CREDIT SUISSE

Credit Suisse International
Credit Suisse Securities (Europe) Limited
Credit Suisse (UK) Limited
Credit Suisse Asset Management Limited

Basel III
Pillar 3 – UK Remuneration Disclosures 2014

Index

Remuneration disclosures

Introduction

These disclosures are made in relation to the requirements of Article 450 of the Capital Requirements Regulation ('CRR') with respect to the following Credit Suisse Group ('the Group') UK subsidiaries:

- Credit Suisse International;
- Credit Suisse Securities (Europe) Limited;
- Credit Suisse (UK) Limited; and
- Credit Suisse Asset Management Limited.

The Credit Suisse Group is committed to fair, balanced, performance-oriented compensation practices that align long-term employee and shareholder interests. Credit Suisse believes in rewarding employees for performing in a way that creates sustainable value for the Group and its shareholders over time.

The Group's objective is to maintain compensation practices and plans that:

- support a performance culture that is based on merit, and differentiates and rewards excellent performance, both in the short and long term, and recognises Credit Suisse values;
- enable Credit Suisse to attract and retain employees, and motivate them to achieve results with integrity and fairness;
- balance the mix of fixed and variable compensation to appropriately reflect the value and responsibility of the role performed day-to-day and to influence appropriate behaviours and actions;
- are consistent with and promote effective risk management practices as well as Credit Suisse's compliance and control culture;
- foster teamwork and collaboration across the Group;
- take into account the long-term performance of the Group in order to create sustainable value for shareholders; and
- is approved by the Board of Directors and regularly monitored in terms of implementation by the independent Compensation Committee of the Board of Directors.

A copy of the current compensation policy is available on the Credit Suisse website at: *www.credit-suisse.com/compensation*

The Group balances the need to reward employees fairly and competitively based on performance, with the requirement to do so within the context of principled behaviour and actions, particularly in the areas of risk, compliance and control. By adopting compensation practices to meet these objectives, Credit Suisse ensures that compensation contributes to the achievement of the Group's wider objectives in a way that does not encourage excessive risk taking or the violation of applicable laws, guidelines and regulations, taking into account the capital position and economic performance of the Group over the long term.

Decision-making process for determining the compensation policy

Credit Suisse has a single global Compensation Committee, which acts as the supervisory and special governing body for all compensation-related decisions for the Group. The Compensation Committee's charter is available on the Credit Suisse website at: *https://www.credit-suisse.com/media/cc/docs/governance/compensation-charter-en.pdf*

The Compensation Committee consists of at least three members, each of whom is an independent non-executive director of the Group. The current members are Jean Lanier (Chairman), Iris Bohnet, Andreas N. Koopmann and Kai S. Nargolwala.

Details of their relevant experience are also available on our website at: *https://www.credit-suisse.com/ch/en/about-us/governance/committee/compensation.html*

The Compensation Committee meets at least four times per year and is assisted in its work by both external legal counsel and a global compensation consulting firm, McLagan, to ensure that Credit Suisse's compensation program remains competitive, is responsive to regulatory developments and is in line with the compensation policy. To avoid any potential conflicts of interest, it is a key principle of the Group's compensation system that the external compensation consultant for the Compensation Committee is independent.

During 2014, the Compensation Committee held ten meetings with the following focus areas:

- assessing the performance of the Group and determining the divisional compensation pools for recommendation to the Board;
- reviewing the level and composition of compensation for Executive Board members and members of the Board, taking into account the key issues raised by shareholders, the impact of the US cross-border settlement in May 2014 and emerging best practice among peer companies;
- monitoring global regulatory and market trends with respect to compensation at financial institutions and assessing the obligations imposed by the Compensation Ordinance;
- reviewing the approach for compensating employees subject to the requirements of the Capital Requirements Directive ('CRD IV');

- further enhancing the compensation process for Covered Employees (which include Material Risk Takers and Controllers ('MRTCs') as well as certain other employees) in line with regulatory guidance; and
- monitoring the link between employee behaviour and compensation levels, including any impact of employee misconduct on compensation.

The Group's control functions, including risk management, legal and compliance, are involved in the design and periodic review of compensation plans. With regard to the design of specific long-term plans, multi-disciplined project teams ensure that all aspects of the plan design are tested and critically evaluated before they are put forward to the Compensation Committee for consideration and approval.

Internal Audit as part of standard procedure also conducts regular reviews of compensation to ensure that Compensation Policy standards, external regulations, and guidelines are adhered to, and that processes for achieving and maintaining balanced incentive compensation arrangements are consistently followed.

