Compensation

DEAR SHAREHOLDERS

As the Chairman of the Compensation Committee of the Board (Compensation Committee), I am pleased to present to you the 2016 Compensation Report. Let me briefly highlight some of the focus areas of the Compensation Committee in 2016, the main compensation decisions related to variable incentive compensation awarded for the 2016 financial year, as well as the resolutions which we will submit for binding shareholder votes at this year's AGM.

Key developments

During the first full year of our three-year strategic plan announced in October 2015, the Compensation Committee closely monitored the progress of the implementation of the Group's strategy, assessed the performance of the Group and divisions against predefined objectives and determined the appropriate levels of compensation for our employees in light of the operating results and market environment.

In the first quarter of 2016, the investment banking businesses, namely Global Markets and Investment Banking & Capital Markets, experienced key employee retention issues which resulted from the substantial reductions in their respective variable compensation pools that reflected the disappointing financial performance in 2015. Consequently, the Board of Directors (Board) approved special retention awards which enabled senior management to retain critical staff on a selective basis and to prevent harmful departures during a period of restructuring.

Based on this experience, the Compensation Committee acknowledged that 2016 was an important transition year which involved significant restructuring and re-organization efforts amid challenging market conditions and related uncertainties. Further, in order to remain competitive in the market during periods of transition, a differentiated approach to determining compensation was required. In particular, for divisions engaged in significant investment in building a client-centric operation such as Investment Banking & Capital Markets and Asia Pacific, as well as for Global Markets as a division undergoing substantial restructuring, the variable compensation pools for 2016 were set to ensure that employees who met their performance targets could be compensated in line with the market in order to retain key talent and, in the best interest of shareholders, maintain momentum for the continued execution of the Group's strategy in 2017 and 2018. Overall, the Compensation Committee recognized that the strategy was executed with discipline throughout the Group's organization and that important milestones in terms of cost reduction, reduced risk profile and strengthened capital base were met or surpassed in 2016.

In addition, the Compensation Committee carefully monitored the continued progress of the Group in considering risk and control in connection with performance reviews and the compensation process. Under the enhanced compensation and risk framework which was introduced in 2016, all divisions were assessed against pre-defined risk measures. Based on the consolidated findings the Compensation Committee applied upward as well as downward adjustments to select divisional variable compensation pools. These adjustments were communicated within the respective divisions to reiterate the correlation between risk and control considerations and pay.

2016 Compensation decisions

Group compensation

The Compensation Committee acknowledged that the 2016 financial results reflected a year of significant transition and that the reported pre-tax loss of CHF 2,266 million included a provision in the fourth quarter of approximately USD 2 billion relating to the settlement with the United States Department of Justice (DOJ). Nevertheless, the businesses made strong progress in achieving their strategic objectives, including reducing their cost base and increasing market share in key client and product segments. For 2016, the Board approved the Compensation Committee's proposal to award total Group variable incentive compensation of CHF 3,093 million. The increase of 6% compared to 2015 reflected the impact of strategic hiring in high growth business areas as well as the previously mentioned market adjustments to particular divisional pools. Total compensation awarded for 2016 increased slightly compared to the previous year, and total compensation expense was 8% lower compared to the previous year, largely due to lower levels of deferred compensation that vested in 2016.

Of the total variable incentive compensation awarded across the Group, 44% was deferred, compared to 43% in 2015.

Executive Board compensation

To align our Executive Board compensation with the new strategy, a revised compensation structure as outlined in the 2015 Compensation Report was approved and fully implemented in 2016. Accordingly, variable incentive compensation is awarded as Short-Term Incentive (STI) and Long-Term Incentive (LTI) opportunities.

The 2016 STI awards were fully dependent on the performance for the 2016 financial year. Payout levels were determined by quantitative criteria (70% weighting) and qualitative performance objectives (30% weighting). With respect to the quantitative performance criteria the Board approved explicit targets for 2016 with "Threshold", "Target" and "Maximum" performance levels, corresponding to payouts of 25%, 80% and 100%, respectively. Accordingly, achieving the target performance level would result in a payout of 80% of the maximum opportunity, whereas there would be no payout for actual performance below the respective threshold level. The section "Executive Board Compensation" of this report provides further details regarding the performance assessment against quantitative and qualitative criteria which formed the basis for the 2016 STI award recommendations.

The Board's proposal to shareholders is to deliver the 2016 STI awards in the form of 50% immediate cash and 50% deferred cash vesting on the third anniversary of the grant date.

In addition to the 2016 STI awards and subject to the approval of shareholders, we intend to grant 2017 LTI awards contingent upon performance targets that are pre-determined for the three-year period from the beginning of 2017 to the end of 2019. These awards will be delivered in the form of shares in three equal tranches on the third, fourth and fifth anniversary of the grant date.

Board of Directors compensation

Consistent with the past several years, compensation of the Board of Directors continues to be based on a fixed fee structure, with pre-defined fees for Board membership, committee membership and chairing a committee. The fee amounts are set at levels comparable to other leading Swiss companies and global financial services firms and, in line with industry practice, are not linked to the financial performance of the Group. The fee structure for members of the Board remained unchanged compared to the previous year, with the exception of the chair fees for the Audit Committee and Risk Committee Chairmen, which have been adjusted downward to better reflect market levels for these roles. Furthermore, the Chairman proposed to voluntarily waive 50% of his chair fee of CHF 1.5 million for the period from the 2016 AGM to the 2017 AGM, and this proposal was approved by the Board.

Annual General Meeting of Shareholders 2017

In line with the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (Compensation Ordinance) and the Group's Articles of Association (AoA), the compensation of the Executive Board and the Board will be submitted for binding shareholder votes at the 2017 Annual General Meeting of Shareholders (AGM). Accordingly, shareholders will be asked to approve:

- Executive Board aggregate variable STI compensation for the 2016 financial year (retrospective vote)
- Maximum aggregate fixed compensation for the Executive Board for the period 2017 AGM to 2018 AGM (prospective vote)
- Maximum aggregate amount of 2017 LTI compensation to be awarded to members of the Executive Board subject to performance measurement over the three year period from 2017 to 2019, followed by two years of phased vesting and delivery in three installments on the respective third, fourth and fifth anniversaries of the grant date (prospective vote)
- Maximum aggregate compensation for the Board for the period 2017 AGM to 2018 AGM (prospective vote)

The actual fixed compensation paid to the Board and the Executive Board for the period 2016 AGM to 2017 AGM as well as the 2016 LTI compensation granted to members of the Executive Board was within the maximum amounts approved by the shareholders at last year's AGM.

We will continue to submit the entire Compensation Report for a consultative vote as was our practice in the past.

The Compensation Committee is satisfied that this Compensation Report reflects the review process and determination of compensation for 2016. This Compensation Report is in line with the specific remuneration disclosure requirements issued by the Swiss Financial Market Supervisory Authority FINMA (FINMA). In the context of compensation for the Board and the Executive Board, the Compensation Report is in compliance with the respective provisions of the Compensation Ordinance, as confirmed by our auditors KPMG. The activities of the Compensation Committee were executed in accordance with its mandate under the Credit Suisse Organizational Guidelines and Regulations and the Compensation Committee charter.

On behalf of the Compensation Committee, I would like to thank you for your support and feedback, which we will continue to solicit in the context of reviewing and refining our compensation practices to ensure both full compliance with all regulatory requirements as well as alignment with the interests of our shareholders.

Jean Lanier
Chairman of the Compensation Committee
Member of the Board of Directors
March 2017

Report of the Statutory Auditor

To the General Meeting of Shareholders of Credit Suisse Group AG, Zurich

We have audited the accompanying compensation report dated March 24, 2017 of Credit Suisse Group AG (the “Group”) for the year ended December 31, 2016. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (the “Ordinance”) contained in the sections marked with (audited) on pages 236 to 248 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended December 31, 2016 of the Group complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Nicholas Edmonds
Licensed Audit Expert
Auditor in Charge

Ralph Dicht
Licensed Audit Expert

Zurich, Switzerland
March 24, 2017

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

GROUP COMPENSATION

Compensation policy and objectives

The objectives of the Group's compensation policy include attracting and retaining employees, and motivating employees to achieve results with integrity and fairness. The compensation policy is designed to support a performance culture which fosters teamwork and collaboration. Furthermore, it aims to promote effective risk management practices consistent with the Group's compliance and control framework. The compensation policy takes into account the capital position and long-term performance of the Group and balances the fixed and variable incentive compensation components to reflect the value and responsibility of the roles that employees perform. The objectives of the compensation policy are framed to achieve an appropriate balance between the interests of employees and shareholders in order to create sustainable value for the Group.

The compensation policy applies to all employees and compensation plans of the Group. It contains a detailed description of the Group's compensation principles and objectives as well as the compensation programs. It also sets out the standards and processes relating to the development, management, implementation and governance of compensation. The compensation policy adheres to the compensation principles set out by the Group's regulator in Switzerland, the FINMA, as well as the regulators in other jurisdictions in which the Group operates.

The compensation policy is reviewed regularly and endorsed by the independent Compensation Committee. The compensation policy, as well as periodic updates and revisions, is approved by the Board. The compensation policy is accessible to all employees and is published at *www.credit-suisse.com/compensation*.

Compensation Committee

The Compensation Committee is the supervisory and governing body for compensation policies, practices and plans. It is responsible for determining, reviewing and proposing compensation for the Group and Executive Board for approval by the Board. In accordance with the Swiss Ordinance Against Excessive Compensation with respect to Listed Corporations (Compensation Ordinance) and the Articles of Association (AoA), the shareholders vote annually to approve the compensation of the Board and the Executive Board based on the proposals set forth by the Board. The Compensation Committee consists of at least three members of the Board, all of whom must be independent. The current members are Jean Lanier (chairman), Iris Bohnet, Andreas N. Koopmann and Kai S. Nargolwala. The Board has applied the independence criteria of the Swiss Code of Best Practice for Corporate Governance and the FINMA, and the rules of the New York Stock Exchange (NYSE) and the Nasdaq Stock Market (Nasdaq), in determining that all of these individuals are independent.

▸ Refer to "Independence" in Corporate Governance – Board of Directors for more information on how the Group determines the independence of its Board members.

Advisers to the Compensation Committee

The Compensation Committee is authorized to retain outside advisers, at the Group's expense, for the purposes of providing guidance to the Compensation Committee as it carries out its responsibilities. McLagan, a management consulting firm specializing in the benchmarking of performance and reward data for the financial services industry, assists the Compensation Committee in ensuring that the Group's compensation program remains competitive, responsive to regulatory developments and in line with the compensation policy. McLagan has appointed a senior consultant to advise the Compensation Committee. This individual does not provide other services to the Group other than assisting the Compensation Committee. Prior to appointment, the Compensation Committee conducted an independence assessment of this advisor pursuant to the rules of the US Securities and Exchange Commission (SEC) and the listing standards of the NYSE and the Nasdaq.

Compensation Committee meetings and annual performance review

The Chairman of the Board (Chairman) and the Chief Executive Officer (CEO) may attend the Compensation Committee meetings, and the Compensation Committee chairman determines the attendance of other Board members, Executive Board members, senior management, compensation advisers and external legal counsel, as appropriate. The Chairman, CEO and senior management do not participate in discussions which relate to their own compensation.

In February of each year, the Compensation Committee meets, with the Chairman and the CEO present, for the primary purpose of reviewing the performance of the Group, the businesses and their respective management teams for the previous year. This provides the basis for a recommendation of the overall variable incentive compensation pools (pools) for the business divisions and corporate functions for approval by the Board. During its annual performance review, the Compensation Committee considers input from the chairmen of the Risk and Audit Committees, who may also attend the Compensation Committee meeting in February. The Risk Committee provides input to the Compensation Committee with respect to risk considerations and the Audit Committee provides input with respect to internal control considerations. The Compensation Committee approves the compensation for the Head of Internal Audit after consulting with the Audit Committee chairman.

The Compensation Committee also considers input from the Group's internal control functions. Specifically this includes contributions from Risk Management, Compliance and Regulatory Affairs, and Internal Audit, regarding control and compliance issues and any breaches of relevant rules and regulations or the Group's Code of Conduct. The Compensation Committee reviews the impact on the recommended amount of variable incentive compensation with respect to individuals who have been subject to the Group's disciplinary processes.

To meet regulatory guidelines regarding employees engaged in risk-taking activities, the Compensation Committee reviews and approves the compensation for employees identified as Material Risk Takers and Controllers (MRTC). The Risk Committee is involved in the review process for MRTC.

▸ Refer to "Material Risk Takers and Controllers" in Focus on risk and control – Covered employees (including Material Risk Takers and Controllers) for further information.

During 2016, the Compensation Committee held 10 meetings (including telephone conferences), with the following focus areas:
- implementation of the new compensation model for Executive Board members as communicated in the 2015 Compensation Report, including review of the delivery and amount of compensation for Executive Board members in light of the Group's performance, market pay and practices and feedback from shareholders and proxy advisors;
- review and refinement of the performance metrics for the 2017 Executive Board long term incentive (LTI) awards, reflecting shareholder feedback;
- assessment of the Group's performance and determination of compensation pools, including detailed review of competitor benchmarking information for the investment banking businesses and approval of a special retention program for those businesses in 2016;
- review of the approach to compensation and market practices for the asset management businesses;
- review of input from the Group's control functions relevant to the compensation process under the enhanced compensation and risk framework, in line with regulatory guidance;
- review of the disciplinary process, including the governance of the new Conduct and Ethics Boards, and its link to performance assessment and compensation determination, as well as the application of malus provisions;
- review of fee levels for members of the Board, in particular for members of the Group's subsidiary boards, taking into account feedback from shareholders and proxy advisers; and
- monitoring of global regulatory and market trends with respect to compensation at financial institutions and assessing the obligations imposed by the Compensation Ordinance.

The Compensation Committee chairman maintains an active dialogue with the Group's principal regulators about compensation governance and plans. In addition, he engages with shareholders and their representatives regarding the compensation policy and plans.

Approval authority

The approval authorities for setting compensation policy and compensation for different groups of employees are defined in the Group's Organizational Guidelines and Regulations (OGR) and the Compensation Committee charter available at *www.credit-suisse.com/governance*.

Board approval, based on the recommendation of the Compensation Committee, is required to:
- establish or amend the Group's compensation policy;
- establish or amend the compensation plans;
- determine the pools for the Group and divisions;
- determine compensation for the Executive Board members, including the CEO, subject to the shareholder approval requirement pursuant to the Compensation Ordinance and the AoA; and
- determine compensation of the Board, including the Chairman, subject to the shareholder approval requirement pursuant to the Compensation Ordinance and the AoA.

Compensation Committee approval is required for compensation decisions with respect to:
- the Head of Internal Audit (in consultation with the Audit Committee chairman);
- MRTC; and
- other selected members of management.

Impact of regulation on compensation

Many of the Group's regulators, including FINMA, focus on compensation. Guidance on FINMA practice is primarily set out in FINMA's Circular on Remuneration Schemes (Circular). Additionally, several regulators, including those in the US, the EU and the UK, impose requirements that differ from, or supplement, the FINMA requirements. Therefore, the Group's plans comply globally with the Circular and, to the extent local requirements differ from or supplement those standards, plans are adapted locally in the relevant jurisdiction. This generally results in additional terms, conditions and processes being implemented in the relevant locations. The Group 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.

