

Compensation of the Board of Directors and the Executive Board

Shareholder Information – Summary Document

Appendix to Agenda Item 4 of the Invitation
of March 24, 2016
to the Annual General Meeting of Shareholders
on April 29, 2016

Introduction

At the 2014 Annual General Meeting of Shareholders (AGM), Credit Suisse Group AG amended its Articles of Association to take account of the requirements of the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (Compensation Ordinance) and thus, for the purposes of good corporate governance, created at an early stage the basis for the approval of the compensation of the Board of Directors and the Executive Board.

In line with the Compensation Ordinance and the Articles of Association, the compensation of our Board of Directors and Executive Board will be submitted for binding shareholder votes at the 2016 AGM. Accordingly, shareholders will be asked to approve the following:

- Board of Directors maximum aggregate compensation for the period 2016 AGM to 2017 AGM (prospective vote)
- Executive Board aggregate short-term variable incentive compensation (STI) 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)
- maximum aggregate amount of long-term variable incentive compensation (LTI) to be granted to members of the Executive Board for the 2016 financial year 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)

This document provides information on the votes on compensation under agenda item 4 of the invitation to the AGM. Further information with respect to our compensation systems for our Board of Directors and Executive Board may be found in the 2015 Compensation Report.

I. Agenda item 4.1: Approval of the Compensation of the Board of Directors

The Board of Directors proposes approving a maximum amount of compensation of the Board of Directors of CHF 12.0 million for the period from the 2016 AGM to the 2017 AGM.

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

Members of the Board of Directors are compensated on the basis of fees, which reflect the respective Board member's role, time commitment and scope of responsibility on the Board of Directors. The fee amounts are set at levels to attract and retain highly qualified and experienced individuals, taking into consideration levels at comparable leading Swiss companies. Fees for members of the Board of Directors included in the maximum compensation amount proposed for the period from the 2016 AGM to the 2017 AGM consist of base board fees, committee fees for membership in the respective committees, as well as Chair fees for the Chairman and the Committee Chairmen. A summary of these fees is provided in the table below.

These fee amounts remain mostly unchanged compared to the previous compensation period. The amounts for the individual compensation elements are indicative and might change within the maximum amount of compensation submitted for approval.

Except for the full-time Chairman, all members of the Board of Directors receive an annual base board fee of CHF 250,000 plus annual committee fees for each committee membership. Fees to be paid to members of the Board of Directors will be 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 the members of the Board of Directors are closely aligned to the interests of shareholders. These fees will be paid in arrears in two equal installments.

The Committee Chairs of each of the Compensation, Risk and Audit Committees receive Chair fees, in addition to their base board and committee fees, reflecting the greater responsibility and time commitment required to perform the role of a committee Chair, which is considered to be a significant part-time role.

The total compensation to be 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, for which he will receive 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 as well as pension and other benefits for the period from the 2016 AGM to the 2017 AGM. The Chairman does not receive a Chair fee for his role as Chairman of the Chairman's and Governance Committee.

Summary of the compensation structure of members of the Board of Directors:

	Base board fee (in CHF)	Committee fees (in CHF)	Chair fees (in CHF)
Board of Directors (except Chairman)	250,000	–	–
Chairman	3,000,000	–	1,500,000
Audit Committee		150,000	560,000
Chairman's and Governance Committee	–	100,000	–
Compensation Committee	–	100,000	200,000
Risk Committee	–	100,000	420,000

Several members of the Board of Directors 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. In addition to their Board fees, these members of the Board of Directors receive separate fees for serving on subsidiary boards, which are paid in cash. These fees are approved by the respective subsidiary boards and are subject to ratification by the Board of Directors and included in the maximum amount of compensation to members of the Board of Directors proposed for approval by shareholders at the 2016 AGM.

The amounts actually paid to the individual members of the Board of Directors for the period from the 2016 AGM to the 2017 AGM will be disclosed in the 2016 Compensation Report, which will be presented to shareholders at the 2017 AGM for a consultative vote.

For the period from the 2015 AGM to the 2016 AGM shareholders approved an aggregate amount of compensation to be paid to members of the Board of CHF 12.0 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.

Additional information regarding compensation for the Board of Directors may be found in the 2015 Compensation Report (pages 243–246).

