# Compensation

## DEAR SHAREHOLDERS

As the Chairman of the Compensation Committee of the Board (Compensation Committee), I am pleased to present to you the 2015 Compensation Report. Let me briefly highlight some of the focus areas of the Compensation Committee in 2015, the main compensation decisions related to variable incentive compensation awarded for the 2015 financial year, as well as the resolutions which we will submit for binding shareholder votes at this year's AGM.

### Key developments

Following the appointment of Tidjane Thiam as the new Chief Executive Officier (CEO), we communicated in October our new strategic direction, including a changed organizational structure and composition of the Executive Board. The organizational structure, which is client-focused and designed to improve the alignment with market and regulatory differences in the various regions, included a right-sizing and re-organization of the former Investment Banking division. This triggered the reassessment of certain assets and resulted in a goodwill impairment charge of CHF 3.8 billion in the fourth quarter of 2015, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000.

In line with the management and organizational changes, and in response to shareholder feedback that compensation arrangements for the Executive Board fully reflect the Group's new strategy and communicated financial goals, the Compensation Committee initiated a review of the compensation structure and recommended various amendments for approval by the Board of Directors (Board). These amendments are outlined below. In addition, the Compensation Committee carefully monitored the Group's continued progress in considering risk in connection with performance reviews and the compensation process. This included achieving greater consistency across divisions and regions in setting compensation, as well as in pursuing the application of malus and clawback provisions to the extent permitted under local laws, in the event of disciplinary infractions.

Another significant factor affecting compensation in 2015 was the challenging market environment, which negatively impacted the Group's performance, especially in the fourth quarter of the year. Given that these volatile market conditions are expected to continue, it is timely that we have placed the utmost priority on the repositioning of Credit Suisse's strategy and the redesign of our Executive Board compensation structure.

### Compensation decisions

#### Group compensation

For 2015, the Board approved the Compensation Committee's proposal to award total Group variable incentive compensation of CHF 2,920 million, which was 11% lower compared to 2014, and 19% lower compared to 2013. The divisional pools for Global Markets and Investment Banking & Capital Markets decreased by more than 30%, a substantial reduction compared to 2014 levels, reflecting the weak performance of those divisions in 2015, particularly in the fourth quarter. As a result, 31% of employees in those divisions had their variable incentive compensation reduced by more than 50% for 2015, compared to the previous year.

Of the total variable incentive compensation awarded across the Group for 2015, 43% was deferred, compared to 48% in 2014. This reduction in deferral rates is part of an initiative to gradually reduce the amortization impact of deferred compensation on future financial years.

#### Executive Board compensation

To align our Executive Board compensation with the new strategic direction and to achieve a stronger link between pay and performance, upon the recommendation of the Compensation Committee the Board has approved a revised compensation structure with the following key features to be fully implemented in 2016:

- Variable incentive compensation will be awarded as Short-Term Incentive (STI) and Long-Term Incentive (LTI) opportunities. Each component will be expressed as a percentage of base salary taking into account the role, market experience and geography, and actual payout levels will be limited to 100% of the opportunity. Payout levels for STI awards will be based on the achievement of performance targets for the prior financial year, whereas the payout of LTI awards will be linked to future performance pursuant to the long-term strategic plan, with no link to prior year Group or divisional performance;
- The Board will approve targets for STI and LTI awards with defined "Threshold", "Target" and "Maximum" performance levels, corresponding to payouts of 25%, 80% and 100% respectively. There will be no payout for actual performance achievements below the "Threshold", and any payout of 100% of the opportunity would require outperformance above the pre-determined goals; and
- In addition to internal key performance metrics, LTI awards will be based on Total Shareholder Return (TSR) as a market-determined metric. TSR will be measured against a newly defined group of 18 peers on a ranked basis. A 100% payout of the LTI opportunity requires a Credit Suisse TSR ranking within the top four of the peer group over a three-year performance period.

For 2015, the Board proposes to award variable incentive compensation to members of the Executive Board as STI awards in a combination of cash and Contingent Capital Awards (CCA) in line with the structure envisaged in the 2014 Annual Report. Subject to shareholder approval, we intend to grant LTI awards under the new structure, i.e., unrelated to the performance in 2015 and contingent upon performance targets pre-determined for the three-year period from the beginning of 2016 until the end of 2018.

Given the significant changes in the composition of the Executive Board and the new organizational structure, modifications to the basis for determining variable incentive compensation were required, and different approaches were applied depending on the length of service of each Executive Board member during 2015. The overall Group financial results were taken into account under each approach:

- For the five individuals who were members of the Executive Board during the entire year of 2015, variable incentive compensation awarded in the form of STI awards (including cash and deferred STI awards) was on average 40% below the value of STI awards granted with respect to the prior year;
- For the three individuals who joined Credit Suisse during 2015 and were appointed to the Executive Board during 2015, including the CEO, variable incentive compensation was determined by taking into account individual contributions to the implementation of the changed organizational structure and strategy, the weaker financial performance in the fourth quarter of 2015, and the CEO's voluntary request for a 40% reduction in the amount of variable incentive compensation that would have been otherwise awarded to him;
- For the four existing employees who were promoted to the Executive Board during 2015, variable incentive compensation awarded was based on an assessment against pre-existing performance objectives for the first nine months of the year, and an assessment of performance in the fourth quarter of 2015, taking into account individual contributions and the business performance during that period, as applicable; and
- For the five individuals who ceased to be Executive Board members during 2015, variable incentive compensation awarded was negotiated on a case by case basis through separation agreements.

### Board of Directors compensation

The fee structure for members of the Board remained unchanged compared to the previous year. In consideration of the Group's weaker financial performance in 2015 and the reported full year loss, the Chairman proposed to voluntarily waive his chair fee of CHF 1.5 million for the period from the 2015 AGM to the 2016 AGM, and this proposal was approved by the Board in the context of determining compensation.

### Annual General Meeting of Shareholders 2016

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 Board and the Executive Board will be submitted for binding shareholder votes at the 2016 Annual General Meeting of Shareholders (AGM). Accordingly, shareholders will be asked to approve the following:

- maximum aggregate compensation for the Board for the period 2016 AGM to 2017 AGM (prospective vote);
- Executive Board aggregate variable incentive compensation for the 2015 financial year (retrospective vote);
- maximum aggregate fixed compensation for the Executive Board for the period 2016 AGM to 2017 AGM (prospective vote); and
- maximum aggregate amount of LTI compensation to be awarded to members of the Executive Board for the financial year 2016, subject to performance measurement over the three-year period from 2016 to 2018, followed by vesting and delivery in three installments over two years on the third, fourth, and fifth anniversaries of the grant date (prospective vote).

The actual fixed compensation paid to the Board and the Executive Board for the period 2015 AGM to 2016 AGM was in line with the 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 2015. 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 (OGR) 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 2016

KPMG

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Report of the Statutory Auditor to the General Meeting of Shareholders of

**Credit Suisse Group AG, Zurich**

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We have audited the accompanying Compensation report dated March 24, 2016 of Credit Suisse Group AG (the "Group") for the year ended December 31, 2015. 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 235 to 247 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, 2015 of the Group complies with Swiss law and articles 14-16 of the Ordinance.

KPMG AG

Simon Ryder
*Licensed Audit Expert*
*Auditor in Charge*

Ralph Dicht
*Licensed Audit Expert*

Zurich, Switzerland
March 24, 2016

## 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, and the Group's other main regulators.

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 policy, 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 Compensation Ordinance and the 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. The law firm Nobel & Hug acts as external legal counsel to the Compensation Committee. Prior to their appointments, the Compensation Committee conducted an independence assessment of these advisers 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 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.

In January 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, 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 January. 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, General Counsel, 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 of 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 2015, the Compensation Committee held 14 meetings (including telephone conferences), with the following focus areas:
- reviewing the level and form of compensation for Executive Board members in light of the changes in the Group's organizational and leadership structure;
- reviewing the level of compensation and timing of payment for members of the Board, taking into account the key issues raised by shareholders in 2014 and 2015;
- assessing the performance of the Group and determining the pools under the former and revised divisional structures;
- 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 ongoing developments in regulations, such as CRD IV regulations;
- overseeing management's actions relating to the involvement of the risk management function within the performance assessment and compensation process, in particular regarding Covered Employees and MRTC, in line with regulatory guidance; and
- monitoring the link between employee behavior and compensation levels, including any impact of employee misconduct on compensation and the application of malus provisions.

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 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
- determine compensation of the Board, including the Chairman, subject to the shareholder approval requirement pursuant to the Compensation Ordinance.

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. The requirements of FINMA are 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 primary measure of performance for determining the pools of the Group and business divisions is economic contribution. The methodology to determine the Group and divisional pools also takes into account 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 and regulatory environment.

Economic contribution 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 2015, regulatory capital was defined for each division as the average of 10% of average divisional Basel III risk-weighted assets and 2.7% of average divisional leverage exposure, reflecting assumptions of increased regulatory requirements. At the beginning of 2015, the leverage exposure requirement stood at 2.4% and was then expected to increase to a minimum of 3.0% by year-end, resulting in the transitional assumption of 2.7% for the full year 2015. Regulatory capital is defined for the Group as the sum of its divisional components. For economic contribution, the Group and divisional results exclude significant litigation provisions and settlements, restructuring expenses, funding valuation adjustments and other significant items as approved by the Compensation Committee. For 2015, the goodwill impairment charge of CHF 3.8 billion, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000, was excluded from the economic contribution calculation on the basis that this impairment charge was not relevant to operating performance for the purposes of determining the pools. The economic contribution calculation for the Group also excludes fair value gains and losses from movements in own credit spreads. 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.

The pools are determined on an annual basis, and accruals for the divisional and Group-wide pools are 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. Divisional pools for 2015 were determined based on the revised divisional structure announced on October 21, 2015.