Determination of variable incentive compensation pools

In determining the pools, the Compensation Committee aims to balance the distribution of the Group's profits between shareholders and employees. The methodology to determine the Group and divisional pools takes into account economic contribution, key performance metrics and certain non-financial criteria, including risk and control, compliance and ethical considerations and relative performance compared to peers, as well as the market positioning and trends and the regulatory environment.

Economic contribution is the primary driver and is measured at both the Group and divisional levels as income before taxes and variable incentive compensation expense, after deducting a capital usage charge that is calculated based on regulatory capital. For 2016, regulatory capital for compensation purposes was defined for each division as the higher of 10% of average divisional Basel III risk-weighted assets and 3.5% of average divisional leverage exposure. This measure of economic contribution considers the profitability of the divisions and the Group and the capital utilized to achieve this profitability. The Compensation Committee intends to achieve a more balanced distribution of economic contribution between employees and shareholders over the long term, subject to Group performance and market conditions. Regulatory capital is defined for the Group as the sum of its divisional components. For economic contribution, the Group and divisional results exclude major litigation provisions and settlements, gains/losses on business sales, real estate gains, restructuring expenses and other significant items as approved by the Compensation Committee.

The pools are determined on an annual basis, with accruals made throughout the year. The Compensation Committee regularly reviews the accruals and related financial information and applies adjustments in exceptional circumstances to ensure that the overall size of the pools is consistent with the Group's compensation objectives, protects the franchise and supports the Group's strategic objectives of delivering stable and profitable returns while growing the core businesses.

When determining the compensation pools for 2016, the Compensation Committee reflected on the significant reductions to the Global Markets and Investment Banking & Capital Markets divisional pools for 2015, following the disappointing performance of the investment banking businesses in 2015. These reductions resulted in serious retention issues in Global Markets and Investment Banking & Capital Markets in the first quarter of 2016, which led the Board to approve special retention awards to prevent harmful departures of critical staff. Based on this experience, the Compensation Committee carefully considered the Group's market positioning and trends in 2015, as well as those expected in 2016. It was agreed that for divisions engaged in significant investment for the purposes of building and expanding a client-centric approach, as well as lines of businesses undergoing substantial restructuring, market positioning and trends would play a key role in the determination of variable incentive compensation. For these divisions, the 2016 pools were set to ensure that employees who met their performance targets could be compensated in line with the market in order to retain key talent and, in the best interest of shareholders, maintain momentum for the continued execution of the Group's strategy in 2017 and 2018. Overall, the Compensation Committee recognized in setting the variable compensation pools for 2016, that the strategy was executed with discipline throughout the Group and that important milestones relating to cost reduction, reduced risk profile, and strengthened capital base were met or surpassed in 2016.

The total amount of the pool for employees working in corporate functions is not linked to the performance of the particular divisions that employees of the corporate functions support or oversee, but takes into account factors such as the Group-wide financial performance, the performance of the individual functions both in terms of achievements and qualitative measures as well as market positioning and trends. Therefore, employees working in the corporate functions, and in particular those performing control functions, are remunerated independently from the performance of the businesses they support or oversee. As with the business divisions, the pool assessment process for corporate functions takes into account risk, control, compliance with policies and regulations, ethical considerations and relative performance compared to peers, as well as the market and regulatory environment. After the pool has been determined for the corporate functions, a deduction is applied to the pool of each business division, following a consistent allocation approach based on consumption of resources, to fund the pool for the employees of the corporate functions.

Based on collective feedback from the control functions, adjustments may be applied to the divisional pool amounts. Once the pools have been set at the Group and divisional levels, each business division allocates its pool to its business areas, based on the same or similar factors as used to determine the divisional pool. Capital usage and risk are factored into the pools as they are allocated within business areas. This process helps to emphasize to business area managers that capital usage is a significant factor in determining the pool for the business area under their responsibility. The pools are allocated to line managers who award variable incentive compensation on a discretionary basis to employees based on individual and business area performance, subject to the constraints of the pool size.

Competitive benchmarking

The assessment of the economic and competitive environment is another important element of the compensation process as the Group strives for market-informed, competitive compensation levels. Internal expertise and the services of compensation consulting firms are used to benchmark compensation levels against relevant peers, taking into account geographical variations. The Compensation Committee is provided with regular reports from an independent compensation adviser, McLagan, on industry and market trends, including competitor performance and pay trends. The peers considered for the purposes of Group peer benchmarking are Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS. Specific benchmarking may include other peers, depending on the business area or geographic location, as appropriate.

‣ Refer to "2017 Long-Term Incentive (LTI) awards" in Executive Board Compensation – Type of awards in 2017 for the list of 18 peers used specifically for determining Relative Total Shareholder Return.

Focus on risk and control

Risk and control considerations are an integral part of the performance assessment and compensation processes. This ensures that the Group's approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking. The Group's control functions are independent from the business divisions and include Internal Audit, Compliance and Regulatory Affairs, Risk Management, Finance, and Human Resources, Communications and Branding.

Role of control functions and the new Conduct and Ethics Boards

As part of the process for determining the variable incentive compensation pool levels, senior management of the control functions provide the Compensation Committee with comprehensive feedback on regulatory, audit, disciplinary and risk-related issues or trends across the Group, relevant to the assessment of the Group's risk and control culture.

In 2016, an enhanced compensation and risk framework was introduced to supplement the existing measures that incorporate risk and control criteria into the determination of pool levels. Under the enhanced framework, the divisions are assessed against risk and conduct measures for the year, and the consolidated findings are presented to the Compensation Committee and the CEO. Based on these assessments, the Compensation Committee may approve adjustments to the divisional pool levels as proposed by the CEO.

Aside from risk considerations, disciplinary events may also impact compensation decisions. In 2016, Conduct and Ethics Boards (CEBs) were established at the Group level, for the control functions overall, as well as within each business division, replacing the former regional Disciplinary Review Committees. The CEBs review all disciplinary events and decide on disciplinary sanctions proposed by the recommendation teams, which include representatives from the control functions. The Group CEB meets on a quarterly basis to ensure that sanctions applied are in line with the Group's risk appetite, market practice and regulatory requirements.

Covered Employees (including Material Risk Takers and Controllers)

Material Risk Takers and Controllers

MRTC include employees who, either individually or as part of a group, by virtue of their level of responsibility or authority, are considered capable of causing a potentially material impact on the Group's risk profile. The criteria for classifying individuals as MRTC for the Group are approved by the Board upon recommendation by the Compensation and Risk Committees.

Employees meeting one or more of the following criteria are identified as MRTC:

- members of the Executive Board;
- employees who report directly to a member of the Executive Board: i) in the business divisions, these include employees responsible for managing significant lines of business of the Group and members of divisional management committees; and ii) in Internal Audit, Finance, Risk Management, General Counsel, Compliance and Regulatory Affairs, and Human Resources, Communications & Branding, these include senior control personnel who are responsible for monitoring individuals or groups of individuals who manage material amounts of risk for the Group;
- employees, either individually or as part of a group, with the ability to put material amounts of the Group's capital at risk (these include traders, and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on the Group's financial results);
- the top 150 paid employees across the Group (based on total compensation), regardless of seniority or function;
- all UK managing directors and other employees who, based on the significance of their functions in the UK and the potential impact of their risk-taking activities for the Group's UK entities, meet the "PRA Code Staff" definition of the Group's UK regulator, the Prudential Regulation Authority (PRA); and
- other individuals, whose roles either individually or as part of a group, have been identified as having a potential impact on the market, reputational or operational risk of the Group.

In 2016, two additional subsets of the UK PRA Code Staff population were introduced by the PRA, namely "risk managers" and "senior managers". Risk managers are individuals identified as having responsibility for managing or supervising risk-taking or significant risk functions for the Group's UK entities. Senior managers are individuals who retain the greatest influence over the strategic direction of the Group's UK business, and who also perform one or more of the PRA and UK Financial Conduct Authority's designated senior management functions and "prescribed responsibilities" for the relevant UK entities. Deferred awards granted to individuals classified as risk managers and senior managers are subject to longer vesting periods than other employees, and all variable compensation awarded to senior managers is subject to clawback over a longer period than other employees classified as PRA Code Staff.

Compensation process for Covered Employees

A broader group of employees collectively known as Covered Employees are also subject to the heightened levels of scrutiny over the alignment of their performance and compensation that apply to MRTCs. This population includes all MRTC and all US-based revenue producers in the Global Markets and Investment Banking & Capital Markets divisions, and any other employees identified by specific regulators or regulatory requirements.

Covered Employees and their managers are required to define role-specific risk objectives and to incorporate risk considerations in their performance evaluations when setting variable incentive compensation. The types of risk considered vary by role and include reputational, credit, market, operational, liquidity, and legal and compliance risks. Risk is assessed in the context of both realized and potential risk outcomes.

Malus provisions

All deferred compensation awards granted contain provisions that enable the Group to reduce or cancel the awards prior to settlement if the participant engages in certain detrimental conduct ("malus"). Consistent with previous years, deferred awards granted for 2016 enable the Group to reduce or cancel the awards prior to settlement if the conduct of the holder:

- constitutes impermissible disclosure or misuse of Group information, or willful engagement in conduct that is materially detrimental to an interest of the Group;
- evidences serious misbehavior or serious error;
- causes, could cause, or could have caused the Group or any Credit Suisse division or region to suffer a significant downturn in financial performance or regulatory capital base;
- constitutes a significant failure of risk management; or

- is reviewed by the Group's disciplinary conduct, ethics or similar committee or body.

Malus provisions were enforced during the course of 2016.

Performance share awards contain further provisions that can result in a downward adjustment or cancellation of the full balance of deferred awards in the event of future negative business performance. These additional provisions can apply regardless of whether the individual employee in question contributed to that performance.

▸ Refer to "Compensation design" for further information on deferred compensation.

▸ Refer to "Performance share awards" in Compensation design – Deferred variable incentive compensation instruments for details of these awards and the performance-based conditions and to the table "Potential downward adjustments of performance share and STI awards" for specific downward adjustments that may be applied.

Clawback provisions

While malus provisions referenced above only affect deferred awards prior to settlement, regulations enacted by the PRA require additional "clawback" provisions enabling the Group, subject to conditions, to claim back variable incentive compensation even after vesting and distribution to PRA Code Staff.

The clawback provision applies to all variable incentive compensation (including deferred and non-deferred items such as the cash component of variable incentive compensation) granted to PRA Code Staff. The clawback may be enforced by the Group at any time up to seven years from the grant date of the variable incentive compensation (or such longer period, as may be required by applicable law) in the event that:

- the individual participated in or was responsible for conduct which resulted in significant losses to the Group;
- the individual failed to meet appropriate standards of fitness and propriety, assessed by reference to factors including i) honesty, integrity and reputation; ii) competence and capability and iii) financial soundness;
- there is reasonable evidence of misbehavior by the individual or material error made by the individual; or
- the Group or the relevant business unit suffers a material failure of risk management.

For PRA Code Staff in jurisdictions other than the UK, the Group will, as circumstances deem necessary, pursue the application of the above clawback provisions to the extent permitted under local laws. Variable incentive compensation awards granted to employees regulated by the Bank of Italy contain similar clawback provisions.

Compensation design

The Group's total compensation approach includes fixed and variable incentive compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice, and role-based allowances for certain employees. Variable incentive compensation is awarded annually based on the assessment and decision of the Board, and is dependent on Group, divisional and individual performance. The percentage mix between fixed and variable incentive compensation varies according to the employee's seniority, business, conditions in the labor market and regulatory requirements.

Variable incentive compensation for 2016 was awarded primarily in the form of cash, share-based awards and Contingent Capital Awards (CCA). Share-based awards and CCA are deferred variable incentive compensation instruments that vest and settle in the future as described further below.

Employee categories and components of total compensation for 2016

	Total compensation				
	Fixed compensation	Variable compensation			
			Deferred compensation[1]		
Employee category	Base salary	Cash	Share awards	Performance share awards	Contingent Capital Awards
Managing directors and directors who are MRTC			30%	50%	20%
Other directors			80%		20%
Other MRTC			50%	50%	
Other employees with total compensation above CHF/USD 250,000			100%		
Employees with total compensation below CHF/USD 250,000					

[1] Deferred compensation is applicable to employees with total compensation of CHF/USD 250,000 or higher.

Base salaries

All employees are paid a base salary. Salary levels are based on the skills, qualifications and relevant experience of the individual, the responsibilities required by the role and external market factors.

Role-based allowances

Role-based allowances are a component of fixed compensation awarded to certain PRA Code Staff and other employees identified as risk-takers under EU regulatory requirements. These role-based allowances are determined based on the role and organizational responsibility of the individuals. Subject to certain conditions, role-based allowances are deemed to be fixed compensation for the purposes of calculating the cap of variable incentive compensation as required by the Capital Requirements Directive IV and Capital Requirements Regulation (CRD IV). Role-based allowances for 2016 were paid entirely in cash on a non-deferred basis.

Variable incentive compensation and deferral rates

For 2016, variable incentive compensation was paid in cash unless the total compensation awarded to an employee for 2016 was greater than or equal to CHF 250,000 or the local currency equivalent or USD 250,000 for employees whose total compensation is denominated in US dollars, in which case a portion was paid in cash and the balance was deferred, vesting at a later date.

The deferred portion was defined by a deferral table whereby the portion of deferred compensation increased with higher levels of total compensation. To enable closer alignment with market practice and local variations, two deferral tables have been applied since 2015: one for the Americas and another for the rest of the world. For 2016, the deferral rates ranged from 17.5% to 60% of variable incentive compensation for employees located in the Americas, and 17.5% to 85% of variable incentive compensation for employees located elsewhere. Consistent with 2015, the amount of variable incentive compensation paid in cash for 2016 was capped at CHF 2 million or the local currency equivalent (or USD 2 million for employees whose total compensation is denominated in US dollars) per employee. For 2016, 43,412 employees received variable incentive compensation, representing 92% of total employees, of which 939 were classified as MRTC.

▸ Refer to the table "Number of employees awarded variable incentive and other compensation" for further information.

Cash

Generally, employees receive the cash portion of their variable incentive compensation at a regular payroll settlement date close to the grant date.

Commissions

The Group also pays commissions to employees operating in specific areas of the business, in line with market practice. These commissions are calculated based on formulas, and are reviewed regularly to ensure that they remain at competitive levels.

Blocked share awards

To comply with CRD IV requirements, employees who hold key roles in respect of certain Group subsidiaries in the EU receive shares that are subject to restrictions for 50% of the amount that would have been paid to them as cash. These shares are vested at the time of grant but remain blocked, that is, subject to transfer restrictions, for six months to three years from the date of grant, depending on jurisdiction.

Deferred variable incentive compensation instruments

Share awards

Each share award entitles the holder of the award to receive one Group share at the delivery date. Share awards are designed to align the interests of employees and shareholders, as well as comply with the expectations of regulators that a substantial portion of variable incentive compensation should be granted in this form.

