

# Compensation Report 2019



March 25, 2020

CREDIT SUISSE 

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This presentation also contains non-GAAP financial measures, including adjusted results as well as return on tangible equity and tangible book value per share (which are based on tangible shareholders' equity). Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under US GAAP can be found in this presentation in the Appendix as well as in the Annual Report 2019, which are both available on our website at [www.credit-suisse.com](http://www.credit-suisse.com).

Our estimates, ambitions, objectives and targets often include metrics that are non-GAAP financial measures and are unaudited. A reconciliation of the estimates, ambitions, objectives and targets to the nearest GAAP measures is unavailable without unreasonable efforts. Adjusted results exclude goodwill impairment, major litigation provisions, real estate gains and other revenue and expense items included in our reported results, all of which are unavailable on a prospective basis. Return on Tangible Equity is based on tangible shareholders' equity (also known as tangible book value), a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet, both of which are unavailable on a prospective basis. Such estimates, ambitions, objectives and targets are calculated in a manner that is consistent with the accounting policies applied by us in preparing our financial statements.

## **Statement regarding capital, liquidity and leverage**

Credit Suisse is subject to the Basel III framework, as implemented in Switzerland, as well as Swiss legislation and regulations for systemically important banks (Swiss Requirements), which include capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Credit Suisse has adopted the Bank for International Settlements (BIS) leverage ratio framework, as issued by the Basel Committee on Banking Supervision (BCBS) and implemented in Switzerland by the Swiss Financial Market Supervisory Authority FINMA.

References to phase-in and look-through included herein refer to Basel III capital requirements and Swiss Requirements. Phase-in reflects that, for the years 2014-2018, there was a five-year (20% per annum) phase-in of goodwill, other intangible assets and other capital deductions (e.g., certain deferred tax assets) and a phase-out of an adjustment for the accounting treatment of pension plans. For the years 2013-2022, there is a phase-out of certain capital instruments. Look-through assumes the full phase-in of goodwill and other intangible assets and other regulatory adjustments and the phase-out of certain capital instruments.

Unless otherwise noted, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments. The tier 1 leverage ratio and CET1 leverage ratio are calculated as BIS tier 1 capital and CET1 capital, respectively, divided by period-end leverage exposure. Swiss leverage ratios are measured on the same period-end basis as the leverage exposure for the BIS leverage ratio.

## **Sources**

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# Key messages

## 1 Strong 2019 performance; Consistent growth and disciplined execution

- Clear and consistent strategy: a leading Wealth Manager with strong Investment Banking capabilities
- Deepening collaboration between Wealth Management and Investment Banking
- Delivered significant increase in profits and net income, and RoTE<sup>‡</sup> of 9% in 2019
- Continued to create positive operating leverage reflecting our focus on cost discipline
- Increased TBVPS<sup>‡</sup> by 4% in 2019 year-on-year
- Returned CHF 1.7 bn of capital to our shareholders in 2019 through a combination of share buybacks and dividends; repurchased CHF 325 mn of shares in 2020 year-to-date<sup>1</sup>
- Our share price increased by 24% in 2019, outperforming both European banks and the wider European market index<sup>2</sup>

## 2 Compensation framework remains aligned with the Group's strategy, performance and shareholder value

- Remained committed to rebalancing the distribution of improved profitability between shareholders and employees
- Lower Executive Board compensation driven by changes in ExB composition (including related forfeitures of outstanding compensation), lower performance achieved for STI and lower fair value for LTI
- Alignment between ExB pay and performance: 2017 LTI awards valued at CHF 11.8 mn compared to maximum opportunity of CHF 52 mn<sup>3</sup>
- CEO assessment score for non-financial criteria reduced to 50% and subsequent resignation, following the observation events
- More stretching performance target levels for ExB

## 3 Governance

- Board of Directors remains fully committed to protect the reputation of the bank through timely action
- Succession planning is led by our Governance and Nominations Committee and we have commenced the process for an orderly transition of the Chairman in April 2021
- Through innovative Compliance and Control systems, we have been making progress in improving our corporate culture

<sup>‡</sup> RoTE and tangible book value per share are non-GAAP financial measures, see Appendix; RoTE figures are rounded up or down to the nearest whole number

<sup>1</sup> As of March 20, 2020   <sup>2</sup> Source: Bloomberg as of December 31, 2019   <sup>3</sup> Pre 40% voluntary reduction. Based on share price as of December 31, 2019. Shares vest in three equal tranches on the third, fourth and fifth anniversaries of the grant date.

# Agenda

- 1** Strategy and progress for 2019 and beyond
- 2** 2019 Compensation Report highlights
- 3** Corporate Governance

# We have a clear and consistent strategy

A leading Wealth Manager...

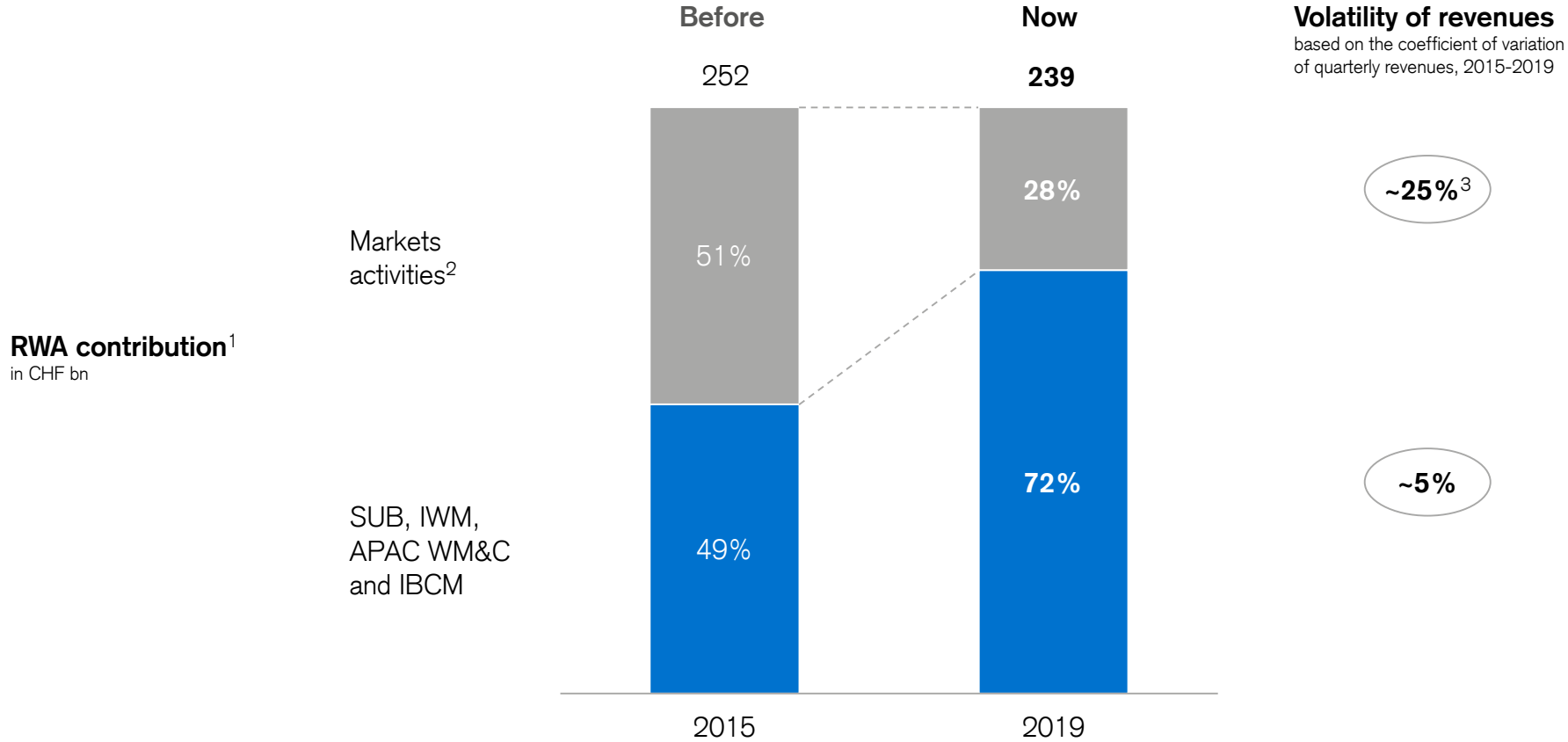
...with strong Investment  
Banking capabilities

Following a **balanced approach** between Mature and Emerging Markets in Wealth Management...

...focusing on **UHNW and entrepreneur** clients...

...serving both our **clients' private wealth and business financial needs**

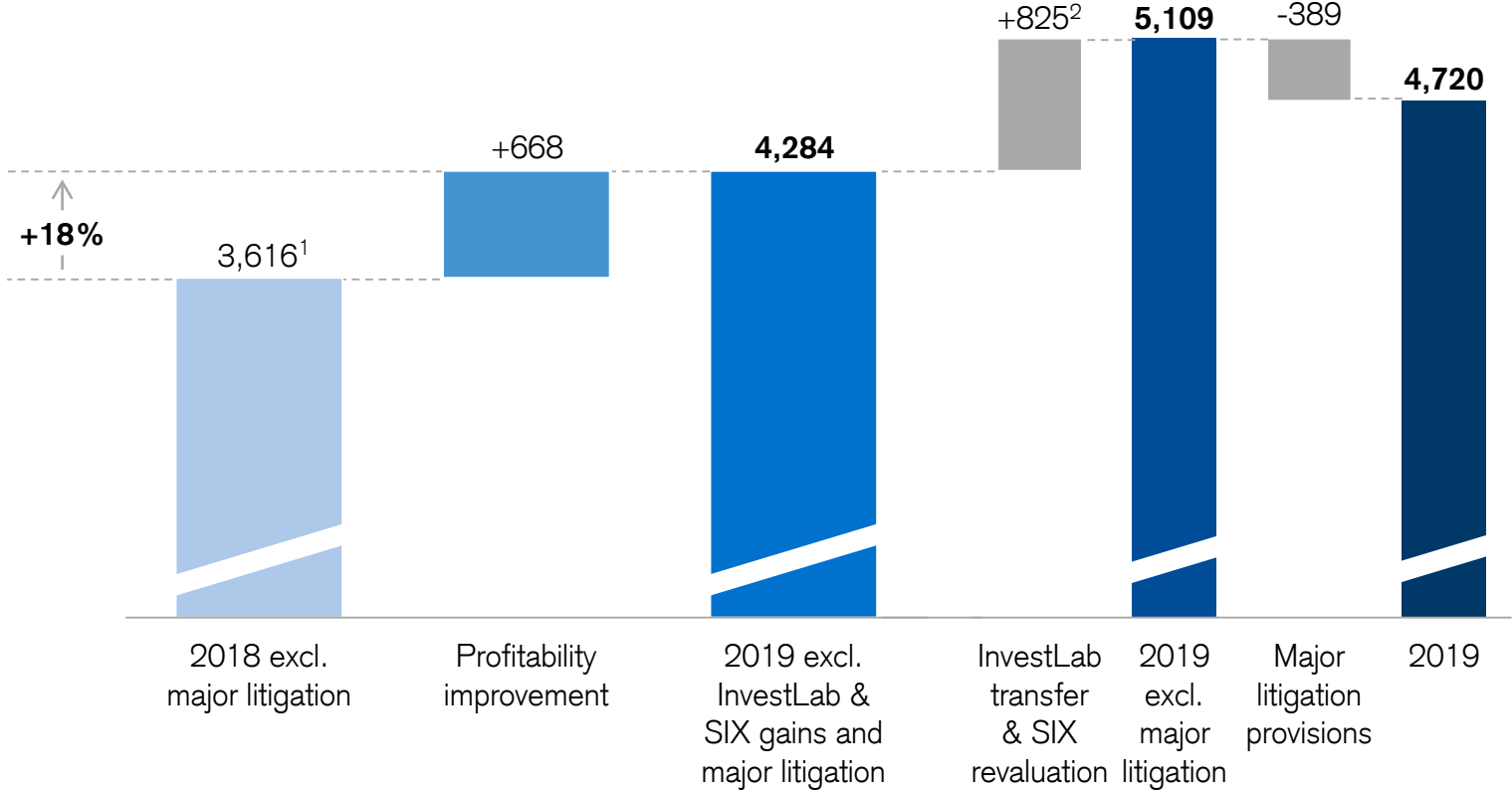
# We have fundamentally changed the allocation of capital, prioritizing higher-return, more capital efficient and less volatile businesses



<sup>1</sup> Excludes Corporate Center RWA of CHF 18 bn in 2015 and CHF 51 bn in 2019. Excludes SRU Op Risk RWA of USD 19 bn in 2015 <sup>2</sup> Includes Global Markets, APAC Markets and, through 2018, the SRU. SRU excludes Op Risk RWA as per footnote 1 <sup>3</sup> Excludes SRU