The total amount of the pool for the corporate functions is not linked to the performance of the particular divisions that employees of the corporate functions support, but takes into account the Group-wide financial performance, measured in the form of Group economic contribution and qualitative measures. Therefore, employees working in the corporate functions, including those performing control functions, are remunerated independently from the performance of the businesses they oversee and support. As with the business divisions, risk, control, compliance and ethical considerations and relative performance compared to peers, as well as the market and regulatory environment, are taken into account. 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, to fund the pool for the employees of the corporate functions.

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. Through this process, business area managers recognize 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 to employees based on individual and business area performance, subject to the constraints of the pool size. The corporate functions pool is allocated to the various functions within the corporate functions based on factors such as the achievement of performance objectives, compliance with policies and regulations, and market conditions.

### 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 the compensation adviser, McLagan, on industry and market trends, including competitor performance and pay trends, throughout the year.

### 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.

#### Role of control functions

In order to align profitability and risk when determining annual performance objectives and results, all employees are assessed on a set of business conduct behaviors that include adherence to the Code of Conduct, challenge and escalation, incident reporting, quality assurance and work prioritization. In addition to the annual performance assessment conducted by their line managers, employees who have breached Group policies or procedures are subject to a review process by the Group's control functions, which impacts decisions regarding individual variable incentive compensation awards. The control functions are independent from the businesses and include General Counsel, Compliance and Regulatory Affairs, Risk Management, Finance, Internal Audit, and Human Resources, Communications & Branding. Disciplinary review committees include the input of the Group's control functions and make recommendations on disciplinary measures, as necessary. Such measures can include dismissal, as well as the reduction or elimination of the employee's variable incentive compensation award for the current year and deferred compensation awards from prior years, in line with the applicable malus provisions. The Board's Audit and Risk Committees are periodically provided with information on the disciplinary cases and may give directional input regarding the appropriateness of disciplinary outcomes. The results of the disciplinary review committees' assessment and any disciplinary measures are communicated to the Compensation Committee, together with details of any impact on variable incentive compensation.

#### Covered Employees (including Material Risk Takers and Controllers)

##### Material Risk Takers and Controllers

MRTC include employees who, either individually or as a part of a group, are considered to have 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 the corporate functions of 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 on the UK entities meet the "PRA Code Staff" definition of the Group's UK regulator, the Prudential Regulation Authority (PRA); and
- other individuals, whose roles, 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.

Compensation process for Covered Employees

A broader group of employees collectively known as Covered Employees are also subject to the compensation processes that apply to MRTC. This population includes all MRTC and all US-based revenue producers in the Global Markets and Investment Banking & Capital Markets divisions. In addition, all branch managers of the US domestic private banking business were included in this population, but they were not eligible for variable incentive compensation for 2015 following the exclusive recruiting agreement with Wells Fargo announced in October 2015.

Covered Employees are subject to heightened levels of scrutiny over the alignment of their performance and compensation. Covered Employees and their managers are required to incorporate risk considerations in their performance objectives and evaluations. This includes specifying the types of risk applicable to the individual employee when setting annual risk objectives, assessing risk performance and subsequently setting risk-adjusted 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 contain provisions that enable the Group to reduce or cancel the awards prior to settlement if the conduct of the individual has a materially detrimental impact on the Group, evidences serious misbehavior or error or is reviewed by the Group's relevant disciplinary committee.

Additional malus provisions are triggered where the behavior or performance of the individual causes, or could cause:

- a material downturn in the financial performance or regulatory capital base of the Group, or any of its divisions or regions;
- a material failure of risk management, reputational harm, or other similar events; or
- a combination of the above, as determined by the Board at its sole discretion.

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 malus provisions 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 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.

**Compensation design**

The Group's total compensation approach is comprised of fixed and variable incentive compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice, and fixed allowances for certain employees. Variable incentive compensation is awarded annually 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 and location.

Variable incentive compensation for 2015 was awarded primarily in the form of cash, share-based awards and 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 2015

| | 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.

### Fixed Allowances

Fixed 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 fixed allowances are determined based on the role and organizational responsibility of the individuals. Subject to certain conditions, fixed allowances are deemed to be fixed compensation for the purposes of calculating the cap of variable incentive compensation as required by the CRD IV. Fixed allowances for 2015 were paid entirely in cash on a non-deferred basis.

### Variable incentive compensation and deferral rates

For 2015, variable incentive compensation was paid in cash unless the total compensation awarded to an employee for 2015 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, in 2015 two deferral tables were applied: one for the Americas and another for the rest of the world. The deferral rates for 2015 (other than for employees with fixed allowances) 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. Consequently, the overall level of variable incentive compensation deferred was lower than in 2014, which reduces the financial deferral of expenses for future years and facilitates a more flexible cost base. Consistent with 2014, the amount of variable incentive compensation paid in cash for 2015 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 2015, 43,225 employees received variable incentive compensation, representing 89.7% of total employees, of which 835 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.

### 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 transfer 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 location.

### 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). The number of share awards granted 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 19.93, as approved by the Compensation Committee in January 2016. The final value of the share awards is solely dependent on the share price at the time of delivery. 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 7,125 employees were granted share awards for 2015.

#### 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 explicit performance-based malus provisions. Performance share awards granted for 2015 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, 2015, or a negative return on equity attributable to shareholders (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 may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted. Outstanding performance share awards granted in previous years are subject to a negative adjustment in the event of a negative strategic ROE of the Group, which is calculated based on Credit Suisse Core Results, adjusted for the goodwill impairment charge related to the re-organization of the former Investment Banking division. For 2015, the strategic ROE was positive and all divisions achieved positive pre-tax income results. Therefore, there was no negative adjustment applied to the performance share awards in 2015.

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 1,760 employees were granted performance share awards for 2015. 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 provide a conditional right to receive semi-annual cash payments of interest equivalents; for CCA granted in January 2016, interest rate equivalents are paid until settlement at a rate of 4.23% per annum over the six-month Swiss franc London Interbank Offered Rate (LIBOR) for Swiss franc-denominated awards or 5.41% per annum over the six-month US dollar LIBOR for US dollar-denominated awards. This rate was 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.

CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over three years from grant. 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. 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 2015 was CHF 226 million and a total of 5,789 employees received CCA for 2015.

### Other awards

The Group may employ other compensation plans or programs to facilitate competitive hiring practices and to support the retention of talent. These variations from the standard approach apply to a small population of employees where specific circumstances justify special compensation arrangements. For 2015, this applied to approximately 236 employees. These variations from the standard approach must be approved by the Compensation Committee.

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.

### 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 vested and unvested share-based awards is also prohibited, except with the express 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 2015 and 2014.

## Total compensation awarded

| For | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|
| | Unrestricted | Deferred | **Total** | Unrestricted | Deferred | Total |
| **Fixed compensation (CHF million)** | | | | | | |
| Salaries | 5,714 | | 5,714 | 5,417 | 89 | 5,506 |
| Social security | 788 | – | 788 | 793 | – | 793 |
| Other | 707 [1] | – | 707 | 657 [1] | – | 657 |
| **Total fixed compensation** | **7,209** | **–** | **7,209** | **6,867** | **89** | **6,956** |
| **Variable incentive compensation (CHF million)** | | | | | | |
| Cash | 1,662 | | 1,662 | 1,653 | | 1,653 |
| Share awards | 12 | 549 | 561 | 36 | 642 | 678 |
| Performance share awards | – | 429 | 429 | – | 529 | 529 |
| Contingent Capital Awards | – | 226 | 226 | – | 360 | 360 |
| Other cash awards | – | 42 | 42 | – | 54 | 54 |
| **Total variable incentive compensation** | **1,674** | **1,246** | **2,920** | **1,689** | **1,585** | **3,274** |
| **Other variable compensation (CHF million)** | | | | | | |
| Cash severance awards | 35 | – | 35 | 176 | – | 176 |
| Cash-based commissions | 222 | – | 222 | 220 | – | 220 |
| Other [2] | 27 | 195 | 222 | 13 | 58 | 71 |
| **Total other variable compensation** | **284** | **195** | **479** | **409** | **58** | **467** |
| **Total compensation awarded (CHF million)** | | | | | | |
| **Total compensation awarded** | **9,167** | **1,441** | **10,608** | **8,965** | **1,732** | **10,697** |
| of which guaranteed bonuses [3] | – | – | 83 | – | – | 51 |

[1] Includes pension and other post-retirement expense of CHF 359 million and CHF 361 million in 2015 and 2014, 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] Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

Total compensation awarded for 2015 was CHF 10,608 million, down 1% compared to 2014, with lower variable incentive and other compensation partially offset by higher fixed compensation. Total variable incentive compensation awarded for 2015 was CHF 2,920 million, down 11% compared to 2014. The divisional pools for Global Markets and Investment Banking & Capital Markets decreased by more than 30%, a substantial reduction compared to 2014 levels, reflecting the weaker financial performance of these divisions for 2015 compared to 2014. Of the total variable incentive compensation awarded across the Group for 2015, 43% was deferred, compared to 48% in 2014, and subject to certain conditions including future service, performance, market and malus criteria. This reduction in deferral rates is part of an initiative to gradually reduce the amortization impact of deferred compensation on future financial years.

Cash severance awards relating to terminations of employment of CHF 106 million and CHF 189 million were paid in 2015 and 2014 to 760 and 1,552 employees, respectively. Other awards, including replacement awards, sign-on payments and retention awards, of CHF 222 million and CHF 71 million were paid to 925 and 216 employees in 2015 and 2014, respectively.

