a separate division, this provides clearer accountability, governance and reporting.

### **Management**

#### *Board of Directors of Credit Suisse Group AG (the "Board")*

Board members as of the date of this Information Memorandum are listed below. All members of the Board are also members of the board of directors of Credit Suisse AG and, if applicable, hold the same chairmanships on both boards.

<b>Name</b>	<b>Business address</b>	<b>Position held</b>
Urs Rohner	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	Professional history  2004 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2009 - present)  Chairman of the Board (2011 - present) and the Chairman's and Governance Committee (2011 - present)  Member of the Board of Directors of Credit Suisse (Schweiz) AG (2015 – present)  Vice-Chair of the Board and member of the Chairman's and

Governance Committee  
(2009 - 2011)

Member of the Risk Committee  
(2009 - 2011)

Chief Operating Officer  
(2006 - 2009)

General Counsel of Credit Suisse  
AG (2005 - 2009)

General Counsel of Credit Suisse  
Group AG (2004 - 2009)

Member of the Credit Suisse AG  
Executive Board (2005 - 2009)

Member of the Credit Suisse  
Group AG Executive Board  
(2004 - 2009)

2000 - 2004 ProSiebenSat.1  
Media AG

Chairman of the Executive Board  
and CEO

1983 – 1999: Lenz & Staehelin  
Partner (1992 - 1999)

Attorney (1983 - 1988;  
1990 - 1992)

1988 – 1989: Sullivan &  
Cromwell LLP, New York,  
attorney

### **Education**

1990 Admission to the bar of the  
State of New York

1986 Admission to the bar of the  
Canton of Zurich

1983 Master in Law (lic.iur.),  
University of Zurich, Switzerland

### **Other activities and functions**

GlaxoSmithKline plc, board  
member

Swiss Bankers Association,  
governing board member

Swiss Finance Council, board  
member

Institute of International Finance,



Jassim Bin Hamad J.J Al Thani

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

board member

European Banking Group,  
member

European Financial Services  
Round Table, member

University of Zurich Department  
of Economics, chairman of the  
advisory board

Lucerne Festival, board of trustees  
member

Mr. Rohner also serves as a board,  
advisory board or board of trustees  
member in other Swiss and  
international organisations,  
including: Economiesuisse, Avenir  
Suisse, Alfred Escher Foundation,  
International Institute for  
Management Development (IMD),  
Swiss University Sports  
Foundation, Institute International  
d'Etudes Bancaires and the  
International Business Leaders  
Advisory Council of the Mayor of  
Beijing.

### **Professional history**

2010 – present: Credit Suisse  
Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2010 - present)

2004 – present: Qatar Islamic  
Bank

Chairman of the board  
(2005 - present)

Member of the board  
(2004 - present)

1998 – present: Al Mirqab  
Capital LLC

CEO (2007 - present)

Member of senior management  
(1998 - 2007)

### **Education**

1998 Graduated as an Officer  
Cadet from the Royal Military

Iris Bohnet

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

Academy in England

**Other activities and functions**

Q-RE LLC, chairman

Damaan Islamic Insurance Co.  
(BEEMA), chairman

QInvest, chairman

Qatar Insurance Company, board  
member

Qatar Navigation Company, board  
member

**Professional history**

2012 – present: Credit Suisse

Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2012 - present)

Member of the Compensation  
Committee (2012 - present)

1998 - present Harvard Kennedy  
School

Director of the Women and Public  
Policy Program (2008 - present)

Professor of public policy  
(2006 - present)

Academic dean (2011 - 2014)

Associate professor of public  
policy (2003 - 2006)

Assistant professor of public  
policy (1998 - 2003)

1997 – 1998: Haas School of  
Business, University of California  
at Berkeley, visiting scholar

**Education**

1997 Doctorate in Economics,  
University of Zurich, Switzerland

1992 Master's degree in Economic  
History, Economics and Political  
Science, University of Zurich,  
Switzerland

**Other activities and functions**

Economic Dividends for Gender  
Equality (EDGE), advisory board

		member
		Global Agenda Council on Behavior, member
		University of Lucerne, board member
		Negotiations Center, University of Texas at Dallas, board member
		Decision Making and Negotiations Journal, advisory board member
		Vienna University of Economics and Business Administration, advisory board member
Noreen Doyle	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	<p><b>Professional history</b></p> <p>2004 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2004 - present) Vice-Chair of the Board and Lead Independent Director (2014 - present)</p> <p>Member of the Chairman’s and Governance Committee (2014 - present)</p> <p>Member of the Risk Committee (2016 – present, 2009 - 2014; 2004 - 2007)</p> <p>Member of the Audit Committee (2014 – 2016; 2007 - 2009)</p> <p>Non-executive director of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries, 2011 - present); chair of the boards (2013 - present); and chair of the audit committees (2011 - 2012)</p> <p>1992 – 2005: European Bank for Reconstruction and Development (EBRD)</p> <p>First vice president and head of banking (2001 - 2005)</p> <p>Deputy vice president finance and director of risk management (1997 - 2001)</p>

Alexander Gut

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

Chief credit officer and director of syndications (1994 - 1997)

Head of syndications  
(1992 - 1994)

Prior to 1992

Bankers Trust Company, Houston, New York and London Managing director, European Structured Sales (1990 - 1992)

Various positions at management level

### **Education**

1974 MBA in Finance, Tuck at Dartmouth College, New Hampshire

1971 BA in Mathematics, The College of Mount Saint Vincent, New York

### **Other activities and functions**

Newmont Mining Corporation, vice-chair

British Bankers' Association (BBA), chair

UK Panel on Takeovers and Mergers, member

Tuck European Advisory Board, member

Women in Banking and Finance in London, patron

Marymount International School, London, chair of the board of governors

Sarita Kenedy East Foundation, trustee

### **Professional history**

2016 – present: Credit Suisse

Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2016 - present)

Member of the Audit Committee (2016 - present)

Member of the Board of Directors

Andreas N. Koopmann

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

of Credit Suisse (Schweiz) AG  
(June 2016 – present)  
2007 – present: Gut Corporate  
Finance AG Managing Partner  
2003 – 2007: KPMG Switzerland  
Member of the Executive  
Committee of KPMG Switzerland  
Head of Audit Financial Services,  
Switzerland  
Partner and Head of Audit  
Financial Services, Zurich  
2001 – 2003: Ernst & Young  
Partner, Transaction Advisory  
Services practice  
1991 – 2001: KPMG Switzerland  
Senior Manager, Audit Financial  
Services  
Senior Manager, Banking Audit  
Banking Auditor  
Education  
1996 Swiss Certified Accountant,  
Swiss Institute of Certified  
Accountants and Tax Consultants  
1995 Doctorate in Business  
Administration, University of  
Zurich  
1990 Masters degree in Business  
Administration, University of  
Zurich  
Other activities and functions  
LafargeHolcim Ltd, board  
member and member of the audit  
committee  
Adecco SA, board member and  
chairman of the nomination and  
compensation committee  
SIHAG Swiss Industrial Holding  
Ltd., board member

**Professional history**

2009 – present: Credit Suisse  
Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2009 - present)  
Member of the Compensation

Committee (2013 - present)

Member of the Risk Committee  
(2009 - present)

Member of the Board of Directors  
of Credit Suisse (Schweiz) AG  
(2015 – present)

1982 – 2009: Bobst Group S.A.,  
Lausanne

Group CEO (1995 - 2009)

Member of the board  
(1998 - 2002)

Executive Vice President  
(1994 - 1995)

Member of the Group Executive  
Committee, head of manufacturing  
(1991 - 1994)

Management positions in  
engineering and manufacturing  
(1982 – 1991)

Prior to 1982

Bruno Piatti AG and Motor  
Columbus AG, various positions

Education

1978 MBA, International Institute  
for Management Development,  
Switzerland

1976 Master's degree in  
Mechanical Engineering, Swiss  
Federal Institute of Technology,  
Switzerland

Other activities and functions

Nestlé SA, board member and  
vice-chairman

Georg Fischer AG, chairman of  
the board

CSD Group, board member

Sonceboz SA, board member

Economiesuisse, board member

EPFL, Lausanne, Switzerland,  
strategic advisory board member

EPFL+ Foundation, member of  
the board of trustees

Jean Lanier

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

**Professional history**

2005 – present: Credit Suisse

Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2005 - present)

Chairman of the Compensation  
Committee (2013 - present)

Member of the Chairman's and  
Governance Committee  
(2013 - present)

Member of the Compensation  
Committee (2011 - present)

Member of the Audit Committee  
(2005 - 2015)

1990 – 2004: Euler Hermes  
Group, Paris

Chairman of the managing board  
and group CEO (1998 - 2004)

Chairman of the boards of  
principal subsidiaries  
(1998 - 2004)

Managing director of Euler Group  
(1997 - 1998)

COO and managing director of  
SFAC (subsequently Euler  
Hermes SFAC) (1990 - 1997)

Prior to 1990

Pargesa Group, Paris and Geneva,  
managing director

Lambert Brussels Capital  
Corporation, New York, president

Paribas Group, various positions,  
among others: senior vice  
president of the finance division  
and senior executive for North  
America

**Education**

1970 Master of Science in  
Operations Research and Finance,  
Cornell University, New York

1969 Master's degree in  
Engineering, Ecole Centrale des  
Arts et Manufactures, Paris

Seraina Maag

Credit Suisse Group AG

Paradeplatz 8

8001 Zurich

Switzerland

**Other activities and functions**

Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA (subsidiaries of Swiss Re AG), chairman of the board