# We have delivered a strong performance in 2019 with a significant increase in profits...

**Reported PTI development**  
in CHF mn

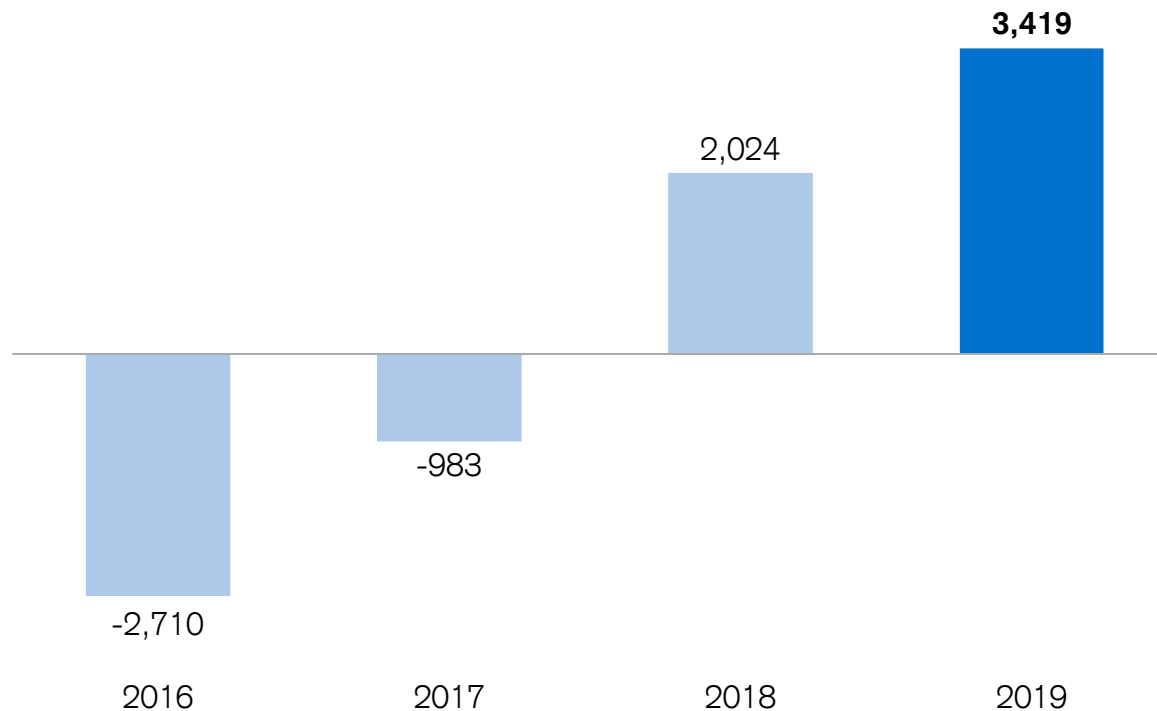


Note: Results excluding gains from the InvestLab transfer and SIX revaluation and major litigation provisions are non-GAAP financial measures. For further details and reconciliation information, see Appendix  
 1 Excludes major litigation provisions of CHF 244 mn    2 Impact of CHF 327 mn related to the transfer of the InvestLab fund platform to Allfunds Group, recorded in SUB, IWM and APAC, and impact of CHF 498 mn related to the revaluation of our equity investment in the SIX Group AG, recorded in SUB and IWM

# ...and in net income and returns...

## Net income attributable to shareholders

in CHF mn



## Return on tangible equity<sup>‡</sup>

based on CHF



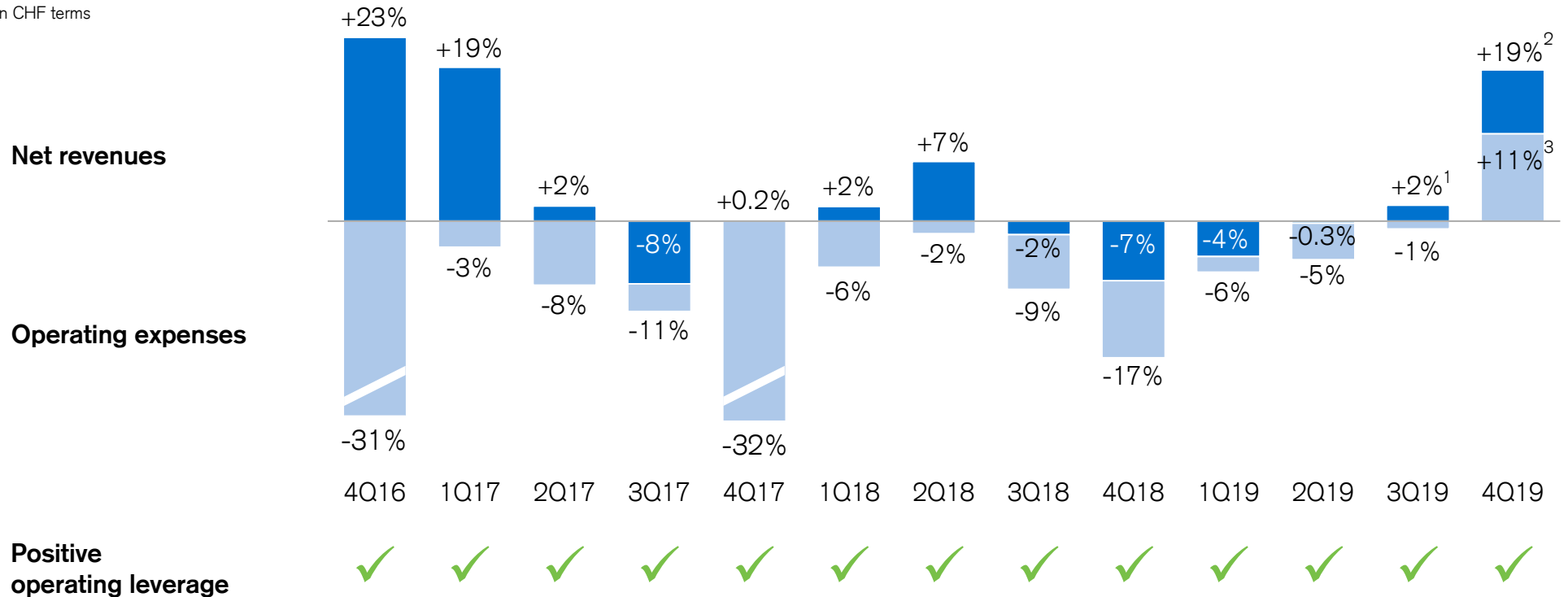
<sup>‡</sup> RoTE is a non-GAAP financial measure, see Appendix; RoTE figures are rounded up or down to the nearest whole number



# ...as we have continued to create positive operating leverage

## Group YoY performance

in CHF terms

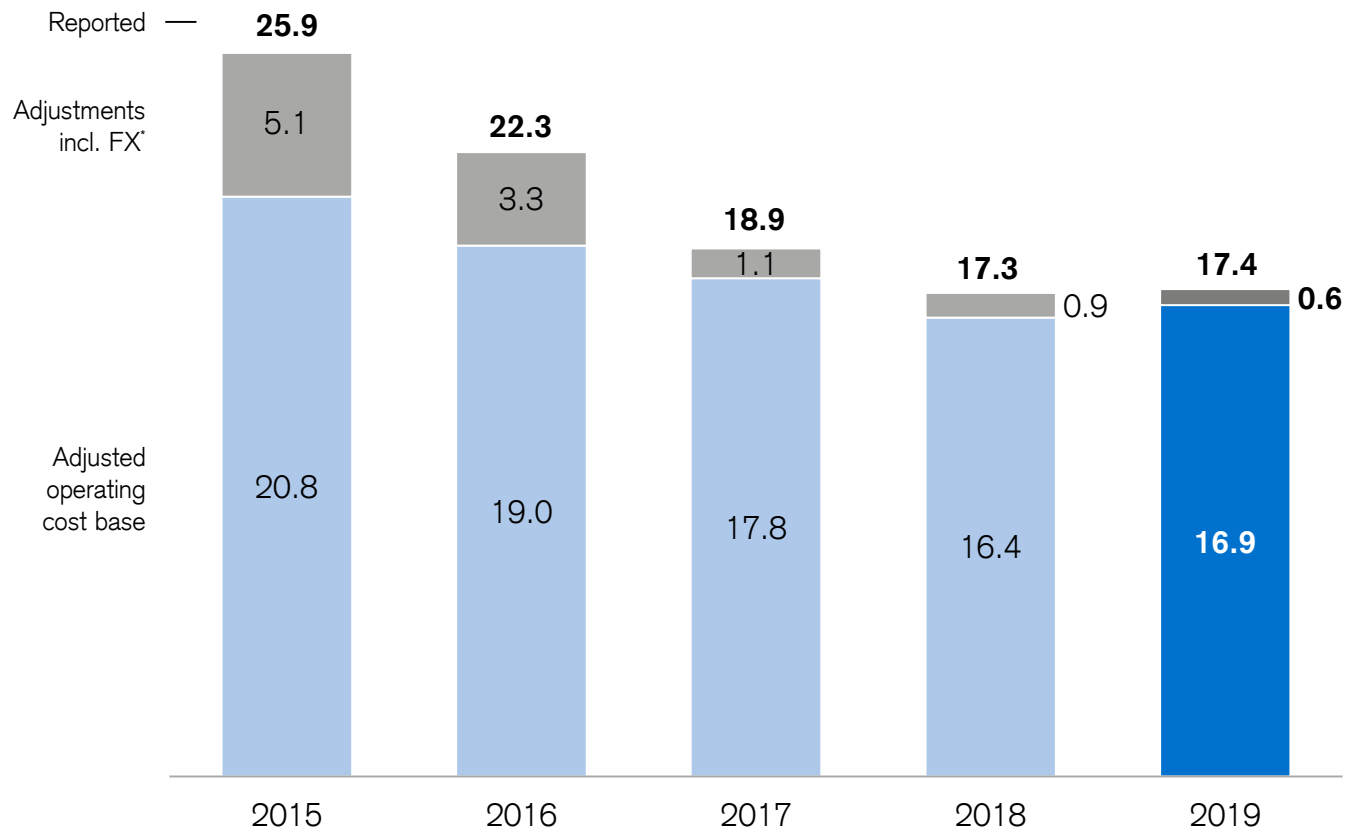


Note: Results excluding gains from the InvestLab transfer and SIX revaluation and major litigation provisions are non-GAAP financial measures. For further details and reconciliation information, see Appendix

1 Excludes impact of CHF 327 mn related to the transfer of the InvestLab fund platform to Allfunds Group, recorded in SUB, IWM and APAC 2 Excludes impact of CHF 498 mn related to the revaluation of our equity investment in the SIX Group AG, recorded in SUB and IWM 3 Excludes major litigation provisions of CHF 326 mn in 4Q19 and CHF 82 mn in 4Q18

# We reaffirmed our adjusted operating cost base range for 2020 of ~CHF 16.1-16.9 bn

Adjusted operating cost base at constant FX rates\* in CHF bn



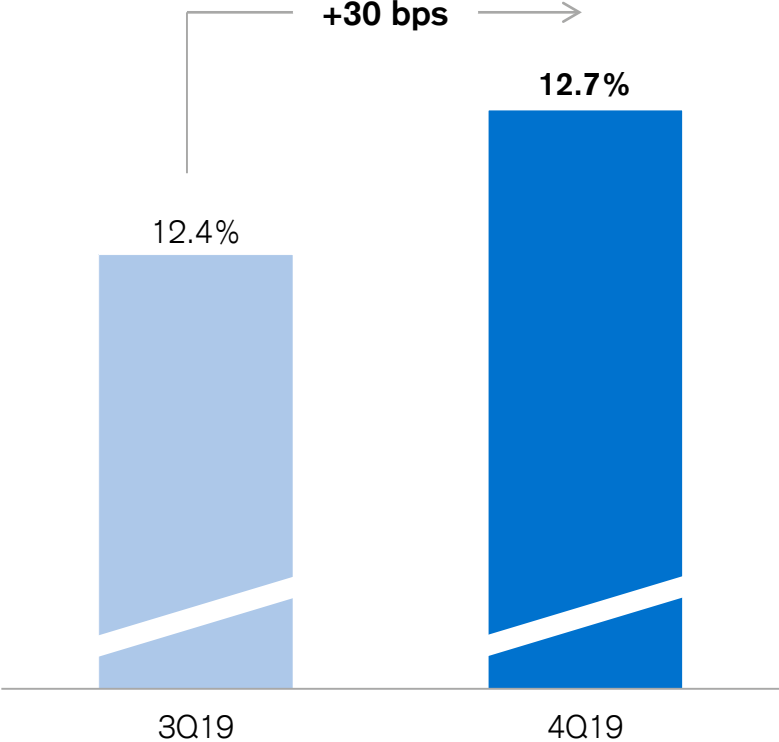
## Key messages

- Maintained focus on cost discipline
- Reaffirm adjusted operating cost base range of ~CHF 16.1-16.9 bn<sup>1</sup> for 2020 depending on market conditions
  - significant range of measures planned for 2020, including further office rationalization and creation of cross-divisional utilities