In addition, Credit Suisse implemented a UK IB Advisory Remuneration Committee ('RemCo') in 2014 which advises the Compensation Committee on matters relating to remuneration for the Investment Bank ('IB') in the UK (Credit Suisse International and Credit Suisse Securities (Europe) Limited). The RemCo has a specific duty to advise and make recommendations to the global Compensation Committee on matters for which the Compensation Committee is responsible under the Remuneration Code ('the Code'), specifically on compliance of the global Credit Suisse Group compensation policy with the Code and other relevant UK compensation regulations.

Link between pay and performance

Credit Suisse applies a philosophy of ensuring there is a strong link between performance and total compensation. There are two principal components of total compensation, fixed and variable. The mix of fixed and variable compensation is designed to ensure adequate consideration of risk in compensation decisions and varies according to the employee's position and role within the Group.

All employees are eligible to be considered for an award of discretionary variable compensation. Such awards are entirely at the discretion of the Group, and may be zero in cases of substandard performance. The Group makes decisions on variable compensation based on absolute and relative performance of the Group and its divisions, as well as pre-agreed individual performance objectives of employees, market positioning, and a variety of other factors.

Determination of the performance-based variable compensation pools is an annual process and begins during the annual financial planning/budget process as the divisions prepare their full-year budgets for the following year. Appropriate accruals for the divisional and Group-wide variable compensation pools are made by the Group throughout the year, based on sustainable, profit-based performance measures, which include an adjustment for the cost of capital. The determination of pools is also subject to the achievement of non-financial objectives and values reflected in the Group's Code of Conduct, with particular emphasis on ethics, risk, compliance and control. as well as the market and regulatory environment. The Compensation Committee and the Board regularly review proposed accruals and related internal and external reports, and makes adjustments at its discretion. However, an accrual, at the Group or any other level, does not create legal rights or entitlements for employees to receive variable compensation.

For the business divisions, the primary measure for determining the variable compensation pool is the division's income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. The methodology to determine the divisional variable compensation pools also takes into account divisional key performance indicators and non-financial criteria, including risk control, compliance and ethical considerations and relative performance compared to peers.

The total amount of the Shared Services pool is determined based on Group-wide financial performance and is not linked to the performance of the particular divisions that the Shared Services employees oversee and support. As with the business divisions, risk, control, compliance and ethics considerations and relative performance compared to peers, as well as the market and regulatory environment, are taken into account.

The final variable compensation pools are reviewed and recommended by the Compensation Committee and approved by the Board. Once the variable compensation pools have been set at the Group and divisional levels, each division allocates sub-pools to the business clusters, based on the same or similar performance metrics used to determine the divisional pool, which are in turn allocated to individual managers.

Line managers award variable compensation to individual employees based on their assessment of the performance and conduct of each individual, subject to the constraints of the pool available. Developing a strong culture that encourages an appreciation of risk management practices is a fundamental principle of this Policy, as is the link between risk management and compensation allocation. The Group adopts a performance culture that places a strong emphasis not only on achieving financial performance but also on ethical behaviour, risk management and compliance-centred behaviour. Decisions regarding the allocation of variable compensation are influenced strongly by the performance of the Group, the Division, and the individual. To support this culture, the Group uses a comprehensive performance management system, based on two performance ratings: contribution and competency.

Contribution ratings are typically based on objective criteria, such as having achieved budget targets, or having increased market shares, though they are not limited to financial criteria. Competency standards covering ethics, risk and control form an integral part of the performance management system and are embodied by five key pillars that support the Group's branding strategy and overall business vision: Proactive approach; Principled behaviour; Partnership; People leadership; and Professional skills.

Failure to adhere to the Group's ethical values and professional standards in all business activities can result in either a zero or reduced variable compensation and, in certain cases, disciplinary action up to and including dismissal.

A portion of discretionary variable awards is granted in the form of deferred compensation to reflect the nature of the Group's business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria. For 2014 the maximum deferral rate was set at 90%.

Under the Group's Compensation Policy, all deferred compensation awards contain malus provisions under which awards may be subject to pre-vesting adjustment. Additional provisions enabling the Group, subject to certain conditions, to claw back deferred and non-deferred variable compensation granted on or after January 1, 2015 to Remuneration Code Staff for seven years from the grant date, even after vesting and formal settlement with the employee, were included in awards granted to Remuneration Code Staff in January 2015. These provisions ensure that pay is not only linked to the performance in the current year but is also conditional upon sustained future performance.