La Fondation Internationale de l'Arche, chairman of the board

Friends of l'Arche Long Island, chairman of the board

Association Jean Vanier, board member

**Professional history**

2015 – present: Credit Suisse

Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2015 - present)

Member of the Audit Committee (2015 - present)

2016 – present: Hamilton USA  
CEO

2013 – 2016: AIG Corporation  
CEO and President of AIG EMEA (2013 - 2016)

2010 – 2013: XL Insurance North America chief executive

2002 – 2010: Zurich Financial Services

CFO Specialties Unit (2007 - 2010);

Various positions, among others: head of the joint investor relations and rating agencies management departments;

head of rating agencies management; senior investor relations officer (2002 - 2008)

2000 – 2002: NZB Neue Zürcher Bank

founding partner and financial analyst

1990 – 2000: Swiss Re



Kai S. Nargolwala

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

Rating agency coordinator, Swiss  
Re Group (2000)

Senior underwriter and deputy  
head of financial products  
(1996 - 1999)

Various senior positions in Zurich  
and Melbourne (1990 - 1996)

#### **Education**

2001 Chartered Financial Analyst  
(CFA), CFA Institute, US

1999 MBA, Monash Mt Eliza  
Business School, Australia

1997 Post-graduate certificate in  
Management, Deakin University,  
Australia

#### **Other activities and functions**

Association of Professional  
Insurance Women, member

Food Bank for New York City,  
board member

#### **Professional history**

2008 – present: Credit Suisse

Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2013 - present)

Member of the Compensation  
Committee (2014 - present)

Member of the Risk Committee  
(2013 - present)

Non-executive chairman of Credit  
Suisse's Asia-Pacific region  
(2010 - 2011)

Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2008 - 2010)

CEO of Credit Suisse's Asia  
Pacific region (2008 - 2010)

1998 - 2007 Standard  
Chartered plc

main board executive director

Prior to 1998

Bank of America

Joaquin J. Ribeiro

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

Group executive vice president  
and head of Asia Wholesale  
Banking group in Hong Kong  
(1990 - 1995)

Head of High Technology Industry  
group in San Francisco and New  
York (1984 - 1990)

Various management and other  
positions in the UK, the U.S. and  
Asia (1976 - 1984)

Peat Marwick Mitchell & Co.,  
London, accountant (1970 - 1976)

Education

1974 Fellow of the Institute of  
Chartered Accountants (FCA),  
England and Wales

1969 BA in Economics,  
University of Delhi

Other activities and functions

Prudential plc, member of the  
board

Prudential Corporation Asia  
Limited, director and non-  
executive chairman

PSA International Pte. Ltd.  
Singapore, board member

Clifford Capital Pte. Ltd., director  
and non-executive chairman

Casino Regulatory Authority in  
Singapore, board member

Duke-NUS Graduate Medical  
School, Singapore, chairman of  
the governing board

### **Professional history**

2016 – present: Credit Suisse  
Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2016 - present)  
Member of the Audit Committee  
(2016 - present)

1997 – 2016: Deloitte LLP (USA)  
Vice Chairman and Chairman of  
Global Financial Services Industry

Severin Schwan

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

practice (2010 - 2016)  
Head of U.S. Financial Services  
Industry practice (2003 – 2010)  
Head of Global Financial Services  
Industry practice in Asia  
(1997 - 2003)  
Head of South East Asian  
Corporate Restructuring practice  
(1997 - 2000)  
Senior Advisor to Deloitte  
sponsored “Transitional Labs” for  
Chief Financial Officers and Audit  
Committee members  
2005 – 2010: World Economic  
Forum  
Senior Advisor to Finance  
Governor’s Committee  
Education  
1996 Executive Business  
Certificate, Columbia Business  
School, New York  
1988 MBA in Finance, New York  
University, New York  
1980 Certified Public Account,  
New York state  
1978 Bachelor degree in  
Accounting, Pace University, New  
York  
Other activities and functions  
Institute of International Finance,  
member  
Securities Industry and Financial  
Markets Association, member  
Pace University, board of trustees  
member

**Professional history**

2014 – present: Credit Suisse  
Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2014 - present)  
Member of the Risk Committee  
(2014 - present)  
Member of the Board of Directors  
of Credit Suisse (Schweiz) AG

Richard E. Thornburgh

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

(2015 – present)

1993 – present: Roche Group

CEO (2008 - present)

CEO, Division Roche Diagnostics  
(2006 - 2008)

Head Asia Pacific Region, Roche  
Diagnostics Singapore  
(2004 - 2006)

Head Global Finance & Services,  
Roche Diagnostics Basel  
(2000 - 2004)

Various management and other  
positions with Roche Germany,  
Belgium and Switzerland  
(1993 - 2000)

Education

1993 Doctor of Law, University of  
Innsbruck, Austria

1991 Master's degrees in  
Economics and Law, University of  
Innsbruck, Austria

Other activities and functions

Roche Holding Ltd., board  
member

International Business Leaders  
Advisory Council for the Mayor  
of Shanghai, member

**Professional history**

2006 – present: Credit Suisse

Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2006 - present)

Vice-Chair of the Board of  
Directors of Credit

Suisse Group AG and Credit  
Suisse AG (2014 - present)

Member of the Audit Committee  
(2011 - present)

Chairman of the Risk Committee  
(2009 - present)

Member of the Chairman's and  
Governance Committee

(2009 - present)

Member of the Risk Committee

(2006 - present)

Non-executive director and chair  
of Credit Suisse Holdings

(USA), Inc. (US subsidiary)

(2015 - present)

Non-executive director of Credit  
Suisse International and Credit  
Suisse Securities (Europe) Limited  
(UK subsidiaries) (2013 - present)

2006 – 2015: Corsair Capital LLC,  
New York

vice-chairman (2006 - 2015)

Prior to 2006: Credit Suisse

Member of the Group Executive  
Board in various executive roles  
including Group CRO, Group  
CFO and CFO Investment  
Banking (1997 - 2005)

Chief financial and administrative  
officer and member of the  
executive board of Credit Suisse  
First Boston (1995 - 1996)

Began investment banking career  
in New York with The First  
Boston Corporation (predecessor  
firm of Credit Suisse First Boston)

### **Education**

2009 Honorary Doctorate,  
Commercial Sciences, University  
of Cincinnati, Ohio

1976 MBA Finance, Harvard  
University, Cambridge,  
Massachusetts

1974 BBA Finance, University of  
Cincinnati, Ohio

### **Other activities and functions**

Corsair Capital LLC, investment  
committee member

S&P Global Financial Inc., board  
executive committee member and  
financial policy committee chair

John Tiner

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

CapStar Bank, board member

New Star Financial Inc., board  
member and lead director

St. Xavier High School, trustee  
and finance committee chair

University of Cincinnati,  
investment committee member

**Professional history**

2009 – present: Credit Suisse

Member of the Board of Directors  
of Credit Suisse Group AG and  
Credit Suisse AG (2009 – present)

Chairman of the Audit Committee  
(2011 - present)

Member of the Chairman's and  
Governance Committee  
(2011 - present)

Member of the Risk Committee  
(2011 - present)

Member of the Audit Committee  
(2009 - present)

Non-executive director of Credit  
Suisse Holdings (USA), Inc. (US  
subsidiary) (2015 - present)

2008 – 2013: Resolution  
Operations LLP  
CEO

2001 – 2007: Financial Services  
Authority (FSA)

CEO (2003 - 2007)

Managing director of the  
investment, insurance and  
consumer directorate  
(2001 - 2003)

Prior to 2001: Arthur Andersen,  
UK

Managing partner, UK Business  
Consulting (1997 - 2001)

Managing partner, Worldwide  
Financial Services practice  
(1997 - 2001)

Head of UK Financial Services

practice (1993 - 1997)

Partner in banking and capital markets (1988 - 1997)

Auditor and consultant, Tansley Witt (later Arthur Anderson UK) (1976 - 1988)

### **Education**

2010 Honorary Doctor of Letters, Kingston University, London

1980 UK Chartered Accountant, Institute of Chartered Accountants in England and Wales

### **Other activities and functions**

Towergate Insurance, chairman

Tilney Bestinvest, board member

Corsair Capital LLC, advisory board member

The Urology Foundation, chairman

The Board consists solely of non-executive directors, of which at least the majority must be determined to be independent. As of the date of this Information Memorandum, all but one member of the Board is independent.

### *Executive Board of Credit Suisse Group AG (the “Executive Board”)*

The Executive Board is responsible for the day-to-day operational management of the Issuer. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions and the corporate functions and establishes Group-wide policies.

The members of the Executive Board as of the date of this Information Memorandum are listed below.

