

Shareholder information –  
Summary document

# Say-on-Pay

Compensation of the  
Board of Directors  
and the Executive Board

Appendix to agenda items 1.1 and 6 of  
the invitation of March 25, 2020  
to the Annual General Meeting  
of Shareholders on April 30, 2020

Dear shareholder,

In 2019, we have continued to improve our operating performance against a backdrop of volatile markets, low or negative interest rates, and uncertain political and trade environments. In the first year after the end of our restructuring period, we have seen an increase in shareholder return and net new asset generation as we continue to focus on cost and capital efficiency. Our focus on rebalancing the Group's activities towards the wealth management-related businesses has been successful and has contributed to increased net income attributable to shareholders of CHF 3.4 billion in 2019, higher by 69% compared with CHF 2.0 billion in 2018.

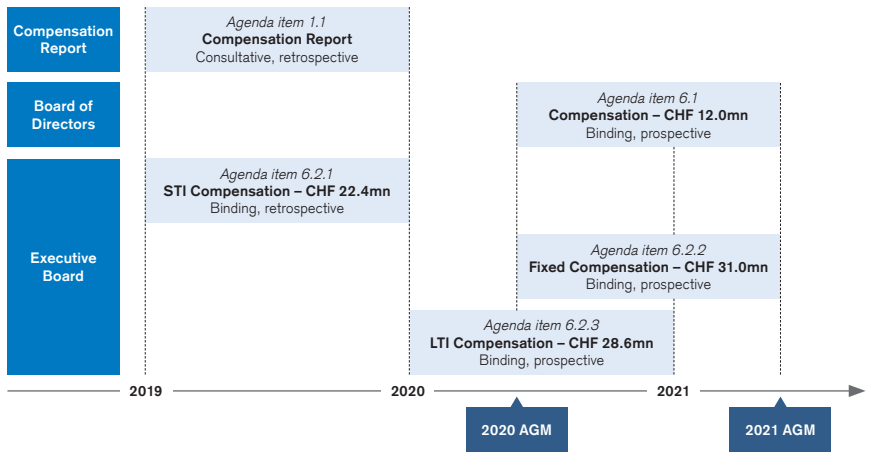
After three years of restructuring, we have seen significant improvement across the Group's key financial metrics. Market and economic conditions permitting, we are confident that we can continue to deliver strong performance and sustainable growth for our shareholders over the long term.

During the year, we have engaged with shareholders on our compensation framework and monitored market developments. Taking into consideration the feedback received, we have determined that our overall compensation framework remains fit for purpose and will be maintained for 2020.

In line with the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (Compensation Ordinance) and the Articles of Association of Credit Suisse Group AG (the Group), the compensation of our Board of Directors and Executive Board will be submitted for binding shareholder approval at the 2020 Annual General Meeting of Shareholders (AGM).

Under agenda items 1.1 and 6, shareholders are asked to approve the following:

Agenda item	Content for shareholder approval	Amounts for shareholder approval	2020 AGM say-on-pay voting structure
Agenda item 1.1	Compensation Report 2019	Not applicable	Consultative, retrospective
Agenda item 6.1	Board of Directors compensation for the 2020 AGM to the 2021 AGM period	CHF 12.0mn	Binding, prospective
Agenda item 6.2.1	Executive Board short-term variable incentive compensation (STI) for the 2019 financial year	CHF 22.4mn	Binding, retrospective
Agenda item 6.2.2	Executive Board fixed compensation for the 2020 AGM to the 2021 AGM period	CHF 31.0mn	Binding, prospective
Agenda item 6.2.3	Executive Board long-term incentive (LTI) compensation for the 2020 financial year	CHF 28.6mn	Binding, prospective



The Compensation Report, which is a part of our 2019 Annual Report, provides further details on our compensation outcomes for 2019, as well as more general information about our compensation framework and practices.

Yours sincerely

Urs Rohner  
Chairman of the Board of Directors

Kai S. Nargolwala  
Chair of the Compensation Committee

March 2020

## **I. Agenda item 1.1: Consultative vote on the 2019 compensation report**

**The Board of Directors recommends that the 2019 compensation report be accepted in a consultative vote.**

### **Our approach to compensation**

We seek to ensure that our pay practices are aligned with the Group strategy and the interests of our shareholders, drive long-term value creation, and remain fully compliant with regulatory requirements. In this manner, individuals are incentivized to achieve our corporate goals, and compensation outcomes are aligned to long-term Group performance.