## Number of employees awarded variable incentive and other compensation

| | MRTC [1] | Other employees | **2015 Total** | MRTC [1] | Other employees | 2014 Total |
|---|---|---|---|---|---|---|
| **Number of employees awarded variable compensation** | | | | | | |
| **Variable compensation** | **835** | **42,390** | **43,225** | **801** | **41,008** | **41,809** |
| of which cash | 602 | 42,346 | 42,948 | 801 | 41,008 | 41,809 |
| of which share awards | 802 | 6,323 | 7,125 | 789 | 6,794 | 7,583 |
| of which performance share awards | 783 | 977 | 1,760 | 764 | 988 | 1,752 |
| of which Contingent Capital Awards | 782 | 5,007 | 5,789 | 767 | 5,124 | 5,891 |
| of which other cash awards | 61 | 175 | 236 | 63 | 230 | 293 |
| **Number of employees awarded other variable compensation** | | | | | | |
| Cash severance awards | 10 | 750 | 760 | 6 | 1,546 | 1,552 [2] |
| Cash-based commissions | – | 396 | 396 | – | 357 | 357 |
| Guaranteed bonuses | 7 | 177 | 184 | 9 | 129 | 138 |
| Other [3] | 50 | 875 | 925 | 13 | 203 | 216 |

[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, and PRA Code Staff.
[2] Includes employees who received cash severance awards for termination of employment as of December 31, 2014.
[3] 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 835 employees classified as MRTC were awarded total compensation of CHF 1,396 million for 2015 and total variable incentive compensation of CHF 835 million for 2015, of which CHF 587 million, or 70%, was deferred. MRTC received 50% of their deferred compensation for 2015 in the form of performance share awards or other awards which are subject to performance-based malus provisions.

## Compensation awarded to Material Risk Takers and Controllers

| For | Unrestricted | Deferred | 2015 Total | Unrestricted | Deferred | 2014 Total |
|---|---|---|---|---|---|---|
| **Fixed compensation (CHF million)** | | | | | | |
| **Total fixed compensation** | **470** | **–** | **470** | **492** | **–** | **492** |
| **Variable incentive compensation (CHF million)** | | | | | | |
| Cash | 248 | – | 248 | 191 | – | 191 |
| Share awards | – | 176 | 176 | – | 278 | 278 |
| Performance share awards | – | 254 | 254 | – | 426 | 426 |
| Contingent Capital Awards | – | 104 | 104 | – | 191 | 191 |
| Other cash awards | – | 53 | 53 | – | 48 | 48 |
| **Total variable incentive compensation** | **248** | **587** | **835** | **191** | **943** | **1,134** |
| **Other variable compensation (CHF million)** | | | | | | |
| Cash severance awards | 8 | – | 8 | 5 | – | 5 |
| Cash-based commissions | – | – | – | – | – | – |
| Other [1] | 2 | 81 | 83 | – | 13 | 13 |
| **Total other variable compensation** | **10** | **81** | **91** | **5** | **13** | **18** |
| **Total compensation (CHF million)** | | | | | | |
| **Total compensation** | **728** | **668** | **1,396** | **688** | **956** | **1,644** |
| of which guaranteed bonuses [2] | 2 | 9 | 11 | 2 | 5 | 7 |

[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.
[2] Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

### Group compensation and benefits expense

Compensation and benefits expenses recognized in the current year income statement include salaries, fixed allowances, variable incentive compensation, benefits and employer taxes on compensation. Variable incentive compensation expense mainly 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, malus criteria and other restrictive covenants.

In 2015, total compensation and benefits expenses were 2% higher compared to 2014, mainly driven by higher fixed compensation expenses. Although variable incentive compensation awarded in 2015 decreased 11% compared to 2014, variable incentive compensation expense decreased by 1% compared to 2014 due to the impact of lower deferral rates in 2015.

## Group compensation and benefits expense

| in | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|
| December 31 | Current compen-sation | Deferred compen-sation | Total | Current compen-sation | Deferred compen-sation | Total |
| **Fixed compensation expense (CHF million)** | | | | | | |
| Salaries | 5,714 | 37 | 5,751 | 5,417 | 18 | 5,435 |
| Social security [1] | 788 | – | 788 | 793 | – | 793 |
| Other | 707 [2] | – | 707 | 657 [2] | – | 657 |
| **Total fixed compensation expense** | **7,209** | **37** | **7,246** | **6,867** | **18** | **6,885** |
| **Variable incentive compensation expense (CHF million)** | | | | | | |
| Cash | 1,662 | | 1,662 | 1,653 | – | 1,653 |
| Share awards | 12 | 819 [3] | 831 | 36 | 921 [3] | 957 |
| Performance share awards | – | 563 | 563 | – | 611 | 611 |
| Contigent Capital Awards | – | 430 | 430 | – | 214 | 214 |
| Capital Opportunity Facility Awards | – | 16 | 16 | – | 13 | 13 |
| Plus Bond awards | – | 22 | 22 | – | 36 | 36 |
| 2011 Partner Asset Facility awards [4] | – | 2 | 2 | – | 7 | 7 |
| Restricted Cash Awards | – | 39 | 39 | – | 92 | 92 |
| Scaled Incentive Share Units [5] | – | – | – | – | (3) | (3) |
| 2008 Partner Asset Facility awards [4] | – | 34 | 34 | – | 87 | 87 |
| Other cash awards | 6 | 410 | 416 | – | 404 | 404 |
| Discontinued operations | – | – | – | – | (8) | (8) |
| **Total variable incentive compensation expense** | **1,680** | **2,335** | **4,015** | **1,689** | **2,374** | **4,063** |
| **Other variable compensation expense (CHF million)** | | | | | | |
| Severance payments | 35 | – | 35 | 152 | – | 152 |
| Commissions | 222 | – | 222 | 221 | – | 221 |
| Other | 28 | – | 28 | 13 | – | 13 |
| **Total other variable compensation expense** | **285** | **–** | **285** | **386** | **–** | **386** |
| **Total compensation expense (CHF million)** | | | | | | |
| **Total compensation expense** | **9,174** | **2,372** | **11,546** [6] | **8,942** | **2,392** | **11,334** [6] |

[1] Represents the Group's portion of employees' mandatory social security.
[2] Includes pension and other post-retirement expense of CHF 359 million and CHF 361 million in 2015 and 2014, respectively.
[3] Includes CHF 25 million and CHF 19 million of compensation expense associated with replacement share awards granted in 2015 and 2014, respectively.
[4] Includes the change in the underlying fair value of the indexed assets during the period.
[5] Includes forfeitures.
[6] Includes severance and other compensation expense relating to headcount reductions of CHF 89 million and CHF 275 million in 2015 and 2014, respectively.

### 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 2015 and prior years that were outstanding as of December 31, 2015, with comparative information for 2014. 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 | | 2015 | Deferred compensation | | 2014 |
|---|---|---|---|---|---|---|
| | For 2015 | For prior-year awards | Total | For 2014 | For prior-year awards | Total |
| **Estimated unrecognized compensation expense (CHF million)** | | | | | | |
| Share awards | 521 | 573 [1] | 1,094 | 643 | 762 [1] | 1,405 |
| Performance share awards | 386 | 165 | 551 | 533 | 231 | 764 |
| Contingent Capital Awards | 259 | 230 | 489 | 418 | 210 | 628 |
| Capital Opportunity Facility awards | – | – | – | – | 5 | 5 |
| Plus Bond awards [2] | – | – | – | – | 4 | 4 |
| Adjustable Performance Plan share awards | – | – | – | – | – | – |
| Adjustable Performance Plan cash awards | – | – | – | – | – | – |
| Restricted Cash Awards | – | – | – | – | 41 | 41 |
| Other cash awards | 42 | 176 | 218 | 55 | 166 | 221 |
| **Estimated unrecognized compensation expense** | **1,208** | **1,144** | **2,352** | **1,649** | **1,419** | **3,068** |

[1] Includes CHF 59 million and CHF 39 million of estimated unrecognized compensation expense associated with replacement share awards granted to new employees in 2015 and 2014, respectively, not related to prior years.
[2] Represents share awards reallocated to Plus Bond awards through the employee voluntary reallocation offer, with vesting in 2016, after consideration of estimated future forfeitures.

▸ 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 was covered through market purchases and in 2015 share delivery obligations were fully covered through market purchases. Currently, the Group intends to cover its future share delivery obligations through market purchases or through the utilization of available conditional capital.

#### Share-based awards outstanding

At the end of 2015, there were 136.2 million share-based awards outstanding, including 80.3 million share awards and 55.9 million performance share awards.

Holders of all forms of outstanding and unsettled share-based awards were not eligible to participate in the rights offering approved on November 19, 2015, since the rights were only issued in connection with Credit Suisse Group AG registered shares. Consistent with the terms of the Credit Suisse Group AG Master Share Plan, the number of outstanding deferred share-based awards held by each individual was increased by 2.89% to compensate for the proportionate dilution of Credit Suisse Group AG registered shares resulting from the rights offering. The terms and conditions of the adjusted shares were the same as the existing share-based awards.

### Subsequent activity

In early 2016, the Group granted approximately 28.8 million new share awards and 21.3 million new performance share awards with respect to performance in 2015. Further, the Group awarded CHF 226 million of deferred variable incentive compensation in the form of CCA pursuant to the Group's compensation policy.

In the first half of 2016, the Group plans to settle 62.2 million deferred awards from prior years, including 35.3 million share awards and 25.6 million performance share awards. The Group plans to meet this delivery obligation through market purchases or through the utilization of available conditional capital.

‣ 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 underlying Plus Bond assets or foreign exchange rate movements. Explicit value changes reflect risk adjustments triggered by malus provisions 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, CCA, Plus Bond and PAF.

The following table provides a comparison of the fair values of outstanding deferred compensation awards at the end of 2014 and 2015, indicating the value of changes due to implicit and explicit adjustments. For 2015, 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 and Plus Bond assets.