II. Agenda item 4.2: Approval of the Compensation of the Executive Board

To align the Executive Board compensation with the new strategic direction, to reflect the new organizational structure and to achieve a stronger link between pay and performance, the Compensation Committee has recommended for approval by the Board of Directors a revised compensation structure. The key features of such structure may be found in the 2015 Compensation Report (pages 237–241).

Summary of the compensation structure of members of the Executive Board:

	Fixed Compensation	Short-term Variable Incentive Compensation	Long-term Variable Incentive Compensation
Key features	Reflects skills, qualifications, experience, responsibilities and market factors	Rewards achievement of annual objectives of the Group and the divisions	Rewards achievement of long-term business plan and long-term returns for shareholders
2016 AGM approval	2016 AGM to 2017 AGM (prospective)	2015 financial year (retrospective)	2016 financial year (prospective)
Amount proposed	CHF 33.0 million (maximum amount)	CHF 34.58 million	CHF 49.0 million (maximum amount)
Measurement period		1 year (2015)	3 years (2016–2017–2018)
Performance criteria		See “9M15 performance against targets” in the 2015 Compensation Report (page 234)	See “Overview of Long-Term Incentive Awards” in the 2015 Compensation Report (page 239)
Delivery	Cash	40% in immediate cash payment and 60% in CCA awards vesting on the third anniversary of the grant date	Shares with performance vesting 3 years from grant date and delivery in 3 equal tranches on the third, the fourth, and the fifth anniversary of the grant date

A. Agenda item 4.2.1: Short-term Variable Incentive Compensation (STI)

The Board of Directors proposes approving the aggregate amount of CHF 34.58 million, comprising the short-term variable incentive compensation of the Executive Board for the financial year 2015.

The aggregate amount includes compensation in the form of cash, Contingent Capital Awards (CCA) and deferred share awards and reflects the performance achieved for 2015, as specified in the sections “Performance evaluation and compensation decisions for 2015” of the 2015 Compensation Report (pages 233–236). The proposed amount excludes any legally required employer contributions to social security systems.

During 2015, there were significant changes to the composition of the Executive Board and, in October 2015, Credit Suisse announced 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 predetermined 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 necessitated individualized assessments of the compensation of the Executive Board members. The classification of Executive Board members in four categories and the approaches to determining their respective variable incentive compensation levels are summarized in the table “Overview of approaches to variable incentive compensation determination in 2015” of the 2015 Compensation Report (page 232). 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. The amount proposed includes short-term variable incentive compensation for seventeen individuals who served on the Executive Board during all or part of 2015.

B. Agenda item 4.2.2: Fixed Compensation

The Board of Directors proposes approving the maximum amount of CHF 33.0 million, comprising the fixed compensation of the Executive Board for the period from the 2016 AGM to the 2017 AGM.

The maximum amount of fixed compensation includes compensation in the form 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 other benefits. The proposed amount excludes any legally required employer contributions to social security systems.

The proposed annual base salary included in the AGM vote on fixed compensation for the Executive Board will be CHF 3.0 million for the CEO, CHF 2.0 million or the equivalent amount in local currency for the Executive Board members based in Switzerland and Singapore, and USD 2.0 million for Executive Board members based in the US and the UK. For 2016, base salaries will be kept at the same levels as set in the previous year. The amounts for the individual compensation are indicative and might change within the maximum amount of compensation submitted for approval. Utilization of fixed compensation approved for the Executive Board at the 2016 AGM will be disclosed in the 2016 Compensation Report, which will be presented to shareholders at the next AGM in 2017 for a consultative vote.

C. Agenda item 4.2.3: Long-term Variable Incentive Compensation (LTI)

The Board of Directors proposes approving the maximum amount of CHF 49.0 million, comprising the long-term variable incentive compensation to be granted to the Executive Board for the financial year 2016.

The maximum amount includes compensation in the form 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” of the 2015 Compensation Report (pages 237 and 239, respectively).

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, 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.

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. The final payout amount of the LTI award is based on a combination of total shareholder return as a market determined metric and internal key performance indicators, measured over a three-year period. As explained in more detail in the Compensation Report, a maximum LTI payout would require outperformance of the agreed targets, whereas meeting the agreed targets would result in an 80% payout. 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 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 regarding the LTI awards may be found in the 2015 Compensation Report (page 237–241).



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