<b>Name</b>	<b>Business address</b>	<b>Position held</b>
Tidjane Thiam	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	<b>Professional history</b> 2015 – present: Credit Suisse Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Member of the Board of Directors of Credit Suisse (Schweiz) AG (October 2016 – present) 2008 – 2015: Prudential plc

James L. Amine

Credit Suisse  
Eleven Madison Avenue  
New York 10010 3629 NY  
United States

Group Chief Executive  
(2009 - 2015)  
Chief Financial Officer  
(2008 - 2009)  
2002 – 2008: Aviva  
Chief Executive, Europe  
(2006 - 2008)  
Managing director, International  
(2004 - 2006)  
Group strategy & development  
director (2002 - 2004)  
2000 – 2002: McKinsey & Co,  
partner, Paris  
1998 – 1999: Minister of planning  
and development, Côte d’Ivoire  
1994 – 1998: National Bureau for  
Technical Studies & Development,  
Côte d’Ivoire, Chairman and Chief  
Executive  
1986 - 1994 McKinsey & Co  
partner, consultant, Paris, London  
and New York

**Education**

1988 MBA, INSEAD  
1986 Advanced Mathematics and  
Physics, Ecole Nationale  
Supérieure des Mines de Paris  
1984 Ecole Polytechnique, Paris

**Other activities and functions**

World Economic Forum 2016 in  
Davos, co-chair  
Group of Thirty (G30), member  
21st Century Fox, board member

**Professional history**

1997 – present: Credit Suisse  
CEO Investment Banking &  
Capital Markets (2015 - present)  
Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2014 – present)  
Joint Head of Investment Banking,  
responsible for the Investment  
Banking Department



Pierre-Olivier Bouée

Credit Suisse Group AG  
Paradeplatz 8

(2014 - 2015)  
Head of Investment Banking  
Department (2012 - present)  
Co-Head of Investment Banking  
Department, responsible for the  
Americas and Asia Pacific  
(2010 - 2012)  
Co-Head of Investment Banking  
Department, responsible for  
EMEA and Asia Pacific and Head  
of Global Market Solutions Group  
(2008 - 2010)  
Head of European Global Markets  
Solutions Group and Co-Head of  
Global Leveraged Finance  
(2005 - 2008)  
Head of European Leveraged  
Finance (1999 - 2000;  
2003 - 2005), Co-Head  
(2000 - 2003)  
Various functions within  
High-Yield Capital Markets of  
Credit Suisse First Boston  
(1997 - 1999)  
Prior to 1997: Cravath, Swaine &  
Moore  
attorney

**Education**

1984 JD, Harvard Law School  
1981 BA, Brown University

**Other activities and functions**

New York Cares, board member  
Americas Diversity Council,  
member  
Leadership Committee of Lincoln  
Center Corporate Fund, member  
Caramoor Center for Music and  
the Arts, board member  
Harvard Law School, dean's  
advisory board member  
Credit Suisse Americas  
Foundation, board member

**Professional history**

2015 – present: Credit Suisse

8001 Zurich Switzerland		<p>Chief Operating Officer of Credit Suisse Group AG and Credit Suisse AG (2015 - present)</p> <p>Member of the Executive Board of Credit Suisse</p> <p>Group AG and Credit Suisse AG (2015 – present)</p> <p>Chief of Staff (2015)</p> <p>Prudential Plc (2008 - 2015)</p> <p>Group Risk Officer (2013 - 2015)</p> <p>Managing Director, CEO Office (2009 - 2013)</p> <p>Business representative Asia, PCA (2008 - 2013)</p> <p>2004 – 2008: Aviva</p> <p>Director, Central &amp; Eastern Europe (2006 - 2008)</p> <p>Director, Group strategy (2004 - 2006)</p> <p>2000 – 2004: McKinsey &amp; Co</p> <p>Associate principal (2004)</p> <p>Engagement manager (2002 - 2004)</p> <p>Associate (2000 - 2002)</p> <p>1997 – 2000: French Government</p> <p>Ministry of Economy and Finance, Treasury Department</p> <p>Deputy General Secretary of the Paris Club</p> <p>Deputy Head, International Debt office (F1)</p>
		<p><b>Education</b></p> <p>1997 Master in Public Administration, Ecole Nationale d'Administration (ENA)</p> <p>1991 Master in Business and Finance, Hautes Etudes Commerciales (HEC)</p> <p>1991 Master in Corporate Law, Faculté de Droit Paris XI, Jean Monnet</p>
Brian Chin	Credit Suisse Eleven Madison Avenue	<p><b>Professional history</b></p> <p>2003 – present: Credit Suisse</p>

	New York 10010 3629 NY United States	<p>CEO Global Markets (2016 - present)</p> <p>Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2016 - present)</p> <p>Global Head of Securitized Products and Co-Head of Fixed Income, Americas (2003 - 2016)</p> <p>Deloitte &amp; Touche LLP, Senior Analyst, Securitization Transaction Team (2000-2003)</p> <p>Prior to 2000:</p> <p>PricewaterhouseCoopers LLP, Capital Markets Advisory Services</p> <p>The United States Attorney's Office, Frauds Division</p> <p><b>Education</b></p> <p>2000 B.S. Accounting, Rutgers University</p> <p><b>Professional history</b></p> <p>2006 – present: Credit Suisse General Counsel of Credit Suisse Group AG and Credit Suisse AG (2009 - present)</p> <p>Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2009 – present)</p> <p>Global Co-Head of Compliance, Credit Suisse AG (2008 - 2009)</p> <p>General Counsel, Private Banking (2006 - 2009)</p> <p>1999 – 2006: Lombard Odier Darier Hentsch &amp; Cie</p> <p>Partner of the Group Holding (2004 - 2006)</p> <p>Head of Corporate Finance (1999 - 2004)</p> <p>1995 – 1999: Homburger Rechtsanwälte, Zurich, attorney-at-law</p> <p>Prior to 1995: Latham and Watkins, Los Angeles attorney-at-law</p>
Romeo Cerutti	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	

Peter Goerke

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

### **Education**

1998 Post-doctorate degree in Law (Habilitation), University of Fribourg

1992 Admission to the bar of the State of California

1992 Master of Law (LLM), University of California, Los Angeles

1990 Doctorate in Law, University of Fribourg

1989 Admission to the bar of the Canton of Zurich

1986 Master in Law (lic.iur.), University of Fribourg

### **Other activities and functions**

Galenica Ltd, board member

American-Swiss Chamber of Commerce, legal group member

Association Friends of the Zurich Art Museum, board member

University of Fribourg, board of trustees member

### **Professional history**

2015 – present: Credit Suisse

Head Human Resources, Communications & Branding of Credit Suisse Group AG and Credit Suisse AG (2015 – present)  
Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present)

2011 – 2015: Prudential Plc  
Group Human Resources director

2005 – 2011: Zurich Financial Services

Group Head of Human Resources

2000 – 2005: Egon Zehnder consultant

1997 – 2000: McKinsey & Company, Zurich and Chicago consultant

### **Education**

Thomas P. Gottstein

Credit Suisse Group AG

Paradeplatz 8

8001 Zurich

Switzerland

2002 Advanced Management Program (AMP), University of Pennsylvania—The Wharton School

1989 lic. oec., University of St. Gallen

### **Professional history**

1999 – present: Credit Suisse  
CEO Swiss Universal Bank  
(2015 - present)

Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2015 – present)  
CEO Credit Suisse (Schweiz) AG  
(October 2016 - present)

Head of Premium Clients  
Switzerland & Global External  
Asset Managers, Private  
Banking & Wealth Management  
(2013 - 2015)

Head of Investment Banking  
Coverage Switzerland  
(2009 - 2013)

Co-Head of Equity Capital  
Markets EMEA (2007 - 2009)

Head Equity Capital Markets  
Switzerland, Austria and  
Scandinavia, London  
(2005 - 2007)

Head Equity Capital Markets  
Switzerland (2002 - 2005), Zurich  
Investment Banking Department  
Switzerland (1999 - 2002)

Prior to 1999: UBS  
Telecoms Investment Banking and  
Equity Capital Markets

### **Education**

1996 PhD in Finance and  
Accounting, University of Zurich

1989 Degree in Business  
Administration and Economics,  
University of Zurich

### **Other activities and functions**

Pension Fund CS Group

Iqbal Khan

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

(Schweiz), member of the  
foundation board  
Private Banking STC of the Swiss  
Banking Association, member  
FINMA Private Banking Panel,  
member

**Professional history**

2013 - present Credit Suisse  
CEO International Wealth  
Management (2015 - present)  
Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2015 – present)  
CFO Private Banking & Wealth  
Management (2013 - 2015)  
2001 – 2013: Ernst & Young,  
Switzerland  
Managing Partner of Assurance  
and Advisory Services—Financial  
Services Switzerland  
(2011 - 2013)  
Member of Swiss Management  
Committee (2011 - 2013)  
Industry Lead Partner Banking  
and Capital Markets, Switzerland  
and EMEA Private Banking  
(2009 - 2011)

**Education**

2012 Advanced Master of  
International Business Law  
(LLM), University of Zurich  
2004 Certified Financial Analyst  
2002 Swiss Certified Public  
Accountant  
1999 Swiss Certified Trustee

David R. Mathers

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

**Professional history**

1998 – present: Credit Suisse  
Chief Financial Officer of Credit  
Suisse Group AG and Credit  
Suisse AG (2010 - present)  
Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2010 – present)  
CEO of Credit Suisse International

Joachim Oechslin

Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

and Credit Suisse Securities  
(Europe) Limited  
(UK subsidiaries) (2016 - present)  
Head of Strategic Resolution Unit  
(2015 - present)  
Head of IT and Operations  
(2012 - 2015)  
Head of Finance and COO of  
Investment Banking (2007 - 2010)  
Senior positions in Credit Suisse's  
Equity business, including  
Director of European Research  
and Co-Head of European Equities  
(1998 - 2007)  
Prior to 1998:  
HSBC Global head of equity  
research (1997 - 1998)  
Research analyst, HSBC James  
Capel (1987 - 1997)

**Education**

1991 MA in Natural Sciences,  
University of Cambridge, England  
1987 BA in Natural Sciences,  
University of Cambridge, England

**Other activities and functions**

European CFO Network, member  
Women in Science & Engineering  
(WISE) program and academic  
awards and grants at Robinson  
College, Cambridge, sponsor

**Professional history**

2014 – present: Credit Suisse  
Chief Risk Officer of Credit  
Suisse Group AG and Credit  
Suisse AG (2014 - present)  
Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2014 – present)  
2007 – 2013: Munich Re Group  
Chief Risk Officer  
2007: AXA Group  
deputy Chief Risk Officer  
2001 – 2006: Winterthur