## Fair value of outstanding deferred compensation awards

| | | Change in value | | |
|---|---|---|---|---|
| in / end | 2014 | Implicit | Explicit | **2015** |
| **Share-based awards (CHF per unit)** | | | | |
| Share awards granted for 2012 [1] | 25.1 | (3.4) | 0.0 | 21.7 |
| Share awards granted for 2013 [2] | 25.1 | (3.4) | 0.0 | 21.7 |
| Share awards granted for 2014 [3] | 16.9 | 4.8 | 0.0 | 21.7 |
| Performance share awards granted for 2012 [1] | 25.1 | (3.4) | 0.0 | 21.7 |
| Performance share awards granted for 2013 [2] | 25.1 | (3.4) | 0.0 | 21.7 |
| Performance share awards granted for 2014 [3] | 16.9 | 4.8 | 0.0 | 21.7 |
| **Cash-based awards (CHF per unit)** | | | | |
| 2008 Partner Asset Facility awards (PAF) | 2.40 | 0.06 | 0.00 | 2.46 |
| Plus Bond awards granted for 2012 [1] | 1.42 | 0.18 | 0.00 | 1.60 |
| Contingent Capital Award for 2013 [2] | 1.11 | 0.08 | 0.00 | 1.19 |
| Contingent Capital Award for 2014 [3] | 1.00 | 0.26 | 0.00 | 1.26 |
| Contingent Capital Award from converted PAF2 award | 1.13 | 0.05 | 0.00 | 1.18 |
| Capital Opportunity Facility from converted PAF2 award | 1.16 | 0.07 | 0.00 | 1.23 |

[1] Represents awards granted in January 2013 for 2012.
[2] Represents awards granted in January 2014 for 2013.
[3] Represents awards granted in January 2015 for 2014.

## EXECUTIVE BOARD COMPENSATION

During 2015 there were significant changes to the composition of the Executive Board, with five individuals stepping down and seven individuals becoming Executive Board members. Moreover, in pursuit of a rebalanced business strategy, Credit Suisse announced on October 21, 2015 a substantially revised management and financial reporting structure. Consequently, the previous basis for determining Executive Board compensation, which was based largely on Group and divisional performance against pre-determined targets, could not be applied for the full year. Modifications to the basis for determining variable incentive compensation for 2015 were required, and different approaches were applied to different Executive Board members depending on the amount of time they served on the Executive Board during 2015. This resulted in four categories of Executive Board members and the approaches to determining their respective variable incentive compensation levels are summarized in the table below "Overview of approaches to variable incentive compensation determination in 2015".

In response to shareholder requests that the Group's new strategic direction and communicated financial goals be fully reflected in compensation arrangements for the Executive Board, the Compensation Committee initiated a review of the existing compensation design and agreed upon appropriate amendments. Consequently, 2015 also represents a transition period between the compensation structure envisaged in the 2014 Annual Report and the new compensation structure that will be fully implemented for the 2016 performance year. The awards granted for 2015 will include the previous form of STI awards based on the performance during 2015. No LTI awards will be granted for the 2015 transition year. LTI awards are being granted in 2016 in a new form that is not determined by past performance, rather, the amounts ultimately payable will be based on future performance outcomes measured against pre-determined targets over a period of three years from the date of grant, followed by vesting and delivery in three installments over two years on the third, fourth and fifth anniversaries of the grant date. This is to ensure that long-term incentive opportunities of the Executive Board are closely tied to the realization of the new strategic plan and the achievement of the communicated financial goals. The new LTI award is described in more detail in a later section.

‣ Refer to the chart "Overview of Long-Term Incentive Awards" and "Types of awards" for more details on LTI awards.

All variable incentive compensation recommendations are subject to approval of the Board and are submitted to shareholders as aggregate numbers per proposal for their binding votes at the AGM in April 2016.

### Overview of approaches to variable incentive compensation determination in 2015

| Category | | Approach to determination of variable incentive compensation in 2015 |
|---|---|---|
| Full year Executive Board members | ▪ James L. Amine<br>▪ Romeo Cerutti<br>▪ David R. Mathers<br>▪ Joachim Oechslin<br>▪ Timothy P. O'Hara | ▪ Financial and quantitative targets for the first nine months of 2015 as envisaged in the 2014 Annual Report (under the former organizational structure)<br>▪ Financial performance in the fourth quarter of 2015<br>▪ Qualitative assessment by the Compensation Committee based on input provided by the CEO, taking into account the performance of the business and individual contributions |
| New joiners appointed to the Executive Board during 2015 | ▪ Tidjane Thiam (CEO)[1]<br>▪ Pierre-Olivier Bouée[2]<br>▪ Peter Goerke[2] | ▪ Case by case assessment by the Compensation Committee, based on input provided by the CEO and taking into account the financial performance in the fourth quarter of 2015 and individual contributions<br>▪ In the case of the CEO, assessment by the Chairman of the Board (Chairman) and the Compensation Committee taking into account the financial performance in the second half of 2015 as well as individual contribution |
| Existing employees promoted to the Executive Board during 2015 | ▪ Thomas P. Gottstein[2]<br>▪ Iqbal Khan[2]<br>▪ Helman Sitohang[2]<br>▪ Lara J. Warner[2] | ▪ Pre-existing performance objectives for the first nine months of 2015, assessment of financial performance for the fourth quarter of 2015 and/or individual contributions, as applicable |
| Individuals who ceased to be Executive Board members during 2015 | ▪ Brady W. Dougan[3]<br>▪ Gaël de Boissard[4]<br>▪ Hans-Ulrich Meister[4]<br>▪ Robert S. Shafir[4]<br>▪ Pamela A. Thomas-Graham[4] | ▪ Level of awards subject to individually negotiated separation agreements, taking into consideration performance of the firm and contributions by the individuals |

[1] Effective from July 1, 2015.
[2] Appointed on October 21, 2015 with immediate effect.
[3] Ceased to be a member on June 30, 2015.
[4] Ceased to be a member on October 21, 2015.

### Performance evaluation and compensation decisions for 2015

In January 2016, the Compensation Committee completed its performance evaluation for 2015 for the Group, and the individual assessments of the Executive Board members. Depending on the Executive Board member's length of service on the Executive Board, the overall Group financial results were taken into account either by means of the financial performance evaluation against pre-determined targets, or a qualitative assessment in light of business performance, or both.

#### Individuals who were Executive Board members during the entire year of 2015

Financial performance evaluation under the previous divisional structure for the first nine months of 2015

For the five individuals who were Executive Board members during the entire year of 2015, variable incentive compensation was determined based on pre-determined financial targets under the previous organizational structure until the end of the third quarter of 2015, as well as a qualitative assessment of performance. At the Group level, ROE for the strategic businesses was 10.8%, above the target of 10.5%, while the Group's strategic cost/income ratio for the nine-month period was 75.7% compared to the target of 73.3%. Excluding the impact of revenue gains from movements in the fair value on own debt of CHF 995 million, the non-strategic businesses recorded a pre-tax loss of CHF 1.9 billion on an annualized basis, compared to the target pre-tax loss of CHF 2.2 billion. In terms of capital reduction targets for the non-strategic businesses, the Group achieved a 28% reduction in risk-weighted assets and a 47% reduction in leverage exposure on an annualized basis, compared to the average year-on-year reduction target of 50%.

In the former Private Banking & Wealth Management division, the cost/income ratio for the nine-month period was 71.6% compared to a target of 69.2%. The non-strategic unit within the Private Banking & Wealth Management division recorded a pre-tax loss of CHF 0.4 billion on an annualized basis, compared to the breakeven pre-tax income target. In terms of capital, the non-strategic unit within Private Banking & Wealth Management reduced risk-weighted assets by 33% and leverage exposure by 27% on an annualized basis, compared to the average year-on-year reduction target of 50%.

The former Investment Banking division achieved a return on regulatory capital of 7.7% for the nine-month period compared to a target of 9.1%, reflecting lower fixed income and underwriting revenues and the challenging market conditions. The non-strategic unit within Investment Banking recorded a pre-tax loss for the period of USD 1.2 billion on an annualized basis, which was a better result than the pre-tax loss target of USD 1.3 billion. In terms of capital reduction targets, the Investment Banking's non-strategic unit ended the third quarter with a 23% reduction in risk-weighted assets and a 48% reduction in leverage exposure on an annualized basis, compared to the average year-on-year reduction target of 50%.

Overall, the corporate functions were in line with their expense targets for the period.

Overall financial performance and qualitative assessment

The fourth quarter results were impacted by extremely challenging market conditions, as well as significant items such as the goodwill impairment charge triggered by the organizational changes affecting the former Investment Banking division, restructuring costs and litigation provisions. As a result, the financial performance for the full year 2015 was below expectations. Notwithstanding the foregoing, the new Asia Pacific division achieved strong underlying performance as well as net new assets of CHF 17.8 billion. In the Private Banking business within the International Wealth Management division, mandates penetration (i.e., advisory and discretionary mandates as a percentage of assets under management, excluding assets under management from the external asset manager business), increased to 30% for 2015, up from 23% in 2014, driven by the successful execution of key strategic initiatives. The Swiss Universal Bank delivered solid results for 2015, with strong net new assets of CHF 13.8 billion and mandates penetration of 26%, up from 15% in 2014. In terms of the qualitative assessment, the Compensation Committee acknowledged, in particular, the significant individual contributions during the strategic review process and subsequently during the implementation of the new strategic direction. This included the timely alignment of financial reporting to the new management structure as the basis for the fourth quarter of 2015 earnings release and the 2015 Annual Report, as well as preventing undue staff attrition by diligently handling employee relations issues which typically arise during transition periods that involve considerable organizational and management change.

Taking into account the financial performance and qualitative assessment for the full year, the Compensation Committee recommended for this group of Executive Board members, variable incentive compensation for 2015 granted in the form of STI awards (including cash and deferred awards) that was on average 40% below the value of STI awards granted with respect to the prior year. This reflected the weaker profitability indicators for 2015 overall, which were substantially impacted by underperformance in the fourth quarter of 2015.