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix  
 1 Adjusted operating cost base at constant 2019 FX rates \* Adjusted operating cost base at constant 2018 FX rates; see Appendix

# We have improved our CET1 ratio in 4Q19...

CET1 ratio



# ...whilst distributing CHF 1.7 bn of capital to our shareholders in 2019

**Share buyback program**

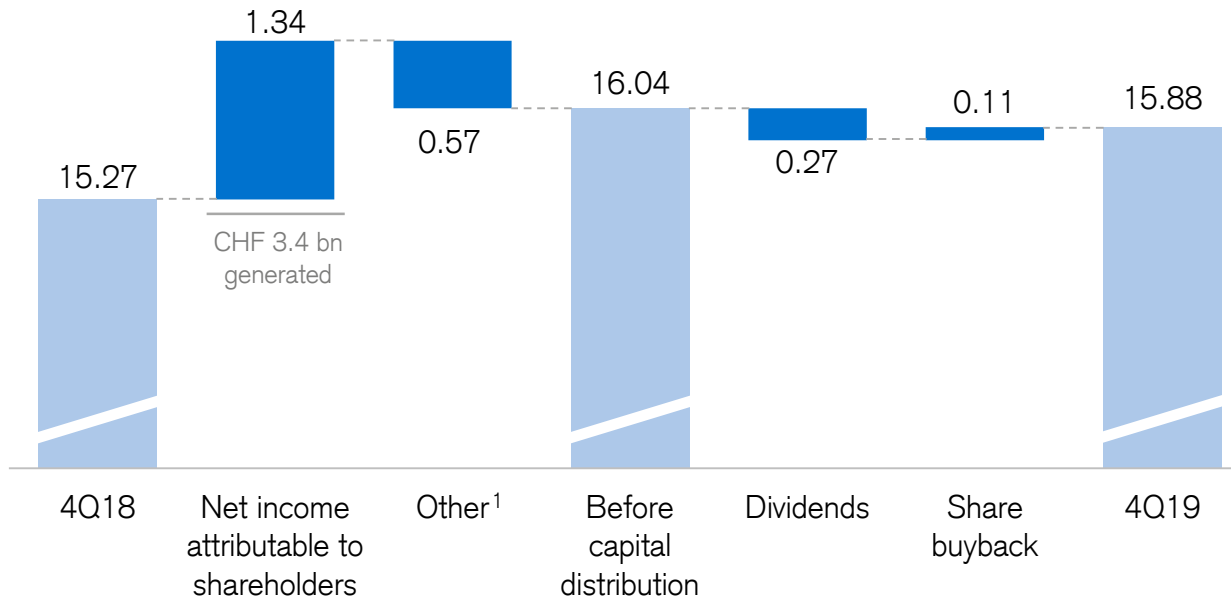
**CHF 1 bn**  
repurchased in 2019

**Dividends**

**CHF 695 mn**  
paid out in 2019

# We increased TBVPS to CHF 15.88 since end-2018

## Tangible book value per share (TBVPS)<sup>‡</sup> in CHF



### Key messages

- Net income generation contributed to an increase in TBVPS<sup>‡</sup> of CHF 1.34 over the course of 2019
- TBVPS<sup>‡</sup> increased by 4% in 2019 post capital distribution
- Repurchase of shares below tangible book value accretive to TBVPS<sup>‡</sup>
- Payout ratio of 51%<sup>2</sup> in line with guidance

<sup>‡</sup> Tangible book value per share (TBVPS) is a non-GAAP financial measure, see Appendix

<sup>1</sup> Includes net share plan accrual of CHF 0.23, pension credit of CHF 0.21 (which includes net gains from the re-measurement of the Group's pension assets and liabilities), own credit movements of CHF -0.73 (which reflects impact on tangible shareholders' equity from own credit movements via other comprehensive income and tax expenses related to own credit movements), FX of CHF -0.40 and other of CHF 0.12 (which includes the impact from an increase in retained earnings following the change related to the accounting of leases) <sup>2</sup> Includes impact of proposed ordinary dividend for the financial year 2019 of CHF 0.2776 per share

# Significantly improved performance demonstrates our ability to deliver profitable growth, create operating leverage, strengthen our capital position and reduce our risk profile

Selected key performance metrics		2015	2019
Growth	Net income attributable to shareholders in CHF bn	-2.9	3.4 ▲
	Wealth Management-related <sup>1</sup> PTI in CHF bn	2.7	4.7 <sup>2</sup> ▲
	Net New Assets in CHF bn	47	79 ▲
	Assets under Management in CHF bn	1,214	1,507 ▲
Capital	CET1 capital in CHF bn	29.0 <sup>3</sup>	36.8 ▲
	CET1 ratio	10.2% <sup>3</sup>	12.7% ▲
Operating leverage	Adj. operating cost base at constant FX rates* in CHF bn	20.8	16.9 ▼
Risk	Value-at-Risk <sup>4</sup> in CHF mn	49	27 ▼
	Level 3 assets in CHF bn	33	16 ▼
	Global Markets leverage exposure in USD bn	439 <sup>3,5</sup>	266 ▼

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix \* Adjusted operating cost base at constant 2018 FX rates; see Appendix  
 1 Relating to SUB, IWM and APAC PB within WM&C 2 Excluding impact of CHF 327 mn related to the transfer of the InvestLab fund platform to Allfunds Group, recorded in SUB, IWM and APAC PB within WM&C, and impact of CHF 498 mn related to the revaluation of our equity investment in the SIX Group AG, recorded in SUB and IWM. Results excluding these gains are non-GAAP financial measures. For further details and reconciliation information, see Appendix 3 As of 3Q15 4 Trading book, average one-day, 98% risk management VaR 5 Presents financial information based on results under our structure prior to our re-segmentation announcement on October 21, 2015; on the basis of our current structure, the 3Q15 leverage exposure for Global Markets is USD 313 bn

# Summary

- Continued improvement in performance in 2019, with particularly strong 4Q19
- Deepening collaboration between Wealth Management and Investment Banking
- Resilient business model focused on delivering consistent growth and disciplined execution

# Agenda

**1** Strategy and progress for 2019 and beyond

**2** 2019 Compensation Report highlights

**3** Corporate Governance



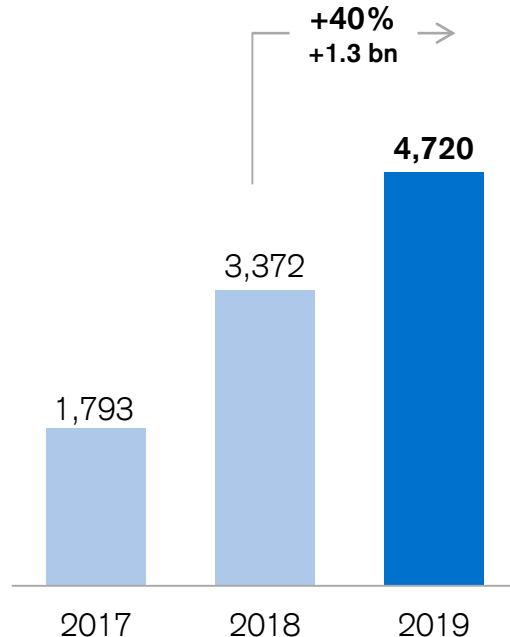
# 2019 compensation – key highlights

- 1 Group variable **incentive compensation pool down 1%** YoY while Group **pre-tax income increased 40%** YoY
- 2 **ExB compensation structure consistent with prior years:** STI designed to reward short term performance and achievement of annual objectives, while LTI designed to reward longer-term performance and shareholder value creation over a forward-looking 3-year period
- 3 **Decrease in 2019 STI mainly driven by:**
  - Changes in the ExB composition (including related forfeitures of outstanding compensation)
  - Lower performance achieved for STI target criteria and lower non-financial score
- 4 **2019 LTI will be determined after 3-year performance period** with **subsequent vesting over the following 3 years** and the **value further subject to share price movements over 5-year period from grant**
  - LTI is not only based on 2019 performance, but covers a longer time horizon from 2019 to 2021
  - Pay for performance demonstrated by 2017 LTI awards – valued at CHF 11.8 mn at the end of the performance period compared to maximum opportunity of CHF 52 mn (before the 40% voluntary reduction)<sup>1</sup>
- 5 **Compensation proposals for 2020 AGM**
  - Prospective      ExB aggregate fixed compensation: no change compared to the prior 3 years
  - Retrospective    ExB STI down 27%
  - Prospective      ExB LTI down to CHF 28.6 mn; maximum opportunity of CHF 53.75 mn (vs. CHF 30.2 mn and CHF 57.5 mn, respectively for the prior period)
  - Prospective      Total Board compensation to remain flat, at levels unchanged since 2015 AGM

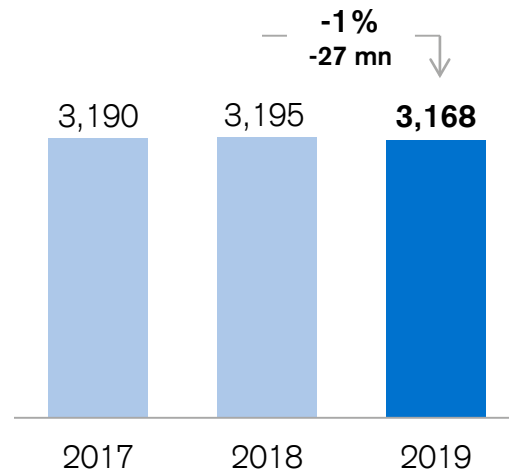
<sup>1</sup> Value based on share price as of December 31, 2019. Shares vest in three equal tranches on the third, fourth and fifth anniversaries of the grant date

# While profitability further significantly improved, the bonus pool slightly decreased to rebalance the share of profits between shareholders and employees

**Group pre-tax income**  
in CHF mn



**Group variable incentive compensation pool**  
in CHF mn



- Group pool includes ExB and CEO variable compensation
- While pre-tax income increased 40% YoY, the **overall Group variable incentive compensation pool decreased 1%** to further rebalance the distribution of profits between shareholders and employees
- High deferral rates and granting of share-based deferred awards **aligns realized compensation with shareholders' interests**

# Our Executive Board compensation structure consists of three main building blocks

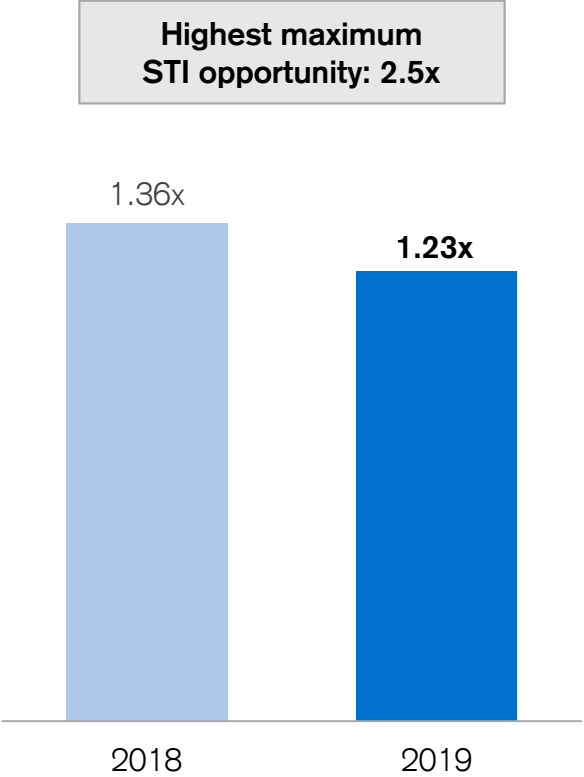
ExB compensation component	Key features	Design principle
Base salary, pension and benefits <sup>1</sup>	<ul style="list-style-type: none"> <li>Reflects <b>skills, qualifications, experience, responsibilities and market factors</b></li> <li><b>No performance criteria</b> attached</li> <li>Payable in <b>cash</b></li> </ul>	Utilizes <b>competitive peer benchmarking</b> levels, aligned to market practice
Short-Term Incentive (STI) opportunity	<ul style="list-style-type: none"> <li>Rewards achievement of <b>annual objectives</b></li> <li>Only payable in full if <b>maximum performance levels</b> achieved</li> <li><b>50% cash</b> and <b>50% deferred cash</b> vesting on 3<sup>rd</sup> anniversary of grant date</li> </ul>	<b>Pre-defined opportunity range</b> expressed as <b>multiple of base salary</b> reflecting role, market experience and geography
Long-Term Incentive (LTI) opportunity	<ul style="list-style-type: none"> <li>Rewards achievement of <b>long-term business plan and returns to shareholders</b></li> <li><b>Performance-dependent payout award</b> determined by achievement of <b>pre-defined performance targets</b> and value at vesting based on share price development</li> <li>Only payable in full if <b>maximum performance levels</b> achieved</li> <li><b>100% shares</b> with <b>3-year performance period</b>, vesting in 3 equal tranches on 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> anniversary of grant date</li> </ul>	