Share awards vest over three years with one third of the award vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as risk managers and senior managers under the UK PRA Remuneration Code. Share awards granted to risk managers vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date, while share awards granted to senior managers vest over five years commencing on the third anniversary of the grant date, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. The number of share awards granted for 2016 was determined by dividing the value of the deferred component of the variable incentive compensation to be granted as share awards by the applicable share price of CHF 15.32, based on the average of the last 10 trading days in February, according to the timing and methodology as approved by the Compensation Committee at the beginning of February 2017. The final value of the share awards is solely dependent on the share price at the time of delivery (settlement). While share awards granted between January 1, 2014 and December 31, 2015 do not include the right to receive dividend equivalents, share awards granted after January 1, 2016 include the right to receive dividend equivalents upon vesting. This change in approach is aligned with market practice and ensures that deferred share awards granted to employees carry the same rights and are priced in the same manner as actual Credit Suisse Group AG registered shares. A total of 7,042 employees were granted share awards for 2016.

Performance share awards

Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance conditions. Performance share awards granted for 2016 are subject to a negative adjustment in the event of a divisional loss by the division in which the employees worked as of December 31, 2016, or a negative return on equity (ROE) of the Group, whichever results in a larger adjustment. For employees in the corporate functions and the Strategic Resolution Unit, the negative adjustment only applies in the event of a negative ROE of the Group and is not linked to the performance of the divisions. The basis for the ROE calculation is determined by the Compensation Committee for the year in which the performance shares are granted and may vary from year to year. For 2016, the calculation was based on adjusted results, which the Compensation Committee considered the most accurate reflection of the operating performance of the businesses. Adjusted results are non-GAAP financial measures that exclude goodwill impairment, real estate transactions, business sales, restructuring expenses, and major litigation provisions. Outstanding performance share awards granted in previous years until 2015 were subject to a negative adjustment in the event of a negative strategic ROE of the Group. However, following the change in the Group's financial reporting structure, strategic ROE is no longer calculated for performance share awards granted until 2015, and consequently any negative adjustment to them is subject to the discretion of the Compensation Committee. There were no negative adjustments applied to the performance share awards vesting in 2017, given the positive adjusted divisional results and positive adjusted ROE of the Group for 2016.

▸ Refer to "Reconciliation of adjusted results" in II – Operating and financial review – Credit Suisse for further information.

The amount of the potential negative adjustment for a loss at the divisional level, which is applicable to all outstanding performance share awards (including the STI awards of Executive Board members who lead business divisions), is shown in the following table.

Potential downward adjustments of performance share and STI awards

Downward adjustment if division incurs a loss

Division pre-tax loss (in CHF billion)	Adjustment on award balance (in %)
(1.00)	(15)
(2.00)	(30)
(3.00)	(45)
(4.00)	(60)
(5.00)	(75)
(6.00)	(90)
(6.67)	(100)

As in the case of share awards, performance share awards granted between January 1, 2014 and December 31, 2015 do not include the right to receive dividend equivalents, while performance share awards granted after January 1, 2016 include the right to receive dividend equivalents upon vesting. A total of 1,795 employees were granted performance share awards for 2016. Managing directors and almost all employees classified as MRTC received at least 50% of their deferred variable incentive compensation in the form of performance share awards.

Contingent Capital Awards (CCA)

CCA are a form of deferred award that have rights and risks similar to those of certain contingent capital instruments issued by the Group in the market, such as the high-trigger contingent convertible capital instruments. CCA are scheduled to vest on the third anniversary of the grant date, other than CCA granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code, where CCA vest on the fifth and seventh anniversaries of the grant date, respectively. CCA are expensed over the vesting period. However, because CCA qualify as going-concern loss-absorbing capital of the Group, the timing and form of distribution upon settlement is subject to approval by

FINMA. Prior to settlement, CCA provide a conditional right to receive semi-annual cash payments of interest equivalents. The rates depend upon the vesting period and the currency of denomination, as follows:

- CCA granted in February 2017 that are denominated in US dollars and vest three, five and seven years from the date of grant receive interest rate equivalents at a rate of 4.27% per annum over the six-month US dollar London Interbank Offered Rate (LIBOR);
- CCA granted in February 2017 that are denominated in Swiss francs and vest three years from the date of grant receive interest rate equivalents at a rate of 3.17% per annum over the six-month Swiss franc LIBOR;
- CCA granted in February 2017 that are denominated in Swiss francs and vest five years from the date of grant receive interest rate equivalents at a rate of 3.03% per annum over the six-month Swiss franc LIBOR; and
- CCA granted in February 2017 that are denominated in Swiss francs and vest seven years from the date of grant receive interest rate equivalents at a rate of 2.93% per annum over the six-month Swiss franc LIBOR.

These rates were set in line with market conditions at the time of grant and with existing high-trigger and low-trigger contingent capital instruments that the Group has issued. CCA are not traded in the debt markets. Employees who were awarded compensation in Swiss francs received CCA denominated in Swiss francs, while employees who were awarded compensation in currencies other than Swiss francs received CCA denominated in US dollars.

At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by the Group. In the case of a cash settlement, the CCA award currency denomination will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and canceled if any of the following trigger events were to occur:

- the Group's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that the Group requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

These terms are similar to those of the outstanding tier 1 high-trigger capital instruments that the Group has issued since 2011. However, unlike the Group's outstanding tier 1 high-trigger instruments, the CCA would not convert into common equity, but would be written down to zero upon a trigger event.

The total CCA awarded for 2016 was CHF 229 million and a total of 5,779 employees received CCA for 2016.

Other cash awards

The Group may employ other compensation plans or programs to facilitate competitive hiring practices, support the retention of talent and accommodate local market practices. These special compensation arrangements apply to a select group of individuals due to their specific circumstances, and must be approved by the Compensation Committee. For 2016, this applied to 225 employees.

Limitations on share-based awards

The Group prohibits employees from entering into transactions to hedge the value of outstanding share-based awards but allows employees to hedge awards that have already vested. Employee pledging of unvested, or vested and undistributed share-based awards is also prohibited, except with the approval of the Compensation Committee. The Group generally applies minimum share ownership requirements, inclusive of unvested awards, as follows:

- Employees in divisional management committees: 50,000 shares; and
- Employees in functional management committees: 20,000 shares.

▸ Refer to "Minimum share ownership requirements" in Executive Board Compensation – Other aspects of Executive Board compensation for further information on minimum share ownership requirements for Executive Board members.

Total compensation awarded

The following table shows the value of total compensation awarded to employees for 2016 and 2015.

Total compensation awarded

For			2016			2015
	Unrestricted	Deferred	**Total**	Unrestricted	Deferred	Total
Fixed compensation (CHF million)						
Salaries	5,728	–	5,728	5,714	–	5,714
Social security	697	–	697	788	–	788
Other	710 [1]	–	710	707 [1]	–	707
Total fixed compensation	**7,135**	**–**	**7,135**	**7,209**	**–**	**7,209**
Variable incentive compensation (CHF million)						
Cash	1,706	–	1,706	1,662	–	1,662
Share awards	37	566	603	12	549	561
Performance share awards	–	451	451	–	429	429
Contingent Capital Awards	–	229	229	–	226	226
Other cash awards	–	104	104	–	42	42
Total variable incentive compensation	**1,743**	**1,350**	**3,093**	**1,674**	**1,246**	**2,920**
Other variable compensation (CHF million)						
Cash severance awards	8	–	8	35	–	35
Cash-based commissions	20	–	20	222	–	222
Other [2]	47	350	397 [3]	27	195	222
Total other variable compensation	**75**	**350**	**425**	**284**	**195**	**479**
Total compensation awarded (CHF million)						
Total compensation awarded	**8,953**	**1,700**	**10,653**	**9,167**	**1,441**	**10,608**
of which guaranteed bonuses	27	35	62	34	49	83

1 Includes pension and other post-retirement expense of CHF 384 million and CHF 359 million in 2016 and 2015, respectively.
2 Includes replacement awards to compensate employees for the equivalent fair value of deferred awards cancelled by previous employers, as well as retention awards and sign-on payments.
3 Includes CHF 249 million of deferred share and cash retention awards relating to the reorganization of the Global Markets and Investment Banking & Capital Markets businesses.

Total compensation awarded for 2016 was CHF 10,653 million, slightly higher than the CHF 10,608 million awarded in 2015. Total variable incentive compensation awarded for 2016 was CHF 3,093 million, up 6% compared to 2015, which reflected the impact of strategic hiring in high growth business areas as well as necessary adjustments to certain divisional pools to align compensation levels with the market. Of the total variable incentive compensation awarded across the Group for 2016, 44% was deferred, compared to 43% in 2015, and subject to certain conditions including future service, performance, market and malus criteria.

Cash severance awards relating to terminations of employment of CHF 8 million and CHF 35 million were awarded to 196 and 760 employees and expensed in 2016 and 2015, respectively. In connection with the strategic review of the Group, restructuring expenses were recognized that were not part of total compensation expenses. These restructuring expenses included cash severance expenses of CHF 218 million and CHF 191 million relating to 1,796 and 1,429 employees in 2016 and 2015, respectively. Other awards, including replacement awards, sign-on payments and retention awards, of CHF 397 million and CHF 222 million were paid to 838 and 925 employees in 2016 and 2015, respectively.

‣ Refer to "Note 13 – Restructuring expenses" in V – Consolidated financial statements – Credit Suisse Group for further information.

Number of employees awarded variable incentive and other compensation

	MRTC [1]	Other employees	2016 Total	MRTC [1]	Other employees	2015 Total
Number of employees awarded variable incentive compensation						
Variable incentive compensation	**939**	**42,473**	**43,412**	**835**	**42,390**	**43,225**
of which cash	939	42,473	43,412	602	42,346	42,948
of which share awards	897	6,145	7,042	802	6,323	7,125
of which performance share awards	890	905	1,795	783	977	1,760
of which Contingent Capital Awards	869	4,910	5,779	782	5,007	5,789
of which other cash awards	49	176	225	61	175	236
Number of employees awarded other variable compensation						
Cash severance awards	1	195	196	10	750	760
Cash-based commissions	–	220	220	–	396	396
Guaranteed bonuses	11	151	162	7	177	184
Other [2]	148	690	838	50	875	925

1 Excludes individuals who may have been classified as MRTC according to regulatory requirements of jurisdictions outside of Switzerland, particularly US-based revenue producers in Global Markets and Investment Banking & Capital Markets, who were classified as Covered Employees by the US Federal Reserve.
2 Includes replacement awards to compensate employees for the equivalent fair value of deferred awards cancelled by previous employers, as well as retention awards and sign-on payments.

Compensation awarded to Material Risk Takers and Controllers

The variable compensation awarded to 939 employees classified as MRTC totaled CHF 899 million for 2016, of which CHF 614 million, or 68%, was deferred. MRTC received 50% of their deferred compensation for 2016 in the form of performance share awards and other awards which are subject to performance-based malus provisions. The total compensation awarded to employees classified as MRTC for 2016 was CHF 1,642 million.

Compensation awarded to Material Risk Takers and Controllers

For	Unrestricted	Deferred	2016 Total	Unrestricted	Deferred	2015 Total
Fixed compensation (CHF million)						
Total fixed compensation	**510**	**–**	**510**	**470**	**–**	**470**
Variable incentive compensation (CHF million)						
Cash	285	–	285	248	–	248
Share awards	–	199	199	–	176	176
Performance share awards	–	279	279	–	254	254
Contingent Capital Awards	–	108	108	–	104	104
Other cash awards	–	28	28	–	53	53
Total variable incentive compensation	**285**	**614**	**899**	**248**	**587**	**835**
Other variable compensation (CHF million)						
Cash severance awards	1	–	1	8	–	8
Other [1]	17	215	232	2	81	83
Total other variable compensation	**18**	**215**	**233**	**10**	**81**	**91**
Total compensation (CHF million)						
Total compensation	**813**	**829**	**1,642**	**728**	**668**	**1,396**
of which guaranteed bonuses	3	9	12	2	9	11

1 Includes replacement awards to compensate employees for the equivalent fair value of deferred awards cancelled by previous employers, as well as retention awards and sign-on payments.

Group compensation and benefits expense

Compensation and benefits expenses recognized in the current year income statement include salaries, role-based allowances, variable incentive compensation, benefits and employer taxes on compensation. Variable incentive compensation expense generally reflects the cash compensation for the current year, amortization of deferred compensation awards granted in prior years, and severance, sign-on and commission payments. Deferred variable incentive compensation granted for the current year is expensed in future periods during which it is subject to future service, performance and malus criteria and other restrictive covenants.

In 2016, total compensation expense was 8% lower compared to 2015, mainly due to lower levels of deferred compensation that vested in 2016.

Group compensation and benefits expense

in			2016			2015
December 31	Current compensation	Deferred compensation	**Total**	Current compensation	Deferred compensation	Total
Fixed compensation expense (CHF million)						
Salaries	5,728	25	5,753	5,714	37	5,751
Social security [1]	697	–	697	788	–	788
Other [2]	710	–	710	707	–	707
Total fixed compensation expense	**7,135**	**25**	**7,160**	**7,209**	**37**	**7,246**
Variable incentive compensation expense (CHF million)						
Cash	1,706	–	1,706	1,662	–	1,662
Share awards	37	603 [3]	640	12	819 [3]	831
Performance share awards	–	370	370	–	563	563
Contingent Capital Awards	–	235	235	–	430	430
Contingent Capital share Awards	–	30	30	–	–	–
Capital Opportunity Facility Awards	–	13	13	–	16	16
Plus Bond awards	–	5	5	–	22	22
2011 Partner Asset Facility awards [4]	–	–	–	–	2	2
Restricted Cash Awards	–	–	–	–	39	39
2008 Partner Asset Facility awards [4]	–	13	13	–	34	34
Other cash awards	–	335	335	6	410	416
Total variable incentive compensation expense	**1,743**	**1,604**	**3,347**	**1,680**	**2,335**	**4,015**
Other variable compensation expense (CHF million)						
Severance payments	8	–	8	35	–	35
Commissions	20	–	20	222	–	222
Other	37	–	37	28	–	28
Total other variable compensation expense	**65**	**–**	**65**	**285**	**–**	**285**
Total compensation expense (CHF million)						
Total compensation expense	**8,943**	**1,629**	**10,572**	**9,174**	**2,372**	**11,546**

[1] Represents the Group's portion of employees' mandatory social security.
[2] Includes pension and other post-retirement expense of CHF 384 million and CHF 359 million in 2016 and 2015, respectively.
[3] Includes CHF 46 million and CHF 25 million of compensation expense associated with replacement share awards granted in 2016 and 2015, respectively.
[4] Includes the change in the underlying fair value of the indexed assets during the period.

Group estimated unrecognized compensation expense

The following table shows the estimated compensation expense that has not yet been recognized through the income statement for deferred compensation awards granted for 2016 and prior years that were outstanding as of December 31, 2016, with comparative information for 2015. These estimates were based on the fair value of each award on the grant date, taking into account the current estimated outcome of relevant performance criteria and estimated future forfeitures. No estimate has been included for future mark-to-market adjustments.

Group estimated unrecognized compensation expense

in	Deferred compensation		2016	Deferred compensation		2015
	For 2016	For prior-year awards	Total	For 2015	For prior-year awards	Total
Estimated unrecognized compensation expense (CHF million)						
Share awards	565	445 [1]	1,010	521	573 [1]	1,094
Performance share awards	446	119	565	386	165	551
Contingent Capital Awards	218	109	327	259	230	489
Contingent Capital share Awards	–	24	24	–	–	–
Other cash awards	104	181	285	42	176	218
Estimated unrecognized compensation expense	**1,333**	**878**	**2,211**	**1,208**	**1,144**	**2,352**

[1] Includes CHF 43 million and CHF 59 million of estimated unrecognized compensation expense associated with replacement share awards granted to new employees in 2016 and 2015, respectively, not related to prior years.