## 9M15 performance against targets (applicable to full year members)

| Targets under the previous divisional structure | | | Divisional head | Shared Services head | | 9M15 Performance against targets | | |
|---|---|---|---|---|---|---|---|---|
| | | PB&WM | IB | CFO | Other | Below | Target | Above |
| **Financial performance criteria** | | | Weightings [1] | | | | | |
| **Group** | | | | | | | | |
| ROE (after tax) – strategic results [2] | 10.5% | 30% | 30% | 25% | 25% | | ● | |
| Cost/income ratio – strategic results [2] | 73.3% | – | – | 15% | 20% | | ● | |
| Wind-down of non-strategic units | 50.0% year-on-year reduction of risk-weighted assets and leverage exposure (2.5% weighting for each metric) and achievement of budgeted non-strategic pre-tax income (5% weighting) [3] | – | – | 10% | – | | ● | |
| **Divisional** | | | | | | | | |
| Wind-down of non-strategic units (IB) [4] | 50.0% year-on-year reduction of risk-weighted assets and leverage exposure (2.5% weighting for each metric) and achievement of budgeted non-strategic pre-tax income (5% weighting) | – | 30% | – | – | ● | | |
| Return on regulatory capital (IB) [5] | 9.1% | – | 20% | – | – | ● | | |
| Wind-down of non-strategic units (PB&WM) | 50.0% year-on-year reduction of risk-weighted assets and leverage exposure (2.5% weighting for each metric) and achievement of budgeted non-strategic pre-tax income (5% weighting) | 10% | – | – | – | ● | | |
| Cost/income ratio (PB&WM) | 69.2% | 20% | – | – | – | | ● | |
| Divisional total operating expenses | 2015 budget expenses on a foreign exchange neutral basis | – | – | 10% | 15% | | ● | |

PB&WM – Private Banking & Wealth Management; IB – Investment Banking
[1] The remaining 40% weighting for the 9M15 performance assessment was based on non-financial criteria.
[2] Refer to "Core Results" in II – Operating and financial review in the Credit Suisse Financial Report 3Q15 for further information on strategic results.
[3] Non-strategic pre-tax income is based on reported results, excluding the net revenue gains from the fair value on own debt of CHF 995 million.
[4] Based on reported results in US dollars.
[5] Calculated using income after tax denominated in US dollars; assumes tax rate of 30% and capital allocated based on average of 10% of average risk-weighted assets and 3.0% of average leverage exposure.

### Individuals who joined Credit Suisse during 2015 and were appointed to the Executive Board during 2015

For the three individuals who joined Credit Suisse as new employees and were appointed to the Executive Board in 2015, variable incentive compensation was determined by the Compensation Committee, based on performance assessments provided by the CEO which took into account individual contributions and the performance of the overall Group during 2015. The variable incentive compensation recommendation for the CEO with respect to his period in office during 2015 was determined by the Compensation Committee, based on an assessment of his performance conducted by the Chairman of the Board. Notwithstanding the successful implementation of the new management structure that was announced on October 21, 2015, the variable incentive compensation awarded to the Executive Board members who joined Credit Suisse during 2015 was, in aggregate, below target levels, in consideration of the weaker performance of the Group overall in the fourth quarter of 2015.

In addition, Mr. Thiam and Mr. Goerke were granted replacement awards with an aggregate value of CHF 16.2 million as of the date of grant, in the form of deferred share awards to compensate them for the fair value of their deferred awards that were cancelled by their previous employer as a consequence of them joining Credit Suisse during 2015. Deferral periods for the replacement awards mirror the respective terms at the previous employer. In the case of Mr. Thiam, the vesting will take place in 2016, 2017 and 2018.

### Individuals who were already employees prior to 2015 and were promoted to the Executive Board during 2015

For existing employees who were promoted to the Executive Board during 2015, the performance assessment of the individual members and determination of variable incentive compensation for the first nine months of the year was based on pre-existing objectives, pursuant to the annual performance appraisal process for employees who do not hold Executive Board positions. For the fourth quarter period, the CEO proposed a level of variable incentive compensation based on a qualitative assessment of each individual's performance, with due consideration to the financial performance of the business for the fourth quarter of 2015 and individual contributions as applicable. The variable incentive compensation awarded to these Executive Board members for 2015 was lower than their own prior year awards, reflecting the lower performance of all divisions and the Group during 2015 compared to 2014.

### Individuals who ceased to be Executive Board members during 2015

The variable incentive compensation paid to the individuals who left the Executive Board during 2015 was negotiated on a case by case basis in separation agreements, taking into account the performance of the business and individual contributions. The variable incentive compensation paid to the five departing members, including the former CEO, was determined at the time the individuals ceased to be members of the Executive Board, and totaled CHF 21.0 million, awarded in the form of deferred cash, CCA and deferred share awards. In addition to the amounts disclosed in the table below, individuals who stepped down from the Executive Board during 2015 and subsequently assumed a new role within the Group received in 2015 aggregate compensation of CHF 4.5 million for the period from the time they ceased to be Executive Board members until December 31, 2015. The Group plans to continue to disclose subsequent payments to former Executive Board members, including those related to non-compete arrangements pursuant to the Group's AoA.

### 2015 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. Thiam, the Compensation Committee, in consultation with the Chairman, considered his excellent contribution since joining the firm, including the design and implementation of a new management structure, strengthening of the capital base of the Group and the design of a new strategy with the goals of further increasing the capital base, rebalancing the businesses and returning capital to shareholders. Notwithstanding these achievements, Mr. Thiam requested that his target level of compensation discussed at the time he joined Credit Suisse be reduced by 40%, given the weaker financial performance of the Group during 2015. The Board approved the recommendation of the Compensation Committee to reduce the variable incentive compensation award to Mr. Thiam per his request and despite his excellent performance. A total STI award of CHF 2.86 million, composed of 40% cash and 60% CCA vesting on the third anniversary of the grant date, was awarded to Mr. Thiam for his time of employment from June 22, 2015 to December 31, 2015.

The highest paid Executive Board member in 2015 was Robert Shafir, who was a member of the Executive Board from January 1, 2015 to October 21, 2015. For 2015, Mr. Shafir was awarded a total STI award of CHF 6.3 million, composed of 50% cash and 50% CCA vesting on the third anniversary of the grant date. In determining this level of award, the Compensation Committee took into account the contribution made by Mr. Shafir to the Group during his roles as both Co-Head of the former Private Banking & Wealth Management division and CEO for the Americas region. The Compensation Committee also recognized the support that he provided to establish the new strategy for the Group and the execution of an agreement to transfer the US domestic private banking business to Wells Fargo.

## Executive Board compensation for 2015 (audited)

| | Variable compensation | | | Fixed compensation | | | | |
|---|---|---|---|---|---|---|---|---|
| in | STI awards (Cash) | STI awards (Deferred) [1] | **Total variable 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] |
| **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** |
| % of total compensation | 22% | 32% | | 43% | | | | |
| 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** |
| % of total compensation | 26% | 37% | | 35% | | | | |
| of which highest paid: Rob Shafir | 3.15 | 3.15 | **6.30** | 1.54 | 0.03 | 0.01 | **1.58** | **7.88** |
| % of total compensation | 40% | 40% | | 20% | | | | |
| of which CEO: Tidjane Thiam | 1.14 | 1.71 | **2.86** | 1.58 | – | 0.13 | **1.71** | **4.57** |
| % of total compensation | 25% | 38% | | 35% | | | | |

1 STI awards for 2015 comprise 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.

## Executive Board compensation for 2014 (audited)

| in | Cash | Value of STI awards | Value of LTI awards [1] | Total variable 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] |
|---|---|---|---|---|---|---|---|---|---|
| | Variable compensation | | | | Fixed compensation | | | | |
| **2014 (CHF million, except where indicated)** | | | | | | | | | |
| 11 members | 7.94 | 13.98 [5] | 17.18 | **39.10** | 19.45 | 2.98 | 2.53 | **24.96** | **64.06** |
| % of total compensation | 12% | 22% | 27% | | 30% | | | | |
| of which CEO: Brady W. Dougan | 1.52 | 2.28 | 3.05 | **6.85** | 2.50 | 0.32 | 0.03 | **2.85** | **9.70** |
| % of total compensation | 16% | 24% | 31% | | 26% | | | | |

1 The LTI awards are net of CHF 4.7 million as part of the voluntary downward adjustment to the Executive Board compensation awards for 2014 resulting from the final settlement of all US cross-border matters. These awards vest over a five-year period, payable on the third, fourth and fifth anniversaries of the grant date. The final value at settlement depends on the achievement of pre-defined performance criteria linked to the average relative total shareholder return and average strategic return on equity.
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, child allowances and a carried interest award in certain alternative investment funds with a fair value at the time of grant of CHF 1.8 million awarded to Robert S. Shafir. The initial value of this award is determined by making assumptions about the return that will be realized on the funds over their lifetime of up to fifteen years. For the total compensation awarded to members of the Executive Board, the Group made payments of CHF 4.3 million in 2014 and CHF 4.7 million in 2013 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 Does not include CHF 8.6 million of charitable contributions made by the Group for the allocation of which the CEO and three other Executive Board members were able to make recommendations.
5 STI awards for 2014 comprise CHF 13.15 million performance shares as well as CHF 0.83 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 20.21.

### Compensation structure in 2015

The annual 2015 base salary was CHF 3.0 million for the CEO, CHF 2.0 million or the equivalent amount in local currency for Executive Board members based in Switzerland and Singapore, and USD 2.0 million for Executive Board members based in the US and the UK. Individuals who were appointed to the Executive Board during 2015 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 fixed allowances paid in 2015 are fully in line with the overall amount of fixed compensation approved by the shareholders for members of the Executive Board at the 2015 AGM.

Three of the individuals who served on the Executive Board during part or all of 2015 were PRA Code Staff for 2015. A portion of their compensation was awarded as a fixed allowance, which was taken into consideration when variable incentive compensation was determined.

Under the compensation structure envisaged in the 2014 Annual Report, variable incentive compensation for Executive Board members was to be awarded in the following components:

- 50% as STI awards in the form of immediate cash as well as CCA vesting on the third anniversary of the grant date;
- 50% as LTI awards in the form of share awards, vesting on the third, fourth and fifth anniversaries of the grant date, subject to pre-determined performance vesting conditions.

