

## **Buyback of own shares for the purpose of a capital reduction Trading on a second line on SIX Swiss Exchange**

### **Credit Suisse Group AG**

On 12 December 2018, Credit Suisse Group AG, Paradeplatz 8, 8001 Zurich, Switzerland ("CSG"), announced that the Board of Directors of CSG approved a buyback of its own shares of up to CHF 1.5 billion (the "Share Repurchase Program"). Subject to market and economic conditions a share buyback of at least CHF 1 billion is anticipated. The Share Repurchase Program will terminate on 30 December 2019 at the latest.

The registered shares of CSG ("CSG shares") will be acquired on a second trading line on SIX Swiss Exchange subject to deduction of applicable Swiss federal withholding tax and are expected to be cancelled by means of a capital reduction to be proposed at a future annual general meeting of shareholders.

By way of illustration only, it should be noted that based on the closing price of the CSG shares on SIX Swiss Exchange on 10 January 2019 of CHF 11.56, the maximum repurchase volume of CHF 1.5 billion is equivalent to up to 129.8 million CSG shares or up to 5.08 % of the share capital and voting rights of CSG.

In accordance with section 6.1 of the circular no. 1: Buyback Programmes of the Swiss Takeover Board dated 27 June 2013 (status as of 1 January 2016) (the "TOB Circular No. 1"), the Share Repurchase Program is exempt from the provisions on public takeover offers and relates to a maximum of 255,601,172 CSG shares, equivalent to a maximum of 10 % of the share capital currently registered in the Commercial Register of the Canton of Zurich, which amounts to CHF 102,240,468.80, divided into 2,556,011,720 CSG shares, each with a nominal value of CHF 0.04.

### **Trading on second line on SIX Swiss Exchange**

In order to repurchase CSG shares for the purpose of a capital reduction, a second trading line for the CSG shares will be established on SIX Swiss Exchange from 14 January 2019. Only CSG may purchase CSG shares on this second trading line (via the bank mandated to execute the Share Repurchase Program), thereby acquiring its own shares for the purpose of a subsequent capital reduction.

Ordinary trading in the CSG shares (under the securities number 1 213 853) will not be affected by this second trading line and will continue as usual. A shareholder wanting to sell CSG shares therefore has the choice to either sell CSG shares on the ordinary trading line or to sell them to CSG for the purpose of a subsequent capital reduction on the second trading line. CSG is at no time obliged to buy CSG shares offered on the second trading line but will act as a buyer depending on market conditions.

Sales of CSG shares on the second trading line will attract Swiss federal withholding tax at a rate of 35 % on the difference between the repurchase price of the CSG shares and their nominal value. This will be deducted from the repurchase price ("net price").

The Share Repurchase Program will take place exclusively on SIX Swiss Exchange. The Share Repurchase Program does not extend to CSG's American Depositary Shares listed on the New York Stock Exchange.

### **Repurchase price**

The repurchase prices, or prices of the CSG shares traded on the second line, are based on the prices of the CSG shares on the ordinary trading line.

### **Payment of net price and delivery of securities**

Transactions on the second trading line represent regular stock market transactions. Payment of the net price (repurchase price less withholding tax on the difference between the repurchase price of the CSG shares and their

nominal value) and delivery of the CSG shares thus occur, as customary, on the second trading day after the transaction date.

### **Duration of the Share Repurchase Program**

The Share Repurchase Program will start on 14 January 2019 and end on 30 December 2019 at the latest. CSG reserves the right to terminate the Share Repurchase Program early.

### **Maximum daily repurchase volume**

The maximum daily repurchase volume in accordance with article 123(1)(c) of the Swiss Financial Market Infrastructure Ordinance will be shown on CSG's website at the following address: <https://www.credit-suisse.com/corporate/en/investor-relations/corporate-and-share-information/share-information/share-capital-and-statistics.html>

### **Disclosure of repurchase transactions**

CSG will provide regular updates on the status of the Share Repurchase Program on its website at the following address: <https://www.credit-suisse.com/corporate/en/investor-relations/corporate-and-share-information/share-information/share-capital-and-statistics.html>

### **Mandated bank**

CSG has mandated Credit Suisse AG with the buyback of own shares. Credit Suisse AG will, as a sole member of the stock exchange, offer bid prices for CSG shares on behalf of CSG on the second trading line.

### **Delegation agreement**

CSG and Credit Suisse AG have entered into a delegation agreement in accordance with article 124(2)(a) and (3) of the Swiss Financial Market Infrastructure Ordinance, under which Credit Suisse AG will independently carry out repurchases according to pre-defined parameters. CSG is entitled to terminate the delegation agreement at any time without citing its reasons or to amend it in accordance with article 124(3) of the Swiss Financial Market Infrastructure Ordinance.

### **Own shares**

As of 8 January 2019, CSG directly and indirectly held 70,582,215 CSG shares (in the form of CSG shares and derivatives on CSG shares), corresponding to 2.76 % of the share capital and voting rights.