▸ Refer to "Discontinued compensation plans" for descriptions of the awards granted in years prior to 2014.

Impact of share-based compensation on shareholders' equity

In general, the income statement expense recognition of share-based awards on a pre-tax basis has a neutral impact on shareholders' equity because the reduction to shareholders' equity from the expense recognition is offset by the obligation to deliver shares, which is recognized as an increase to equity by a corresponding amount. Shareholders' equity includes, as additional paid-in capital, the tax benefits associated with the expensing and subsequent settlement of share-based awards.

Prior to 2011, the Group covered its share delivery obligations to employees primarily by purchasing shares in the market. When the Group purchases shares from the market to meet its share delivery obligations, these purchased shares reduce equity by the amount of the purchase price.

For the period 2011-2013, share delivery obligations were covered mainly through issuances of shares from conditional capital. In the second half of 2013, the Group resumed purchasing shares in the market to cover a portion of its share delivery obligations. In 2014, the majority of the Group's share delivery obligations were covered through market purchases and in 2015 share delivery obligations were fully covered through market purchases. In 2016, the Group's share delivery obligations were covered mainly through the issuance of shares from conditional capital, with a portion covered by shares purchased in the market. The Group intends to cover its future share delivery obligations through market purchases.

Share-based awards outstanding

At the end of 2016, there were 135.1 million share-based awards outstanding, including 86.7 million share awards and 48.4 million performance share awards.

Subsequent activity

In early 2017, the Group granted approximately 37.8 million new share awards and 29.7 million new performance share awards with respect to performance in 2016. Further, the Group awarded CHF 229 million of deferred variable incentive compensation in the form of CCA pursuant to the Group's compensation policy.

In the first half of 2017, the Group plans to settle 60.7 million deferred awards from prior years, including 36.5 million share awards and 23.0 million performance share awards. The Group plans to meet this delivery obligation through market purchases.

▸ Refer to "Regulatory capital and ratios" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – BIS Capital Metrics for more information.

Value changes of outstanding deferred awards

Employees experience changes to the value of their deferred compensation awards during the vesting period due to both implicit and explicit value changes. Implicit value changes primarily reflect market driven effects, such as changes in the Group share price, changes in the value of the Capital Opportunity Facility (COF), the 2008 Partner Asset Facility (PAF), CCA and foreign exchange rate movements. Explicit value changes reflect risk adjustments triggered by conditions related to negative performance in the performance share awards or the malus provisions in all deferred awards. The final value of an award will only be determined at settlement.

▸ Refer to "Discontinued compensation plans" for further information on COF and PAF.

The following table provides a comparison of the fair values of outstanding deferred compensation awards at the end of 2015 and 2016, indicating the value of changes due to implicit and explicit adjustments. For 2016, the change in fair value for the outstanding deferred compensation awards was due to implicit adjustments driven primarily by changes in the Group share price, foreign exchange rate movements and changes in the value of CCA.

Fair value of outstanding deferred compensation awards

		Change in value		
in / end	2015	Implicit	Explicit	**2016**
Share-based awards (CHF per unit)				
Share awards granted for 2013 [1]	21.7	(7.1)	–	14.6
Share awards granted for 2014 [2]	21.7	(7.1)	–	14.6
Share awards granted for 2015 [3]	18.6	(4.0)	–	14.6
Performance share awards granted for 2013 [1]	21.7	(7.1)	–	14.6
Performance share awards granted for 2014 [2]	21.7	(7.1)	–	14.6
Performance share awards granted for 2015 [3]	18.6	(4.0)	–	14.6
Cash-based awards (CHF per unit)				
2008 Partner Asset Facility awards (PAF)	2.46	0.11	–	2.57
Contingent Capital Award for 2013 [1]	1.19	0.18	–	1.37
Contingent Capital Award for 2014 [2]	1.26	0.13	–	1.39
Contingent Capital Award for 2015 [3]	1.00	0.10	–	1.10
Capital Opportunity Facility from converted PAF2 award	1.23	0.13	–	1.36

1 Represents awards granted in January 2014 for 2013.
2 Represents awards granted in January 2015 for 2014.
3 Represents awards granted in January 2016 for 2015.

EXECUTIVE BOARD COMPENSATION

Compensation structure and awards

As communicated in the 2015 Compensation Report and fully implemented in 2016, material amendments were made to the Executive Board compensation design to reflect the new organizational structure of the Group, the revised strategic objectives and shareholder feedback, and to provide a more direct link between pay and performance. Under the new structure, the variable incentive compensation for Executive Board members consists of a short-term incentive opportunity (STI Opportunity) and a long-term incentive opportunity (LTI Opportunity), each expressed as a multiple of the respective Executive Board member's base salary. Target and maximum STI and LTI Opportunity levels are determined for Executive Board members by the Compensation Committee and approved by the Board, taking into account benchmark market levels of compensation for each role provided by the Compensation Committee's external compensation adviser, McLagan. At the end of each performance cycle, the actual payout levels of the STI and LTI Opportunities are determined according to threshold, target and maximum payout levels which are directly linked to performance criteria, and the maximum payout level in each case may not exceed 100% of the opportunity. The assessment of performance against the targets set for the STI and LTI awards and the actual achievements against such performance targets will be disclosed in the Compensation Report at the end of the respective performance cycles.

The STI award is based on the performance of the preceding year and is designed to reward the achievement of annual objectives. The final payout levels of the STI award are linked to the achievement of the pre-determined performance criteria and targets of the preceding year, as approved by the Board. STI awards are paid in the form of 50% immediate cash and 50% deferred cash awards, which vest on the third anniversary of the grant date.

▸ Refer to the chart "Overview of 2016 Short-Term Incentive awards" and "Types of awards in 2017" for more details.

Overview of 2016 Short-Term Incentive awards

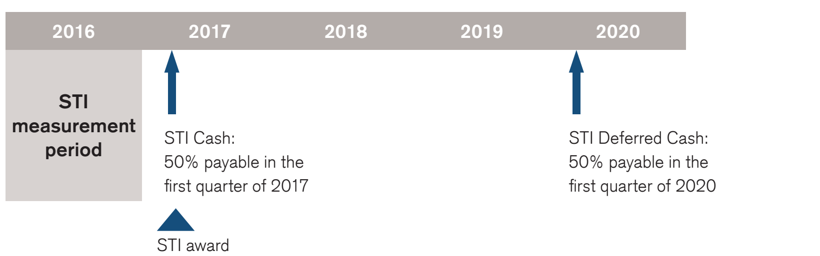
Key features

- Rewards achievement of annual objectives of the Group and the divisions
- Maximum opportunity is expressed as a percentage of base salary and may not exceed this level
  – For 2016, the maximum opportunity range is between 75% and 225% of base salary
- Payout levels determined by quantitative and qualitative performance objectives, and defined as % of total opportunity:
  – Maximum performance: 100%
  – Target performance: 80%
  – Threshold performance: 25%
  – Below threshold: 0%
- Delivery as 50% immediate cash payment and 50% deferred cash vesting on third anniversary of grant date
- For PRA Code Staff, delivery is as follows:
  – 20% immediate cash payment
  – 20% immediate Credit Suisse Group AG registered shares, subject to blocking period of six months
  – 30% deferred cash and 30% deferred shares, vesting in five equal tranches on the third to seventh anniversaries of the grant date

Performance Criteria

Performance criteria and weighting (%)	CEO	Divisional Head	Functional Head
Quantitative criteria: Group level (adjusted[1] pre-tax income, CET1 ratio, CET1 leverage ratio)	70%	20%	70%
Quantitative criteria: Divisional level (adjusted[1] pre-tax income, net new assets, risk-weighted assets, leverage exposure, adjusted[1] return on regulatory capital)	–	50%	–
Qualitative criteria (delivery of strategic initiatives, leadership/culture, compliance)	30%	30%	30%

Delivery and Vesting Timeline (Example of 2016 award granted in January 2017)



[1] Adjusted results are non-GAAP financial measures that exclude goodwill impairment, real estate transactions, business sales, restructuring expenses, and major litigation provisions. Refer to "Reconciliation of adjusted results" in II – Operating and financial review – Credit Suisse for further information. For the purposes of evaluating the Executive Board's contribution to the achievement of satisfactory financial results for the Group, the Compensation Committee considers the adjusted results to be a more accurate reflection of operating results and therefore a more appropriate basis for the purposes of establishing compensation.

The LTI award is structured to reward the achievement of the Group's long-term business plan, providing closer alignment with the long-term target returns of shareholders. The LTI award is provided in the form of Credit Suisse Group AG registered shares, which vest upon the achievement of pre-defined performance metrics at the end of the three-year performance period. Following the completion of the three-year performance period, the final payout levels of the LTI award are determined by the Compensation Committee (and approved by the Board) based on the achievement of the pre-determined performance metrics. These metrics include the Relative Total Shareholder Return (RTSR) of Credit Suisse Group AG registered shares as a market-determined metric and other internal key performance metrics. Due to the commercial sensitivity of these internal metrics, performance against targets will be disclosed retrospectively. Any portion of the LTI Opportunity awarded is subject to phased vesting, whereby the shares are delivered in three installments over two years following the completion of the performance period on the respective third, fourth and fifth anniversaries of the grant date. Due to the importance of achieving the firm's long-term business objectives, approximately two-thirds of total variable incentive compensation to Executive Board members is granted in the form of LTI awards.

▸ Refer to the chart "Overview of 2017 Long-Term Incentive awards" and "Types of awards in 2017" for more details.

In 2016, the annual base salary for the CEO was CHF 3.0 million. For Executive Board members based in Switzerland and Singapore, the annual base salary was CHF 2.0 million or the equivalent amount in local currency, and USD 2.0 million for Executive Board members based in the US. Individuals who were appointed to the Executive Board during 2016 received a base salary at these levels on a pro rata basis with effect from the time of appointment to the Executive Board. Base salaries and role-based allowances paid in 2016 were fully in line with the overall amount of fixed compensation approved by shareholders for members of the Executive Board at the 2015 and 2016 AGMs.

The compensation design described above applies to all Executive Board members, except for Mr. David R. Mathers, who is considered PRA Code Staff and subject to the regulations of the PRA and the European Banking Authority (EBA). In order to comply with the rules and requirements of the PRA and EBA, a portion of this individual's compensation was awarded as a role-based allowance, which was taken into consideration when variable incentive compensation was determined, and a portion of this individual's STI award was granted in the form of a deferred share award, instead of a cash award.

For 2016, the combined STI Opportunity and LTI Opportunity for the CEO was a multiple of four times base salary, and the maximum variable incentive compensation plus base salary was CHF 15.0 million, as shown in the table "2016 Executive Board compensation structure". Similarly, for Executive Board members, the combined STI and LTI Opportunity levels ranged from two to five and a half times base salary depending on the member's role and function, and the maximum variable incentive compensation plus base salary was CHF 13.0 million.

2016 Executive Board compensation structure

	Executive Board member				CEO			
	Range of opportunity levels (multiple of base salary)	Base salary (CHF million)	Maximum variable incentive compensation (CHF million)	Maximum total compensation (CHF million) [1]	Maximum opportunity (multiple of base salary)	Base salary (CHF million)	Maximum variable incentive compensation (CHF million)	Maximum total compensation (CHF million) [1]
Short-term incentive award	0.75 – 2.25	2.00	4.50	6.50	1.50	3.00	4.50	7.50
Long-term incentive award	1.25 – 3.25	–	6.50	6.50	2.50	–	7.50	7.50
Total	**2.00 – 5.50**	**2.00**	**11.00**	**13.00**	**4.00**	**3.00**	**12.00**	**15.00**

[1] Excluding dividend equivalents, pension and other benefits.

Governance

Compensation payable to the Executive Board members, including the CEO, is approved by the Board, based on the recommendation of the Compensation Committee. All variable incentive compensation recommendations will be submitted to shareholders as aggregate numbers per proposal for their binding votes at the AGM in April 2017. In determining its recommendation to the Board, the Compensation Committee assesses the performance of the Executive Board members, including the CEO, based on actual performance compared to pre-defined individual objectives and performance targets.

Performance evaluation and compensation decisions for 2016

In February 2017, the Compensation Committee completed its performance evaluation for 2016 for the Group and the individual assessments of the Executive Board members. In determining variable compensation, the Compensation Committee reviewed the outcome of the applicable Group and divisional quantitative and qualitative performance metrics relative to the maximum, target and threshold performance levels for each individual. The respective performance levels were pre-defined during the financial planning stages of 2016, specifically for compensation assessment purposes. The performance assessment and payout levels achieved are presented in the table "STI awards: 2016 quantitative performance assessment". Due to the commercially sensitive nature of the internal divisional performance targets, only the Group performance targets that apply to all Executive Board members are disclosed.

Variable incentive compensation for Executive Board membership during 2016

2016 results against performance targets for the 2016 STI awards

During 2016, the Group strengthened its capital position. Without taking into account the provision of approximately USD 2 billion for the settlement with the DOJ regarding the Group's legacy RMBS business, and an increase in operational risk-weighted assets of approximately CHF 0.7 billion in connection with the RMBS settlement, both of which the Compensation Committee regarded, in its discretion on compensability, as not reflective of underlying operating performance, the Group's look-through CET1 ratio would have been 12.4%, compared to the year-end performance target of 11.0%. Excluding the RMBS settlement provision, the Group's look-through CET1 leverage ratio would have been 3.5%, compared to the year-end performance target of 3.3%. The Group's adjusted pre-tax income of CHF 615 million achieved for 2016 was below the performance target of CHF 1,502 million, primarily reflecting significantly weaker trading results in the Asia Pacific region, particularly in the fourth quarter. Nevertheless, the Group made significant progress during the year in decreasing its fixed cost base and investing in strengthening its client franchises, to increase operating leverage going forward.

Swiss Universal Bank achieved results mostly in line with the target performance levels set for 2016. Adjusted pre-tax income of CHF 1,738 million exceeded the maximum performance level. In terms of capital usage, risk-weighted assets of CHF 66 billion and leverage exposure of CHF 253 billion included investments in growth businesses, and were between the threshold and target performance levels. Private Banking net asset outflows of CHF 2 billion was below the threshold performance level and mainly reflected terminated relationships with certain external asset managers and the regularization of client assets.

International Wealth Management delivered a strong performance in 2016. The Private Banking business achieved adjusted pre-tax income of CHF 822 million, and net new assets of CHF 16 billion, exceeding the respective maximum performance levels for 2016. The Asset Management business increased its adjusted pre-tax income by 54% compared to the previous year to CHF 287 million, albeit below the threshold performance level set for the year. In terms of capital, the division as a whole exceeded its maximum performance levels at the end of the year, with risk-weighted assets of CHF 35 billion and leverage exposure of CHF 94 billion.