<sup>1</sup> Including role-based allowances and dividend equivalents

# Average ExB STI and LTI maximum opportunities are well below the highest maximums and have declined

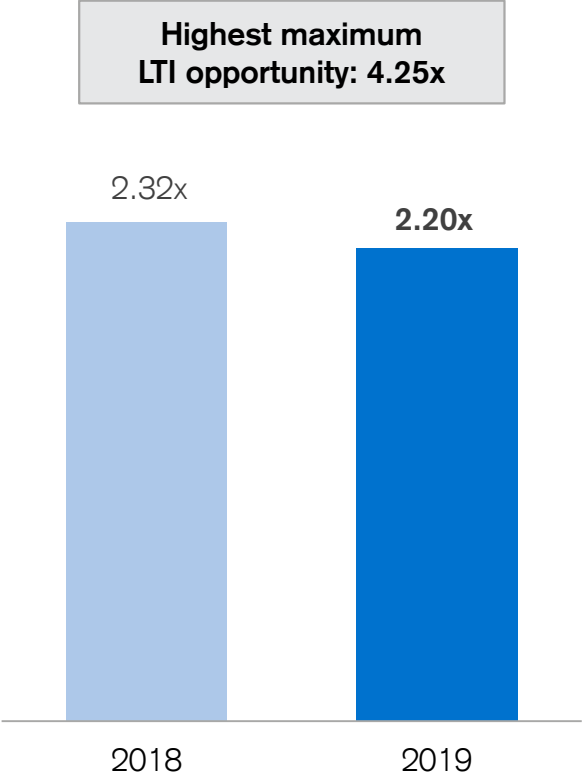
Average ExB (excl. CEO) STI maximum opportunity

as multiple of base salary



Average ExB (excl. CEO) LTI maximum opportunity

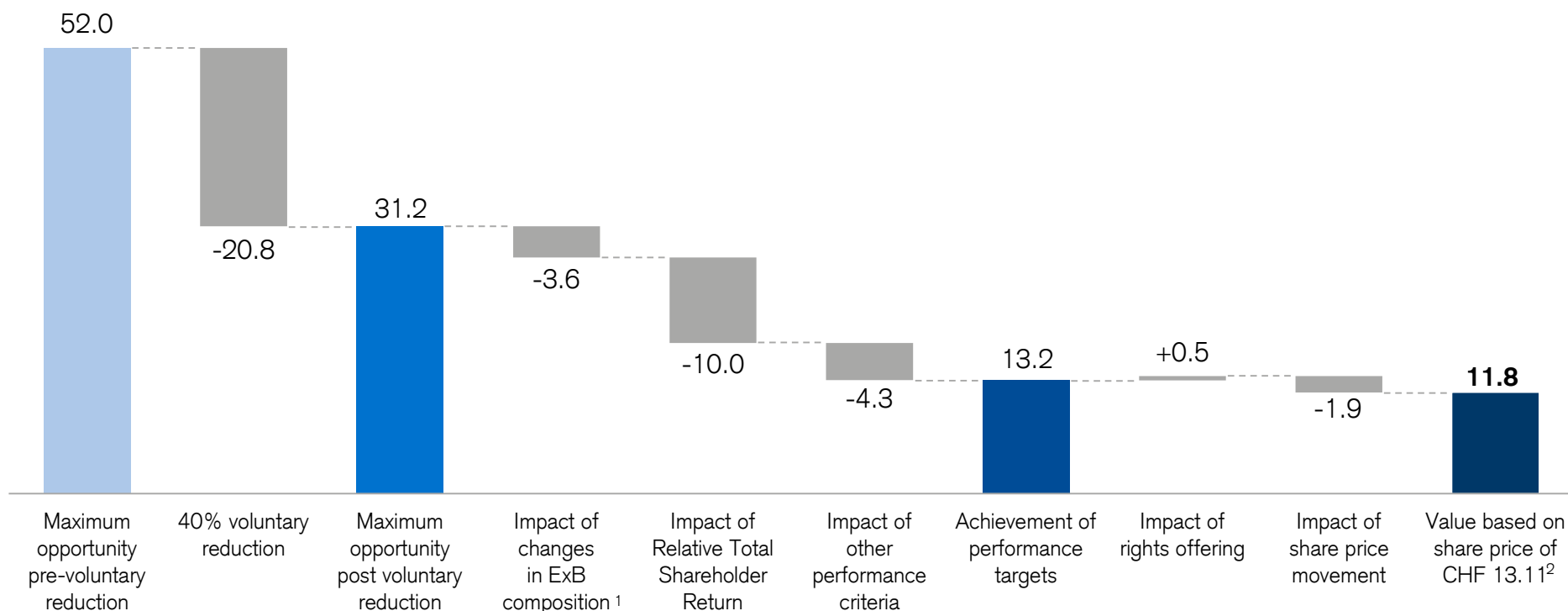
as multiple of base salary



# Alignment between pay and performance is illustrated by the value of the 2017 LTI awards

## Value of the 2017 LTI awards at end of performance period

2017-2019 performance cycle, in CHF mn



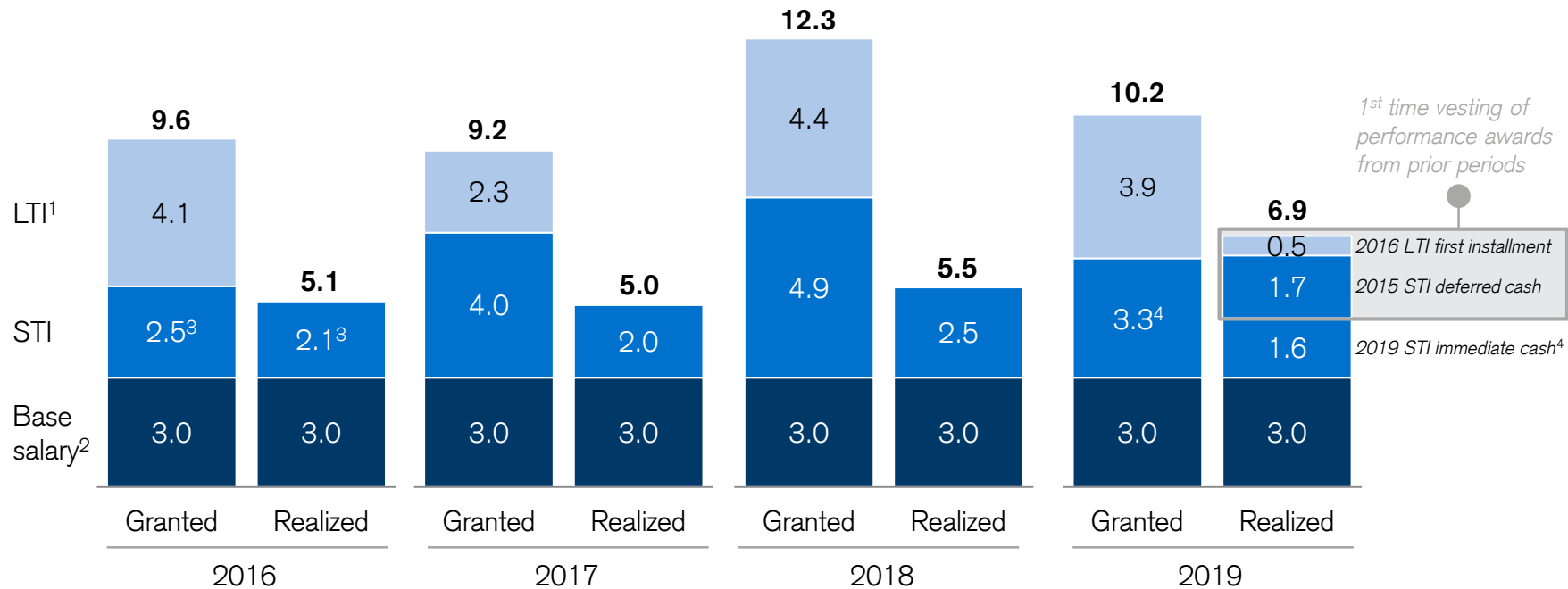
Figures above may contain rounding differences

<sup>1</sup> Including related forfeitures of outstanding compensation    <sup>2</sup> Based on share price as of December 31, 2019. The number of shares earned based on achievement of the performance targets over the three-year performance period was 899,897 (including the impact of the rights offering) and these shares vest in three equal tranches on the third, fourth and fifth anniversaries of the grant date

# CEO granted vs. realized compensation

## CEO compensation (excluding dividend equivalents, pension and other benefits)

in CHF mn



### Ratio of realized vs. granted compensation

53%

54%

44%

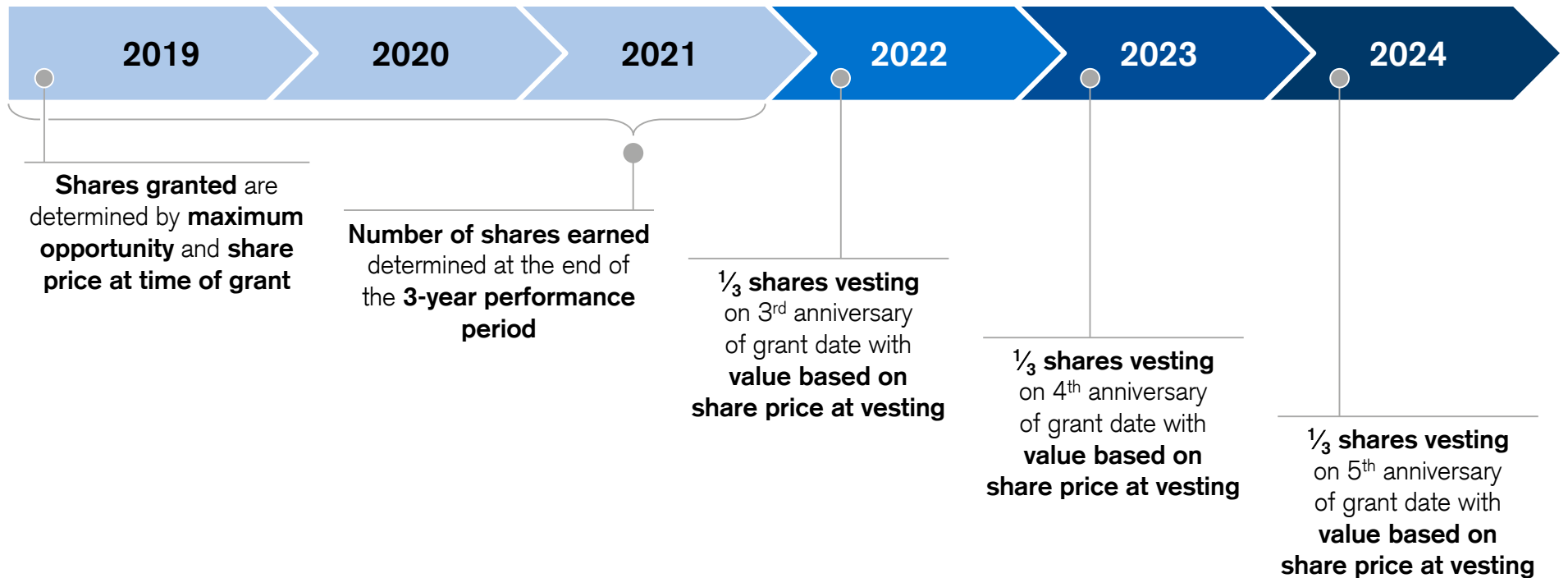
67%

Figures above may contain rounding differences

1 LTI expressed as fair value at the date of grant, determined using a probabilistic valuation method applied by one of the major international accounting firms. The awards have a total maximum opportunity of CHF 7.5 mn for 2016, CHF 4.5 mn for 2017, CHF 7.5 mn for 2018 and CHF 7.5 mn for 2019, which were approved by shareholders at the 2016, 2017, 2018 and 2019 AGMs respectively 2 In addition to base salary, the CEO received dividend equivalents, pension and other benefits which are not included in the figures above but are published in the Compensation Report 2019 3 The full amount of the 40% voluntary reduction on the 2016 STI award was applied to the deferred component, resulting in CHF 2.1 million of non-deferred cash awards realized for 2016 and CHF 0.4 million of deferred cash awards to be realized in 2020 4 2019 STI subject to approval at the 2020 AGM