However, under the redesigned compensation structure as outlined below, only the STI award will be linked to the performance of the preceding financial year. Accordingly, 50% of variable incentive compensation that would have been otherwise awarded based on the financial and non-financial performance assessment for 2015 was granted as STI awards for the Executive Board members serving in 2015. The components of the STI awards are 40% immediate cash awards and 60% CCA awards vesting on the third anniversary of the grant date. For PRA Code Staff and individuals who ceased to be members of the Executive Board during 2015, a portion of their STI awards was granted in the form of deferred performance share awards. Unrelated to the financial performance in 2015, it is proposed to grant members of the Executive Board serving in 2016 LTI awards in the new form aligned with the Group's new strategic direction and subject to future performance metrics as defined for the three full year period from 2016 to 2018, followed by phased vesting and delivery in three installments over two years on the third, fourth, and fifth anniversaries of the grant date.

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

Although the overall cap on total Executive Board incentive compensation of 2.5% of strategic Group net income envisaged in the 2014 Annual Report was not a constraint in 2015, this cap was not applied given the changes to the Group's organizational structure. Under the redesigned compensation structure, the overall cap will no longer be applicable.

**Redesigned compensation structure and new awards in 2016**

As indicated above, material amendments have been made to the Executive Board compensation design in order to reflect the new organizational structure of Credit Suisse, the revised objectives set by the new management and shareholders' feedback. For 2016, base salaries will be kept at the same levels as set in the previous year, however the method of determining variable incentive compensation levels and the form of the awards to be granted have been redesigned to provide a more direct link between pay and performance, with compensation awarded based on the achievement of strategic targets. Previously, the total level of variable incentive compensation was first determined by the preceding year's performance assessment, subject to caps expressed as a multiple of base salary, and the amount determined would then be divided and granted in the form of various awards. Under the new structure, the variable incentive compensation opportunity with respect to each individual Executive Board member will be clearly pre-defined and communicated based on market competitive compensation for the role. The variable incentive compensation will be awarded in the form of a short-term incentive opportunity (STI Opportunity) and a long-term incentive opportunity (LTI Opportunity). Each component is expressed as a percentage of base salary, and the maximum payout in each case may not exceed 100% of the opportunity. Due to the importance of achieving the firm's long-term business objectives, approximately two-thirds of total variable incentive compensation will be granted as LTI awards in the form of deferred share awards as described further below.

The combined maximum opportunity of the STI and LTI will be below the maximum payout levels that were achievable under the previous structure. Under the 2016 structure, the combined STI Opportunity and LTI Opportunity for the CEO is a multiple of four times base salary, and the maximum variable incentive compensation plus base salary is CHF 15.0 million, as shown in the table "2016 Executive Board compensation structure". Under the previous structure, the maximum aggregate cap on variable incentive compensation for the CEO was a multiple of six times base salary, equivalent to a maximum variable incentive compensation plus base salary of CHF 17.5 million, as shown in the table "Executive Board compensation under the previous organizational structure (as envisaged in the 2014 Annual Report)". Similarly for Executive Board members, the combined STI and LTI opportunity levels range 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 is CHF 13.0 million, compared to CHF 15.9 million under the previous structure.

## 2016 Executive Board compensation structure

| | Executive Board members | | | | CEO | | | |
|---|---|---|---|---|---|---|---|---|
| | Range of opportunity levels (multiple of base salary) | Base salary (CHF million) | Maximum variable incentive compensation (CHF million) | Maximum total compensation (CHF million) | Max opportunity (multiple of base salary) | Base salary (CHF million) | Maximum variable incentive compensation (CHF million) | Maximum total compensation (CHF million) |
| Short-term incentive award (includes cash salary) | 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** |

## Executive Board compensation under the previous organizational structure (as envisaged in the 2014 Annual Report)

| | Executive Board members | | | | CEO | | | |
|---|---|---|---|---|---|---|---|---|
| | Range of cap levels (multiple of base salary) | Base salary (CHF million) | Maximum variable incentive compensation (CHF million) | Maximum total compensation (CHF million) | Cap level (multiple of base salary) | Base salary (CHF million) | Maximum variable incentive compensation (CHF million) | Maximum total compensation (CHF million) |
| Cash | 0.40 – 1.30 | 1.50 | 1.95 | 3.45 | 0.80 | 2.50 | 2.00 | 4.50 |
| Short-term incentive award | 0.60 – 1.90 | – | 2.85 | 2.85 | 1.20 | – | 3.00 | 3.00 |
| Long-term incentive award [1] | 2.00 – 6.40 | – | 9.60 | 9.60 | 4.00 | – | 10.00 | 10.00 |
| **Total** | **3.00 – 9.60** | **1.50** | **14.40** | **15.90** | **6.00** | **2.50** | **15.00** | **17.50** |

[1] For the previous LTI awards, the amount payable at vesting of each installment was subject to an overall cap of 200% of the initial LTI award value.

Target and maximum opportunity levels are determined based on benchmark market levels of compensation for each role provided by the external compensation adviser, McLagan, in December 2015. The actual payout levels for each component will be determined by threshold, target and maximum pay levels which are directly linked to performance criteria and targets, further emphasizing the principle of "pay for performance". Whereas the STI award is based on past year performance and designed to reward the achievement of annual objectives, the LTI award is structured to reward the achievement of the long-term business plan, providing closer alignment with the long-term target returns of shareholders. Accordingly, the LTI award is subject to performance vesting over three financial years (performance cycle) followed by delivery in three installments over two years on the third, fourth and fifth anniversaries of the grant date. The final payout levels of the STI award are determined by a combination of quantitative and qualitative criteria as approved by the Board at the beginning of the financial year, whereas the final payout amount of the LTI award is based on a combination of Total Shareholder Return (TSR) as a market-determined metric and internal key performance metrics, measured over a three-year period. In the interest of transparency and in order to allow shareholders to assess the relationship between performance and pay, the pre-determined targets for the STI and LTI awards and the actual achievements against such targets will be disclosed in the Compensation Report at the end of the respective performance cycles. Further details on the elements of the STI and LTI awards are provided in the tables "Overview of 2016 Short-Term Incentive Awards" and "Overview of Long-Term Incentive Awards" below, and in the section "Types of awards". These elements apply to all Executive Board members, except to one member, who is considered PRA Code Staff and subject to the regulations of the PRA and the European Banking Authority (EBA). Accordingly, adjustments will be made to the compensation structure with respect to this Executive Board member in order to comply with the rules and requirements of the PRA and EBA.

## Overview of 2016 Short-Term Incentive Awards

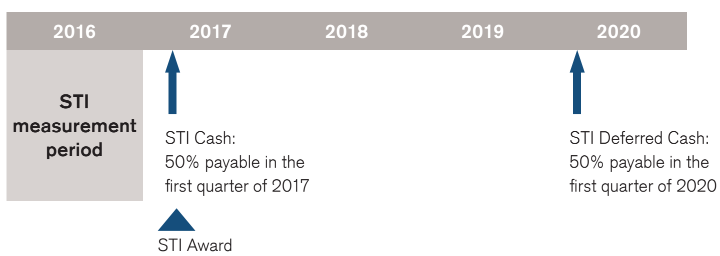
**Key features**

- 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 blocked period of six months
  - 60% deferred cash vesting on third anniversary (of which 50% in the form of shares)

**Performance Criteria**

| Performance criteria and weighting (%) | CEO | Divisional Head | Functional Head |
|---|---|---|---|
| **Quantitative criteria: Group level** (adjusted[1] pre-tax income, CET1 capital ratio, CET1 leverage ratio) | 70% | 21% | 70% |
| **Quantitative criteria: Divisional level** (adjusted[1] pre-tax income, net new assets, risk-weighted assets, leverage exposure, adjusted[1] return on capital) | – | 49% | – |
| **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, restructuring expenses, real estate transactions, deconsolidation, business sales, significant litigation expenses and the impact from fair value on own debt. **Prior to October 5, 2016, the previous sentence incorrectly stated that adjusted results also excluded Strategic Resolution Unit activities.** 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.

## Overview of Long-Term Incentive Awards

**Key features**

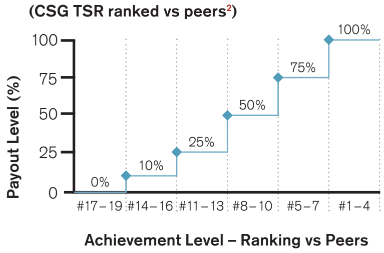
- Rewards achievement of long-term business plan and long-term returns for shareholders
- Maximum opportunity is expressed as a percentage of base salary taking into account role, market experience and geography
  - For 2016, the maximum opportunity range is between 125% and 325% of base salary
- Payout levels subject to threshold, target and maximum performance outcomes measured against predetermined Group and divisional targets over three years:
  - Maximum performance: 100%
  - Target performance: 80%
  - Threshold performance: 25%
  - Below threshold: 0%
- Payout levels with respect to Total Shareholder Return ranking are shown in the chart "Payout levels (TSR)"
- 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**

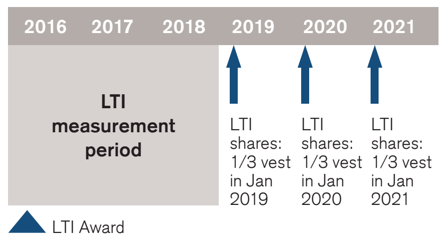
| Performance criteria and weighting (%) | CEO | Divisional Head | Functional Head |
|---|---|---|---|
| **Group level metrics** | **100%** | **80%** | **100%** |
| Total Shareholder Return (TSR) | 40% | 40% | 40% |
| CET1 ratio | 13.3% | 13.3% | 13.3% |
| CET1 leverage ratio | 13.3% | 13.3% | 13.3% |
| Cost target (CHF bn) | 13.3% | 13.3% | 13.3% |
| Operating free capital generated | 20% | – | 20% |
| **Divisional level metrics** | **–** | **20%** | **–** |
| Adjusted[1] pre-tax income, risk-weighted assets, leverage exposure, adjusted[1] return on capital | | | |

**Payout levels (TSR)**

**(CSG TSR ranked vs peers[2])**




**Example of 2016 LTI Award**




[1] Adjusted results are non-GAAP financial measures that exclude goodwill impairment, restructuring expenses, real estate transactions, deconsolidation, business sales, significant litigation expenses and the impact from fair value on own debt. **Prior to October 5, 2016, the previous sentence incorrectly stated that adjusted results also excluded Strategic Resolution Unit activities.** 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] See "Types of awards" for complete list of peer group.