Asia Pacific's results reflected a Private Banking business that performed strongly during the year, while the Investment Banking business was adversely impacted by low client trading activity, in particular in the fourth quarter of 2016. Adjusted pre-tax income for 2016 of CHF 778 million was below the threshold performance level, primarily driven by lower trading revenues. Net new assets for the Private Banking business of CHF 14 billion was slightly below the threshold performance level. Overall, Asia Pacific achieved an adjusted return on regulatory capital of 14.8%, which was below the threshold performance level.

Global Markets made strong progress in executing its strategy in 2016, reducing risk-weighted assets to USD 51 billion, exceeding the maximum performance level. The division also successfully lowered its cost base, with adjusted operating expenses of USD 5,295 exceeding the target performance level for the year. In a year of substantial restructuring, the Global Markets businesses remained profitable, with an adjusted return on regulatory capital of 2.0%, albeit lower than the target performance level.

Investment Banking & Capital Markets continued to successfully execute its strategy, improving its share of wallet across all key products and covered client segments during 2016. Adjusted return on regulatory capital for the full year was 11.9%, which was below the threshold performance level. Risk-weighted assets of USD 18 billion at the end of the year exceeded the maximum performance level, and leverage exposure of USD 45 billion was below the threshold performance level.

The Strategic Resolution Unit made significant progress in disposing of legacy positions and exceeded the maximum performance levels for 2016 in terms of profitability, with an adjusted pre-tax loss for 2016 of CHF 2,943 million, and capital usage, with risk weighted assets of CHF 45 billion at the end of the year. Leverage exposure of CHF 106 billion was between the target and maximum performance year-end levels.

The payout levels corresponding to achievement of "Threshold", "Target" and "Maximum" performance levels are shown in "Overview of 2016 Short-Term Incentive awards" and the calculation of the payout level for the financial performance metrics is demonstrated in "STI award payout level calculation".

Qualitative assessment for the 2016 STI awards

In the overall performance assessment for the year, qualitative factors carried a 30% weighting for all Executive Board members and included criteria such as successful execution of business strategy, leadership initiatives, talent management, partnerships and collaboration in strengthening the Group's client focus, and contribution to the enhancement of the Group's brand and reputation. The Compensation Committee noted that during 2016 the Executive Board continued to successfully implement the Group's strategy, reducing the cost base of their respective operations, reallocating resources to higher growth businesses, increasing market share across key products and client segments, while maintaining the focus on clients and supporting the reputation of the Group. The Compensation Committee also noted the strong leadership qualities of the respective divisional and functional heads, the strengthening of control measures within both the business and corporate functions, as well as the promotion of diversity and retention of key talent, amongst other qualitative achievements. Overall, the Compensation Committee determined that each of the Executive Board members had performed effectively in their respective roles, contributing to the strategic positioning of the Group and on the whole, achieving their qualitative targets for the year.

STI awards granted for 2016

Taking into account the 2016 results against performance targets as well as the qualitative assessment outlined above, the Compensation Committee recommended an aggregate amount of STI awards of CHF 25.99 million to be granted to the members of the Executive Board comprised of cash, deferred cash and deferred share awards. The aggregate amount represents, on average, 80% of the STI Opportunity set for each Executive Board member.

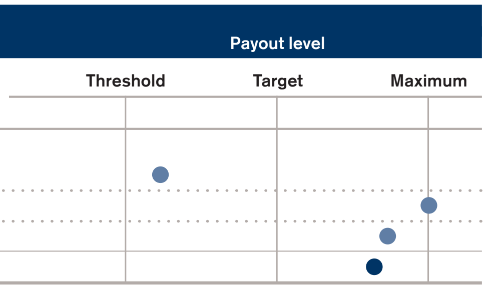
STI award payout level calculation

STI payout levels between Threshold, Target and Maximum levels are calculated as a linear percentage of the award opportunity.

Actual performance	Payout level
Below Threshold	0%
At Threshold	25%
Between Threshold and Target	$25\% + \left[\left(\frac{\text{Actual} - \text{Threshold}}{\text{Target} - \text{Threshold}}\right) \times 55\%\right]$
Target	80%
Between Target and Maximum	$80\% + \left[\left(\frac{\text{Actual} - \text{Target}}{\text{Maximum} - \text{Target}}\right) \times 20\%\right]$
At Maximum or above	100%

STI awards: 2016 quantitative performance assessment

Performance criteria	Weighting	2016 target	2016 result
CEO and functional heads			
Group metrics			
Adjusted pre-tax income (CHF million)	10%	1,502	615
CET1 ratio	30%	11.0%	12.4% [1]
CET1 leverage ratio	30%	3.3%	3.5% [2]
Total	**70%**		

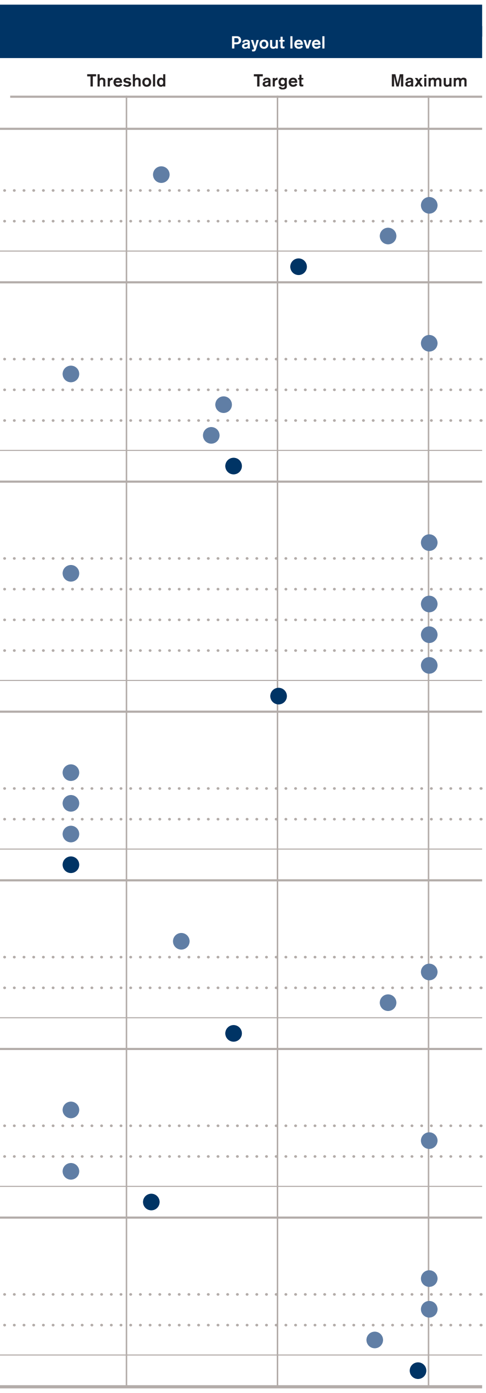


[1] The look-through CET1 ratio, without taking into account the impact of the final DOJ settlement relating to the Group's legacy RMBS business, excludes a provision in the fourth quarter of 2016 of approximately USD 2 billion and an increase in the fourth quarter of 2016 in operational risk-weighted assets of approximately CHF 0.7 billion. The reported look-through CET1 ratio was 11.5%.

[2] The look-through CET1 leverage ratio, without taking into account the impact of the final DOJ settlement relating to the Group's legacy RMBS business, excludes a provision in the fourth quarter of 2016 of approximately USD 2 billion. The reported look-through CET1 leverage ratio was 3.2%.

STI awards: 2016 quantitative performance assessment

Performance criteria	Weighting	2016 result
Divisional heads		
Group metrics		
Adjusted pre-tax income (CHF million)	5%	615
CET1 ratio	7.5%	12.4% [1]
CET1 leverage ratio	7.5%	3.5% [2]
Total	**20%**	
Swiss Universal Bank metrics		
Adjusted pre-tax income (CHF million)	20%	1,738
Private Banking net new assets (CHF billion)	10%	(2)
Risk-weighted assets (CHF billion)	10%	66
Leverage exposure (CHF billion)	10%	253
Total	**50%**	
International Wealth Management metrics		
Private Banking adjusted pre-tax income (CHF million)	10%	822
Asset Management adjusted pre-tax income (CHF million)	10%	287
Private Banking net new assets (CHF billion)	10%	16
Risk-weighted assets (CHF billion)	10%	35
Leverage exposure (CHF billion)	10%	94
Total	**50%**	
Asia Pacific metrics		
Adjusted pre-tax income (CHF million)	20%	778
Net new assets (CHF billion)	10%	14
Adjusted return on regulatory capital	20%	14.8%
Total	**50%**	
Global Markets metrics		
Adjusted return on regulatory capital	20%	2.0%
Risk-weighted assets (USD billion)	15%	51
Adjusted operating expenses (USD million)	15%	5,295
Total	**50%**	
Investment Banking & Capital Markets metrics		
Adjusted return on regulatory capital	20%	11.9%
Risk-weighted assets (USD billion)	15%	18
Leverage exposure (USD billion)	15%	45
Total	**50%**	
Strategic Resolution Unit metrics		
Adjusted pre-tax income (CHF million)	15%	(2,943)
Risk-weighted assets (CHF billion)	20%	45
Leverage exposure (CHF billion)	15%	106
Total	**50%**	



[1] The look-through CET1 ratio, without taking into account the impact of the final DOJ settlement relating to the Group's legacy RMBS business, excludes a provision in the fourth quarter of 2016 of approximately USD 2 billion and an increase in the fourth quarter of 2016 in operational risk-weighted assets of approximately CHF 0.7 billion. The reported look-through CET1 ratio was 11.5%.

[2] The look-through CET1 leverage ratio, without taking into account the impact of the final DOJ settlement relating to the Group's legacy RMBS business, excludes a provision in the fourth quarter of 2016 of approximately USD 2 billion. The reported look-through CET1 leverage ratio was 3.2%.

Executive Board compensation for 2016 (audited)

in	STI awards (Non-deferred) [1]	STI awards (Deferred) [2]	**Total STI compensation** [3]	Salaries and role-based allowances	Dividend equivalents [4]	Pension and similar benefits and other benefits [5]	**Total fixed compensation**	**Total compensation**	LTI awards 2016 fair value (Deferred) [6]	**Total compensation, including LTI awards** [7, 8]
2016 (CHF million, except where indicated; does not include replacement awards)										
13 members	12.81	13.18	**25.99**	26.99	0.60	2.00	**29.59**	**55.58**	26.46	**82.04**
% of total compensation, including LTI awards			**32%**				**36%**		32%	
of which joiners and leavers during 2016 (2 individuals)	2.35	2.35	**4.70**	2.60	0.00	0.01	**2.61**	**7.31**	3.51	**10.82**
% of total compensation, including LTI awards			**44%**				**24%**		32%	
of which CEO: Tidjane Thiam	2.08	2.08	**4.17**	3.00	0.47	0.21	**3.68**	**7.85**	4.05	**11.90**
% of total compensation, including LTI awards			**35%**				**31%**		34%	

1 STI non-deferred awards for 2016 comprised CHF 12.44 million cash, with a further CHF 0.37 million granted as blocked shares to Mr. Mathers, who was categorized as PRA Code Staff during 2016.
2 STI deferred awards for 2016 comprised CHF 11.84 million in deferred cash awards as well as CHF 1.34 million granted as phantom share awards to Mr. Mathers, who was categorized as PRA Code Staff during 2016, and Mr. O'Hara, who ceased to be a member of the Executive Board during 2016.
3 STI awards included a variable compensation award of CHF 1.58 million comprising CHF 0.79 million cash and CHF 0.79 million deferred awards in respect of Mr. O'Hara relating to the period after he ceased to be a member of the Executive Board.
4 Dividend equivalents were paid in respect of replacement awards, as well as in respect of share awards granted prior to January 1, 2014, and were delivered in cash, consistent with dividends paid on actual shares.
5 Other benefits consist of housing allowances, expense allowances and relocation allowances.
6 The fair value of the LTI awards as of the date of grant has been determined using a Monte Carlo pricing model. The pricing is based on a valuation and estimate by an external provider. This has been further validated by internal valuation. The awards have a total maximum opportunity of CHF 49 million, which was the amount approved by shareholders at the 2016 AGM.
7 For Mr. Chin, who joined the Executive Board during 2016, only compensation relating to the period during which he was a member of the Executive Board is included in the table above.
8 For the total compensation awarded to members of the Executive Board, the Group made payments of CHF 2.6 million in 2016 to cover the mandatory employer social security contributions as required under the social security laws applicable to the individual Executive Board members based on their domicile and employment status. These contributions do not form part of the Executive Board members' compensation.

Total Executive Board compensation for 2016

Pursuant to the Group's revised strategic direction and the first full year of implementation of the new Executive Board compensation structure, total compensation awarded to the Executive Board members included fixed compensation and STI awards, as well as the estimated fair value of the LTI awards granted in 2016. Compared to total compensation of CHF 64.20 million awarded for 2015, the CHF 82.04 million awarded for 2016 mainly reflects the inclusion of the forward-looking LTI awards, which were not part of compensation awarded in 2015.

2016 total compensation of the CEO and highest paid Executive Board member

In its recommendation to the Board regarding variable incentive compensation for the CEO Mr. Tidjane Thiam, who was also the highest paid Executive Board member, the Compensation Committee, in consultation with the Chairman, considered Mr. Thiam's progress towards the successful execution of the Group's strategy during the first full year of the three-year strategic plan. In particular, the Compensation Committee noted the significant achievement made in reducing the Group's cost base, with net cost savings achieved in 2016 exceeding the target for the year. Further, Mr. Thiam has led the Group to a stronger capital position. Without taking into account the provision of approximately USD 2 billion for the settlement with the DOJ regarding the Group's legacy RMBS business, and an increase in operational risk-weighted assets of approximately CHF 0.7 billion in connection with the RMBS settlement, the year-end look-through CET1 ratio would have been 12.4% exceeding the performance target level of 11.0%, and the look-through CET1 leverage ratio would have been 3.5% exceeding the year-end target performance level of 3.3%.

In its assessment of Mr. Thiam against the qualitative criteria, the Board considered his sound leadership, careful and measured approach and success in formulating and driving the Group towards one cohesive, client-centric bank, focused on profitable, sustainable and compliant growth. A key element to the successful implementation of the Group's strategy during the year was Mr. Thiam's efforts to drive a change in culture, which emphasizes rewarding performance and ethical conduct, and promotes collaboration in delivering an integrated approach between wealth management and investment banking, placing clients at the center of the Group's value proposition. Mr. Thiam has also improved the operating leverage of the Group, by embedding a focus on cost efficiency and effectiveness throughout the business divisions and corporate functions. He was also recognized for taking decisive action in changes to management and his personal engagement in resolving significant legacy legal issues. Mr. Thiam was credited with protecting and building the Group's reputation and brand, as demonstrated by his responsiveness to the Group's various regulators who impact many of the Group's activities and will have an influence on the Group's strategy going forward. Mr. Thiam was also recognized for his prudent capital management and the structured and orderly wind-down of legacy assets, which to date has been executed with low cost to shareholders, and has enabled the reinvestment of capital into the more client-centric core businesses in an effort to drive future growth and profitability for the Group.

Overall, the Board considered Mr. Thiam's strong leadership, consistent execution of the Group's communicated strategy, effective delivery of cost efficiencies, principled and ethical conduct, and his role in driving the Group towards a stronger capital position in determining that Mr. Thiam had met his performance targets set for the year.