Helman Sitohang

Credit Suisse  
One Raffles Link  
South Lobby, # 03/#04-01  
Singapore 039393  
Singapore

Member of the executive board  
(2006)

Chief Risk Officer (2003 - 2006)

Head of risk management  
(2001 - 2003)

1998 – 2001: McKinsey &  
Company  
consultant

### **Education**

1998 Licentiate/Master of Science  
in Mathematics, Swiss Federal  
Institute of Technology (ETH),  
Zurich

1994 Engineering degree, Higher  
Technical Institute (HTL),  
Winterthur

### **Other activities and functions**

International Financial Risk  
Institute, member

### **Professional history**

1999 – present: Credit Suisse  
CEO Asia Pacific (2015 - present)  
Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2015 – present)

Regional CEO of APAC  
(2014 - 2015)

Head of the Investment Banking  
Asia Pacific (2012 - 2015)

Co-Head of the Emerging Markets  
Council (2012 - 2015)

CEO for South East Asia  
(2010 - 2015)

Co-Head of the Investment  
Banking Department—Asia  
Pacific (2009 - 2012)

Co-Head of the Global Markets  
Solutions Group—Asia Pacific  
(2009 - 2012)

Country CEO, Indonesia  
(1999 - 2010)

Prior to 1999: Bankers Trust  
Derivatives Group



Lara J. Warner

Credit Suisse Group AG

Paradeplatz 8

8001 Zurich

Switzerland

### **Education**

1989 B.S. degree in Engineering,  
Bandung Institute of Technology

### **Professional history**

2002 – present: Credit Suisse  
Chief Compliance and Regulatory  
Affairs Officer of Credit Suisse  
Group AG and Credit Suisse AG  
(2015 - present)

Member of the Executive Board of  
Credit Suisse Group AG and  
Credit Suisse AG (2015 – present)

Chief Operating Officer,  
Investment Bank (2013 - 2015)

Chief Financial Officer,  
Investment Bank (2010 - 2015)

Head of Global Fixed Income  
Research (2009 - 2010)

Head of US Equity Research  
(2004 - 2009)

Senior Equity Research Analyst  
(2002 - 2004)

1999 – 2001: Lehman Brothers,  
equity research analyst

Prior to 1999: AT&T

Director of Investor Relations  
(1997 - 1999)

Chief Financial Officer,  
Competitive Local Exchange  
Business (1995 - 1997)

Various finance and operating  
roles (1998 - 1995)

### **Education**

1988 B.S., Pennsylvania State  
University

### **Other activities and functions**

Women's Leadership Board of  
Harvard University's John F.  
Kennedy School of Government,  
executive committee chair

Aspen Institute's Business and  
Society Program, board member

There are no conflicts of interest between the private interests or other duties of the Directors and members of the Executive Board listed above and their respective duties to the Issuer.

### **Audit Committee**

The Issuer's audit committee ("Audit Committee") consists of at least three members, all of whom must be independent pursuant to its charter. The current members of the Audit Committee are:

- John Tiner (Chairman)
- Alexander Gut
- Seraina Maag
- Joaquin J. Ribeiro
- Richard E. Thornburgh

The Audit Committee has its own charter, which has been approved by the Board. In accordance with its charter, the members of the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from the Group other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the audit committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on the Audit Committee. For further information, refer to "*—Board of Directors—Independence*" and "*—Board Committees—Audit Committee*" in "*IV—Corporate Governance and Compensation—Corporate Governance*" in the Annual Report 2015.

### **Corporate Governance**

The Issuer fully adheres to the principles set out in the Swiss Code of Best Practice for Corporate Governance, dated 28 August 2014, including its appendix stipulating recommendations on the process for setting compensation for the Board and the Executive Board. The Issuer continuously monitors regulatory and legislative developments in all applicable jurisdictions, as well as industry best practices in compensation and guidance issued by various regulatory bodies. As in the past few years, regulators focused their attention on compensation practices at financial institutions in 2015. For further information, refer to "*IV—Corporate Governance and Compensation—Compensation*" in the Annual Report 2015.

In connection with the Issuer's primary listing on the SIX Swiss Exchange, it is subject to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance, dated 1 September 2014. The Issuer's shares are also listed on the New York Stock Exchange, which we refer to as "NYSE," in the form of American Depositary Shares, which we refer to as "ADS," and certain of the Issuer's exchange traded notes are listed on the Nasdaq Stock Market, which we refer to as "Nasdaq." As a result, the Issuer is subject to certain U.S. rules and regulations. The Issuer adheres to the NYSE's and the Nasdaq's corporate governance listing standards, with a few exceptions where the rules are not applicable to foreign private issuers. For more information, refer to "*IV—Corporate Governance and Compensation—Corporate Governance—Additional Information*" in the Annual Report 2015.

### **Incorporation, Legislation, Legal Form, Duration, Name, Registered Office, Headquarters**

The Issuer was incorporated under Swiss law as a corporation (*Aktiengesellschaft*) with unlimited duration under the name "CS Holding" on 3 March 1982 in Zurich, Switzerland, and was registered with the Commercial Registrar of the Canton of Zurich under the number CH-020.3.906.075-9 and is now registered under the number CHE-105.884.494. As of 6 May 2008, the Issuer changed its name to "Credit Suisse Group

AG.” The Issuer’s registered and principal executive office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland and its telephone number is +41 44 212 1616.

## Business Purpose

Article 2 of the Issuer’s Articles of Association (as of 26 October 2016) states:

“1. The purpose of the Company is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The Company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.

2. The Company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad.”

## Dividends

The following table outlines the dividends paid by the Issuer for the years ended 31 December:

Dividend per ordinary share	CHF	U.S.\$ <sup>(1)</sup>
2015 <sup>(2)</sup> .....	0.70	0.72
2014 <sup>(2)</sup> .....	0.70	0.75
2013 <sup>(3)</sup> .....	0.70	0.79
2012 <sup>(4)</sup> .....	0.75	0.80
2011 <sup>(5)</sup> .....	0.75	0.78

### Notes:

- (1) Represents the distribution on each ADS, rounded to the nearest U.S.\$ 0.01.
- (2) Distribution out of reserves from capital contributions. The distribution was paid in the form of cash or new shares or a combination thereof (subject to any legal restrictions applicable in the relevant shareholder’s home jurisdiction).
- (3) Distribution out of reserves from capital contributions.
- (4) Distribution out of reserves from capital contributions. Distribution consisted of CHF 0.10 (U.S.\$ 0.11) per share in cash and a stock dividend with a theoretical value of approximately CHF 0.65 (U.S.\$ 0.69) per subscription right as approved at the Annual General Meeting on 26 April 2013 for the financial year 2012.
- (5) Distribution out of reserves from capital contributions. Subject to any legal restrictions applicable in their home jurisdiction, shareholders were entitled to receive new shares, a cash distribution or a combination thereof.

For further information relating to dividends, refer to “*Treasury, Risk, Balance sheet and Off-balance sheet—Capital management*” in the Annual Report 2015 and “*Treasury, Risk, Balance sheet and Off-balance sheet—Capital management*” in the 2016 Quarterly Reports.

## Auditor

The Issuer’s independent registered public accounting firm is KPMG AG, which we refer to as “KPMG AG,” Badenerstrasse 172, CH-8004 Zurich, Switzerland. The Issuer’s consolidated financial statements as of 31 December 2015 and 2014 and for each of the years in the three-year period ended 31 December 2015 were audited by KPMG AG in accordance with the standards of the Public Company Accounting Oversight Board (United States). The Issuer’s statutory auditor is KPMG AG. The Issuer’s

standalone financial statements for the year ended 31 December 2015 were audited by KPMG AG in accordance with Swiss law and Swiss Auditing Standards. The Issuer's statutory auditor is independent in accordance with Swiss Auditing Standards, as stated in its audit report included in the Annual Report 2015, which is incorporated by reference in this Information Memorandum.

The lead engagement partners are Anthony Anzevino, Global Lead Partner (since 2012) and Nicholas Edmonds, Group Engagement Partner (since 2016).

In addition, the Issuer has mandated BDO AG, Zurich, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations. KPMG AG and BDO AG are both licensed by the Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

For further information, refer to “IV—Corporate Governance and Compensation—Corporate Governance—Audit” in the Annual Report 2015.

## **Share Capital**

The following summary describes the material terms of the Issuer's shares of common, par value CHF 0.04 per share, which we refer to as the “shares.” For a detailed description of the terms of the shares, refer to the Annual Report 2015, which is incorporated by reference into this Information Memorandum.