### Utilization of Executive Board compensation approved at the 2015 AGM

At the 2015 AGM, shareholders approved an aggregate amount of fixed compensation to be paid to members of the Executive Board for the period from the 2015 AGM to the 2016 AGM of no more than CHF 32 million. Fixed compensation includes base salaries, fixed allowances, dividend equivalents, pension and similar benefits, as well as any replacement awards granted to new Executive Board members during this period. In line with the Compensation Ordinance and as specified in the AoA, a further 30% of this approved amount, or CHF 9.6 million, may be paid as fixed compensation to new Executive Board members. Of this additional amount, CHF 2.2 million was used to fund a portion of the replacement award granted to Peter Goerke and salary paid to Tidjane Thiam. By the time of the 2016 AGM, a total of CHF 34.2 million will have been paid to Executive Board members, of which CHF 22.5 million relates to the individuals who were members of the Executive Board at the time of the 2015 AGM, and CHF 11.7 million relates to individuals who became members of the Executive Board during 2015.

### Executive Board compensation proposed for approval at the 2016 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 2016 ordinary AGM:

#### Approval of the Executive Board aggregate short-term incentive compensation for the 2015 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 2015 of CHF 34.58 million. The total amount is comprised of cash, CCA and deferred share awards and reflects the performance achieved for 2015, as specified in the sections "Performance evaluation and compensation decisions for 2015". 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 2016 AGM to the 2017 AGM

The Board proposes to approve 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 33.0 million. The total amount of fixed compensation is comprised of base salaries, fixed allowances for members of the Executive Board qualifying as PRA Code Staff, dividend equivalents (payable for unvested deferred share awards granted before 2014 only), 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 2016

The Board proposes that the shareholders approve 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 total amount is comprised of deferred LTI awards subject to performance measurement over the financial years 2016, 2017 and 2018, followed by two years of phased vesting and delivery in three installments on the third, fourth and fifth anniversaries of the grant date, as specified in the section "Redesigned compensation structure and new awards in 2016" and the chart "Overview of Long-Term Incentive Awards".

## Types of awards

### 2015 Short-Term Incentive (STI) Cash Awards

STI cash awards are payable in cash after grant. The awards are intended to recognize the Executive Board members' performance for the most recent prior year.

### 2015 Short-Term Incentive (STI) Deferred Awards

The deferred component of STI awards granted with respect to performance for 2015 was in the form of CCA and performance share awards.

▸ Refer to "Contingent Capital Awards (CCA)" and "Performance share awards" in Group compensation – Compensation design – Deferred variable incentive compensation instruments for a detailed description of CCA and performance share awards.

### 2016 Short-Term Incentive (STI) Awards

From 2016 onwards, the STI Opportunity represents the maximum amount payable, and the final amount paid out is based on quantitative and qualitative performance compared to pre-determined objectives. The quantitative criteria will be based on Group targets for the CEO and functional heads, and a combination of Group and divisional targets for divisional heads. Quantitative criteria will account for 70% of the performance assessment, while the remaining 30% weighting will be based on qualitative criteria. For each of the quantitative and qualitative criteria, the Board has approved "Threshold", "Target" and "Maximum" achievement levels for the 2016 financial year, corresponding with payouts of 25%, 80% and 100% of the maximum opportunity amount, respectively. The STI award will be granted in the form of a full cash award, with 50% immediate payment and 50% deferred cash vesting on the third anniversary of the grant date. Further details are shown in the chart "Overview of 2016 Short-Term Incentive Awards" above.

For Executive Board members who are regarded as PRA Code staff, a portion of the STI Cash Awards payable at grant are awarded in the form of Credit Suisse Group AG registered shares, subject to a blocked period of six months, and a portion of the deferred STI Awards may be granted as share awards to ensure that the compensation granted is compliant with the regulatory requirements.

### 2016 Long-Term Incentive (LTI) Awards

The new form of 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. The initial LTI Opportunity will be defined as a number of Credit Suisse Group shares calculated on the basis of the Credit Suisse Group share price at the time of grant. The subsequent payout of the LTI award will be based on performance outcomes over a period of three years from the year of grant. The distribution of the award takes place on the third, fourth and fifth anniversaries of the grant date.

The performance metrics and payout at various levels of performance are detailed in the chart "Overview of Long-Term Incentive Awards" above. For all Executive Board members, vesting and payout of LTI awards is subject to performance against four Group level metrics, i.e., TSR, CET1 ratio, CET1 leverage ratio, and a cost target. These four metrics represent an 80% weighting. For the CEO and functional heads, the remaining 20% weighting is based on operating free capital generated. For divisional heads, the operating free capital generated metric is replaced by metrics specific to their division, i.e., adjusted pre-tax income, risk-weighted assets, leverage exposure, and adjusted return on capital, which form the remaining 20% weighting. Adjusted results are non-GAAP financial measures that exclude goodwill impairment, restructuring expenses, real estate transactions, deconsolidation, business sales, significant litigation expenses and the impact from fair value on own debt. **Prior to October 5, 2016, the previous sentence incorrectly stated that adjusted results also excluded Strategic Resolution Unit activities.** 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.

In terms of the TSR 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. Relative TSR will be 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 (TSR)" in the chart "Overview of Long-Term Incentive Awards" for more details on payout levels with respect to rankings.

For each of the internal financial targets at Group and divisional level, the Board has approved "Threshold", "Target" and Maximum" achievement levels over the 2016-2018 performance cycle, which would result in payouts of 25%, 80%, and 100% of the maximum opportunity amount, respectively.

#### 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 vested and unvested share-based awards. Pledging of unvested deferred awards by Executive Board members is also not permitted unless expressly approved by the Compensation Committee.

#### Cash settlement of share awards

The terms of all past and future share-based awards granted to the Executive Board were amended in 2014 to enable election of settlement in cash or shares. The Executive Board members are permitted to elect, at a predefined 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 change does not affect deferred share-based awards granted to non-Executive Board members as of December 31, 2015, 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. Predefined conditions for all employees 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, in the case of a change in control.

### Former Executive Board members

Generally, 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. No additional fees or other forms of compensation were paid to former members of the Executive Board who no longer provided services to the Group during 2015.

## Executive Board shareholdings and loans

### 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, 2015.

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, 2015 was on average 3.0% lower than at the grant date value of the awards.

As of December 31, 2015, the outstanding cash-based deferred compensation awards granted to certain Executive Board members in prior years were the 2008 PAF, the Plus Bond awards, the COF, CCA and the 2012 and 2013 LTI awards. The cumulative value of such cash-based awards at their grant dates was CHF 37.6 million compared to CHF 41.0 million as of December 31, 2015.

## 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) |
|---|---|---|---|---|---|
| **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** |
| **2014** | | | | | |
| Brady W. Dougan | 641,334 | 326,139 | 967,473 | 8,074,202 | 8,179,566 |
| James L. Amine | 79,131 | 522,755 | 601,886 | 13,505,094 | 13,110,695 |
| Gaël de Boissard | 249,617 | 506,289 | 755,906 | 13,485,853 | 12,697,728 |
| Romeo Cerutti | 96,887 | 169,842 | 266,729 | 4,158,932 | 4,259,637 |
| David R. Mathers | 32,146 | 287,055 | 319,201 | 7,031,063 | 7,199,339 |
| Hans-Ulrich Meister | 318,484 | 321,385 | 639,869 | 7,948,267 | 8,060,336 |
| Joachim Oechslin | – | 64,060 | 64,060 | 1,595,094 | 1,606,625 |
| Timothy P. O'Hara | – | 664,016 | 664,016 | 17,154,283 | 16,653,521 |
| Robert S. Shafir | 617,053 | 386,794 | 1,003,847 | 9,439,287 | 9,700,794 |
| Pamela A. Thomas-Graham | – | 158,139 | 158,139 | 3,857,930 | 3,966,126 |
| **Total** | **2,034,652** | **3,406,474** | **5,441,126** | **86,250,005** | **85,434,367** |

[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, 2015, 2014 and 2013, outstanding loans to Executive Board members amounted to CHF 26 million, CHF 5 million and CHF 10 million, respectively. The number of individuals with outstanding loans at the beginning and the end of 2015 was three and seven, respectively, and the highest loan outstanding was CHF 8 million to Thomas 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. 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 2015

At the 2015 AGM, Anton van Rossum and Jean-Daniel Gerber stepped down from the Board and Seraina Maag was elected as a new member 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. These fees are paid in arrears in two equal installments.

### 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 (12 monthly payments) plus a chair fee of CHF 1.5 million in Group shares and contributions to the Group pension fund. For the period from the 2015 AGM to the 2016 AGM, the Chairman proposed to voluntarily waive his chair fees of CHF 1.5 million, in consideration of the Group's weaker financial performance in 2015, and this proposal was approved by the Board in the context of determining compensation. 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 with the CEO and senior management, as well as with external stakeholders. 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, 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 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 2015, the chair fee was CHF 200,000 for the chairman of the Compensation Committee, CHF 641,667 for the chairman of the Audit Committee and CHF 583,333 for the chairman of the Risk Committee. These fees are fixed in advance and are not linked to the Group's financial performance. 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. 18 meetings and calls held during 2015) 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 since 2015.

‣ 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

Several 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. These board members are Noreen Doyle, chair of the UK subsidiaries Credit Suisse International (CSI) and Credit Suisse Securities (Europe) Limited (CSSEL), Richard E. Thornburgh, chair of Credit Suisse Holdings (USA) Inc. and board member and risk committee chair of CSI and CSSEL, and John Tiner, board member of Credit Suisse Holdings (USA) Inc. Board members receive separate fees for serving on subsidiary boards, in addition to their Board fees, which are 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 to members of the Board proposed for approval by shareholders at the AGM.