Design and structure of the compensation system

As set out above, the Group's total compensation approach is based on two separate components: fixed compensation and variable compensation. The ratio between fixed and variable compensation varies from employee to employee depending on their position and role in the Group. For example, individuals in control functions will typically have a higher portion of fixed compensation, whereas employees on the revenue-generating side will typically have a higher proportion of variable compensation. In accordance with CRD IV guidelines, the variable component of total remuneration for Remuneration Code Staff is capped at 200% of the fixed component of total remuneration; shareholders of the Group's UK legal entities approved the increase of the ratio from 1:1 to 2:1 for impacted employees on 8 May 2014.

The Group operates a group-wide deferral policy, under which a portion of variable compensation is deferred once the level of compensation awarded to an individual exceeds a Group-wide threshold, which allows employees' performance, including the associated risks, to be observed and validated over a period of time before payment is actually made. Where required by the Remuneration Code, the deferral rates applicable to Remuneration Code Staff are reviewed to ensure that the variable compensation awarded to such employees is subject to deferral of at least 40% or 60%.

The instruments used to award deferred compensation are primarily structured under the Credit Suisse Group AG Master Share Plan, the Group's primary long-term incentive compensation plan. Deferred compensation instruments are designed to align the interests of employees with the interests of shareholders. The Group seeks to achieve this by providing deferred instruments, the value of which are either tied to the share price performance of the Group, the pre-tax profit of the Divisions, or the Return on Equity ('ROE') of the Group.

Members of the Executive Board, all Managing Directors and other MRTCs, received at least 50% of deferred variable compensation for 2014 in the form of performance share awards, which are subject to a negative adjustment in the event of a divisional loss or a negative underlying ROE of the Group.

Where required by the Remuneration Code, at least 50% of both deferred and non-deferred variable compensation awarded to Remuneration Code Staff is awarded in Credit Suisse Group equity. These are subject to a 6-month 'retention period' following vesting, during which they cannot be sold or transferred.

For Managing Directors and Directors in 2014, a portion of deferred variable compensation was delivered in Contingent Capital Award ('CCA'). CCAs were first granted as part of 2013 deferred variable compensation and 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 capital instruments referred to as contingent convertible instruments ('CoCos'). CCAs have loss-absorbing features such that prior to settlement, the principal amount of the CCAs would be written down to zero and cancelled if any of the following trigger events were to occur:

- The Group's reported Common Equity Tier 1 ('CET1') ratio falls below 7%; or
- The Group's Swiss regulator, FINMA, determines that cancellation of the CCAs 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.

Members of the Executive Board and members of divisional and regional management committees are also subject to a minimum share ownership requirement, which necessitates senior management of the Group to maintain a personal ownership stake in the Group. This principle is important, because it ties some of the personal assets of the executives to the share price performance of the Group.

Aggregate compensation

The following table sets out aggregate compensation expenditures for Code Staff in 2014 and 2013 by Division:

Aggregate compensation for Code Staff (1) (USD million)

	Investment Banking	Private Banking and Wealth Management	Other(2)	**Total**
2014	541	61	110	**712**
2013	315	35	39	**389**

1. Includes fixed compensation and any discretionary variable incentive awards made to Code Staff relating to the respective performance year.
2. Includes all Shared Service functions and Regional Management positions.

Detail of Code Staff and aggregate compensation

The following table sets out compensation expenditure for Code Staff in 2014 and 2013, split between fixed and variable compensation:

Code Staff – fixed, variable and aggregate compensation

As at 31 December	**2014**			**2013**		
	Senior Management	Other Code Staff	**Total**	Senior Management	Other Code Staff	**Total**
Code Staff						
Number of Code Staff (1)	62	389	**451**	43	122	**165**
Aggregate compensation (USD million)						
Fixed compensation (2)	61	261	**322**	25	60	**85**
Variable compensation (see below) (3)	80	310	**390**	88	216	**304**
Total	141	571	712	113	276	389
Variable compensation (USD million)						
Cash awards (4)	8	45	**53**	6	18	**24**
Restricted stock awards	5	30	**35**	5	12	**17**
Deferred cash-based awards	15	61	**76**	19	45	**64**
Deferred share-based awards	52	174	**226**	58	141	**199**
Total	80	310	**390**	88	216	**304**
Number of Code Staff by aggregate compensation pay band						
Up to 1,000,000 Euros	26	227	**253**	22	51	**73**
Between 1,000,000 and 1,500,000 Euros	9	72	**81**	3	20	**23**
Between 1,500,000 and 2,000,000 Euros	6	39	**45**	4	18	**22**
Between 2,000,000 and 2,500,000 Euros	6	18	**24**	4	7	**11**
Between 2,500,000 and 3,000,000 Euros	4	11	**15**	2	7	**9**
Between 3,000,000 and 3,500,000 Euros	2	2	**4**	2	3	**5**
Between 3,500,000 and 4,000,000 Euros	2	3	**5**	0	6	**6**
Between 4,000,000 and 4,500,000 Euros	0	3	**3**	1	2	**3**
Between 4,500,000 and 5,000,000 Euros	1	2	**3**	0	3	**3**
Between 5,000,000 and 6,000,000 Euros	2	7	**9**	1	2	**3**
Between 6,000,000 and 7,000,000 Euros	3	3	**6**	2	3	**5**
Between 7,000,000 and 8,000,000 Euros	0	1	**1**	1	0	**1**
Between 8,000,000 and 9,000,000 Euros	0	0	**0**	0	0	**0**
Between 9,000,000 and 10,000,000 Euros	1	1	**2**	1	0	**1**