To this end, our compensation framework is intended to:

- Foster a performance culture based on merit that differentiates and rewards excellent performance;
- Attract and retain employees, and motivate them to achieve results with integrity and fairness;
- Balance the mix of fixed and variable compensation to appropriately reflect the value and responsibility of the role performed, and to influence appropriate behaviors and actions;
- Promote effective risk management practices that are aligned with the Group's compliance and control culture;
- Create a culture that adheres to high conduct and ethics standards through a system of applying both malus and rewards;
- Encourage teamwork and collaboration across the Group;
- Achieve a balanced distribution of profitability between shareholders and employees over the long term, subject to the Group's performance and market conditions; and
- Take into account the long-term performance of the Group, as part of our efforts to create sustainable value for shareholders.

## II. Agenda item 6.1: Approval of the compensation of the Board of Directors

The Board of Directors proposes approving a maximum amount of compensation for the Board of Directors of CHF 12.0 million for the period from the 2020 AGM to the 2021 AGM.

Members of the Board of Directors are compensated on the basis of fees that reflect the Board member's role, time commitment and scope of responsibility on the Board of Directors. The fee amounts are set at levels to attract and retain highly qualified and experienced individuals, taking into consideration levels at comparable leading Swiss companies.

The compensation for the Board of Directors consists of base board fees, committee fees, Chair fees, subsidiary board fees and (if applicable) pension and other benefits. The proposed maximum amount excludes any legally required employer contributions to social security systems.

The overall compensation structure of the Board of Directors for the period from the 2020 AGM to the 2021 AGM remains consistent with that of the prior period. However, the Audit Committee Chair fee will be lowered from CHF 480,000 to CHF 400,000 and a new Chair fee for the Conduct and Financial Crime Control Committee of CHF 150,000 will be introduced for the incoming Chair of this committee. The amounts for the individual compensation elements are indicative and may change within the maximum amount of compensation submitted for approval.

### Board membership fees: 2020 AGM – 2021 AGM (in CHF)

Role	Board	Governance and Nominations Committee (GNC)	Audit Committee (AC)	Compensation Committee (CC)	Conduct and Financial Crime Control Committee (CFCCC)	Risk Committee (RC)	Form of payment	Timing of payment
Base fee/Committee fee (excluding the Chairman)	250,000	50,000	150,000	100,000	75,000	100,000	50% cash; 50% Group shares blocked and non-transferable for four years	Two equal installments in arrears
Committee Chair fee <sup>1</sup>		– <sup>2</sup>	400,000	300,000	150,000	400,000		One installment at end of current board period
Chairman's base fee	3,000,000						Cash	12 monthly payments
Chairman's Chair fee	1,500,000						Group shares blocked and nontransferable for four years	One installment at end of current board period

Note: The Vice-Chair and Lead Independent Director does not receive additional compensation for these roles.

1 Committee Chairs do not receive committee fees in addition to their Chair fees.

2 The Chairman does not receive an additional fee for chairing the GNC.

With the exception of the Chairman, Board members receive an annual base board fee and annual committee fees for each committee membership. The Chairs of the Compensation, Risk and Audit Committees receive additional fees reflecting the additional responsibility and time commitment required.

The Chairman's total compensation reflects his full-time status and the active role that he plays in shaping the Group's strategy, governing the Group's affairs, engaging and maintaining a close working relationship with the CEO and senior management, and representing the Group to key external stakeholders. In addition to his annual base board fee and Chair fee, he receives pension and other benefits. The Chairman does not receive a Chair fee for his role as Chair of the Governance and Nominations Committee. He also receives no separate fees for board memberships in Group subsidiary companies.

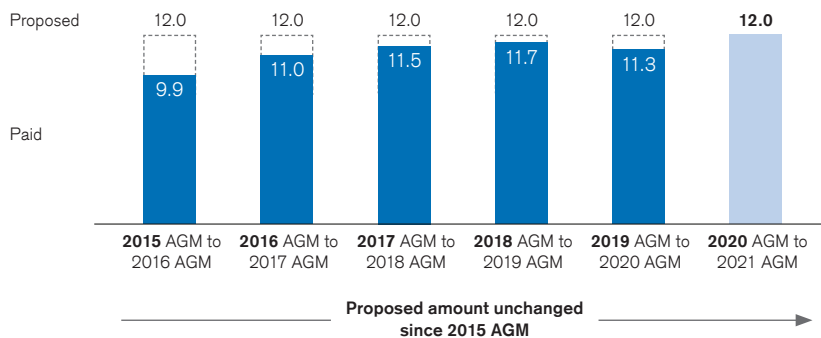
A number of Board members also serve as members on the boards of Group subsidiary companies. With the exception of the Chairman who does not receive any additional fees, and one member, whose fee was agreed prior to the following cap, these members receive a flat subsidiary board membership fee of CHF 100,000, or a higher amount if serving as Chair of the subsidiary board or Chair of a subsidiary board committee. These fees are approved by the respective subsidiary boards, are subject to ratification by the Board of Directors of the Group and are included in the maximum amount of compensation proposed for approval by shareholders at the 2020 AGM.