# LTI will be determined after a 3-year performance period and is subject to share price movements over a 5-year period

5-year LTI exposure to share price

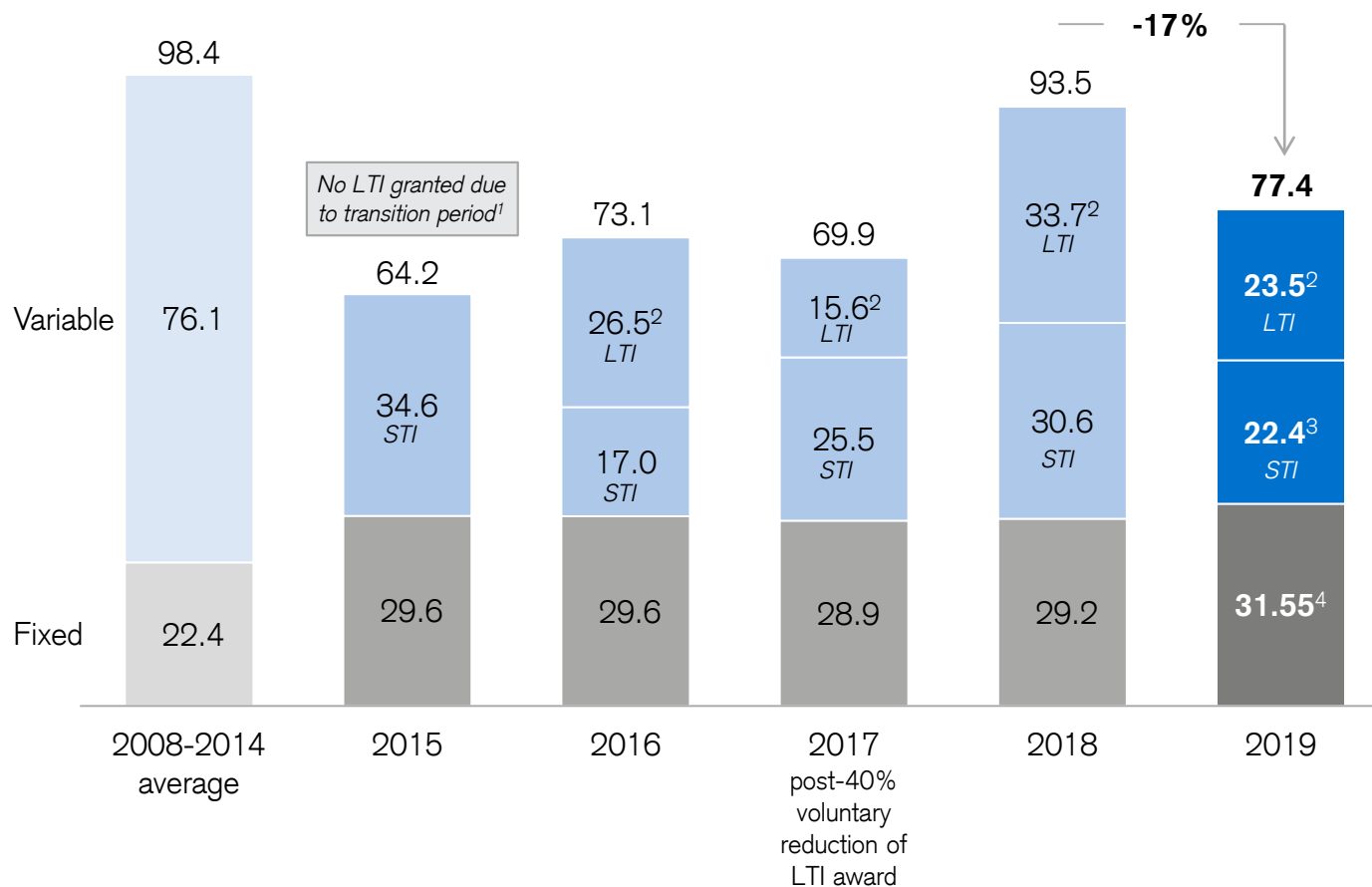


ExB members are **further exposed to the share price performance** due to **minimum shareholding requirements**, ensuring constant alignment to the shareholder experience

# Executive board compensation significantly reduced in 2019

## Executive Board total compensation

in CHF mn



### Main drivers in reduced ExB total compensation:

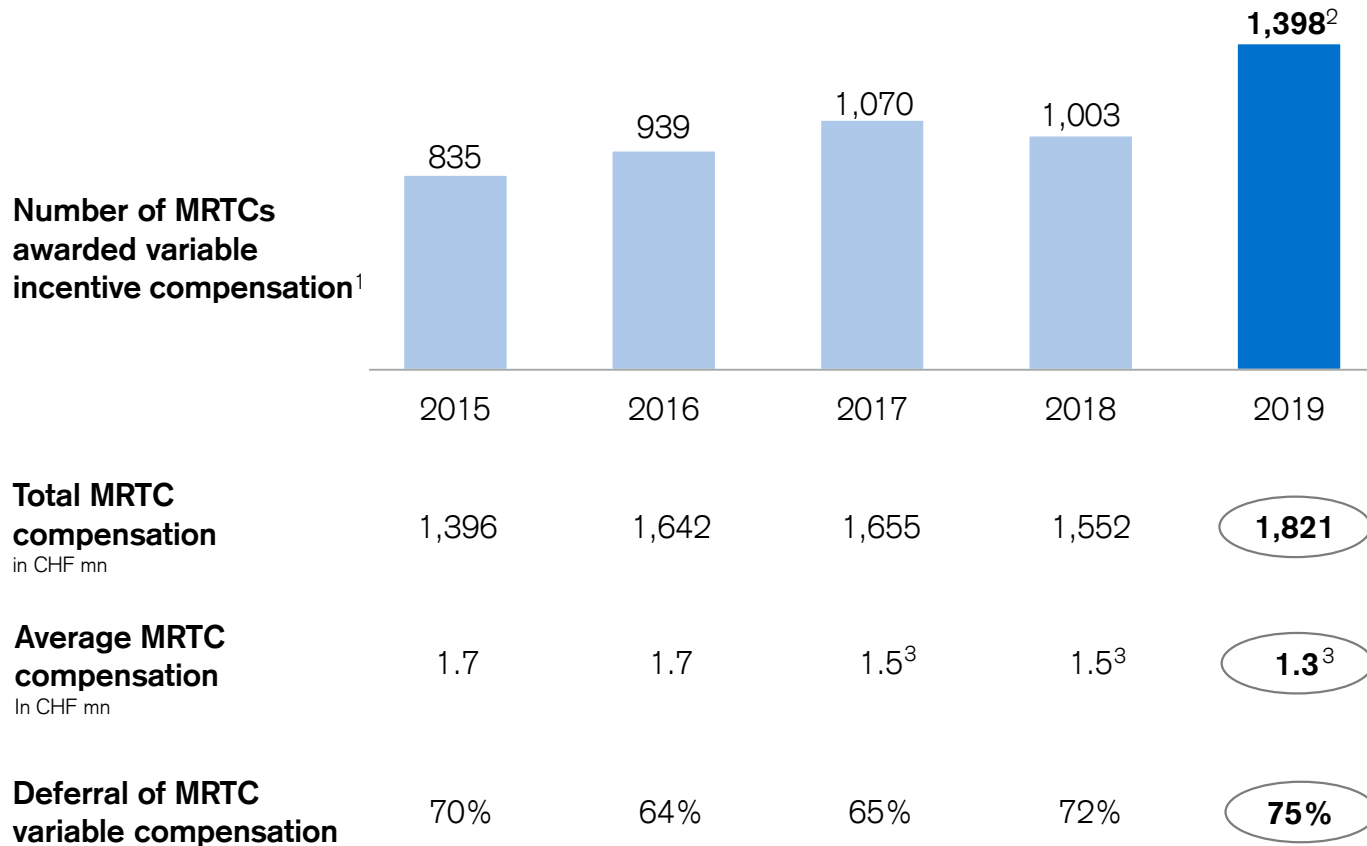
- Changes to ExB composition (including related forfeitures of outstanding compensation)
- Lower performance achieved on 2019 STI
- Lower fair value for the 2019 LTI opportunities

Figures above may contain rounding differences.

1 No LTI awards were granted for 2015 in connection with material amendments made to the Executive Board compensation design 2 LTI award component of variable compensation expressed as fair value at the date of grant, determined using a probabilistic valuation method applied by one of the major international accounting firms 3 Proposed award amount, subject to shareholder approval at 2020 AGM 4 A portion of this amount had been paid from the approved pool as fixed compensation for new and promoted Executive Board members



# Increase in total MRTC compensation primarily driven by higher number of employees classified as MRTC



## Key observations:

- Increase in number of MRTCs in 2019 mainly driven by **inclusion of senior RMs** in the Wealth Management-related businesses, particularly those in UHNW segment or those with cross-border clients
- Total compensation awarded to MRTCs increased, reflecting the higher number of identified persons, while **average MRTC compensation decreased**
- **Continued increase in deferral rate of MRTC variable compensation**

<sup>1</sup> Excluding Executive Board members and 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 IBCM, who were classified as Covered Employees by the US Federal Reserve <sup>2</sup> The number of MRTC in 2019 includes additional groups that were not included in previous years such as e.g. Relationship Managers in UHNW segment on Managing Director and Director level <sup>3</sup> The number of MRTCs receiving fixed compensation for 2017, 2018 and 2019 was 1,102, 1,030, and 1,444 respectively

# Proposed ExB compensation for 2020 AGM

## ExB compensation proposals for 2020 AGM

Component	Proposed amount in CHF mn	Applicable period	Key considerations
<b>Fixed compensation</b>	<b>31.0<sup>1</sup></b>	Prospective for AGM 2020-2021	<ul style="list-style-type: none"> <li>No change compared to the prior 3 years</li> </ul>
<b>STI award</b>	<b>22.4</b>	Retrospective for 2019	<ul style="list-style-type: none"> <li>CEO assessment score for non-financial criteria reduced to 50% due to observation events. Mr. Thiam considered as a “good leaver” for purposes of his outstanding compensation in recognition of his contribution to successful restructuring of the Group and of no evidence of his direct participation in the observation events</li> <li>No change to overall cap for the ExB</li> </ul>
<b>LTI award</b>	<b>28.6<sup>2</sup></b>	Prospective for 2020	<ul style="list-style-type: none"> <li>Implemented more stretching targets for 2020 LTI opportunities</li> <li>Proposed amount for shareholder approval based on fair value is CHF 28.6 mn, down from CHF 30.2 mn for the 2019 LTI</li> <li>Maximum opportunity of CHF 53.75 mn down from CHF 57.5 mn in 2019</li> </ul>

<sup>1</sup> Represents maximum aggregate amount    <sup>2</sup> Relating to fair value of LTI award, calculated as 53% of maximum opportunity

# STI performance targets have been set at challenging levels, demonstrated by the 2019 STI awards payout...

## Short-term incentive awards 2019 – performance vs. targets

Performance criteria	Weighting	Actual performance vs. target levels	Payout level <sup>1</sup>	Key observations
<b>Adjusted PTI</b> in CHF bn	33 ⅓ %	<p>Threshold 25% payout: 4.2</p> <p>Target 67% payout: 5.2</p> <p>Maximum 100% payout: 6.1</p> <p>Actual performance: <b>5.0</b></p>	<b>57%</b>	Despite significant increase in adj. PTI of +18% YoY, resulting payout only between threshold and target performance levels
<b>RoTE</b> in %	33 ⅓ %	<p>Threshold 25% payout: 6.0%</p> <p>Target 67% payout: 8.5%</p> <p>Maximum 100% payout: 10.5%</p> <p>Actual performance: <b>8.7%</b></p>	<b>71%</b>	Despite significant increase in RoTE <sup>‡</sup> of +330 bps YoY, resulting payout only between target and maximum performance levels
<b>Non-financial criteria</b> average	33 ⅓ %	<i>Refer to 2019 Compensation Report for details</i>	<b>76%</b>	Lower YoY achievement mainly reflects reduction of CEO assessment score to 50%
<b>Total</b>			<b>68%</b>	Despite significant performance improvement YoY, maximum payout levels were not attained

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix <sup>‡</sup> RoTE is a non-GAAP financial measure, see Appendix

<sup>1</sup> Expressed as % of maximum opportunity

# ...while LTI performance target levels continue to be more stretching

## Long-term incentive opportunities – key features

Performance criteria	Weighting	Performance targets			
		Level	2019	2020	△ 2020 vs. 2019
<b>RoTE<sup>‡</sup></b> in %	33 1/3 %	Threshold	6.0%	<b>7.0%</b>	<b>+100 bps</b> ▲
		Target	8.5%	<b>10.5%</b>	<b>+200 bps</b> ▲
		Maximum	11.5%	<b>13.0%</b>	<b>+150 bps</b> ▲
<b>TBVS<sup>‡</sup></b> in CHF	33 1/3 %	Threshold	17.50	<b>18.10</b>	<b>+0.60</b> ▲
		Target	18.55	<b>19.60</b>	<b>+1.05</b> ▲
		Maximum	19.60	<b>20.90</b>	<b>+1.30</b> ▲
<b>RTSR</b>	33 1/3 %	<i>Performance targets and payout levels remain unchanged<sup>1</sup></i>			

