

## Highlights Credit Suisse 2011 Remuneration Report

- Comp levels reduced, reflecting lower performance of the firm
    - Group-wide variable comp down 41% compared to 2010
    - Aggregate variable comp for members of the Executive Board down 57%
    - Variable comp for the CEO down 69%
    - No unrestricted variable cash comp for the Executive Board; all variable comp deferred and linked to performance conditions and stock price
  - Modified comp structure, including
    - Partner Asset Facility Awards (PAF2) as risk transfer to employees in view of Swiss “too big to fail” and Basel III capital requirements
    - Benefit from PAF2 risk transfer will be visible in 1Q12 results (reduction of risk-weighted assets and improvement of regulatory capital position)
    - PAF2 is essentially a fixed income structured note that is exposed to credit risk from derivative activities; the value will be reduced if credit losses exceed a pre-defined threshold
    - New Performance Share Awards with claw-back feature (full balance of unvested awards to be reduced in the event of a divisional loss or negative Group RoE)
    - PAF2 and Performance Share Awards effectively replace the Adjustable Performance Plan Award introduced in 2009
  - Enhanced comp disclosure
    - Cap on variable executive remuneration: New disclosure on how the variable comp pool is set: “The Comp Committee reviews the proposed final amount in relation to the Group’s net income, with the objective that the final pool should generally not exceed 2.5% of the Group’s net income...” This method has been applied consistently since 2006, when the integrated bank strategy was launched
    - Pay for performance:
      - Additional disclosure on performance evaluation of the Executive Board by the Comp Committee: Net income target was missed in 2011, while non-financial and relative performance targets were met: Final variable comp pool down 51% from initial baseline pool for 2011 and down 57% from 2010 (this is a new quantitative disclosure)
- Credit Suisse executive compensation correlates with financial performance**

Year	Credit Suisse net income (CHF bn)	CEO variable compensation (CHF mn)	ExB average variable compensation (CHF mn)
2007	~18	~18	~10
2003	~(10)	~(10)	~10
2009	~18	~18	~10
2010	~15	~15	~10
2011	~5	~5	~10
- Value development of deferred variable comp from previous years: On page 194 and 206 modified tables to show link with performance of the firm (for example value of unvested share awards of the CEO as of the end of 2011 was CHF 5m, down from CHF 13m at grant; i.e. strong link to stock price)
  - Share issuance & dilution from share awards: Share-based awards as a % of total shares issued at YE 2011 was 7%. This should be assessed in context of the non-dilutive capital strategy over recent years: Since YE 2005, number of issued shares is down 2%, while peers diluted shareholders: JPM up 13%, GS 38%, DB 68%, UBS 76%. Also by issuing contingent convertible capital (CoCos), Credit Suisse did not dilute shareholders while strengthening the regulatory capital position. Finally, granting a substantial part of variable comp in share awards is in line with expectations of regulators
- Overall, remuneration report 2011 reflects
  - Commitment to pay at levels in context of performance and industry trends
  - Responsiveness to regulatory trends and shareholder feedback
  - Innovative approach to make sure that comp structure is consistent with capital and risk strategy
  - Continued effort to strike the right balance between meeting shareholders’ expectations, paying employees competitively and responding appropriately to the environment