The Board approved the recommendation of the Compensation Committee to award Mr. Thiam an STI award of CHF 4.17 million comprised of 50% immediate cash and 50% deferred cash vesting on the third anniversary of the grant date. In addition, Mr. Thiam was granted an LTI award with a fair value of CHF 4.05 million at the time of grant, as well as fixed compensation of CHF 3.68 million.

The Group plans to disclose the total realized compensation for the CEO on an annual basis. For 2016, Mr. Thiam did not receive any other realized compensation aside from his salary, dividend equivalents and the 50% immediate cash from the STI award mentioned above.

Compensation for individuals who served on the Executive Board for part of the year

For Mr. Timothy P. O'Hara, who served on the Executive Board for the first nine months of 2016, the STI award payout level was determined by comparing the full year forecast outcome of the relevant quantitative metrics at the time he ceased to be an Executive Board member, to the pre-defined threshold, target and maximum performance levels, as well as the applicable qualitative considerations. The STI award payout level was then applied to his pre-defined full-year opportunity and pro-rated to reflect the portion of the year during which he served on the Executive Board. The actual STI award granted for 2016 also included the variable incentive compensation awarded to Mr. O'Hara relating to the period during which he was not a member of the Executive Board. This was negotiated in a separation agreement, taking into account the performance of the business, individual contribution and continued services to the Group after ceasing to be a member of the Executive Board.

For the one individual who joined the Executive Board in September 2016, Mr. Brian M. Chin, the STI award payout level was based on the full year outcome of the relevant qualitative and quantitative performance metrics compared to the pre-defined threshold, target and maximum performance levels. The STI award payout level was then applied to his pre-defined full-year opportunity and pro-rated to reflect the portion of the year during which he served on the Executive Board to determine the actual STI award granted for 2016. For the period of 2016 during which Mr. Chin was not a member of the Executive Board, variable incentive compensation was based on the achievement of pre-existing objectives set prior to his promotion to the Executive Board, pursuant to the annual performance appraisal process for employees who do not hold Executive Board positions.

Executive Board compensation for 2015 (audited)

in	STI awards (Cash)	STI awards (Deferred) [1]	Total STI compen-sation	Salaries and fixed allowances	Dividend equivalents [2]	Pension and similar benefits and other benefits [3]	Total fixed compen-sation	Total compen-sation [4, 5]	LTI awards 2015 fair value (Deferred) [6]	Total compen-sation, including LTI awards
2015 (CHF million, except where indicated; does not include replacement awards)										
17 members	13.93	20.65	**34.58**	27.87	0.51	1.23	**29.62**	**64.20**	–	**64.20**
% of total compensation			**54%**				**46%**			
of which joiners and leavers during 2015 (12 individuals)	11.41	16.42	**27.83**	15.27	0.28	0.64	**16.19**	**44.02**	–	**44.02**
% of total compensation			**63%**				**37%**			
of which highest paid: Rob Shafir	3.15	3.15	**6.30**	1.54	0.03	0.01	**1.58**	**7.88**	–	**7.88**
% of total compensation			**80%**				**20%**			
of which CEO: Tidjane Thiam	1.14	1.71	**2.86**	1.58	–	0.13	**1.71**	**4.57**	–	**4.57**
% of total compensation			**63%**				**37%**			

1 STI awards for 2015 comprised CHF 11.4 million Contingent Capital Awards, CHF 8.7 million performance shares as well as CHF 0.55 million granted as blocked shares and performance shares to the Executive Board members who were categorized as PRA Code Staff, including an Executive Board member who is no longer on the Executive Board. The applicable Group share price for all share awards was CHF 19.93.

2 Share awards granted prior to January 1, 2014 carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years and were delivered in cash, consistent with dividends paid on actual shares.

3 Other benefits consist of housing allowances, expense allowances and relocation allowances. For the total compensation awarded to members of the Executive Board, the Group made payments of CHF 5.8 million in 2015 and CHF 4.3 million in 2014 to cover the mandatory employer social security contributions as required under the social security laws applicable to the individual Executive Board members based on their domicile and employment status. These contributions do not form part of the Executive Board members' compensation.

4 For the individuals who joined the Executive Board and the individuals who left the Executive Board during 2015, compensation relating to the period during which they were members of the Executive Board is included in the table above. Compensation for Mr. Thiam includes compensation relating to the period from June 22, 2015 to December 31, 2015; compensation for Mr. Shafir relates to the period from January 1, 2015 to October 21, 2015.

5 Replacement awards in the form of share awards were granted to Mr. Thiam and Mr. Goerke with the value at grant of CHF 14.3 million and CHF 1.9 million, respectively, to compensate them for the cancellation of deferred awards by their previous employer. Valued at the closing share price of CHF 14.21 on March 17, 2016, the replacement awards amount to CHF 9.6 million and CHF 1.1 million, respectively. These one-time replacement awards do not form part of the compensation in the table above. Considering these payments with their value at grant, the total compensation of the Executive Board and the CEO in 2015 amounted to CHF 80.4 million and CHF 18.9 million, respectively.

6 In connection with material amendments made to the Executive Board compensation design, as communicated in the 2015 Compensation Report, no LTI awards were granted for 2015.

Utilization of Executive Board compensation approved at the 2016 AGM

At the 2016 AGM, shareholders approved an aggregate amount of fixed compensation to be paid to members of the Executive Board for the period from the 2016 AGM to the 2017 AGM of no more than CHF 33 million. By the time of the 2017 AGM, a total of CHF 30.2 million will have been paid to Executive Board members with respect to fixed compensation. Fixed compensation includes base salaries, role-based allowances, dividend equivalents, pension and benefits. In line with the Compensation Ordinance and as specified in the AoA, a further 30% of this approved amount, or CHF 9.9 million, may be paid as fixed compensation to new Executive Board members. No additional amount was required in 2016.

At the 2016 AGM, shareholders also approved an aggregate amount of LTI compensation to be granted to members of the Executive Board for the 2016 financial year of no more than CHF 49.0 million. The actual 2016 LTI compensation awarded to members of the Executive Board was within this maximum amount.

Executive Board compensation proposed for approval at the 2017 AGM

Pursuant to the Compensation Ordinance and the AoA, the AGM approves on an annual basis the compensation of the Executive Board, based on a proposal by the Board. The Board may propose that a maximum aggregate amount or maximum partial amounts of compensation components for the Executive Board be approved at the AGM in advance or retroactively for the defined period described in the proposal. Accordingly, the Board will submit the following proposals to the shareholders at the 2017 AGM:

Approval of the Executive Board aggregate short-term incentive compensation for the 2016 financial year

The Board proposes that the shareholders approve an aggregate amount of STI compensation to be awarded to members of the Executive Board for the financial year 2016 of CHF 25.99 million. The total amount consists of cash, deferred cash and deferred share awards and reflects the performance achieved for 2016, as specified in the sections "Performance evaluation and compensation decisions for 2016". The proposed amount excludes any legally required employer contributions to social security systems.

Approval of the Executive Board aggregate fixed compensation for the period from the 2017 AGM to the 2018 AGM

The Board proposes that the shareholders approve an aggregate amount of fixed compensation to be paid to members of the Executive Board for the period from the 2017 AGM to the 2018

AGM of no more than CHF 31 million. The total amount of fixed compensation consists of base salaries, role-based allowances for members of the Executive Board qualifying as PRA Code Staff, dividend equivalents, and pension and similar benefits. The proposed amount excludes any legally required employer contributions to social security systems.

Approval of the Executive Board aggregate long-term incentive compensation for 2017

The Board proposes that the shareholders approve an aggregate amount of LTI compensation to be granted to members of the Executive Board for the 2017 financial year of no more than CHF 52 million. The total amount consists of deferred LTI awards subject to a performance measurement over the financial years 2017, 2018 and 2019, followed by two years of phased vesting and delivery in three installments on the respective third, fourth and fifth anniversaries of the grant date, as specified in the section "Type of awards in 2017". The cap of CHF 52 million represents the maximum amount payable in the form of LTI compensation and is subject to the achievement of all maximum performance levels by all Executive Board members receiving such compensation, as well as a Group RTSR ranking within the top four of the peer group described below. Following the completion of the three-year performance cycle, the shares that have vested carry the right to receive dividend equivalents, except where prohibited by regulation. The proposed amount excludes any legally required employer contributions to social security systems. The increase of CHF 3 million in total maximum LTI compensation proposed for 2017 compared to the maximum amount of CHF 49 million proposed and approved at the 2016 AGM reflects the adjusted market value for certain Executive Board member roles.

▸ Refer to footnote 6 in the table "Executive Compensation for 2016 (audited)" for a comparison of maximum LTI compensation and fair values.

Types of awards in 2017

2017 Short-Term Incentive (STI) awards

Each Executive Board member is provided with an STI Opportunity, which represents the maximum amount payable for its respective STI award. The 2017 STI awards will have the same structure as the 2016 STI awards, and the respective metrics and assessment of performance against the set targets will be disclosed retrospectively in the Compensation Report. Final 2017 STI awards will be subject to shareholder approval at the 2018 AGM.

▸ Refer to "Overview of 2016 Short-Term Incentive awards" for more details on the structure of STI awards.

2017 Long-Term Incentive (LTI) awards

Each Executive Board member is provided with an LTI Opportunity, which represents the maximum amount payable for its respective LTI award. The LTI Opportunity is structured to reward the achievement of the long-term business plan and the long-term target returns for shareholders. The initial size of the LTI Opportunity is determined at a level that, when combined with the base salary and STI Opportunity for the same calendar year, represents a competitive level of total compensation for the role of the particular Executive Board member in line with market levels. In setting the design elements of the LTI award, the Compensation Committee examines the competitive landscape annually, including overall compensation levels. The decision to set the maximum LTI Opportunity at 425% of base salary for 2017 was driven by consideration of the market values for certain Executive Board member positions, as provided by the Compensation Committee's independent compensation adviser, McLagan. The maximum LTI Opportunity for the CEO remains unchanged at 250% of base salary, and it is not intended to raise the maximum opportunity for all Executive Board member positions, as evidenced by the moderate increase in the request for total maximum LTI compensation from CHF 49 million to CHF 52 million. The initial LTI Opportunity is defined as a number of Credit Suisse Group AG registered shares calculated on the basis of the Credit Suisse Group share price at the time of grant. The subsequent payout of the LTI award is based on performance outcomes over a period of three years, measured from the beginning of the year for which the award was granted. The distribution of the award takes place on the third, fourth and fifth anniversaries of the grant date.

In its review of the performance metrics used for the 2016 LTI awards, the Compensation Committee considered, in particular, feedback from shareholders, and decided to refine the performance metrics and respective weightings as shown in the chart "Overview of 2017 Long-Term Incentive awards". The weighting of the market-based metric RTSR has been increased to 50% for all Executive Board members, to further reflect the importance of aligning compensation with shareholder returns. For the CEO and functional heads, the remaining 50% weighting is based on a Group cost target (15% weighting), the Group CET1 ratio and CET1 leverage ratio (10%), as well as divisional performance targets (25% weighting), which consist of performance targets relating to the adjusted pre-tax income of Swiss Universal Bank, International Wealth Management and Asia Pacific, the adjusted return on regulatory capital for Global Markets and Investment Banking & Capital Markets, and the adjusted pre-tax loss of the Strategic Resolution Unit. The divisional performance targets have been introduced for the CEO and functional heads, to provide a closer link between compensation and business performance. For divisional heads, the Group cost target, CET1 ratio and CET1 leverage ratio account for a 30% weighting in the quantitative performance assessment, and division-specific metrics such as adjusted pre-tax income or adjusted return on regulatory capital account for the remaining 20% weighting. For the purposes of evaluating the Executive Board's contribution to the achievement of satisfactory financial results for the Group, the Compensation Committee considers the adjusted results to be a more accurate reflection of operating results and therefore a more appropriate basis for the purposes of establishing compensation. Adjusted results are non-GAAP financial measures that exclude goodwill impairment, real estate transactions, business sales, restructuring expenses, and major litigation provisions.

▸ Refer to "Reconciliation of adjusted results" in II – Operating and financial review – Credit Suisse for further information.

Overview of 2017 Long-Term Incentive awards

Key features

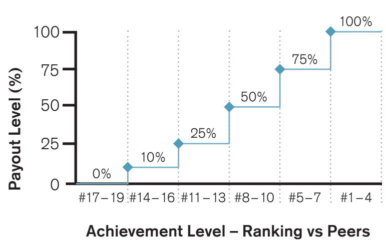
- Rewards achievement of long-term business plan and long-term returns for shareholders
- Maximum opportunity is expressed as a percentage of base salary taking into account role, market experience and geography
  – For 2017, the maximum opportunity range is between 125% and 425% of base salary
- Payout levels subject to threshold, target and maximum performance outcomes measured against pre-determined Group and divisional targets over three years:
  – Maximum performance: 100%
  – Target performance: 80%
  – Threshold performance: 25%
  – Below threshold: 0%
- Payout levels with respect to Relative Total Shareholder Return ranking are shown in the chart "Payout levels (RTSR)"
- Delivery in the form of shares with performance vesting three years from grant date and delivery in three equal tranches on the third, fourth and fifth anniversaries of the grant date

Performance Criteria[1]

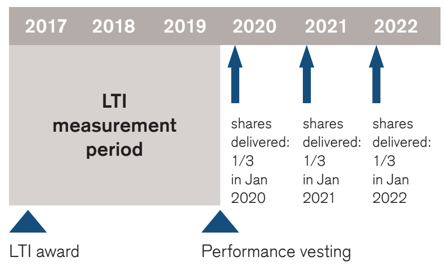
Performance criteria and weighting (%)	CEO	Divisional Head	Functional Head
Relative Total Shareholder Return (RTSR)	50%	50%	50%
CET1 ratio/CET1 leverage ratio	10%	10%	10%
Cost target	15%	20%	15%
Divisional performance	25%[2]	20%[3]	25%[2]

Payout levels (RTSR)

(Credit Suisse Group RTSR ranked vs peers[4])



Example of 2017 LTI award



[1] Adjusted results are non-GAAP financial measures that exclude goodwill impairment, real estate transactions, business sales, restructuring expenses, and major litigation provisions. For the purposes of evaluating the Executive Board's contribution to the achievement of satisfactory financial results for the Group, the Compensation Committee considers the adjusted results to be a more accurate reflection of operating results and therefore a more appropriate basis for the purposes of establishing compensation.

[2] Divisional performance is measured using the following criteria: (i) adjusted pre-tax income of Swiss Universal Bank, International Wealth Management and Asia Pacific (15% weighting), (ii) adjusted return on regulatory capital for Global Markets and Investment Banking & Capital Markets (5% weighting), and (iii) adjusted pre-tax loss for the Strategic Resolution Unit (5% weighting).

[3] Divisional performance is measured using the following criteria: (i) adjusted pre-tax income and adjusted return on regulatory capital for Swiss Universal Bank, International Wealth Management and Asia Pacific, (ii) adjusted return on regulatory capital for Global Markets and Investment Banking & Capital Markets, and (iii) risk-weighted assets, leverage exposure and adjusted pre-tax loss for the Strategic Resolution Unit.

[4] See "Types of awards in 2017" for complete list of peer group.

