

# **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, 2017  
to the Annual General Meeting of Shareholders  
on April 28, 2017

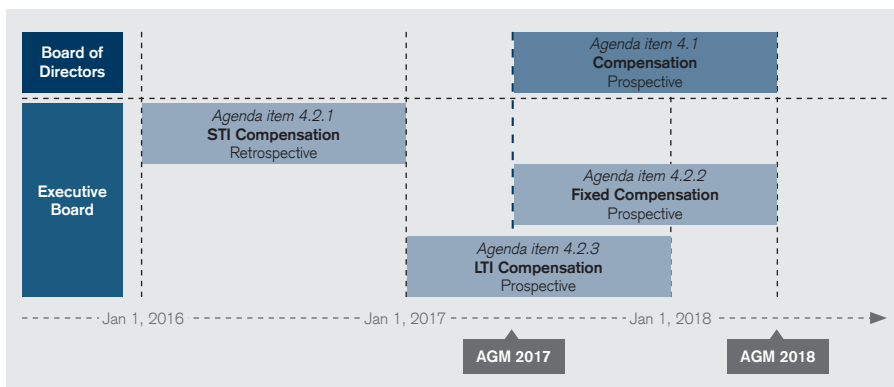


# Introduction

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

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

Summary of the time periods covered by the compensation proposals:



This document provides information on the compensation proposals 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 2016 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 12.5 million for the period from the 2017 AGM to the 2018 AGM.**

The maximum amount of compensation amount of the Board of Directors consists of base board fees, committee fees, chair fees, subsidiary board fees and (if applicable) pension benefits 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 that 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. A summary of these fees is provided in the table below.

These fee amounts remain mostly unchanged compared with the previous compensation period, except for fees related to board membership for Credit Suisse (Schweiz) AG, as described further below. 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. Fees will be paid in arrears in two equal installments.

The Chairmen of the Compensation, Risk and Audit Committees receive chair fees, in addition to their base board 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 and maintaining a close working relationship with the CEO and senior management, providing counsel and support, where appropriate, and representing the Group to regulators and supervisors, key shareholders, investors and other external stakeholders. The Chairman will receive an annual base board fee of CHF 3.0 million in cash (divided into 12 monthly payments) plus a chair fee of CHF 1.5 million in Group shares as well as pension benefits and other benefits for the period from the 2017 AGM to the 2018 AGM. The Chairman does not receive a chair fee for his role as Chairman of the Chairman's and Governance Committee and also receives no separate fees for board memberships in other Group companies.

Summary of the compensation structure of the Board of Directors:

	<b>Base board fee (in CHF)</b>	<b>Committee fees (in CHF)</b>	<b>Chair fees (in CHF)</b>
Chairman	3,000,000	–	1,500,000
Board of Directors (except Chairman)	250,000	–	–
Chairman's and Governance Committee	–	100,000	–
Audit Committee	–	150,000	480,000
Compensation Committee	–	100,000	300,000
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 of Directors fees, these members of the Board of Directors may receive separate fees for serving on subsidiary boards, which are generally paid in cash. These fees are approved by the respective subsidiary boards and are subject to ratification by the Board of Directors of the Group. Under the rules of the Compensation Ordinance and our Articles of Association, subsidiary board fees must be included in the maximum amount of compensation of the Board of Directors of the Group proposed for approval by shareholders at the 2017 AGM, even if these are not directly related to the performance of the respective Group Board roles.

The proposed maximum amount of compensation of the Board of Directors of CHF 12.5 million is an increase of CHF 0.5 million compared with the maximum amount proposed for the prior period. The increase is in consideration of the amount of fees to be paid to Board members who are also serving on the boards of the Group's significant subsidiary companies, in particular fees relating to board membership for Credit Suisse (Schweiz) AG, for which no separate fees

were paid to Board members in the period from the 2016 AGM to the 2017 AGM. Of the proposed maximum amount of CHF 12.5 million, no more than approximately CHF 11.0 million is intended to be paid to Board members for their Group Board roles and no more than approximately CHF 1.5 million is intended to be paid to certain Board members for their roles as board members in subsidiary companies.

The amounts actually paid to the individual members of the Board of Directors for the period from the 2017 AGM to the 2018 AGM will be disclosed in the 2017 Compensation Report, which will be presented to shareholders at the 2018 AGM for a consultative vote.

For the period from the 2016 AGM to the 2017 AGM, shareholders approved a maximum amount of compensation of the Board of Directors of CHF 12.0 million. Of this amount, a total of CHF 11.0 million will have been paid to Board members by the time of the 2017 AGM, of which CHF 10.3 million related to fees for Group Board membership and CHF 0.7 million related to fees paid to certain Board members for subsidiary board membership.