The proposed total amount of CHF 12.0 million for the period from the 2020 AGM to the 2021 AGM is unchanged compared with the prior period. Of the proposed amount, no more than CHF 11.0 million is intended to be paid to members of the Board of Directors for their Group Board roles and no more than approximately CHF 1.0 million for their roles as board members in subsidiary companies. The final amounts actually paid will be disclosed in the 2020 Compensation Report, which will be subject to a consultative vote at the 2021 AGM.

For the period from the 2019 AGM to the 2020 AGM, shareholders approved a maximum amount of compensation for the Board of Directors of CHF 12.0 million, of which CHF 11.3 million will have been paid to the 13 members of the Board of Directors at the date of the 2020 AGM. CHF 10.8 million of this relates to fees for Group Board roles and CHF 0.5 million for subsidiary company board roles.

## Board of Directors compensation

(CHF million)



### III. Agenda item 6.2: Approval of the compensation of the Executive Board

#### A. Agenda item 6.2.1: Short-term variable incentive compensation (STI)

**The Board of Directors proposes approving the aggregate amount of CHF 22.4 million, comprising the short-term variable incentive compensation for the Executive Board for the 2019 financial year.**

As outlined on page 2, we continued to improve our operating performance in 2019 against a backdrop of volatile markets, low or negative interest rates, and uncertain political and trade developments. The Group achieved a 69% increase in net income attributable to shareholders year over year and generated net new assets of CHF 79.3 billion. The Group has continued to exercise cost discipline, while rebalancing activities towards client focused businesses with greater return on capital potential.

The STI awards are determined based on the achievement of pre-defined financial criteria and a non-financial performance assessment. The financial criteria and corresponding outcomes for 2019 can be summarized as follows:

- Adjusted income before taxes, a non-GAAP financial measure, of CHF 5.0 billion was up 18% compared with the prior year, and resulted in achievement of 57% of the maximum opportunity level.
- Return on tangible equity (RoTE), a non-GAAP financial measure, of 8.7% was up from 5.4% for the prior year, and resulted in achievement of 71% of the maximum opportunity level.

The Executive Board's non-financial performance evaluation for the 2019 award was based on pre-defined criteria according to the following six categories: (i) strategic repositioning; (ii) client focus, quality of business and innovation; (iii) talent management; (iv) risk and regulatory; (v) conduct and ethics; and (vi) teamwork and leadership.

Note: 2018 adjusted income before taxes of CHF 4,194 million excludes CHF 28 million of real estate gains, CHF 71 million of gains on business sales, CHF 626 million of restructuring expenses, CHF 244 million of major litigation provisions and CHF 51 million of expenses related to real estate disposals. 2019 adjusted income before taxes of CHF 4,968 million excludes CHF 251 million of real estate gains, CHF 389 million of major litigation provisions and CHF 108 million of expenses related to real estate disposals and includes CHF 2 million of losses on business sales. Year-end 2018 tangible shareholders' equity excludes goodwill of CHF 4,766 million and other intangible assets of CHF 219 million from total shareholders' equity of CHF 43,922 million as presented in our balance sheet. Year-end 2019 tangible shareholders' equity excludes goodwill of 4,663 million and other intangible assets of CHF 291 million from total shareholders' equity of CHF 43,644 million as presented in our balance sheet.



Based on the above criteria, the Compensation Committee determined that as a group, the Executive Board had achieved, on average, 76% of the maximum opportunity for the non-financial component of the STI. For the CEO, in light of the observation events, the Compensation Committee reduced his non-financial assessment to 50% of his maximum opportunity, compared with 100% in 2018. Excluding the CEO, the overall non-financial score was 82% of the maximum opportunity, compared with 89% for the previous year.

The table below summarizes the achievement against the STI performance targets.