As of 31 December 2015, the Issuer had fully paid and issued share capital of CHF 78,295,169.76, comprised of 1,957,379,244 registered shares with a par value of CHF 0.04 each. As of 31 December 2015, the Issuer had additional authorised share capital in the amount of CHF 5,150,944.04, authorising the Board of Directors to issue at any time until 24 April 2017 up to 128,773,601 registered shares, to be fully paid up, with a par value of CHF 0.04 each, of which 28,733,601 registered shares are reserved exclusively for issuance to shareholders in connection with a stock dividend or a scrip dividend. As of 31 December 2015, the Issuer had total conditional share capital in the amount of CHF 17,200,000, for the issuance of a maximum of 430,000,000 registered shares with a par value of CHF 0.04 each. The Issuer's conditional share capital included, pursuant to Art. 26 of the Issuer's Articles of Association, conditional share capital in the amount of CHF 16,000,000 through the issue of a maximum of 400,000,000 (all of which is reserved for high-trigger capital instruments) registered shares with a par value of CHF 0.04 each, reserved for the purpose of increasing share capital through the conversion of the Issuer's bonds or other financial market instruments, or any other member of the Group, that allow for contingent compulsory conversion into the shares and that are issued in order to fulfil or maintain compliance with CSG's regulatory requirements of and/or any of other member of the Group (contingent convertible bonds). In addition, of the CHF 16,000,000 in conditional share capital available pursuant to Art. 26 of CSG's Articles of Association, up to CHF 4,000,000 was also available for share capital increases executed through the voluntary or compulsory exercise of conversion rights and/or warrants granted in connection with bonds or other financial market instruments of the Issuer or any other member of the Group (equity-related financial market instruments). Furthermore, the Issuer's conditional share capital included conditional share capital in the amount of CHF 1,200,000 through the issue of a maximum of 30,000,000 shares with a par value of CHF 0.04 each reserved for employees. As of 31 December 2015, the Issuer had conversion capital in the amount of CHF 6,000,000 through the issue of a maximum of 150,000,000 registered shares (of which 115,145,579 is reserved for high-trigger capital instruments), to be fully paid in, each with a par value of CHF 0.04, through the compulsory conversion upon occurrence of the trigger event of claims arising out of the Issuer's contingent convertible bonds or any other member of the Group, or the Issuer's other financial market instruments or any other member of the Group, that provide for a contingent or unconditional compulsory conversion into the Issuer's shares.

As of 31 December 2015, the Issuer, together with its subsidiaries, held 5,910,224 of its own shares (representing 0.30% of its outstanding shares on 31 December 2015).

As of 31 December 2016, the Issuer had fully paid and issued share capital of CHF 83,595,895.12 comprised of 2,089,897,378 registered shares with a par value of CHF 0.04 each. As of 31 December 2016 the Issuer had additional authorised share capital in the amount of CHF 6,299,274.64, authorising the Board of Directors of the Issuer to issue at any time until 29 April 2018 up to 157,481,866 registered shares to be fully paid up, with a par value of CHF 0.04 each, of which 54,481,866 registered shares are reserved exclusively for issuance to shareholders in connection with a stock dividend or a scrip dividend. As of 31 December 2016 the Issuer had total conditional share capital in the amount of CHF 16,000,000, for the issuance of a maximum of 400,000,000 registered shares (300,000,000 of which are reserved for high-trigger instruments) with a par value of CHF 0.04 each, reserved for the purpose of increasing share capital through the conversion of bonds or other financial market instruments of the Issuer or any other member of the Group, that allow for contingent compulsory conversion into the Issuer's shares and that are issued in order to fulfil or maintain compliance with regulatory requirements of the Issuer and/or any of other member of the Group (contingent convertible bonds). Of this CHF 16,000,000 in conditional share capital, up to CHF 4,000,000 was also available for share capital increases executed through the voluntary or compulsory exercise of conversion rights and/or warrants granted in connection with bonds or other financial market instruments of the Issuer or any other member of the Group (equity-related financial market instruments). As of 31 December 2016 the Issuer had conversion capital in the amount of CHF 6,000,000 through the issue of a maximum of 150,000,000 registered shares (of which 115,099,920 are reserve for high-trigger capital instruments), to be fully paid in, with a par value of CHF 0.04 each, through the compulsory conversion upon occurrence of the trigger event of claims arising out of contingent convertible bonds of the Issuer or any other member of the Group, or other financial market instruments of the Issuer or any other member of the Group, that provide for a contingent or unconditional compulsory conversion into shares of the Issuer.

As of 31 December 2016, the Issuer, together with its subsidiaries, held 0 of its own shares (representing 0% of its outstanding shares on 31 December 2016).

Shares issued as a result of the conversion of conditional capital and the corresponding increase in share capital are generally recorded only once a year, and this recording entails a revision of the Issuer's Articles of Association and new registration of the total share capital in the Commercial Register.

The Issuer's shares are listed on the SIX Swiss Exchange under the symbol "CSGN." The Issuer's ADS are traded on the NYSE under the symbol "CS." The last reported sale price of the Issuer's shares on 20 January 2017 was CHF 15.55 and the last reported sale price of the Issuer's ADS on 20 January 2017 was USD 15.46.

## **Legal Proceedings**

The Issuer and its subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of their businesses. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

For further information regarding legal proceedings and the Group's litigation provisions as of the end of 2015, see "Note 39—Litigation" in "*V—Consolidated Financial Statements—Credit Suisse Group*" in the Annual Report 2015. For further information regarding legal proceedings and the Group's litigation provisions as of 30 September 2016, see "Note 31—Litigation" in "*III—Condensed consolidated financial statements—unaudited*" in the Financial Report 3Q16, which is incorporated by reference into this Information Memorandum.

## **Additional Information**

### ***Shares of CSG***

The Issuer is a publicly held corporation and the Issuer's registered shares have been listed and traded on the SIX Swiss Exchange (Swiss Security Number: 1 213 853 / ISIN: CH001 213 853 0) in the International Reporting Standard and as ADS in New York. CSG's ADS are traded on the NYSE.

Information on the price of CSG shares on the SIX Swiss Exchange is available on the website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)), section "*Market Data*", subsection "*Shares*", subsection "*Quotes*".

### ***Rights attaching to shares of CSG***

Each shareholder is entitled to a proportionate share of the profit shown in the balance sheet to the extent it is to be distributed to the shareholders in accordance with the law and the articles of association of CSG. Upon a dissolution of CSG, the shareholder is entitled to a proportionate share of the liquidation proceeds to the extent the articles of association of CSG do not provide for another use of the net assets of the dissolved company. Preferential rights provided for by the articles of association of CSG for individual classes of shares remain reserved. Unless otherwise provided by the articles of association, the shares of profits and proceeds of liquidation shall be calculated in proportion to the amounts paid in on the share capital.

### ***Voting rights and transfer of shares***

Each share of CSG represents one vote at the annual general meeting of shareholders of CSG (the "**AGM**"). Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2 per cent. of the total outstanding share capital. For the purposes of such restrictions on voting rights, legal entities, partnerships or groups of joint owners or other groups in which individuals or legal entities are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated shall be regarded as being a single shareholder. The same shall apply to individuals, legal entities or partnerships that act in concert (especially as a syndicate) with intent to evade the limitation on voting rights. These restrictions on voting rights do not apply to:

- (i) the exercise of voting rights by the independent proxy (for the instructing shareholders, the restrictions apply);
- (ii) shares in respect of which the shareholder confirms to CSG in the application for registration that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading ("**FMIA**") and the relevant ordinances and regulations have been satisfied; or
- (iii) shares that are registered in the name of any person not expressly stating in his or her application for registration that the shares concerned have been acquired for his or her own account (hereinafter "**nominees**"), provided that this nominee furnishes CSG with the name, address and shareholding of the person(s) (as defined above for purposes of such restrictions on voting rights) for whose account he or she holds 0.5 percent or more of the total share capital outstanding at the time and for which he or she (or the beneficial owner, as appropriate) has satisfied the disclosure requirement set out in paragraph (ii) above. The Board of CSG has the right to conclude agreements with nominees concerning both their disclosure requirement and the exercise of voting rights.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer restrictions apply regardless of the way and the form in which the registered shares are kept in the accounts, and regardless of the provisions applicable to transfers. The transfer of intermediated securities based on CSG's shares, and the pledging of these intermediated securities as collateral, is based on the provisions of the Swiss Federal Intermediated Securities Act. Transfer or pledging as collateral by means of written assignment is not permitted.

### ***Annual General Meeting***

Shares only qualify for voting at an AGM if entered in the share register with voting rights no later than the day stated by the Board in the relevant invitation to the AGM.

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). The Board is further required to convene an extraordinary shareholders' meeting if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10 per cent. of the nominal share capital. The request to call an extraordinary shareholders' meeting must be submitted in writing to the Board, and, at the same time, CSG shares representing at least 10 per cent. of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the extraordinary shareholders' meeting.

Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be put on the agenda and voted upon at the next AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, CSG shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Shareholders' resolutions that require the approval of a majority of the votes represented at the meeting include (i) amendments to the articles of association of CSG, unless a supermajority is required, (ii) election of directors and statutory auditors, (iii) approval of the annual report and the statutory and consolidated accounts; and (iv) determination of the allocation of the distributable profit.

A quorum of at least half of the share capital and approval by two thirds of the votes represented is required for resolutions on (i) change of the purpose of the company, (ii) creation of shares with increased voting powers, (iii) implementation of transfer restrictions on shares, (iv) authorised or conditional increase in the share capital or creation of reserve capital in accordance with Article 12 of the Swiss Banking Act, (v) increase of capital by way of conversion of capital surplus or by contribution in kind, (vi) restriction or suspension of preferential rights (pre-emptive subscription), (vii) change of location of the principal office, and (viii) dissolution of the company without liquidation.

A quorum of at least half of the share capital and approval by at least three quarters of the votes cast is required for resolutions on (i) the conversion of registered shares into bearer shares, (ii) the dissolution of the company, and (iii) amendments to the provision of the articles of association relating to registration and voting rights of nominee holders.

A quorum of at least half of the share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the articles of association of CSG relating to voting rights.

Any share issue by CSG, whether for cash or non-cash consideration, is subject to the prior approval of the shareholders. Shareholders of CSG have certain pre-emptive subscription rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive subscription rights in certain limited circumstances.

### ***Subsidiaries of CSG***

For information on CSG's subsidiaries, see "Note 40—Significant subsidiaries and equity method investments" in "V—Consolidated Financial Statements—Credit Suisse Group" in the Annual Report 2015 and "Credit Suisse Group AG—Recent Developments" in this Information Memorandum.

The Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) is CSG's official medium for publication of notices and announcements. Announcements for and notices to shareholders and others are published in the Swiss Official Gazette of Commerce, except where the law prescribes some other manner of notification.

### ***Financial statements***

CSG prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. CSG does not prepare its accounts in accordance with International Financial Reporting Standards.

For further information about CSG, refer to the Annual Report 2015 and the 2016 Quarterly Reports, which are incorporated by reference in this Information Memorandum.

CSG's Articles of Association were last revised on 26 October 2016, and are incorporated by reference into this Information Memorandum.

## **Recent Developments**

On 20 November 2016, Credit Suisse (Schweiz) AG started its operations as a subsidiary of Credit Suisse AG to carry out the portion of the Swiss Universal Bank division's business that was carried out by Credit Suisse AG prior to such date. We remain on track with the preparations for the planned partial IPO of Credit Suisse (Schweiz) AG in the second half of 2017, market conditions permitting and subject to, among other things, all necessary approvals.

### ***Updates relating to investor day held in December 2016***

On 7 December 2016, the Group held an investor day, at which it discussed its progress in delivering against the strategic objectives it set at its last investor day in October 2015 and set out new end-2018 operational leverage and divisional pre-tax income ("PTI") targets and objectives for strengthening the Group's capital position.

All references to 2018 PTI, operational leverage and return on regulatory capital targets are on an adjusted basis. These adjusted targets are non-GAAP financial measures. A reconciliation of the targets to the nearest GAAP measures is unavailable without unreasonable efforts. The reconciling items include any future goodwill impairment, litigation charges and other revenue and expense items included in the Group's reported results but excluded from the Group's adjusted results, which is unavailable on a prospective basis.

### ***Delivering on CSG's strategic objectives***

Since the October 2015 investor day, the Group has made significant progress against the strategic objectives it set out to achieve. The Group has significantly reduced its fixed cost base, with CHF 1.6 billion of net savings expected to be achieved in the first year of its strategic plan (compared to 2015 adjusted total operating expenses; the Group's cost reduction programme is measured in constant FX rates and based on an



expense run rate excluding major litigation expenses (CHF 821 million), restructuring costs (CHF 355 million) and a goodwill impairment (CHF 3,797 million) taken in the fourth quarter of 2015, but including other costs to achieve savings). In the nine months ended 30 September 2016, the Group exceeded the end-2016 net cost savings target of CHF 1.4 billion that it announced in 2015. The Group has increased its end-2018 cost reduction target to create further positive operating leverage.

By focusing on its ultra-high-net-worth individual and entrepreneur clients, the Group has been able to attract significant net new assets and to materially grow its assets under management in challenging markets. The Group will continue to invest in attractive growth opportunities and in strengthening its controls, leveraging its global platform as it demonstrated in 2016. Over time, the Group expects these investments to generate significant, sustainable returns for its shareholders.

The Group has substantially completed the right-sizing of its Global Markets (“GM”) activities, lowering risk and reducing capital consumption while investing selectively and preserving the Group’s key client franchises across equities and fixed income. The Group is maintaining a disciplined approach to capital management, allocating capital to higher-returning, less volatile activities while strengthening its capital ratios through the disciplined management of risk weighted assets (“RWA”) and leverage exposure. In the SRU, the Group has significantly reduced capital and balance sheet usage with a 35% reduction in RWA (excluding operational risk) in one year and have achieved this with lower-than-expected exit costs to its shareholders. The Group had a look-through common equity tier 1 (“CET1”) capital ratio of 12% – its strongest reported level – at 30 September 2016. This represents an improvement of 180 basis points (“bp”) compared to 30 September 2015.

#### *End-2018 targets*

The Group has increased its cost savings target, confirmed its PTI target for the Swiss Universal Bank and confirmed its wealth management PTI targets for Asia Pacific (“APAC”) and IWM. Given the challenging market conditions that the Group is facing, it has adjusted down its PTI targets related to its trading and markets activities in APAC and to its asset management activities in IWM. In parallel, the Group has raised its cost savings target to increase resilience and create potential upside for shareholders when conditions improve.

During 2016, the Group made significant progress in reducing its operating cost base while investing in growth businesses and improving its control framework. The Group expects to exceed its cost reduction targets with a projected CHF 1.6 billion of net cost savings by end- 2016. This is an outperformance with respect to the amount of cost savings achieved by many of its peers in similar cost reduction programmes during the first year after announcement (cost savings for select peers were converted to CHF at the spot rate of announcement quarter).

The Group has lowered its target operating cost base for 2018 from below CHF 18 billion to below CHF 17 billion. The Group has increased its total net cost savings target from CHF 3.2 billion to greater than CHF 4.2 billion by end-2018 as it maintains momentum with further cost saving measures.

Importantly, in parallel with these cost saving initiatives, the Group is continuing to make investments in people and in technology to strengthen its client franchises in all divisions.

Since the 2015 investor day, two key developments have impacted the way the Group thinks about its 2018 targets: (i) since it started operating under its new divisional structure, it has been able to develop many new growth and efficiency initiatives at a granular level; and (ii) it has seen major changes in the market environment and political outlook, which have negatively impacted the market dependent portion of its targets.

This has led the Group to reassess certain targets it set for 2018. The Group has reaffirmed its targets across its wealth management businesses for 2018, together with its return targets for GM, while adjusting downward its targets for those activities most impacted by reduced trading flows and lower levels of market activity. For the SRU, it has updated its 2018 guidance and provided guidance for 2019.

- **Swiss Universal Bank:** After a strong performance in the nine months ended 30 September 2016, PTI target of CHF 2.3 billion confirmed for 2018.
- **International Wealth Management:** PTI target adjusted to CHF 1.8 billion to reflect lower performance fees in asset management.
- **Asia Pacific:** PTI target adjusted to CHF 1.6 billion, with wealth management target unchanged at CHF 0.7 billion and APAC Investment Banking PTI target adjusted downwards to reflect the impact of lower market volumes and capital markets activity.
- **Global Markets:** 10-15% return on regulatory capital for 2018 (regulatory capital reflects the worst of 10% of RWA and 3.5% of leverage exposure. Return on regulatory capital is based on (adjusted) returns after tax assuming a tax rate of 30% for all periods and capital allocated based on the worst of 10% of average RWA and 3.5% of average leverage exposure. For Global Markets and Investment Banking & Capital Markets, return on regulatory capital is based on U.S. dollar denominated numbers).
- **Investment Banking & Capital Markets:** 15-20% return on regulatory capital for 2018.
- **Strategic Resolution Unit:** Pre-tax loss of USD 1.4 billion by 2018 and USD 0.8 billion by 2019.

Given the unsupportive market conditions the Group is facing, the realisation of its profit objectives plan is now more geared to the delivery of cost reductions, over which it has greater control than revenue growth. This also leaves the Group with potential upside, should market conditions improve.

#### *Strengthening the Group's capital position*

Building a strong capital position is a core objective of the Group's strategy. The Group made notable progress towards this goal in 2016 and will continue to prioritise balance sheet strength going forward. The Group's look-through CET1 capital ratio improved by 180 bp to 12% as of 30 September 2016, compared to 30 September 2015, the strongest level ever achieved by it. The Group has confirmed its target CET1 capital ratio of over 13% pre-Basel III uplift beyond 2018, which corresponds to approximately 11% (pre-significant litigation expenses) post regulatory recalibration beyond 2018. The Group's look-through CET1 leverage ratio improved by 60 bp to 3.4% as of 30 September 2016, compared to 30 September 2015. The Group is targeting a look-through CET1 leverage ratio of over 3.5% in 2018.

For further information about the Group's Investor Day 2016, see the Group's Current Report on Form 6-K dated 7 December 2016, containing the Media Release for Investor Day 2016, which is incorporated by reference in this Information Memorandum.

#### ***Settlement reached with U.S. Department of Justice regarding legacy Residential Mortgage-Backed Securities matter***

On 18 January 2017, the Group reached a final settlement with the U.S. Department of Justice ("DOJ") related to its legacy Residential Mortgage-Backed Securities ("RMBS") business – a business conducted through 2007. This settlement will release the Group from potential civil claims by the DOJ related to its securitisation, underwriting and issuance of RMBS. Under the terms of the settlement, the Group will pay to the DOJ a civil monetary penalty of USD 2.48 billion. In addition, the Group will provide consumer relief totalling USD 2.8 billion within five years post settlement. These consumer relief measures include

affordable housing payments and 1st and 2nd lien principal and interest forgiveness. The DOJ and the Group agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. The Group will take a pre-tax charge of approximately USD 2 billion in addition to its existing reserves of USD 550 million against this matter. This charge will be taken in the Group's fourth quarter 2016 financial results.

## **FINANCIAL INFORMATION OF CSG**

For further information regarding the financial statements and other financial information of CSG, refer to the Annual Report 2014, the Annual Report 2015, the Financial Report 1Q16, the Financial Report 2Q16 and the Financial Report 3Q16, which are incorporated by reference herein as described in “*Documents incorporated by reference*”.