In terms of the RTSR metric, a group of 18 peers have been chosen based on size, geographic scope and business mix, to provide the benchmark for comparison of performance. This 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. RTSR is measured based on a ranked approach and a payout level of 100% requires a Credit Suisse Group TSR ranking within the top four of the peer group, whereas a ranking of eight to ten would result in a payout level of 50%.

▸ Refer to the "Payout levels (RTSR)" in the chart "Overview of 2017 Long-Term Incentive awards" for more details on payout levels with respect to rankings.

For each of the internal performance targets at the Group and divisional levels, the Board approved "Threshold", "Target" and Maximum" achievement levels over the 2017-2019 performance cycle, which would result in payouts of 25%, 80%, and 100% of the maximum opportunity amount, respectively. The performance against targets will be disclosed retrospectively.

Malus and clawback provisions

All deferred compensation awards of Executive Board members are subject to the same malus provisions as other employees. All variable incentive compensation granted to PRA Code Staff is also subject to clawback.

▸ Refer to "Malus provisions" and "Clawback provisions" in Group compensation for more information.

Other aspects of Executive Board compensation

Minimum share ownership requirements

The Group applies minimum share ownership requirements for members of the Executive Board as follows:

- CEO: 350,000 shares; and
- Other Executive Board members: 150,000 shares.

The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share-based awards. All affected executive employees are restricted from selling shares, or from receiving their share-based awards in the form of cash, until they fulfill the minimum share ownership requirements. The Group prohibits all employees from entering into transactions to hedge the value of outstanding share-based awards but allows employees to hedge awards that have already vested. Pledging of unvested, or vested and undistributed share-based awards is also prohibited, except with the approval of the Compensation Committee.

Cash settlement of share awards

The Executive Board members are permitted to elect, at a pre-defined date in advance of settlement, to receive their vested share-based awards in the form of shares, cash or 50% in the form of shares and 50% in cash, in each case based on the Group share price at the time of settlement. An election to receive cash is subject to reversal if at the time of settlement the Group share price is less than 75% of the share price at the time of election. The timing and pricing of settlement will be the same as under the previous award plan and as under the plans of the non-Executive Board population. This cash settlement option does not apply to deferred share-based awards granted to all other employees as of December 31, 2016, which will continue to be settled in the form of Group shares.

Contract lengths, termination and change in control provisions

All members of the Executive Board have employment contracts with the Group which are valid until terminated. The notice period for termination of employment by either the Group or the respective Executive Board member is six months. In the event of termination, there are no contractual provisions that allow for the payment of severance awards to Executive Board members beyond the regular compensation awarded during the notice period. Pre-defined conditions for all employees, including Executive Board members, apply for the payment of outstanding deferred compensation awards, depending on whether the termination of employment was voluntary, involuntary or the result of a change in control. There are no other contracts, agreements or arrangements with the members of the Executive Board that provide for other types of payments or benefits in connection with termination of employment that are not generally available to other employees of the Group.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Board upon recommendation of the Compensation Committee with the aim of maximizing shareholder value, subject to circumstances and prevailing market conditions. There are no provisions in the employment contracts of Executive Board members or any other pre-determined arrangements that require the payment of any type of extraordinary benefits, including special severance awards or transaction premia, in the case of a change in control.

Former Executive Board members (audited)

Some former members of the Group's most senior executive body who no longer provide services to the Group are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. During 2016, former Executive Board members received total compensation of CHF 8.0 million for services they continued to perform after they stepped down from the Executive Board. A total of CHF 9.7 million was paid during 2016 to former Executive Board members pursuant to non-compete arrangements agreed upon in 2015.

Executive Board shareholdings, loans and other outstanding awards

Executive Board shareholdings

The table "Executive Board holdings and values of deferred share-based awards by individual" discloses the shareholdings of the Executive Board members, their immediate family and companies in which they have a controlling interest, as well as the value of the unvested share-based compensation awards held by Executive Board members as of December 31, 2016.

The value of share-based compensation awards granted to Executive Board members in prior years varies depending on the Group share price and other factors influencing the fair value of the award. The cumulative value of these unvested share-based awards as of December 31, 2016 was on average 26% lower than at the grant date value of the awards.

Other outstanding awards

As of December 31, 2016, the outstanding cash-based deferred compensation awards granted to certain Executive Board members in prior years were the 2008 PAF, the COF, CCA, the 2012 and 2013 LTI awards and a deferred cash award granted to Mr. Chin for his former role before joining the Executive Board. The cumulative value of such cash-based awards at their grant dates was CHF 22.64 million compared to CHF 24.24 million as of December 31, 2016. These amounts also include the cash value of dividend equivalents related to unvested share awards at their respective grant dates and at December 31, 2016.

Executive Board holdings and values of deferred share-based awards by individual

end of	Number of owned shares [1]	Number of unvested share awards	Number of owned shares and unvested share awards	Value of unvested awards at grant (CHF)	Value of unvested awards as of December 31 (CHF)
2016					
Tidjane Thiam	81,927	956,854	1,038,781	19,218,952	13,979,637
James L. Amine	262,706	960,430	1,223,136	17,584,172	13,107,481
Pierre-Olivier Bouée	3,614	342,802	346,416	6,496,732	5,008,337
Romeo Cerutti	286,688	298,820	585,508	5,513,136	4,070,471
Brian Chin	109,013	692,600	801,613	14,516,015	10,118,886
Peter Goerke	17,640	198,863	216,503	3,907,775	2,905,388
Thomas Gottstein	64,318	243,555	307,873	4,577,173	3,430,375
Iqbal Khan	40,282	264,939	305,221	4,916,102	3,753,931
David R. Mathers	70,573	515,650	586,223	9,322,737	7,013,704
Joachim Oechslin	32,345	247,226	279,571	4,759,240	3,521,532
Helman Sitohang	244,895	727,512	972,407	13,138,543	10,045,960
Lara Warner	92,043	277,851	369,894	5,252,574	3,844,714
Total	**1,306,044**	**5,727,102**	**7,033,146**	**109,203,151**	**80,800,416**
2015					
Tidjane Thiam	–	677,368	677,368	14,322,470	14,692,112
James L. Amine	118,982	601,098	720,080	13,448,466	13,037,816
Pierre-Olivier Bouée	–	73,307	73,307	1,885,249	1,590,029
Romeo Cerutti	219,539	122,417	341,956	2,727,390	2,655,225
Peter Goerke	–	79,034	79,034	1,843,536	1,714,247
Thomas Gottstein	–	98,344	98,344	2,174,771	2,133,081
Iqbal Khan	13,358	99,516	112,874	2,098,706	2,158,502
David R. Mathers	35,063	215,170	250,233	4,793,822	4,667,037
Joachim Oechslin	17,099	97,982	115,081	2,124,889	2,125,230
Timothy P. O'Hara	29,079	579,567	608,646	13,521,795	12,570,808
Helman Sitohang	5,992	406,124	412,116	9,145,242	8,808,830
Lara Warner	29,313	158,244	187,557	3,658,283	3,432,312
Total	**468,425**	**3,208,171**	**3,676,596**	**71,744,619**	**69,585,229**

[1] Includes shares that were initially granted as deferred compensation and have vested.

Executive Board loans (audited)

The majority of loans outstanding to Executive Board members are mortgages or loans against securities. Such loans are made on the same terms available to employees under the Group's employee benefit plans. Each Executive Board member may be granted individual credit facilities or loans up to a maximum of CHF 20 million. As of December 31, 2016, 2015 and 2014, outstanding loans to Executive Board members amounted to CHF 25 million, CHF 26 million and CHF 5 million, respectively. The number of individuals with outstanding loans at the beginning and the end of 2016 was 7 and 8, respectively, and the highest loan outstanding was CHF 7 million to Mr. Gottstein.

All mortgage loans to Executive Board members are granted either with variable or fixed interest rates over a certain period. Typically, mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin, and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. The same credit approval and risk assessment procedures apply to Executive Board members as for other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees. These loans did not involve more than the normal risk of collectability or present other unfavorable features.

▸ Refer to "Banking relationships with Board and Executive Board Members and related party transactions" in Corporate Governance for further information.

BOARD OF DIRECTORS COMPENSATION

Governance

The governance of the compensation to members of the Board is set forth in the AoA and in the OGR. The annual compensation paid to members of the Board, including the Chairman, is approved by the Board, based on the recommendation of the Compensation Committee for the period from the current AGM to the following year's AGM. The total aggregate amount of Board compensation is subject to approval by the shareholders pursuant to the Compensation Ordinance and the AoA. In the case of the Chairman's compensation and the additional fees for the committee chairmen, the Board member concerned does not participate in the recommendation involving his or her own compensation.

Changes to the Board composition in 2016

At the 2016 AGM, Sebastian Thrun stepped down from the Board and Alexander Gut and Joaquin J. Ribeiro were elected as new members of the Board.

Basis of determining compensation for the Board

Board members are compensated on the basis of fees, which reflect the respective Board member's role, time commitment and scope of responsibility on the Board. 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. Except for the full-time Chairman, all members of the Board receive an annual base board fee of CHF 250,000. As shown in the table below, Board members also receive annual committee fees for each committee membership.

Fees paid to Board members are in the form of cash and Group shares, which are blocked and non-transferable for a period of four years. This ensures that the interests of Board members are closely aligned to the interests of shareholders. The base board and committee membership fees are paid 50% in cash and 50% in Group shares in arrears in two equal installments, except for the Chairman and committee chairmen as described below.

Membership fees

Membership	Annual fee (in CHF)
Board of Directors – base fee	250,000
Audit Committee	150,000
Chairman's and Governance Committee	100,000
Compensation Committee	100,000
Risk Committee	100,000

Compensation of the Chairman

The Chairman's role is a full time appointment, for which he is paid an annual base board fee of CHF 3.0 million in cash (divided into 12 monthly payments) plus a chair fee of CHF 1.5 million in Group shares delivered in one installment at the end of the current board period. The Chairman is also eligible to receive benefits from and makes contributions to the Group pension fund in line with local market practice for the Group. For the period from the 2016 AGM to the 2017 AGM, the Chairman proposed to voluntarily waive 50% or CHF 0.75 million of his chair fee of CHF 1.5 million, and this proposal was approved by the Board. The total compensation paid to the Chairman reflects his full-time status and active role 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 providing counsel and support, where appropriate. The Chairman coordinates the Board's activities, works with the committee chairmen to coordinate the tasks of the committees and ensures that Board members are provided with sufficient information to perform their duties. The Chairman drives the Board agenda on key topics such as the strategic development of the Group, corporate culture, succession planning and the structure and organization of the Group. The Chairman also steers the agenda on compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board, the Chairman's and Governance Committee and the shareholder meetings and takes an active role in representing the Group to regulators and supervisors, key shareholders, investors, and other external stakeholders. Moreover, he is a member of several Swiss and international industry associations on behalf of the Group, including the Swiss Bankers Association, the Swiss Finance Council, the Institute of International Finance and the European Banking Group.

Compensation of the Lead Independent Director and the Vice-Chairs

Noreen Doyle, as Lead Independent Director and Vice-Chair, and Richard E. Thornburgh as Vice-Chair do not receive additional compensation for these roles. Both individuals are members of the Chairman's and Governance Committee, however, for which they receive an annual committee fee of CHF 100,000.

Compensation of the committee chairmen

Jean Lanier, Richard E. Thornburgh and John Tiner, each in the role of committee chairman of the Compensation, Risk and Audit Committees, respectively, receive chair fees, reflecting the greater responsibility and time commitment required to perform the role of a committee chairman, which is considered to be a significant part-time role. For 2016, the chair fee was CHF 200,000 for the chairman of the Compensation Committee, CHF 580,000 for the chairman of the Audit Committee and CHF 420,000 for the chairman of the Risk Committee. The chair fees for the Audit and Risk Committee Chairmen were adjusted downwards from the prior year to better reflect market levels for these roles and also in consideration of separate fees paid to these individuals for subsidiary board roles. These fees are fixed in advance and are not linked to the Group's financial performance. The chair fees are paid 50% in cash and 50% in Group shares in one installment at the end of the current board period. In addition to the greater time commitment required to prepare and lead the committee work, the chair fees consider the engagement of the three committee chairmen throughout the year with global regulators, shareholders, the business divisions and corporate functions and other stakeholders. Regulatory developments in the banking industry in recent years have put increasing demands on the Risk and Audit Committee chairmen, in particular, increasing the frequency of interaction with the Group's main regulators on internal control, risk, capital and other matters under the supervision of these committees. Similarly, the greater focus of shareholders and regulators on compensation has resulted in an increased number of engagements between the Compensation Committee chairman and large shareholders and shareholder groups, as well as with regulators. The Audit Committee chair fee also considers the greater number of meetings required of the Audit Committee for the review and approval of the quarterly financial results and related filings (e.g. 16 meetings and calls held during 2016) and the Audit Committee chairman's supervisory role over the Internal Audit function. The Head of Internal Audit has a direct reporting line to the Audit Committee chairman and is required to deliver regular reports to the Audit Committee. The Risk Committee chair fee considers the regular interaction required between the Risk Committee chairman and the Group chief risk officer and other senior managers in the risk management function, as well as his oversight role over the strengthened Credit Risk Review function, which reports directly to him.

▸ Refer to the table "Members of the Board and Board committees" in Corporate Governance – Board of Directors for further information.

▸ Refer to "Credit risk governance" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk coverage and management – Credit risk for further information on the Credit Risk Review function.

Compensation of Board members serving on subsidiary boards

A number of Board members also serve as members on the boards of Group subsidiary companies. This practice is consistent with the Group's legal entity governance principles, which aim to foster a close alignment of the Group's governance practices and those of its significant subsidiary companies. The Group's subsidiary companies and respective board members as of December 31, 2016 were as follows:

Credit Suisse (Schweiz) AG

- Alexandre Zeller, board chair (subject to election at the 2017 AGM of the Group);
- Alexander Gut, board member and audit committee chair;
- Andreas Koopmann, board member;
- Urs Rohner, board member; and
- Severin Schwan, board member.

Credit Suisse International (CSI) / Credit Suisse Securities (Europe) Limited (CSSEL)

- Noreen Doyle, board chair.

Credit Suisse Holdings (USA) Inc.

- Richard E. Thornburgh, board chair; and
- John Tiner, board member.

With the exception of the Chairman, Board members may receive separate fees for serving on subsidiary boards, in addition to their Board fees, and are generally paid in cash. These fees are approved by the respective subsidiary boards and are subject to ratification by the Board and included in the total amount of compensation of members of the Board proposed for approval by shareholders at the AGM. The Chairman does not receive separate fees for board memberships in other Group companies, as this is considered to be included as part of the Chairman's compensation. In 2016, Board members Alexander Gut, Andreas Koopmann and Severin Schwan did not receive separate fees for their subsidiary board membership of Credit Suisse (Schweiz) AG.

Former members of the Board

Two former members of the Board are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Board or related parties during 2016.