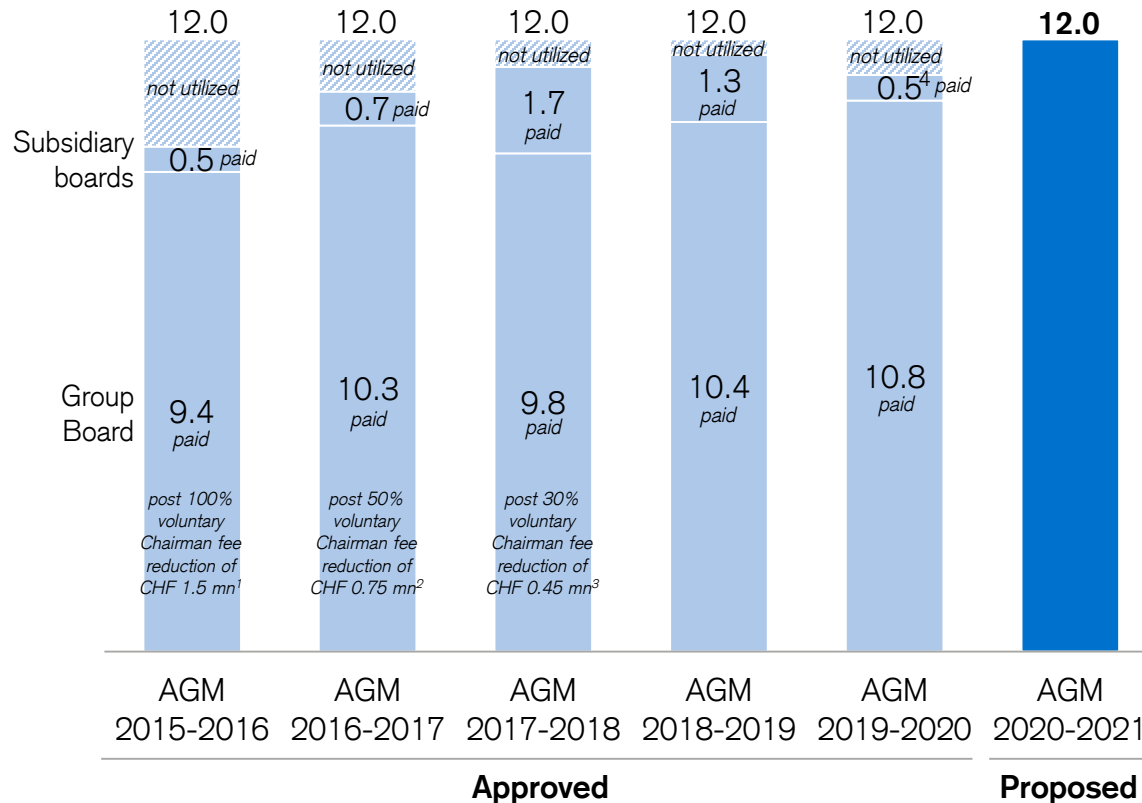
‡ RoTE and TBVS are non-GAAP financial measures, see Appendix

<sup>1</sup> Refer to the 2019 Compensation Report for RTSR performance targets and payout levels

# Proposed Board compensation to remain flat, at levels unchanged since 2015

## Board of Directors compensation

in CHF mn



## BoD compensation structure

- **Fixed fee structure** with pre-defined fees for Board membership, committee membership and chairs, **reflecting role, time commitment and scope of responsibility**
- **Not linked to performance**
- **Base board and committee membership fees paid 50% cash and 50% shares** (in arrears in two equal installments)
- **Committee chair fees paid 50% cash and 50% shares** (one installment at end of board period)
- **Chairman base fee paid 100% cash** (monthly payments) and **chair fee paid 100% shares** (one installment at end of current board period)
- **Shares blocked and non-transferable for 4 years**
- **Audit Committee Chair** fee reduced from CHF 480,000 to CHF 400,000 for 2020-21 AGM period
- **New chair fee for the Conduct and Financial Crime Control Committee of CHF 150,000** will be introduced for 2020-21 AGM period

1 For the period from the 2015 AGM to the 2016 AGM, the Chairman proposed to voluntarily waive 100% or CHF 1.5 million of his Chair fee, and this proposal was approved by the BoD 2 For the period from the 2016 AGM to the 2017 AGM, the Chairman proposed to voluntarily waive 50% or CHF 0.75 million of his Chair fee of CHF 1.5 million, and this proposal was approved by the BoD 3 For the period from the 2017 AGM to the 2018 AGM, the Chairman proposed to voluntarily waive 30% or CHF 0.45 million of his Chair fee of CHF 1.5 million, and this proposal was approved by the BoD 4 Lower subsidiary board compensation resulting from the chairman of the board of Credit Suisse (Schweiz) AG no longer being a member of the Group Board.

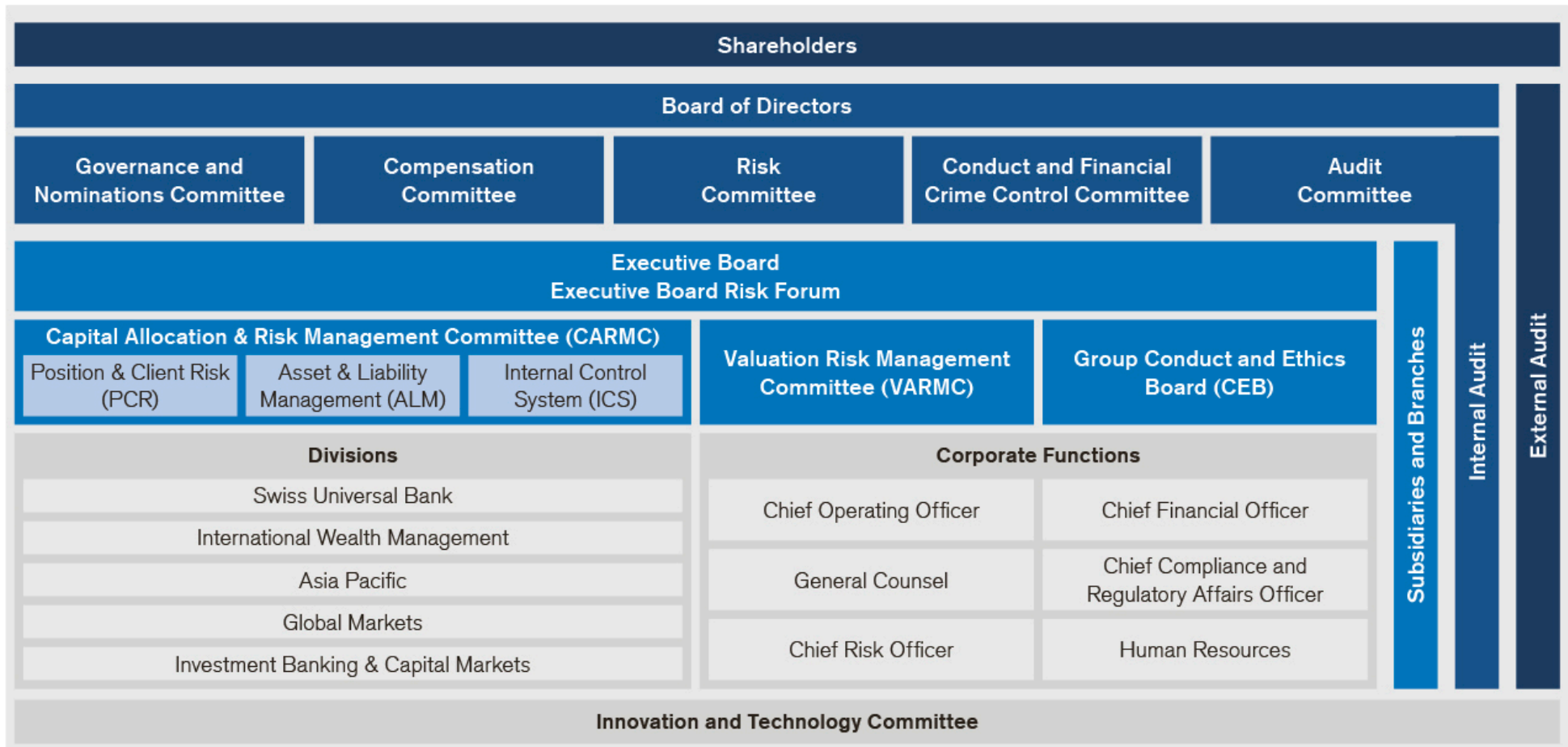
# Agenda

**1** Strategy and progress for 2019 and beyond

**2** 2019 Compensation Report highlights

**3** **Corporate Governance**

# Our Corporate Governance framework



# Our Board remains fully committed to ensuring its members reflect an effective balance of skills and experiences...



**Urs Rohner**  
**Chairman of the Board**  
 Chair of Governance and Nominations Committee  
 Chair of Conduct and Financial Crime Control Committee  
 ▲ 11 years ● ●

## Proposed Board changes for 2020 AGM

- Richard Meddings proposed for election as new non-executive Board member
- Alexander Gut not standing for re-election



Richard Meddings

## Board committee membership legend

- Governance and Nominations Committee
- Compensation Committee
- Audit Committee
- Risk Committee
- Conduct and Financial Crime Control Committee



**Iris Bohnet**  
 ▲ 8 years ●



**Christian Gellerstad**  
 ▲ 1 year ● ●



**Andreas Gottschling**  
 Chair of Risk Committee  
 ▲ 3 years ● ● ●



**Alexander Gut**  
 ▲ 4 years ●



**Michael Klein**  
 ▲ 2 years ● ●



**Shan Li**  
 ▲ 1 year ●



**Seraina Macia**  
 ▲ 5 years ●



**Kai Nargolwala**  
 Chair of Compensation Committee  
 ▲ 7 years ● ● ●



**Ana Paula Pessoa**  
 ▲ 2 years ● ●



**Joaquin Ribeiro**  
 ▲ 4 years ●



**Severin Schwan**  
 Vice-Chair and Lead Independent Director  
 ▲ 6 years ● ●



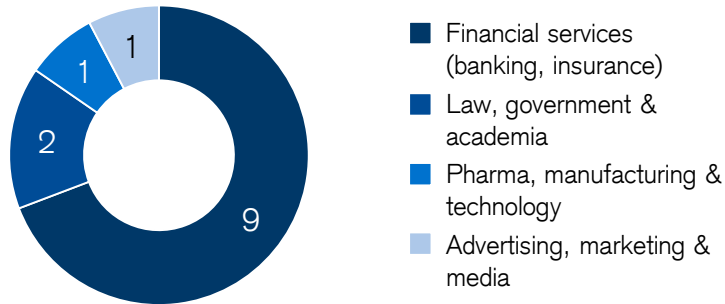
**John Tiner**  
 Chair of Audit Committee  
 ▲ 11 years ● ● ● ●

▲ Total years of Board membership as per end of current term post 2019 AGM

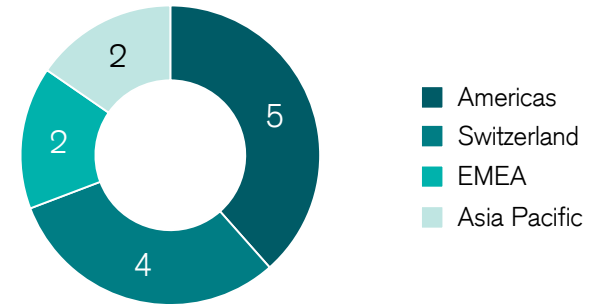


# ... by having wide-ranging expertise in financial services, broad collective experience and a good gender balance

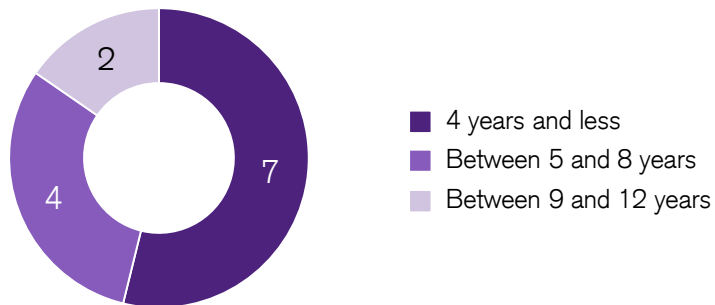
**Industry experience**



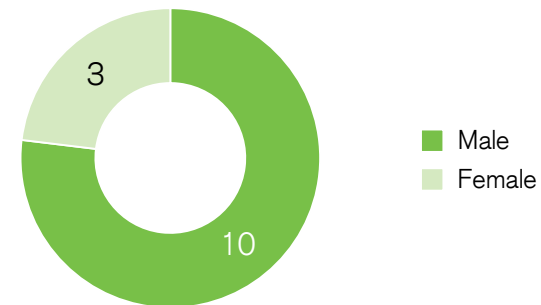
**Geographical focus<sup>1</sup>**



**Length of tenure**



**Gender diversity**



<sup>1</sup> Represents the region in which the Board member has mostly focused his or her professional activities and may differ from the individual's nationality