## TAXATION

### Switzerland

*The following discussion of taxation under the heading “Switzerland” in this section is only an indication of certain tax implications currently in force under the laws of Switzerland as they may affect investors. It applies only to persons who are beneficial owners of the Notes and may not apply to certain classes of person. The summary contains general information only; it is not exhaustive and does not constitute legal or tax advice and is based on taxation law and practice at the date of this Information Memorandum. Potential investors should be aware that tax law and interpretation, as well as the level and bases of taxation, may change from those described and that changes may alter the benefits of investment in, holding or disposing of, Notes. The Issuer makes no representations as to the completeness of the information nor undertakes any liability of whatsoever nature for the tax implications for investors. Potential investors are strongly advised to consult their own professional advisers on the implications of making an investment in, holding or disposing of, Notes under the laws of the countries in which they are liable to taxation and in light of their particular circumstances.*

### **Swiss Withholding Tax**

The Notes will qualify for the statutory exemption under Article 5(1)(g) of the Swiss Withholding Tax Act (*Bundesgesetz über die Verrechnungssteuer*), pursuant to which interest payments by the Issuer in respect of such Notes will be exempt from Swiss withholding tax (*Verrechnungssteuer*). In order for the Notes to qualify for the exemption, the Swiss Resolution Authority must have approved the Notes for purposes of meeting regulatory requirements. In respect of the Notes, the Issuer will obtain such approval from the Swiss Resolution Authority and, on the basis of such approval, will obtain from the Swiss Tax Administration confirmation on the qualification of the Notes for the statutory withholding tax exemption, in each case prior to issuance of the Notes.

On 4 November 2015 the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Note by any person other than the Issuer, the Holder would not be entitled to receive any Additional Amounts as a result of such deduction or withholding under the terms of the Notes.

### **Swiss Securities Turnover Tax**

The issue, and the sale and delivery, of the Notes on the Issue Date to initial Holders of the Notes will not be subject to Swiss securities turnover tax (*Umsatzabgabe*) (primary market).

The trading of the Notes in the secondary market will be subject to Swiss securities turnover tax at a rate of 0.15% of the consideration paid for the Notes traded, however, only if a Swiss securities dealer, as defined in the Swiss federal stamp tax act (*Bundesgesetz über die Stempelabgaben*), is a party or an intermediary to the transaction and no exemption applies in respect of the one or other party to the transactions. Subject to applicable statutory exemptions, generally half of the tax is charged to the one and the other half to the other party to the transaction. Where both the seller and the purchaser of the Notes are not residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp securities turnover tax will apply.

## **Swiss Income Taxation**

### **(i) Classification and Coupon Split**

The Notes classify as transparent structured financial products composed of a bond and one or more options or similar rights the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium (*Obligationen ohne überwiegende Einmalverzinsung*; non-IUP).

Each Interest Amount of any Note will be split into two components for tax purposes, i.e. into a taxable interest payment ((hereinafter for purposes of this section, the “**Embedded Interest Amount**”) and a non-taxable option premium amount for the conversion feature (hereinafter for purposes of this section, the “**Embedded Premium Amount**”). The respective amounts will be determined by the Swiss Federal Tax Administration and following determination be disclosed on Telekurs.

### **(ii) Notes held by Non-Swiss Holders**

Holders who are not residents of Switzerland for tax purposes and who during the taxable year have not held Notes through a permanent establishment within Switzerland are not subject to any Swiss income tax in respect of their Notes.

For a discussion of the potential new Swiss withholding tax legislation replacing the current issuer-based withholding tax system for a paying-agent based system, see above under “—*Swiss Withholding Tax*”, for a discussion of the automatic exchange of information in tax matters, see below under “—*International Automatic Exchange of Information in Tax Matters*” and for a discussion of the Swiss facilitation of the implementation of the Foreign Account Tax Compliance Act, see below under “—*Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act*”.

### **(iii) Notes held as Private Assets by Swiss Resident Holders**

Individuals who reside in Switzerland and hold Notes as private assets are required to include all payments of Embedded Interest Amounts on the Notes, converted from USD into Swiss francs at the exchange rate prevailing at the time of payment, in their personal income tax return for the relevant tax period and are taxable on any net taxable income (including the payments of Embedded Interest Amounts converted from USD into Swiss francs on the Notes) for such tax period at the then prevailing tax rates.

The payment of Embedded Premium Amounts on the Notes and gain realised on the sale or other disposal of Notes, relating, *inter alia*, to the option(s) or similar right(s) embedded in the Notes, interest accrued, the USD/CHF exchange rate or an interest rate change, is a tax-free private capital gain. The same applies for gain realised upon the redemption of Notes, except when Notes are redeemed early, in which case compensation for interest accrued paid by the Issuer to a Holder constitutes a taxable interest amount. Conversely, a loss, including relating to, *inter alia*, the USD/CHF exchange rate or a change in interest rates, realised on the sale or other disposal or redemption of Notes, or a loss realised upon Conversion of the Notes and delivery of Ordinary Shares or, as the case may be, receipt of proceeds from the Settlement Shares Offer, is a non-tax-deductible private capital loss. Refer to “—*Notes held as Assets of a Trade or Business in Switzerland*” below for a summary of the taxation treatment of Swiss resident individuals who, for income tax purposes, are classified as “professional securities dealers”.

### **(iv) Notes held as Assets of a Trade or Business in Switzerland**

Individuals who hold Notes through a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers resident abroad holding Notes through a permanent establishment situated in Switzerland, are required to recognise payments of Embedded Interest Amounts and Embedded Premium Amounts and a gain or loss realised on the disposal or redemption of Notes (including relating to a change in

the USD/CHF exchange rate or a change of interest rates), or, as the case may be, a loss realised upon Conversion of the Notes and delivery of Ordinary Shares or, as the case may be, receipt of proceeds from the Settlement Shares Offer, in their income statement for the relevant tax period, and will be taxable on any net taxable earnings for such tax period at the then prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, classify as “professional securities dealers” for reasons of, *inter alia*, frequent dealings, or leveraged transactions, in securities.

### ***Conversion - Taxation of Ordinary Shares***

#### ***Swiss Withholding Tax***

##### ***(i) Swiss federal withholding tax on dividends and similar distributions***

Dividends on Ordinary Shares out of reserves from capital contributions and distributions on Ordinary Shares based upon a reduction of nominal value of Ordinary Shares will be exempt from Swiss withholding tax. Dividends and other similar cash or in-kind distributions (including scrip or stock dividends) on Ordinary Shares out of profit reserves or out of reserves other than reserves from capital contributions will be subject to Swiss withholding tax at a rate of currently 35%. The Swiss withholding tax must be withheld by the Issuer on the gross amount of the dividend or distribution and be remitted to the Swiss Tax Administration. Capital gains realised on the sale of Ordinary Shares are not subject to Swiss withholding tax.

##### ***(ii) Non-resident recipients***

A holder who is not resident in Switzerland and who does not hold the Ordinary Shares as part of a trade or business in Switzerland may be entitled to a full or partial refund of the Swiss withholding tax deducted if the country in which the recipient resides for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the other conditions of such treaty are met. A reduction of the withholding tax at source is not provided for by Switzerland for portfolio holdings and, therefore, is not permissible. Holders of Ordinary Shares should be aware that the procedures for claiming treaty benefits (and the time frame required for obtaining a tax refund) may differ from country to country and should consult their own legal, financial or tax advisors regarding receipt, ownership, purchases, sales or other dispositions of Ordinary Shares and the procedures for claiming a refund of the withholding tax.

##### ***(iii) Swiss-resident recipients***

The relevant Swiss tax authority will refund or credit the Swiss withholding tax deducted by the Issuer on dividends or distributions on Ordinary Shares in full to holders of Ordinary Shares who are individuals resident in Switzerland and to holders who hold the Ordinary Shares as part of a trade or business in Switzerland, and who, in each case, among other things, are the beneficial owners of the Ordinary Shares and the dividends or the distributions made or paid on the Ordinary Shares and who duly report the dividend or distribution in their income tax return or their financial statements, as applicable, for the relevant tax period.

#### ***Swiss securities turnover tax***

The issuance and delivery of Ordinary Shares upon Conversion of the Notes to Holders of Notes will not be subject to Swiss securities turnover tax (*Umsatzabgabe*) (primary market).

Secondary market transaction in Ordinary Shares will not be subject to Swiss securities turnover tax where no Swiss domestic bank or no Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party or an intermediary to the transaction.

Where a Swiss domestic bank or a Swiss domestic securities dealer is a party or an intermediary to a secondary market transaction, Swiss federal securities turnover tax at a rate of 0.15% of the purchase price of the Ordinary Shares will be payable if none of the exemptions in respect of the one or other party to the

transaction provided for in the Swiss Federal Stamp Duty Act applies. Subject to applicable statutory exemptions, generally half of the tax is charged to the one party to the transaction and the other half to the other party.

### ***Income tax***

#### ***(i) Shares held by non-resident holders***

A holder of Ordinary Shares who is not a resident of Switzerland for tax purposes, and who, during the respective tax year, has not engaged in a trade or business carried on through a permanent establishment situated in Switzerland for tax purposes, is not subject to any Swiss federal, cantonal or communal income tax as a result of the receipt of dividends or other distributions on Ordinary Shares or a gain realised on the sale or other disposition of Ordinary Shares. Refer to “—*Conversion - Taxation of Ordinary Shares - Swiss withholding tax*” above for a summary of the withholding tax treatment of dividend distribution on Ordinary Shares”.

#### ***(ii) Shares held by Swiss resident individuals as private investments***

Dividends and other distributions on Ordinary Shares out of reserves from capital contributions and distributions on Ordinary Shares based upon a capital reduction will be exempt from Swiss federal, cantonal and communal income tax for holders of Ordinary Shares who are individuals resident in Switzerland for tax purposes and who hold the Ordinary Shares as private investments.

Other dividends and distributions on Ordinary Shares will be includible in Swiss federal, cantonal and communal taxable income for such holders. A capital gain realised by a Swiss resident private holder classifies as a tax-exempt private capital gain and a capital loss as a non-tax deductible private capital loss for purposes of Swiss federal, cantonal and communal income tax. Refer to “—*Shares held as assets of a Swiss business*” below for information on the taxation of individuals classified as “professional securities dealers.”