### **Shareholders holding more than 3 % of the voting rights of CSG**

According to the disclosure notices received, the following shareholders hold more than 3 % of the voting rights of CSG:

	<b>Publication date</b>	<b>Number of CSG shares (million)</b>	<b>Approximate shareholding<sup>1</sup></b>	<b>Purchase rights</b>
BlackRock, Inc.	2 September 2017	86.9	4.17 %	-
Dodge & Cox	28 December 2018	78.19	3.06 %	-
Harris Associates L.P.	9 November 2013 <sup>2</sup>	81.5	5.17 %	-
Norges Bank	15 February 2018	127.4	4.98 %	-
Olayan Group	12 December 2018	125.97	4.93 %	0.07 % <sup>3</sup>
Qatar Holding LLC	6 September 2018	133.22	5.21 %	0.39 % <sup>4</sup>
Silchester International Investors LLP	7 December 2018	77.38	3.03 %	-

<sup>1</sup> The approximate shareholding percentages were calculated in relation to the share capital at the time of the relevant disclosure notification. They therefore do not reflect changes in such percentages that would result from changes in the number of issued shares, following the date of the disclosure notification.

<sup>2</sup> This position includes the reportable position of Harris Associates Investment Trust (4.97 % of CSG shares), as published by SIX on 1 August 2018.

<sup>3</sup> 0.07 % purchase rights relate to put options and perpetual tier 1 contingent convertible capital notes.

<sup>4</sup> 0.39 % purchase rights relate to put options.

Source: CSG website

CSG does not have any knowledge of the intentions of these shareholders with respect to the sale of CSG shares under the Share Repurchase Program.

### **Non-public information**

CSG confirms that currently it does not have any non-public information that is classified as price-sensitive under the ad-hoc publicity regulations of SIX Swiss Exchange and therefore requires disclosure.

### **Duty to trade on exchange**

In accordance with the rules of SIX Swiss Exchange, over-the-counter transactions are not permitted for share repurchases on a second trading line.

### **Taxes and duties**

The repurchase of own shares for the purpose of a capital reduction will be treated as a partial liquidation both for the purposes of the Swiss federal withholding tax and the Swiss federal income taxes. The following contains a summary of the main tax consequences for shareholders selling their CSG shares on the second trading line:

#### **1. Swiss federal withholding tax**

The difference between the repurchase price of the shares and their nominal value will be subject to 35% Swiss federal withholding tax. The tax will be deducted from the repurchase price and be remitted to the Swiss Federal Tax Administration.

Shareholders domiciled in Switzerland may be entitled to a full refund of the Swiss federal withholding tax if they are at the time of sale the beneficial owners of the shares and the other conditions for a refund of the Swiss Federal Withholding Tax Act are met. Shareholders resident outside Switzerland may be entitled to a full or partial refund of the Swiss federal withholding tax in accordance with the conditions of an applicable double taxation treaty.

#### **2. Swiss federal income taxes**

The following contains a summary of the main Swiss federal income tax consequences of a repurchase of CSG shares for the purpose of a capital reduction. The cantonal and municipal income tax consequences are normally the same.

- a. Shares held as private assets: Shareholders selling privately held shares on the second trading line realize taxable income in the amount of the difference between the repurchase price and the nominal value of the shares (nominal value principle).
- b. Shares held as business assets: Shareholders selling shares held as business assets on the second trading line realize a taxable profit or a tax-deductible loss in the amount of the difference between the repurchase price and the book value of the shares (book value principle).

Shareholders resident outside Switzerland will be taxed according to the applicable laws of the respective country.

#### **3. Duties and fees**

The repurchase of own shares for cancellation is exempt from Swiss turnover stamp duty. The SIX Swiss Exchange fee will apply.

Shareholders are advised to seek their own advice from an independent tax adviser, based on their particular circumstances and the Swiss or foreign taxation laws applicable to them, on the tax consequences they may incur by selling CSG shares on the second trading line.

### **Applicable law / jurisdiction**

Swiss law / Zurich is the exclusive place of jurisdiction.

**This notice does not constitute an issue prospectus as defined in articles 652a and 1156 of the Swiss Code of Obligations.**

This offer is not made in the United States of America or to U.S. persons and may be accepted only by non-U.S. persons and outside the United States. Offering materials with respect to this offer must not be distributed in or sent to the United States and must not be used for the purpose of solicitation of an offer to purchase or sell any securities in the United States.

<b>Credit Suisse Group AG</b>	<b>Securities No.</b>	<b>ISIN</b>	<b>Ticker symbol</b>
Registered shares of CHF 0.04 par value each	1 213 853	CH0012138530	CSGN
Registered shares of CHF 0.04 par value each (share repurchase, second trading line)	45 422 569	CH0454225696	CSGNE

**Date:** 11 January 2019