# We have an experienced and diverse Executive Board



**Thomas P. Gottstein**  
Chief Executive Officer

## Business divisions



**Brian Chin**  
CEO Global Markets



**André Helfenstein**  
CEO Swiss  
Universal Bank



**David Miller**  
CEO Investment  
Banking &  
Capital Markets



**Helman Sitohang**  
CEO Asia Pacific



**Philipp Wehle**  
CEO International  
Wealth Management

## Corporate Functions



**Romeo Cerutti**  
General Counsel



**Lydie Hudson**  
Chief Compliance and  
Regulatory Affairs Officer



**David R. Mathers**  
Chief Financial Officer



**Antoinette Poschung**  
Global Head of  
Human Resources

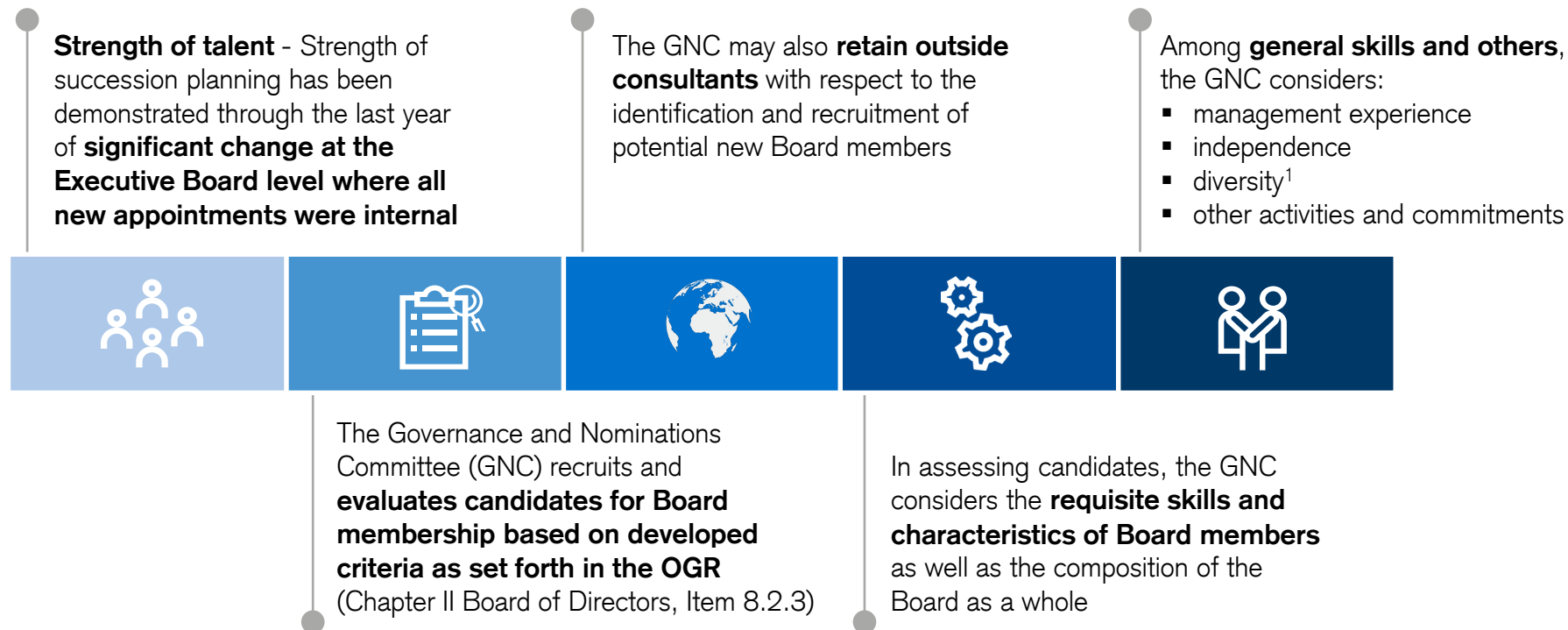


**James Walker**  
Chief Operating  
Officer



**Lara J. Warner**  
Chief Risk Officer

# Our succession plan is regularly considered by the Governance and Nominations Committee and reviewed by the Board of Directors



## Spotlight: Chairman succession planning

At the AGM 2021, Urs Rohner will have served on the Board for the **maximum standard term limit of 12 years** and has therefore informed the Board that **he will not stand for re-election at the 2021 AGM**. An **orderly succession planning process is underway and progressing well**

<sup>1</sup> In the context of the needs of the Board to fulfil its responsibilities

# The Board acted decisively to protect the reputation of the bank in the context of recent events...

**Press Release** CREDIT SUISSE

Zurich  
23.09.2019

**Response to media reports**

The Board of Directors of Credit Suisse Group AG took note of the media reporting in connection with the move of Iqbal Khan, former CEO of International Wealth Management, to UBS AG. The Board of Directors decided to launch an investigation into these events. The representatives entrusted with the investigation will report directly to the Chairman of the Board of Directors.

Media contacts  
Media Relations Credit Suisse AG, +41 844 33 88 44, media.relations@credit-suisse.com

Share Print

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**Press Release** CREDIT SUISSE

Zurich  
01.10.2019

**Board of Directors statement on the findings of the investigation into the observation of Iqbal Khan**

The Board of Directors of Credit Suisse Group AG took note of the results of the investigation, which Homburger, attorneys-at-law, conducted on behalf of the Board of Directors. A summary of the scope and key findings of the investigation is attached in Annex 1.

Further information  
Media Relations Credit Suisse AG,  
Tel. +41 844 33 88 44,  
media.relations@credit-suisse.com

Share Print

Replay: Credit Suisse media conference

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**Press Release**

Zurich  
23.12.2019

**Investigations into new observation allegations**

Since media revealed the observation of Peter Goerke, the Board of Directors of Credit Suisse Group has carried out internal and, with the support of Homburger AG, external investigations into this matter.

The findings of these investigations are as follows:

- It has been confirmed that Peter Goerke, who was a Member of the Executive Board at the time, was placed under observation by a third-party firm on behalf of Credit Suisse for a period of several days in February 2019.
- The investigation concludes that Pierre-Olivier Bouée, a former Member of the Executive Board, issued the mandate to have Peter Goerke put under observation. As was the case with Iqbal Khan, this observation was carried out via an intermediary.
- During questioning by both the Board of Directors and Homburger following the Iqbal Khan matter, the responsible individuals did not respond truthfully when asked about any additional observations and did not disclose the observation of Peter Goerke. Furthermore, when organizing and carrying out the observation of Peter Goerke, they took care not to leave any identifiable trace in the bank's systems.
- The new investigation by Homburger did not find any indication that the Group CEO Tidjane Thiam, other Members of the Executive Board, or Members of the Board of Directors had any knowledge of the observation of Peter Goerke until media reported on it.

The Board of Directors considers the observation of Peter Goerke to be unacceptable and completely inappropriate. In no way did this operation – or the subsequent observation of Iqbal Khan – correspond to the corporate culture of Credit Suisse as promoted by the Board of Directors. The Board of Directors has apologized to Peter Goerke for the observation.

- On September 23, 2019, the Credit Suisse Board of Directors (BoD) launched an investigation into the observation of Iqbal Khan
  - The BoD entrusted outside law firm Homburger to conduct the investigation and report directly to the Chairman of the Board
- On October 1, 2019, the Chairman of the Board and Chair of the Audit Committee hosted a dedicated media conference and presented the investigation's key findings
  - Whilst the BoD appreciates taking appropriate measures to protect the company's interests, it considered the observation of Iqbal Khan was wrong and disproportionate and resulted in severe reputational damage to the bank
  - Pierre-Olivier Bouée, the Chief Operating Officer (COO), assumed responsibility for this matter and submitted his resignation to the BoD, which was accepted with immediate effect. The bank also accepted the resignation of the Head of Global Security Services
  - Following the resignation of the COO, the BoD decided to appoint James Walker as new COO and member of the Executive Board
- On December 23, 2019, following an investigation into new observation allegations of Peter Goerke, the BoD has carried out internal and, with the support of Homburger, external investigations into this matter. The BoD decided to terminate for cause the employment agreement with Pierre-Olivier Bouée
- On February 7, 2020, Tidjane Thiam, Chief Executive Officer, submitted his resignation to the BoD, which was accepted. The Board decided to appoint Thomas P. Gottstein as new CEO as of February 14, 2020
- The BoD considered both observation matters as unacceptable and completely inappropriate, and firmly rejects a culture of observation. In no way did those operations correspond to the corporate culture as promoted by the BoD
- Both observation allegations had no discernible impact on the business; as a consequence of the observation matters, the BoD put safeguards in place to ensure that such incidents are not repeated. These include personnel decisions and the mandate to implement more rigorous internal policies.
- Employees remain motivated and delivered strong 3Q19, 4Q19 and FY19 results

# ... and the Compensation Committee reflected those events and market challenges in their compensation decisions

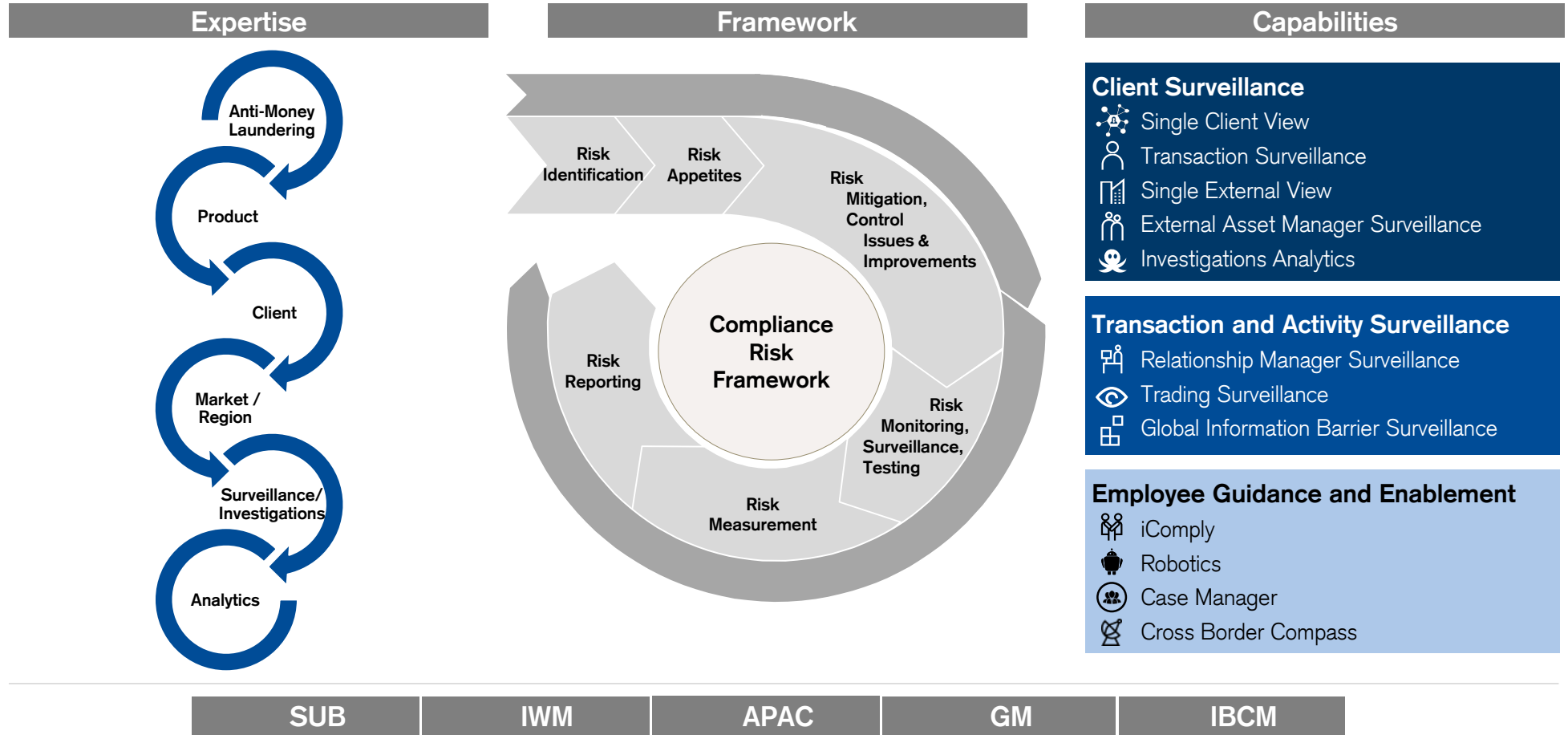
## External challenges

- **Volatile markets**
- Continued low and even **negative interest rate** environment
- **Uncertain political and trade developments**