### 2019 STI awards: performance against targets

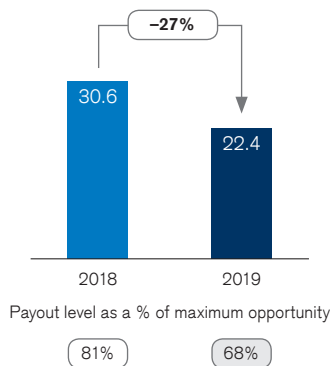
Performance criteria	Weighting	Performance levels			2019 actual	Payout level (% of maximum opportunity)			
		Threshold	Target	Maximum		0%	Threshold 25%	Target 67%	Maximum 100%
Adjusted income before taxes (CHF billion)	33⅓%	4.2	5.2	6.1	5.0	57%			
RoTE (%)	33⅓%	6.0%	8.5%	10.5%	8.7%	71%			
Non-financial criteria (average)	33⅓%					76%			
Total	100%					68%			

Adjusted results are non-GAAP financial measures, which exclude certain items included in our reported results. RoTE is based on tangible shareholders' equity, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet.

Given the overall performance of the Executive Board during 2019, the Board of Directors proposes that shareholders approve the aggregate amount of 2019 STI awards of CHF 22.4 million. The proposed amount excludes any legally required employer contributions to social security systems. This amount represents a 27% decrease compared with the aggregate amount of 2018 STI awards of CHF 30.6 million approved at the AGM last year. The lower amount for 2019 was mainly driven by changes in Executive Board composition during 2019 (including related forfeitures of outstanding compensation) and lower achievement of the financial performance targets.

## 2019 STI awards: outcomes

(CHF million)



Further details may be found in the 2019 Compensation Report (pages 228-229).

## B. Agenda item 6.2.2: Fixed compensation

The Board of Directors proposes approving the maximum amount of CHF 31.0 million, comprising the fixed compensation for the Executive Board for the period from the 2020 AGM to the 2021 AGM.

The maximum amount of fixed compensation includes compensation in the form of:

- Base salaries;
- Role-based allowances (for any member of the Executive Board who is a UK PRA Material Risk Taker)
- Dividend equivalents; and
- Pension and other benefits.

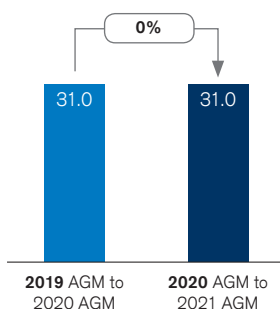
The proposed maximum amount excludes any legally required employer contributions to social security systems.

The proposed total maximum amount of CHF 31.0 million for the period from the 2020 AGM to the 2021 AGM is unchanged compared with the prior period.

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### Fixed compensation

(CHF million)



For the incoming CEO, the annual base salary will be CHF 2.7 million, compared with CHF 3.0 million for his predecessor. There will be no change to the annual base salary framework for the other Executive Board members:

- Members based in Switzerland will receive an annual base salary of no more than CHF 2.0 million;
- Members based in other locations (other than the US) will receive an annual base salary of no more than the local currency equivalent of CHF 2.0 million; and
- Members based in the US will receive an annual base salary of no more than USD 2.0 million.

The final amount of fixed compensation actually paid to the Executive Board for the period between the 2020 and 2021 AGMs will be disclosed in the 2020 and 2021 Compensation Reports, which will be subject to consultative votes of the shareholders at the 2021 and 2022 AGMs, respectively.

### **C. Agenda item 6.2.3: Long-term variable incentive compensation (LTI)**

**The Board of Directors proposes approving the aggregate amount of CHF 28.6 million, comprising the long-term variable incentive compensation for the Executive Board for the 2020 financial year (based on fair value at grant).**

Shareholders are asked to approve the LTI compensation for the 2020 financial year and the 2020–2022 performance cycle in a prospective vote, with the proposed amount of CHF 28.6 million being expressed in terms of the fair value at the time of grant.

The LTI is intended to incentivize Executive Board members to successfully deliver on our business strategy and to align them with our long-term corporate objectives. The intention is that individuals should only receive a significant level of their LTI opportunity for achieving the Group's business plan and delivering long-term value to shareholders. The performance metrics for the 2020 LTI opportunities remain unchanged from 2019, and comprise of the following equally-weighted metrics, to be measured over the financial years 2020, 2021 and 2022:

- Three-year average return on tangible equity (RoTE), a non-GAAP financial measure;
- Three-year average tangible book value per share (TBVPS), a non-GAAP financial measure; and
- Relative total shareholder return (RTSR).