#### ***(iii) Shares held as assets of a Swiss business***

For a holder who holds the Ordinary Shares as part of a trade or business carried on in Switzerland, dividends and distributions, including capital repayments or distributions out of capital contribution reserves, on Ordinary Shares, and a capital gain or loss realised on the sale of Ordinary Shares is includible in, or deductible from, taxable income, as applicable, in the relevant tax period for purposes of Swiss federal, cantonal and communal individual or corporate income tax. This tax treatment also applies to Swiss resident private individuals who, for income tax purposes, are classified as “professional securities dealers” for reason of, among other things, frequent dealings and leveraged investments in securities are includible in taxable income in the relevant taxation period for purposes of Swiss federal, cantonal and communal individual or corporate income tax.

A Swiss corporation or co-operative or a non-Swiss corporation or co-operative holding Shares as part of a Swiss permanent establishment may benefit from relief from taxation of the dividends or other distributions, including capital repayments or distributions out of capital contribution reserves, by way of a participation exemption if the aggregate value of the Ordinary Shares held by such a holder at the time of the dividend or other distribution is CHF 1 million or more.

### ***International Automatic Exchange of Information in Tax Matters***

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information in tax matters (the “**AEIOI**”), which is replacing the EU savings tax agreement. The agreement became effective as of 1 January 2017, and applies to all 28 member states and also Gibraltar. Also, Switzerland has concluded a number of bilateral AEOI agreements, including with Argentina, Australia, Brazil, Canada, Guernsey, Iceland, Isle of Man, India, Japan, Jersey, Mexico, Norway, San Marino, South



Africa, South Korea, and Uruguay, which agreements became effective on 1 January 2017, or, subject to ratification, will become effective on 1 January 2018. Switzerland intends to conclude further AEOI agreements with further countries. An updated list of AEOI agreements of Switzerland can be found on: [www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsaustausch.html](http://www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsaustausch.html). Based on such agreements in effect and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Notes or, following Conversion, Ordinary Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from 2017 or 2018, and begin to exchange it from 2018 or 2019, depending on the effectiveness date of the agreement.

### ***Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act***

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of the U.S. Foreign Account Tax Compliance Act (“**FATCA**”). The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Tax Administration, which in turn provides the information to the U.S. tax authorities. The new regime may come into force in 2018. For further information on FATCA, see the discussion below under “—*U.S. Foreign Account Tax Compliance Act*”.

### ***U.S. Foreign Account Tax Compliance Act***

Pursuant to FATCA, a foreign financial institution (as defined by FATCA) may be required to conduct diligence on its account holders and its investors in order to determine whether its accounts are “U.S. accounts”, and to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. Pursuant to FATCA, an investor may be required to provide a financial institution in the chain of payments on the Notes, information regarding the investor’s identity, and in the case of an investor that is an entity, the investor’s direct and indirect owners, and this information may be reported to applicable tax authorities (including to the U.S. Internal Revenue Service). A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA from payments that it makes. Even if withholding were required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019. If an amount of, or in respect of, such withholding taxes were to be deducted or withheld from any payments in respect of the Notes as a result of an investor or intermediary’s failure to comply with these rules, no Additional Amounts will be paid on the Notes held by such investor as a result of the deduction or withholding of such tax. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

### ***Common Reporting Standard***

On 13 February 2014, the Organisation for Economic Co-operation and Development released the Common Reporting Standard (the “**CRS**”) designed to create a global standard for the automatic exchange of financial account information. Pursuant to the CRS requirements, financial institutions must identify and report FATCA-like information in respect of specified persons who are resident in the jurisdictions that sign

and implement the CRS. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“**Multilateral Agreement**”) that activates this automatic exchange of information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 90 jurisdictions have committed to adopting the CRS. Early adopters who signed the Multilateral Agreement have pledged to work towards the first information exchanges taking place by September 2017. Certain other signatories are expected to follow with information exchange starting in 2018. Switzerland has signed the Multilateral Agreement. See above “*Taxation—Switzerland—International Automatic Exchange of Information in Tax Matters*” for information on the adoption of the CRS by Switzerland.

## SELLING RESTRICTIONS

### Subscription and Sale

Credit Suisse Securities (Europe) Limited, Banco Santander, S.A., Commerzbank Aktiengesellschaft, Danske Bank A/S, ING Bank N.V., RBC Europe Limited, Société Générale, The Toronto-Dominion Bank, UniCredit Bank AG, Wells Fargo Securities, LLC, ABN AMRO Bank N.V., Australia and New Zealand Banking Group Limited, Bank of Montreal, London Branch, BNP Paribas, CIBC World Markets plc, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc, National Australia Bank Limited (ABN 12 004 044 937), Natixis, Nordea Bank AB (publ), Scotiabank Europe plc and The Royal Bank of Scotland plc (trading as NatWest Markets) (the “**Managers**”) have, pursuant to a Subscription Agreement dated 26 January 2017 (the “**Subscription Agreement**”), severally and not jointly agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes. The Issuer has agreed to pay certain commissions to the Managers and to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### Selling Restrictions

#### UNITED STATES

*(Regulation S Category 2)*

The Notes and the Ordinary Shares to be delivered upon Conversion have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Credit Suisse Securities (Europe) Limited, an affiliate of the Issuer, may (but is not obligated to) engage in secondary market transactions for purposes of making a market in the Notes. For purposes of the Securities Act, any sale of the Notes by the Issuer or its affiliates (including Credit Suisse Securities (Europe) Limited) in connection with such activities may be considered an issuance of the Notes, with the result that a new 40-day distribution compliance period might commence pursuant to Regulation S. Accordingly, neither the Issuer nor any of its affiliates (including Credit Suisse Securities (Europe) Limited) will sell the Notes in connection with any such activities within the United States or to, or for the account or benefit of, a U.S. person and in connection with any sale to a dealer, the Issuer and its affiliates will include in the confirmation

relating to such sale a notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons that would be applicable to such dealer if a new distribution compliance period had commenced for purposes of Regulation S.

## UNITED KINGDOM

In relation to the Notes, each Manager has represented, warranted and agreed in the Subscription Agreement that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of the Issuer, would not if it was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Manager has represented and agreed in the Subscription Agreement that it will not offer or sell the Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

## REPUBLIC OF ITALY

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Information Memorandum or of any other document relating to any Notes be distributed in the Republic of Italy, except, in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Managers has represented and agreed in the Subscription Agreement that it will not offer, sell or deliver any Note or distribute any copies of this Information Memorandum and/or any other document relating to the Notes in the Republic of Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”), Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Regulation No. 11971**”) and Article 26, first paragraph, letter d) of Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) Regulation No. 16190 of 29 October 2007, as amended (the “**Regulation No. 16190**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings, as provided under the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Information Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (i) and (ii) above and be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 16190, Legislative

Decree No. 385 of 1 September 1993 (the “**Banking Act**”) (in each case, as amended) and any other applicable laws or regulation;

- (b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other competent authority.

## **GENERAL**

Persons who receive this Information Memorandum are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of the Notes under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Manager shall have responsibility therefor. In accordance with the above, the Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further information memorandum or corresponding document relating to the Notes in such jurisdiction.

In particular, but without limiting the generality of the preceding paragraph, and subject to any amendment or supplement which may be agreed with the Issuer, each purchaser of the Notes must comply with the restrictions described above, except to the extent that, as a result of changes in, or in the official interpretation of, any applicable legal or regulatory requirements, non-compliance would not result in any breach of the requirements set forth in the preceding paragraph.

## GENERAL INFORMATION

### 1 Authorisation

The issue of the Notes has been duly authorised by the Chief Financial Officer of the Issuer on 25 January 2017.

### 2 Approval, Listing and Admission to Trading

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, the Issuer has appointed Credit Suisse AG as its representative to lodge the listing application with the Regulatory Board of the SIX Swiss Exchange.

### 3 Documents Available

So long as the Notes have been listed on the SIX Swiss Exchange, copies of the following documents will, when published, be available from the registered office of the Issuer:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the Annual Report 2014;
- (c) the Annual Report 2015;
- (d) the Financial Report 1Q16;
- (e) the Financial Report 2Q16;
- (f) the Financial Report 3Q16;
- (g) the other documents incorporated by reference herein as described under “*Documents Incorporated by Reference*”; and
- (h) a copy of this Information Memorandum.

### 4 Clearing Systems

The Notes have been accepted for clearance through SIX SIS AG, Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (“**ISIN**”), Common Code and Swiss Security Number for the Notes are CH0352765157, 154936084 and 35276515. The address of SIX SIS AG is Baslerstrasse 100, CH-4600 Olten, Switzerland and the address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### 5 Significant or Material Change

Save as disclosed herein under “*Credit Suisse Group AG—Recent Developments—Settlement reached with U.S. Department of Justice regarding legacy Residential Mortgage-Backed Securities matter*”, there have been no material changes that have occurred in the Issuer’s assets and liabilities, financial position or profits and losses since 30 September 2016.

## **6 Court, Arbitral and Administrative Proceedings**

Except as disclosed in this Information Memorandum (including the documents incorporated by reference herein), there are no pending or threatened court, arbitral or administrative proceedings of which the Issuer is aware that are of material importance to the Issuer's assets and liabilities or profits and losses.

## **7 Conflicts of Interest**

Credit Suisse Securities (Europe) Limited, acting as the sole book-running manager, is an indirect subsidiary of the Issuer. Furthermore, certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. Certain of the Managers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliates" includes also parent companies.

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