Notes for 'Code Staff – fixed, variable and aggregate compensation' table (above)

1. Includes Asset Management Code Staff to whom the rules relating to remuneration structures in 2014 and 2013 were not applied based on guidance from the PRA/FCA.
2. Fixed compensation includes base salaries, any other allowances and any pension or benefits outside of policy paid during the respective performance year.
3. Discretionary variable compensation awards made to Code Staff relating to the respective performance year. Based on value at date of award.
4. Restricted stock awards are part of the non-deferred element of the variable compensation and are subject to a six month retention period.

Deferred compensation

The following table sets out deferred compensation for Code Staff as at 31 December 2014 and 31 December 2013:

Code Staff – deferred compensation (USD million)

As at 31 December	2014			2013		
	Senior Management	Other Code Staff	**Total**	Senior Management	Other Code Staff	**Total**
Deferred Compensation						
Outstanding vested (1)	55	348	**403**	41	208	**249**
Outstanding unvested (2)	216	670	**886**	154	323	**477**
Deferred compensation awarded (3)	106	351	**457**	64	130	**194**
Deferred compensation paid out (4)	77	288	**365**	68	164	**232**
Deferred compensation reduced through performance adjustments	0	0	**0**	0	0	**0**

1. Value of outstanding vested awards not yet delivered to Code Staff on 31 December of the respective year, based on the share price as at 31 December of that year.
2. Value of outstanding unvested awards held by Code Staff on 31 December of the respective year, based on the share price as at 31 December of that year.
3. Value of deferred compensation awarded to Code Staff during 2014 and 2013, based on the share price as at 31 December of that year.
4. Actual value delivered to Code Staff during 2014 and 2013 from the vesting of prior years' deferred compensation awards. Based on a share price as at the time of vesting.

Sign-on payments

The following table sets out 2014 and 2013 sign-on payments to Code Staff:

Code Staff – sign-on payments

	2014			2013		
	Senior Management	Other Code Staff	**Total**	Senior Management	Other Code Staff	**Total**
Sign-on payments (USD million)	0.0	0.3	**0.3**			
Number of beneficiaries	0	2	**2**			

There were no sign-on payments in 2013.

Severance payments

The following table sets out 2014 and 2013 severance payments to Code Staff:

Code Staff – severance payments

	2014 (1)			2013 (2)		
	Senior Management	Other Code Staff	**Total**	Senior Management	Other Code Staff	**Total**
Severance payments (USD million)	0.9	9.1	**10.0**	13	7	**20**
Number of beneficiaries	3	18	**21**	4	15	**19**
Highest individual awards (USD million)	0.4	3.1	**n/a**	7	1	**n/a**

1. Includes severance payments made in 2014 in respect of individuals who ceased to hold a Code Staff position in 2013.
2. Includes severance payments made in 2013 in respect of individuals who ceased to hold a Code Staff position in 2012.

All values have been converted to USD using the exchange rate on 31 December of the respective performance year, except for values of deferred compensation paid out during the year, which are converted using the prevailing exchange rate at the time of delivery to the individual Code Staff.

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Cautionary statement regarding forward-looking information

Pillar 3 disclosures contain statements that constitute forward-looking statements. In addition, in the future Credit Suisse may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- plans, objectives or goals;
- future economic performance or prospects;
- the potential effect on future performance of certain contingencies; and
- assumptions underlying any such statements.

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2015 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to Credit Suisse;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which Credit Suisse conducts operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain Credit Suisse's reputation and promote its brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve cost efficiency goals and cost targets; and
- Credit Suisse's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive.

CREDIT SUISSE INTERNATIONAL
CREDIT SUISSE SECURITIES (EUROPE) LIMITED
CREDIT SUISSE (UK) LIMITED
CREDIT SUISSE ASSET MANAGEMENT LIMITED
One Cabot Square
London E14 4QJ
www.credit-suisse.com

DMC 14669025