### 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 2015.

## Board compensation for 2015 (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% |
| Sereina Maag [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 Commitee 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.

## Board compensation for 2014 (audited)

| in | Base board fee | Committee fee | Chair fees | Voluntary adjustment [1] | **Total compen-sation** [2] | Awarded in cash | % of total compen-sation | Awarded in Group shares | % of total compen-sation | Number of Group shares [3] |
|---|---|---|---|---|---|---|---|---|---|---|
| **2014 (CHF)** | | | | | | | | | | |
| Urs Rohner, Chairman [4] | 2,500,000 | – | 2,000,000 | (1,000,000) | 3,629,856 | 2,629,856 | 72% | 1,000,000 | 28% | 49,481 |
| Jassim Bin Hamad J.J. Al Thani [5] | 250,000 | – | – | (62,500) | 187,500 | 125,000 | 67% | 62,500 | 33% | 2,510 |
| Iris Bohnet [5, 6] | 250,000 | 100,000 | – | (87,500) | 267,500 | 180,000 | 67% | 87,500 | 33% | 3,513 |
| Noreen Doyle [7] | 250,000 | 250,000 | 280,000 | (195,000) | 585,000 | 460,000 | 79% | 125,000 | 21% | 5,019 |
| Jean-Daniel Gerber [5] | 250,000 | 150,000 | – | (100,000) | 300,000 | 200,000 | 67% | 100,000 | 33% | 4,015 |
| Andreas N. Koopmann [5] | 250,000 | 200,000 | – | (112,500) | 337,500 | 225,000 | 67% | 112,500 | 33% | 4,517 |
| Jean Lanier, Chairman of the Compensation Committee [8] | 250,000 | 350,000 | 200,000 | (200,000) | 600,000 | 400,000 | 67% | 200,000 | 33% | 7,239 |
| Kai S. Nargolwala [5] | 250,000 | 200,000 | – | (112,500) | 337,500 | 225,000 | 67% | 112,500 | 33% | 4,517 |
| Anton van Rossum [5] | 250,000 | 100,000 | – | (87,500) | 262,500 | 175,000 | 67% | 87,500 | 33% | 3,513 |
| Severin Schwan [5] | 250,000 | 100,000 | – | (87,500) | 262,500 | 175,000 | 67% | 87,500 | 33% | 3,513 |
| Richard E. Thornburgh, Chairman of the Risk Committee [8] | 250,000 | 350,000 | 800,000 | (350,000) | 1,050,000 | 700,000 | 67% | 350,000 | 33% | 14,661 |
| Sebastian Thrun [5] | 250,000 | 100,000 | – | (87,500) | 262,500 | 175,000 | 67% | 87,500 | 33% | 3,513 |
| John Tiner, Chairman of the Audit Committee [8] | 250,000 | 350,000 | 800,000 | (350,000) | 1,050,000 | 700,000 | 67% | 350,000 | 33% | 14,534 |
| **Total** | **5,500,000** | **2,250,000** | **4,080,000** | **(2,832,500)** | **9,132,356** | **6,369,856** | **70%** | **2,762,500** | **30%** | **120,545** |

[1] The voluntary adjustment reflects a 50% reduction in the share portion of each Board member's fees, which was decided by the Board on August 22, 2014, following the final settlement of all US cross-border matters in May 2014. Board fees would normally be awarded as 50% cash and 50% shares, with the exception of the Chairman and Noreen Doyle.
[2] For the total compensation awarded to members of the Board, the Group made payments of CHF 0.6 million in 2014 and CHF 0.7 million in 2013 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.
[3] The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period.
[4] The chair fee of the Chairman is set at CHF 2.0 million to be awarded as 100% Group shares. For 2014, after applying the voluntary adjustment, the Chairman was paid a chair fee of CHF 1.0 million in Group shares. The applicable Group share price for the chair fee was CHF 20.21. The total compensation of the Chairman includes benefits received in 2014 of CHF 129,856, which included pension benefits, lump sum expenses and child and health care allowances.
[5] Except for the Chairman, members of the Board are awarded an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from May 9, 2014 to April 23, 2015. For 2014, after applying the voluntary adjustment, these total combined fees were paid in cash (67%) and Group shares (33%). The applicable Group share price was CHF 24.91.
[6] The total compensation of Iris Bohnet includes a payment of CHF 5,000 in 2014 for a speaking engagement at a Credit Suisse sponsored event.
[7] In addition to the base board and committee fees, which were awarded as 50% cash and 50% Group shares, the chair 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. For 2014, after applying the voluntary adjustment, there was a 50% reduction of the share portion of her Group board fees and a 25% reduction of her UK board chair fee in cash. Noreen Doyle received a chair fee of GBP 150,000 (CHF 210,000).
[8] In addition to the base board and committee fees, the three committee chairmen are each awarded a chair fee. The chair fee is awarded as 50% cash and 50% Group shares. For 2014, after applying the voluntary adjustment, the committee chairmen are paid their respective chair fees in cash (67%) and Group shares (33%). The applicable Group share price for the chair fees was CHF 20.21.

### Utilization of Board compensation approved at the 2015 AGM

At the 2015 AGM, shareholders approved an aggregate amount of compensation to be paid to members of the Board for the period from the 2015 AGM to the 2016 AGM of CHF 12 million. From this amount, a total of CHF 9.9 million will have been paid to Board members by the time of the 2016 AGM.

### Board compensation proposed for approval at the 2016 AGM

Pursuant to the Compensation Ordinance and the Group's 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 2016 ordinary AGM:

#### Approval of the compensation of the Board for the period from 2016 AGM to 2017 AGM

The Board proposes to approve 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 no more than CHF 12.0 million. The total amount is comprised 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.

### 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, 2015, there were no Board members with outstanding options.

## Board shareholdings by individual

| in | 2015 | 2014 |
| --- | --- | --- |
| **December 31 (shares)** [1] | | |
| Urs Rohner | 244,868 | 229,492 |
| Jassim Bin Hamad J.J. Al Thani | 26,404 | 19,763 |
| Iris Bohnet | 25,120 | 18,243 |
| Noreen Doyle | 52,998 | 52,984 |
| Andreas N. Koopmann | 60,944 | 46,859 |
| Jean Lanier | 75,799 | 56,665 |
| Sereina Maag | 4,653 | – |
| Kai S. Nargolwala | 209,434 | 176,974 |
| Severin Schwan | 65,601 | 25,155 |
| Richard E. Thornburgh | 194,089 | 184,668 |
| Sebastian Thrun | 6,850 | 2,779 |
| John Tiner | 107,866 | 70,482 |
| **Total** | **1,074,626** | **884,064** |

[1] Includes Group shares that are subject to a blocking period of up to four years; includes shareholdings of immediate family members.

### 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, 2015, 2014 and 2013, outstanding loans to Board members amounted to CHF 8 million, CHF 16 million and CHF 55 million, respectively.

Board members with loans 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, 2015, 2014 and 2013, 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 | 2015 | 2014 |
| --- | --- | --- |
| **December 31 (CHF)** | | |
| Urs Rohner | 4,915,000 | 5,097,475 |
| Andreas N. Koopmann | 1,775,000 | 4,885,919 |
| Seraina Maag | 984,000 | – |
| Richard E. Thornburgh | – | 6,223,479 |
| **Total** [1] | **7,674,000** | **16,206,873** |

[1] Includes loans to immediate family members.

## 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, is shown 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

#### Restricted Cash Awards

- Basis: cash-based;
- Vesting start: January 2013;
- Vesting end: January 2016;
- Applied to: performance in 2012, which included managing directors in the former Investment Banking division;
- General award conditions: vesting ratably over three years and other restrictive covenants and provisions. Paid in the first quarter of 2013;
- Other award conditions or restrictions: subject to repayment in part or in full if a performance-based malus event occurs, such as voluntary termination or termination for cause during the vesting period;
- Program objective/rationale: promoting retention of senior management.

#### Plus Bond Awards

- Basis: cash-based;
- Vesting start: January 2013;
- Vesting end: January 2016;
- Applied to: performance in 2012 for managing directors and directors in the former Investment Banking division. Other managing directors and directors were allowed to reallocate a portion of the share awards into Plus Bond awards. Mandatory Plus Bond awards for managing directors and directors in the former Investment Banking division were fully vested on grant, subject to cancellation in the event of a termination with cause or where settlement conditions are violated. Vesting in 2016 for employees who elected to reallocate a portion of their share awards to Plus Bond awards;
- General award conditions: awards are linked to the future performance of a portfolio or unrated and sub-investment grade asset-backed securities that are held in inventory by various trading desks in the former Investment Banking division;

- Other award conditions or restrictions: Plus Bond award holders will receive semi-annual cash payments at the rate of LIBOR plus 7.875% per annum. Holders of Plus Bond awards are subject to a non-compete/non-solicit provision;
- Program objective/rationale: providing employees with a fixed income strategy while transferring risk from the Group to employees thereby contributing to a reduction of risk-weighted assets.

**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.

**Contingent Capital Awards (CCA) derived from PAF2**
- 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 PAF2;
- General award conditions: PAF2 awards participants electing to receive CCA in substitute receive similar terms to the instruments granted as part of the 2013 and 2014 compensation awards. The principal differences between the two forms of CCA are that these CCA are expected to settle approximately one year earlier and provide semi-annual cash payments of interest equivalents at slightly lower rates (4.51% per annum over the six-month Swiss franc LIBOR or 5.07% per annum over the six-month US dollar LIBOR).
- Other award conditions or restrictions: Settlement is expected to occur in 2016, subject to regulatory approvals. 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. 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: CET1 falls below 7%; or FINMA determine cancellation of the award is necessary;
- Program objective/rationale: Utilized to align compensation with the maintenance of strong capital ratios, provide additional tier 1 capital, and reduce dilution to existing share capital that would otherwise be incurred with the issuance of share-based deferred compensation awards.

▸ Refer to "Contingent Capital Awards (CCA)" in Group compensation – Compensation design – Deferred variable incentive compensation instruments for further information.

**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.