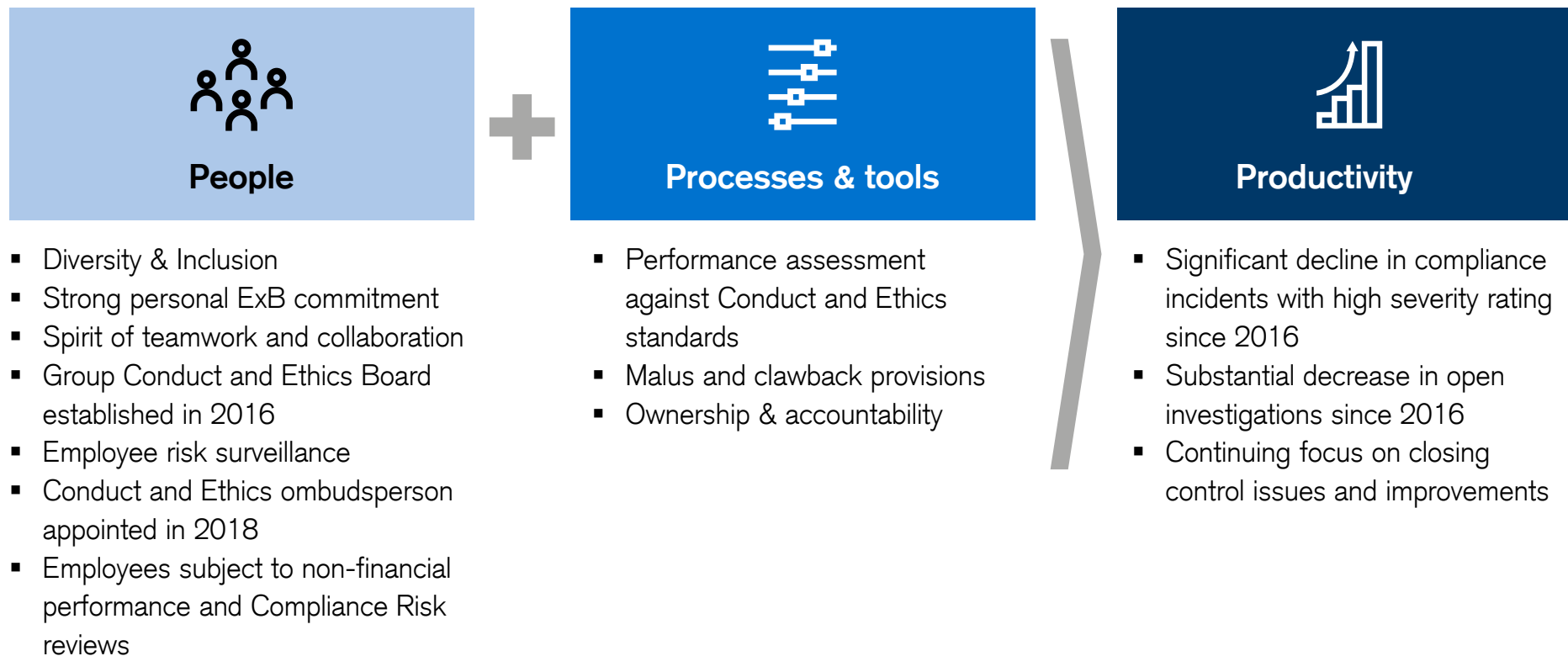
## Observation events

- The **ExB member responsible for the observation events was dismissed for cause**, received no variable compensation for 2019 **and lost all outstanding deferred compensation**
- **Tidjane Thiam**, for whom there was **no evidence of direct participation in the observation events**, has nevertheless **taken accountability as the CEO at the time**
  - 50% reduction in the non-financial performance for STI has been made to reflect this
  - The Board of Directors has accepted Mr. Thiam's resignation
- In addition, and in recognition of Mr. Thiam's contributions to the successful restructuring of the Group, it was decided to **treat him as a "good leaver" for purposes of his outstanding compensation**
  - Mr. Thiam continues to receive contractual payments during his notice period which will end on August 31, 2020
  - Mr. Thiam will not benefit from an LTI opportunity for 2020
  - No severance payments were made
  - Previously awarded deferred compensation will continue to vest as per original schedule subject to applicable conditions
  - The value of deferred share awards will continue to be subject to share price movements until settlement

# We have significantly invested in our Compliance and Control framework in order to support growth...



# ...and we have been making real progress in changing the culture of the firm, which resulted in improved productivity



# Appendix





Adjusted results are non-GAAP financial measures that exclude certain items included in our reported results. During the implementation of our strategy, it was important to measure the progress achieved by our underlying business performance. Management believes that adjusted results provide a useful presentation of our operating results for purposes of assessing our Group and divisional performance consistently over time, on a basis that excludes items that management does not consider representative of our underlying performance. Provided below is a reconciliation of our adjusted results to the most directly comparable US GAAP measures.

## Reconciliation of adjustment items

	Group						
in CHF mn	2019	2018					
<b>Net revenues reported</b>	<b>22,484</b>	<b>20,920</b>					
Real estate gains	-251	-28					
(Gains)/losses on business sales	2	-71					
<b>Net revenues adjusted</b>	<b>22,235</b>	<b>20,821</b>					
<b>Provision for credit losses</b>	<b>324</b>	<b>245</b>					
<b>Total operating expenses reported</b>	<b>17,440</b>	<b>17,303</b>					
Restructuring expenses	-	-626					
Major litigation provisions	-389	-244					
Expenses related to real estate disposals	-108	-					
Expenses related to business sales	-	-51					
<b>Total operating expenses adjusted</b>	<b>16,943</b>	<b>16,382</b>					
<b>Pre-tax income reported</b>	<b>4,720</b>	<b>3,372</b>					
Total adjustments	248	822					
<b>Pre-tax income adjusted</b>	<b>4,968</b>	<b>4,194</b>					
Group in CHF mn	2019	2018	2017	2016	2015		
<b>Total operating expenses reported</b>	<b>17,440</b>	<b>17,303</b>	<b>18,897</b>	<b>22,337</b>	<b>25,895</b>		
Goodwill impairment	-	-	-	-	-3,797		
Restructuring expenses	-	-626	-455	-540	-355		
Major litigation provisions	-389	-244	-493	-2,707	-820		
Expenses related to real estate disposals	-108	-	-	-	-		
Expenses related to business sales	-	-51	-8	-	-		
Debit valuation adjustments (DVA)	-53	46	-83	9	-33		
<b>Total operating cost base adjusted</b>	<b>16,890</b>	<b>16,428</b>	<b>17,858</b>	<b>19,099</b>	<b>20,890</b>		
FX adjustment	-25	-	-24	-99	-135		
<b>Total operating cost base adjusted at constant 2018 FX</b>	<b>16,865</b>	<b>16,428</b>	<b>17,834</b>	<b>19,000</b>	<b>20,755</b>		

Results excluding the significant items noted below are non-GAAP financial measures. Management believes that these provide a useful presentation of our operating results for purposes of assessing our Group and divisional performance, on a basis that excludes items that management does not consider representative of our underlying performance. Provided below is a reconciliation to the most directly comparable US GAAP measures.

## Reconciliation of significant items

in CHF mn	Group	
	2019	2018
<b>Net revenues reported</b>	<b>22,484</b>	<b>20,920</b>
o/w related to InvestLab transfer	327	-
o/w related to SIX revaluation	498	-
<b>Net revenues excl. InvestLab/SIX</b>	<b>21,659</b>	<b>20,920</b>
<b>Provision for credit losses</b>	<b>324</b>	<b>245</b>
<b>Total operating expenses reported</b>	<b>17,440</b>	<b>17,303</b>
o/w major litigation provisions	389	244
<b>Total operating expenses excl. major litigation provisions</b>	<b>17,051</b>	<b>17,059</b>
<b>Pre-tax income reported</b>	<b>4,720</b>	<b>3,372</b>
<b>Pre-tax income excl. InvestLab/SIX and major litigation provisions</b>	<b>4,284</b>	<b>3,616</b>

in CHF mn	Wealth Mgmt.-related <sup>1</sup>		SUB		IWM		APAC PB <sup>2</sup>	
	2019	2015	2019	2015	2019	2015	2019	2015
<b>Net revenues reported</b>	<b>13,704</b>	<b>11,451</b>	<b>6,020</b>	<b>5,721</b>	<b>5,887</b>	<b>4,552</b>	<b>1,797</b>	<b>1,178</b>
o/w related to InvestLab transfer	327	-	98	-	131	-	98	-
o/w related to SIX revaluation	498	-	306	-	192	-	-	-
<b>Net revenues excl. InvestLab/SIX</b>	<b>12,879</b>	<b>11,451</b>	<b>5,616</b>	<b>5,721</b>	<b>5,564</b>	<b>4,552</b>	<b>1,699</b>	<b>1,178</b>
<b>Provision for credit losses</b>	<b>161</b>	<b>161</b>	<b>110</b>	<b>138</b>	<b>49</b>	<b>5</b>	<b>2</b>	<b>18</b>
<b>Total operating expenses reported</b>	<b>7,995</b>	<b>8,557</b>	<b>3,213</b>	<b>3,908</b>	<b>3,700</b>	<b>3,824</b>	<b>1,082</b>	<b>825</b>
<b>Pre-tax income reported</b>	<b>5,548</b>	<b>2,733</b>	<b>2,697</b>	<b>1,675</b>	<b>2,138</b>	<b>723</b>	<b>713</b>	<b>335</b>
<b>Pre-tax income excl. InvestLab/SIX</b>	<b>4,723</b>	<b>2,733</b>	<b>2,293</b>	<b>1,675</b>	<b>1,815</b>	<b>723</b>	<b>615</b>	<b>335</b>

1 Relating to SUB, IWM and APAC PB within WM&C 2 APAC PB within WM&C

# Notes

## General notes

- Throughout the presentation rounding differences may occur
- Unless otherwise noted, all **CET1 capital**, **CET1 ratio**, **risk-weighted assets** and **leverage exposure** figures shown in this presentation are as of the end of the respective period and, for periods prior to 2019, on a "look-through" basis

## Specific notes

\* Following the successful completion of our restructuring program in 2018, we updated our calculation approach for adjusted operating cost base at constant FX rates. Beginning in 1Q19, adjusted operating cost base at constant FX rates includes adjustments for major litigation provisions, expenses related to real estate disposals and the termination of real estate contracts initiated prior to 2019 and business sales as well as for debit valuation adjustments (DVA) related volatility and FX, but not for restructuring expenses and certain accounting changes. Adjustments for FX apply unweighted 2018 currency exchange rates, i.e., a straight line average of monthly rates, consistently for the periods under review. Under the current presentation, adjusted operating cost base at constant FX rates for periods prior to 1Q19 still include adjustments for restructuring expenses and a goodwill impairment taken in 4Q15, but no longer include an adjustment for certain accounting changes. Beginning in 1Q20, adjustments for FX will apply unweighted 2019 currency exchange rates.

‡ Return on tangible equity is based on tangible shareholders' equity, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet. Tangible book value, a non-GAAP financial measure, is equal to tangible shareholders' equity. Tangible book value per share is a non-GAAP financial measure, which is calculated by dividing tangible shareholders' equity by total number of shares outstanding. Management believes that tangible shareholders' equity/tangible book value, return on tangible equity and tangible book value per share are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

For end-4Q16, tangible equity excluded goodwill of CHF 4,913 mn and other intangible assets of CHF 213 mn from total shareholders' equity of CHF 41,897 mn as presented in our balance sheet.

For end-4Q17, tangible equity excluded goodwill of CHF 4,742 mn and other intangible assets of CHF 223 mn from total shareholders' equity of CHF 41,902 mn as presented in our balance sheet.

For end-4Q18, tangible equity excluded goodwill of CHF 4,766 mn and other intangible assets of CHF 219 mn from total shareholders' equity of CHF 43,922 mn as presented in our balance sheet.

For end-4Q19, tangible equity excluded goodwill of CHF 4,663 mn and other intangible assets of CHF 291 mn from total shareholders' equity of CHF 43,644 mn as presented in our balance sheet.

Shares outstanding were 2,550.6 mn at end-4Q18 and 2,436.2 mn at end-4Q19.

## Abbreviations

Adj. = adjusted; AGM = Annual General Meeting; ALM = Asset & Liability Management; APAC = Asia Pacific; BCBS = Basel Committee on Banking Supervision; BIS = Bank for International Settlements; BoD = Board of Directors; bps = basis points; CARMC = Capital Allocation and Risk Management Committee; CEB = Conduct and Ethics Board; CEO = Chief Executive Officer; CET1 = Common Equity Tier 1; COO = Chief Operating Officer; DVA = Debit Valuation Adjustments; EMEA = Europe, Middle East and Africa; excl. = excluding; ExB = Executive Board; FINMA = Swiss Financial Market Supervisory Authority; FX = Foreign Exchange; GAAP = Generally Accepted Accounting Principles; GM = Global Markets; GNC = Governance and Nominations Committee; IBCM = Investment Banking & Capital Markets; ICS = Internal Control System; incl. = including; IWM = International Wealth Management; LTI = Long-Term Incentive; MRTC = Material Risk Takers and Controllers; OGR = Organizational Guidelines and Regulations; Op Risk = Operational Risk; PB = Private Banking; PCR = Position & Client Risk; PTI = Pre-tax income; RM = Relationship Manager; RoTE = Return on Tangible Equity; RTSR = Relative Total Shareholder Return; RWA = Risk-weighted assets; SRU = Strategic Resolution Unit; STI = Short-Term Incentive; SUB = Swiss Universal Bank; TBVPS = Tangible Book Value Per Share; UHNW = Ultra High Net Worth; VaR = Value at Risk; VARMC = Valuation Risk Management Committee; vs. = versus; WM&C = Wealth Management & Connected; YoY = Year on year

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