Additional information regarding compensation of the Board of Directors may be found in the 2016 Compensation Report (pages 243–248).

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

As communicated in the 2015 Compensation Report and at the 2016 AGM and fully implemented in 2016, material amendments were made to the Executive Board compensation design to reflect the new organizational structure of the Group, the revised strategic objectives and shareholder feedback, and to provide a more direct link between pay and performance. Under the new structure, the variable incentive compensation for members of the Executive Board consists of a short-term incentive opportunity and a long-term incentive opportunity, each expressed as a multiple of the respective Executive Board member's base salary. At the end of each performance cycle, the actual payout levels of the short-term and long-term incentive opportunities are determined, based on the achievement of the Executive Board members' performance measured according to pre-defined performance targets. The key features of the Executive Board compensation structure may be found in the 2016 Compensation Report (pages 231–242).

Summary of the compensation structure of the Executive Board:

	<b>Fixed Compensation</b>	<b>Short-term Variable Incentive Compensation (STI)</b>	<b>Long-term Variable Incentive Compensation (LTI)</b>
<b>Key features</b>	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
<b>2017 AGM approval</b>	2017 AGM to 2018 AGM (prospective)	2016 financial year (retrospective)	2017 financial year (prospective)
<b>Amount proposed</b>	CHF 31.0 million (maximum amount)	CHF 25.99 million	CHF 52.0 million (maximum amount)
<b>Measurement period</b>		1 year (2016)	3 years (2017–2018–2019)
<b>Performance criteria</b>		See "Overview of 2016 Short-Term Incentive awards" and "STI awards: 2016 quantitative performance assessment" in the 2016 Compensation Report (pages 231 and 234–235)	See "Overview of 2017 Long-Term Incentive awards" in the 2016 Compensation Report (page 240)
<b>Delivery</b>	Cash	50% immediate cash payment and 50% deferred cash vesting on the third anniversary of the grant date (exceptions apply for "PRA Code Staff")	Shares with performance vesting 3 years from grant date and delivery in 3 equal tranches on the third, fourth, and 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 25.99 million, comprising the short-term variable incentive compensation of the Executive Board for the 2016 financial year.**

The aggregate amount reflects the performance achieved for 2016, as specified in the section "Performance evaluation and compensation decisions for 2016" of the 2016 Compensation Report (pages 233–236). The amount proposed includes short-term variable incentive compensation for thirteen individuals who served on the Executive Board during all or part of 2016 and excludes any legally required employer contributions to social security systems.

The proposed short-term incentive award is based on the performance of the 2016 financial year and is designed to reward the achievement of the 2016 objectives. The final payout levels of the short-term incentive award are linked to the achievement of pre-determined performance criteria and targets for 2016, as approved by the Board of Directors. Short-term incentive awards are paid in the form of cash, deferred cash awards, and deferred share awards.

Further details regarding the STI awards may be found in the 2016 Compensation Report (pages 231–236).



## **B. Agenda item 4.2.2: Fixed Compensation**

**The Board of Directors proposes approving the maximum amount of CHF 31.0 million, comprising the fixed compensation of the Executive Board for the period from the 2017 AGM to the 2018 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, 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 proposal for fixed compensation of 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 2017 AGM will be disclosed in the 2017 Compensation Report, which will be presented to shareholders at the 2018 AGM 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 52.0 million, comprising the long-term variable incentive compensation of the Executive Board for the 2017 financial year.**

The maximum amount includes compensation in the form of deferred LTI awards subject to performance measurement over the financial years 2017, 2018, and 2019, 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 "2017 Long-Term Incentive (LTI) awards" and the chart "Overview of 2017 Long-Term Incentive awards" in the 2016 Compensation Report (pages 239 and 240, respectively).

Each Executive Board member is provided with an LTI Opportunity, which represents the maximum amount payable for his or her respective LTI award. The LTI Opportunity is structured to reward the achievement of the long-term business plan, and the long-term target returns of shareholders. The final payout amount of the LTI award is based on a combination of relative 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 2016 Compensation Report, a maximum LTI payout would require outperformance of all internal targets, as well as a Group relative total shareholder return ranking within the top four of the peer group.

The proposed maximum amount of Executive Board compensation for LTI awards of CHF 52.0 million is an increase of CHF 3.0 million compared with the maximum amount for LTI awards proposed for the prior period. The increase is driven by consideration of the market values for certain Executive Board member positions as provided by our independence compensation advisor. It is not intended to raise the maximum LTI Opportunity for all Executive Board member positions, and the maximum LTI Opportunity for the CEO for 2017 remains unchanged compared with the prior year.

Further details regarding the LTI awards may be found in the 2016 Compensation Report (page 239–240).





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