Board compensation from the 2016 AGM to the 2017 AGM (audited)

in	Base board fee	Committee fee	Chair fees	Subsidiary board fees	**Total compen- sation** [1]	Awarded in cash	% of total compen- sation	Awarded in Group shares [2]	% of total compen- sation
2016 (CHF)									
Urs Rohner, Chairman [3]	3,000,000	–	750,000	–	3,980,929	3,230,929	81%	750,000	19%
Jassim Bin Hamad J.J. Al Thani [4]	250,000	–	–	–	250,000	125,000	50%	125,000	50%
Iris Bohnet [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%
Noreen Doyle [4, 5]	250,000	200,000	–	252,000	702,000	477,000	68%	225,000	32%
Alexander Gut	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%
Andreas N. Koopmann [4]	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%
Jean Lanier, Chairman of the Compensation Committee [4, 6]	250,000	200,000	200,000	–	650,000	325,000	50%	325,000	50%
Seraina (Maag) Macia [4]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%
Kai S. Nargolwala [4]	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%
Joaquin J. Ribeiro	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%
Severin Schwan [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%
Richard E. Thornburgh, Chairman of the Risk Committee [4, 7]	250,000	350,000	420,000	274,510	1,294,510	784,510	61%	510,000	39%
John Tiner, Chairman of the Audit Committee [4, 8]	250,000	350,000	560,000	137,255	1,297,255	717,255	55%	580,000	45%
Total	**6,000,000**	**2,150,000**	**1,930,000**	**663,765**	**10,974,694**	**7,059,694**	**64%**	**3,915,000**	**36%**

1 At the 2016 AGM, shareholders approved a maximum amount of total compensation to be awarded to Board members until the 2017 AGM of CHF 12 million. For the total compensation awarded to members of the Board, the Group will make payments of CHF 0.5 million for the 2016/2017 Board period to cover the mandatory employer social security contributions as required under the social security laws applicable to the individual Board members based on their domicile and employment status. These contributions do not form part of the Board members' compensation.

2 As per December 31, 2016, one-half of the Board member fees to be awarded in Group shares have been delivered to Board members. The applicable Group share price was CHF 14.39. The remaining shares will be delivered to Board members at or around the date of the 2017 AGM and the share price for this second share delivery will be determined at that time. Group shares are subject to a four-year blocking period.

3 The chair fee of the Chairman is set at CHF 1.5 million to be awarded as 100% Group shares. For the period from the 2016 AGM to the 2017 AGM, the Chairman proposed to voluntarily waive 50% or CHF 0.75 million of his Chair fee and this proposal was approved by the Board. The total compensation of the Chairman includes benefits for the period from the 2016 to the 2017 AGM of CHF 230,929, including pension and health insurance benefits and lump sum expenses.

4 All members of the Board are awarded an annual base board fee and a committee fee for their respective committee membership for the period from one AGM to the next, i.e., from April 29, 2016 to April 28, 2017. Except for the Chairman, who receives his base board fee in 12 monthly installments throughout this period, Board member fees are paid in two installments of cash and Group shares, which are made approximately six and twelve months after the AGM respectively. As of the date of the 2017 AGM, these total combined fees will have been paid in cash (60%) and Group shares (40%).

5 In addition to the base board and committee fees, which were awarded as 50% cash and 50% Group shares, a subsidiary board fee of GBP 200,000 (CHF 252,000) was awarded in cash to Noreen Doyle as a non-executive director and chair of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities (Europe) Limited.

6 In addition to his base board and committee fees, Jean Lanier is awarded a chair fee of CHF 200,000 as Compensation Committee Chairman; the chair fee is awarded as 50% cash and 50% Group shares.

7 In addition to his base board and committee fees, Richard E. Thornburgh was awarded a chair fee of CHF 420,000 as Risk Committee Chairman; the chair fee was awarded as 50% cash and 50% Group shares. Furthermore, Richard E. Thornburgh was awarded a subsidiary board fee of USD 280,000 (CHF 274,510) in cash as a non-executive director and chair of Credit Suisse Holdings (USA), Inc., a US subsidiary.

8 In addition to his base board and committee fees, John Tiner was awarded a chair fee of CHF 560,000 as Audit Committee Chairman; the chair fee was awarded as 50% cash and 50% Group shares. Furthermore, John Tiner was awarded a subsidiary board fee of USD 140,000 (CHF 137,255) in cash as a non-executive director and audit and risk committee member of Credit Suisse Holdings (USA), Inc., a US subsidiary.

Board compensation from the 2015 AGM to the 2016 AGM (audited)

in	Base board fee	Committee fee	Chair fees	Subsidiary board fees	**Total compen-sation** [1]	Awarded in cash	% of total compen-sation	Awarded in Group shares [2]	% of total compen-sation
2015 (CHF)									
Urs Rohner, Chairman [3]	3,000,000	–	–	–	3,225,956	3,225,956	100%	–	0%
Jassim Bin Hamad J.J. Al Thani [4]	250,000	–	–	–	250,000	125,000	50%	125,000	50%
Iris Bohnet [4, 5]	250,000	100,000	–	–	369,783	194,783	53%	175,000	47%
Noreen Doyle [4, 6]	250,000	250,000	–	280,000	780,000	530,000	68%	250,000	32%
Andreas N. Koopmann [4]	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%
Jean Lanier, Chairman of the Compensation Committee [4, 7]	250,000	200,000	200,000	–	650,000	325,000	50%	325,000	50%
Seraina (Maag) Macia [4]	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%
Kai S. Nargolwala [4]	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%
Severin Schwan [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%
Richard E. Thornburgh, Chairman of the Risk Committee [4, 8]	250,000	350,000	583,333	116,667	1,300,000	708,333	54%	591,667	46%
Sebastian Thrun [4]	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%
John Tiner, Chairman of the Audit Committee [4, 8]	250,000	350,000	641,667	58,333	1,300,000	679,167	52%	620,833	48%
Total	**5,750,000**	**2,000,000**	**1,425,000**	**455,000**	**9,875,739**	**6,788,239**	**69%**	**3,087,500**	**31%**

1 At the 2015 AGM, shareholders approved a maximum amount of total compensation to be awarded to Board members until the 2016 AGM of CHF 12 million. For the total compensation awarded to members of the Board, the Group made payments of CHF 0.5 million in 2015 and CHF 0.6 million in 2014 to cover the mandatory employer social security contributions as required under the social security laws applicable to the individual Board members based on their domicile and employment status. These contributions do not form part of the Board members' compensation.

2 As per December 31, 2015, one-half of the Board member fees to be awarded in Group shares have been delivered to Board members. The applicable Group share price was CHF 21.49. The remaining shares will be delivered to Board members at or around the date of the 2016 AGM and the share price for this second share delivery will be determined at that time. Group shares are subject to a four-year blocking period.

3 The chair fee of the Chairman is set at CHF 1.5 million to be awarded as 100% Group shares. For the period from the 2015 AGM to the 2016 AGM, the Chairman proposed to voluntarily waive his Chair fee and this proposal was approved by the Board in the context of determining compensation. The total compensation of the Chairman includes benefits received in 2015 of CHF 225,956, which included pension and health insurance benefits and lump sum expenses.

4 All members of the Board are awarded an annual base board fee and a committee fee for their respective committee membership for the period from one AGM to the next, i.e., from April 23, 2015 to April 29, 2016. Except for the Chairman, who receives his base board fee in 12 monthly installments throughout this period, Board member fees are paid in two installments of cash and Group shares, which are made approximately six and twelve months after the AGM respectively. As of the date of the 2016 AGM, these total combined fees will have been paid in cash (69%) and Group shares (31%).

5 The total compensation of Iris Bohnet includes a payment of USD 20,000 (CHF 19,783) for a speaking engagement at a Credit Suisse sponsored event.

6 In addition to the base board and committee fees, which were awarded as 50% cash and 50% Group shares, a subsidiary board fee of GBP 200,000 (CHF 280,000) was awarded in cash to Noreen Doyle as a non-executive director and chair of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities (Europe) Limited.

7 In addition to his base board and committee fees, Jean Lanier is awarded a chair fee of CHF 200,000 as Compensation Committee Chairman; the chair fee is awarded as 50% cash and 50% Group shares.

8 In addition to their base board and committee fees, Richard E. Thornburgh and John Tiner are each awarded a chair fee and a subsidiary board fee for a combined amount of CHF 700,000. Richard E. Thornburgh is awarded a chair fee of CHF 583,333 as Risk Committee Chairman (50% in cash, 50% in Group shares), and a subsidiary board fee of CHF 116,667 awarded in cash as a non-executive director and chair of the Group's US subsidiary, Credit Suisse Holdings (USA) Inc., to which Mr. Thornburgh was appointed in December 2015. Mr. Thornburgh did not receive separate fees during 2015 as non-executive director of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities (Europe) Limited. Similarly, the fees of Mr. Tiner are also split between his fee as Audit Committee Chairman (50% cash, 50% Group shares) and a subsidiary board fee awarded in cash as non-executive director of the US subsidiary, Credit Suisse Holdings (USA) Inc., to which Mr. Tiner was appointed in December 2015. The subsidiary fee amounts disclosed above are pro-rated from December 2015 until the 2016 AGM; a full-year subsidiary fee of CHF 280,000 is foreseen for the role of Mr. Thornburgh as a non-executive director and chair and CHF 140,000 for Mr. Tiner as a non-executive director of the US subsidiary board respectively.

Utilization of Board compensation approved at the 2016 AGM

At the 2016 AGM, shareholders approved an aggregate amount of compensation to be paid to members of the Board for the period from the 2016 AGM to the 2017 AGM of CHF 12 million. Of this amount, a total of CHF 11 million will have been paid to Board members by the time of the 2017 AGM, of which CHF 10.3 million related to fees for Board membership and CHF 0.7 million related to fees paid to certain Board members for subsidiary board membership.

Board compensation proposed for approval at the 2017 AGM

Pursuant to the Compensation Ordinance and the AoA, the AGM approves on an annual basis the compensation of the Board in advance as a maximum amount for the period until the next ordinary AGM. Accordingly, the Board will submit the following proposal to the shareholders at the 2017 AGM:

Approval of the compensation of the Board for the period from the 2017 AGM to the 2018 AGM

The Board proposes to approve an aggregate amount of compensation to be paid to members of the Board for the period from the 2017 AGM to the 2018 AGM of no more than CHF 12.5 million. The total amount consists of base board fees, committee fees, chair fees, subsidiary board fees and (if applicable) pension benefits and other benefits as specified in the section "Board of Directors Compensation". The proposed amount excludes any legally required employer contributions to social security systems. The increase of CHF 0.5 million compared to the prior period is in consideration of the amount of fees to be paid to Board members who are also serving on the boards of the Group's significant subsidiary companies, in particular fees related to board membership for Credit Suisse (Schweiz) AG, for which no separate fees were paid to existing Board members in the period from the 2016 AGM to the 2017 AGM. In addition, as of the 2017 AGM and subject to his election, Mr. Alexandre Zeller, chairman of Credit Suisse (Schweiz) AG, will become a new Board member. Under the rules of the Ordinance and our AoA subsidiary board fees must be included in the maximum amount of compensation of the Board proposed for approval by shareholders at the 2017 AGM, even if these are not directly related to the performance of the respective Board roles. Of the aggregate amount proposed of CHF 12.5 million, no more than approximately CHF 11 million is intended to be paid to Board members for their Board roles and no more than approximately CHF 1.5 million is intended to be paid to Board members for their roles as board members in subsidiary companies.

Board shareholdings and loans

Board shareholdings

The table below discloses the shareholdings of the Board members, their immediate family and companies in which they have a controlling interest. As of December 31, 2016, there were no Board members with outstanding options.

Board shareholdings by individual

in	2016	2015
December 31 (shares) [1]		
Urs Rohner	197,861	244,868
Jassim Bin Hamad J.J. Al Thani	35,809	26,404
Iris Bohnet	38,287	25,120
Noreen Doyle	70,883	52,998
Alexander Gut	7,865	–
Andreas N. Koopmann	81,746	60,944
Jean Lanier	96,318	75,799
Seraina (Maag) Macia	19,700	4,653
Kai S. Nargolwala	226,362	209,434
Joaquin J. Ribeiro	7,865	–
Severin Schwan	82,803	65,601
Richard E. Thornburgh	225,038	194,089
John Tiner	140,910	107,866
Total	**1,231,447**	**1,067,776** [2]

[1] Includes Group shares that are subject to a blocking period of up to four years; includes shareholdings of immediate family members.
[2] Excludes 6,850 shares held by Sebastian Thrun as of December 31, 2015, who did not stand for re-election to the Board as of April 27, 2016.

Board loans

The majority of loans outstanding to members of the Board are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party clients. Each member of the Board may be granted individual credit facilities or loans up to a maximum of CHF 20 million at market conditions. As of December 31, 2016, 2015 and 2014, outstanding loans to Board members amounted to CHF 10 million, CHF 8 million and CHF 16 million, respectively.

Board members with loans, including the Chairman, do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Unless otherwise noted, all loans to Board members are made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans listed below, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current Board members have a significant influence as defined by the SEC. Examples include holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions. As of December 31, 2016, 2015 and 2014, there was no loan exposure to such related party companies that was not made in the ordinary course of business and at prevailing market conditions.

▸ Refer to "Banking relationships with Board and Executive Board Members and related party transactions" in Corporate Governance for further information.

Board loans by individual (audited)

in	2016	2015
December 31 (CHF)		
Urs Rohner	4,830,000	4,915,000
Alexander Gut	30,000	–
Andreas N. Koopmann	4,195,000	1,775,000
Seraina (Maag) Macia	976,000	984,000
Total	**10,031,000**	**7,674,000**

Includes loans to immediate family members and companies, in which the respective Board member has an ownership stake of 50% or higher.

DISCONTINUED COMPENSATION PLANS

The Group has discontinued compensation instruments with leverage components. A summary of the principal forms of awards granted in prior years, which have since been discontinued but are still outstanding, are described in the following overview. For certain plans, the Group retains the right to settle the instruments in cash or in shares at its discretion.

Principal outstanding deferred variable compensation plans

Capital Opportunity Facility (COF)

- Basis: cash-based;
- Vesting start: 94% vested at the time of conversion in February 2014;
- Vesting end: February 2016;
- Applied to: performance in 2011, as this was derived from the conversion of the 2011 Partner Asset Facility (PAF2);
- General award conditions: The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions to be entered into with the Group chosen by the COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. COF awards were obtained in exchange for PAF2 awards. PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief up until December 2013. Due to regulatory changes, the capital relief was no longer available after December 31, 2013. As a result, the Group restructured the awards in March 2014, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to either COF or CCA, or a combination thereof;
- Other award conditions or restrictions: COF holders will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021;
- Program objective/rationale: providing employees with semi-annual fixed income distributions and a potential return on the reference assets at maturity while transferring risk from the Group to employees thereby contributing to risk reduction and capital efficiency.

2008 Partner Asset Facility (PAF)

- Basis: cash-based;
- Vesting start: 2008, 66.7% vested upon grant;
- Vesting end: 33.3% vested in March 2009;
- Applied to: performance in 2008, which included all managing directors and directors in the former Investment Banking division;
- General award conditions: the contractual term of a PAF award is eight years, with the final distribution in 2017. PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in the former Investment Banking division. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool as of December 31, 2008, and those assets cannot be substituted throughout the contractual term of the award or until liquidated;
- Other award conditions or restrictions: PAF holders will receive a semi-annual cash interest payment of the LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. They will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool;
- Program objective/rationale: designed to incentivize senior managers in the former Investment Banking division to effectively manage assets which were a direct result of risk taking in the former Investment Banking division during this period. As a result of the PAF program, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

▸ Refer to "Note 29 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for more information.