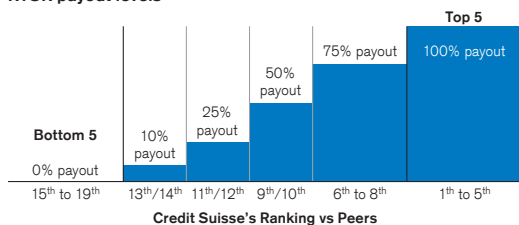
Each Executive Board member's maximum LTI opportunity is expressed as a multiple of their respective base salary, taking into account each member's role, market experience and geography. Payout levels relating to each performance metric between threshold, target and maximum performance levels are calculated as a linear percentage of the award opportunity, with the final number of shares at vesting ranging between 0% and 100% of the maximum number of shares that may be earned. Maximum vesting under the LTI would require achievement of the maximum performance levels for the RoTE and TBVPS components, and an RTSR ranking within the top five of the group of 18 peers. The RTSR peer group consists of Banco Santander, Bank of America, Barclays, BBVA, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, ING Group, Intesa Sanpaolo, JPMorgan Chase, Julius Bär, Morgan Stanley, Nordea Bank, Royal Bank of Scotland, Société Générale, Standard Chartered and UBS. In setting the threshold, target and maximum performance levels, the Compensation Committee took into account the Group's internal financial plan, prior-year performance, analyst expectations and any publicly stated ambitions, in order to set performance levels that are

challenging and motivating for the Executive Board. The performance criteria and performance levels for the 2020 LTI, which have been approved by the Board, are shown in the table below:

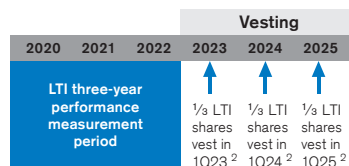
## 2020 LTI opportunities: performance target levels

Performance criteria	Weighting	Performance targets		
		Threshold (25%)	Target (67%)	Maximum (100%)
Three-year average RoTE	33⅓%	7.0%	10.5%	13.0%
Three-year average TBVPS (CHF) <sup>1</sup>	33⅓%	18.10	19.60	20.90
Relative Total Shareholder Return (RTSR)	33⅓%	See "RTSR payout levels"		

### RTSR payout levels



### Vesting schedule

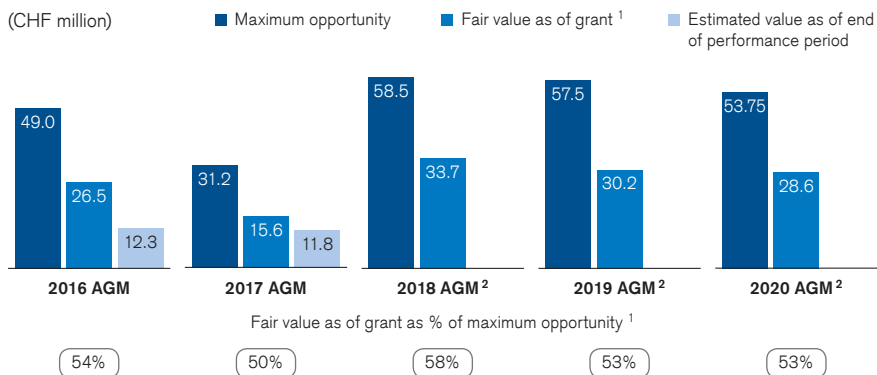


<sup>1</sup> TBVPS is a non-GAAP financial measure, which is calculated by dividing tangible shareholders' equity by total number of shares outstanding and excludes the impact of any dividends paid during the performance period, own credit movements and foreign exchange rate movements, but includes the impact of share buybacks.

<sup>2</sup> Special rules apply to UK PRA Material Risk Takers.

As shown in the diagram below, the estimated value of the LTI awards at the end of the performance period may differ from the fair value at the time of grant, and the final value of the awards will depend on the share price at the time of settlement.

## Executive Board aggregate LTI opportunities



<sup>1</sup> The fair value of the LTI opportunities as of the date of grant is determined using a probabilistic valuation method applied by one of the major international accounting firms and should more closely reflect the likely value of the awards than the value of their maximum opportunity.

<sup>2</sup> The estimated value can only be determined at the end of the three-year performance period.





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