

PROSPECTUS SUPPLEMENT NO. 9 DATED 16 MAY 2017
TO THE BASE PROSPECTUS DATED 12 AUGUST 2016



CREDIT SUISSE AG

(incorporated with limited liability in Switzerland)

“PARTICIPATION-NOTES”

**Programme for the issue of
Underlying-linked Securities**

This supplement (the “**Supplement**”) constitutes a supplement for the purposes of Directive 2003/71/EC, as amended, including by Directive 2010/73/EU (the “**Prospectus Directive**”) and for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities, as amended (the “**Prospectus Law**”) implementing the Prospectus Directive.

This Supplement is supplemental to, forms part of, and must be read in conjunction with the base prospectus (the “**Base Prospectus**”) dated 12 August 2016, as supplemented by a supplement dated 14 September 2016 (the “**First Supplement**”), a supplement dated 14 November 2016 (the “**Second Supplement**”), a supplement dated 18 November 2016 (the “**Third Supplement**”), a supplement dated 15 December 2016 (the “**Fourth Supplement**”), a supplement dated 3 January 2017 (the “**Fifth Supplement**”), a supplement dated 26 January 2017 (the “**Sixth Supplement**”), a supplement dated 22 February 2017 (the “**Seventh Supplement**”) and a supplement dated 12 April 2017 (the “**Eighth Supplement**”), each as approved by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) on their respective dates, and as prepared by Credit Suisse AG, acting through its Nassau Branch or its Singapore Branch (the “**Issuer**”) for the issue of Underlying-linked Securities (the “**Programme**”). The purpose of this Supplement is to incorporate a new document by reference in the Base Prospectus and to effect certain amendments to the Summary of the Securities. **These amendments shall only apply to Securities issued under final terms with a date falling on or after the approval of this Supplement.**

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

For the purposes of this Supplement, unless the context otherwise requires, the terms “**CS**” and “**the Bank**” mean Credit Suisse AG, the direct bank subsidiary of the Group, and its consolidated subsidiaries, and the terms “**CSG**” and “**the Group**” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of CS is substantially similar to that of CSG, and CS is consolidated in the financial statements of CSG.

Documents Incorporated by Reference

- On 26 April 2017, CS filed the 2017 First Quarter Earnings Release of the Group on Form 6-K of CS (the “**Form 6-K dated 26 April 2017**”) with the United States Securities and Exchange Commission (the “**SEC**”), including the Credit Suisse Earnings Release 1Q17 exhibited thereto. A copy of the Form 6-K dated 26 April 2017 was filed with the CSSF and the SIX Swiss Exchange AG and, by virtue of this Supplement, the information included in the cross-reference list below from the Form 6-K dated 26 April 2017 is incorporated by reference into, and forms part of, the Base Prospectus.
- On 28 April 2017, CSG and CS filed a media release on Form 6-K (the “**Form 6-K dated 28 April 2017**”) with the SEC, which contains the outcome of the Annual General Meeting of CSG on 28 April

2017. A copy of the Form 6-K dated 28 April 2017 was filed with the CSSF and the SIX Swiss Exchange AG and, by virtue of this Supplement, the information included in the cross-reference list below from the Form 6-K dated 28 April 2017 is incorporated by reference into, and forms part of, the Base Prospectus.

- On 4 May 2017, CS filed the 2017 First Quarter Financial Report of the Group on Form 6-K of CS (the “**Form 6-K dated 4 May 2017**”) with the SEC, including the Credit Suisse Financial Report 1Q17 exhibited thereto. A copy of the Form 6-K dated 4 May 2017 was filed with the CSSF and the SIX Swiss Exchange AG and, by virtue of this Supplement, the information included in the cross-reference list below from the Form 6-K dated 4 May 2017 is incorporated by reference into, and forms part of, the Base Prospectus.

For ease of reference, the relevant information from the Form 6-K dated 26 April 2017, the Form 6-K dated 28 April 2017 and the Form 6-K dated 4 May 2017 can be found on the following pages of the PDF file in which the documents are contained:

Section Number	Section Heading	Sub-heading	Page(s) of the PDF
Form 6-K dated 26 April 2017			
	Form 6-K	Cover Page	1
		Introduction	2
		Selected financial data	3 to 4
		Operating and financial review and prospects	5
		Exhibits	6
		Signatures	7
Exhibit to the Form 6-K dated 26 April 2017 (Credit Suisse Earnings Release 1Q17) ⁽¹⁾			
	Earnings Release 1Q17	Cover Page	8
		Key metrics	9
		Credit Suisse	10 to 14
		Swiss Universal Bank	15 to 20
		International Wealth Management	21 to 27
		Asia Pacific	28 to 33
		Global Markets	34 to 36
		Investment Banking & Capital Markets	37 to 39
		Strategic Resolution Unit	40 to 42
		Corporate Center	43
		Assets under management	44
		Additional financial metrics	45
		Important information	46
	Appendix	Core Results by business activity	47
		BIS capital metrics – Group	48

		Eligible capital - Group	48
		Capital movement – Group	49
		Risk-weighted assets – Group	49
		Risk-weighted asset movement by risk type – Group	50
		BIS leverage metrics – Group	50
		Swiss capital metrics – Group	51
		Swiss capital and risk-weighted assets – Group	51
		Swiss leverage metrics – Group	52
		One-day, 98% risk management VaR (CHF)	52
		Consolidated statements of operations	53
		Consolidated balance sheets	54
		Consolidated statements of changes in equity	55
		Earnings per share	56
		Restructuring expenses	57
		Return on regulatory capital	57
		Cautionary statement regarding forward-looking information	58
Form 6-K dated 28 April 2017			
	Form 6-K	Cover Page	1
		Annual General Meeting of Credit Suisse Group AG: All Proposals Put Forward by the Board of Directors Approved	2
		Distribution payable out of capital contribution reserves (first two paragraphs only)	2 to 3
		Increase of Authorized Capital for Scrip Dividend	3
		Approval of the Compensation of the Board of Directors and the Executive Board	3
		Consultative Vote on the 2016 Compensation Report	3
		Elections to the Board of Directors	3 to 4
		Re-Election of the Members of the Compensation Committee	4
		Composition of the Board of Directors as of April 28, 2017	4
		Credit Suisse AG (first paragraph only)	4
		Cautionary statement regarding forward-looking information	5
		Composition of the Board of Directors as of April 28, 2017	6
		Signatures	6

Form 6-K dated 4 May 2017			
	Form 6-K	Cover Page	1
		Explanatory note	2
		Exhibits	3
		Signatures	4
Exhibit to the Form 6-K dated 4 May 2017 (Credit Suisse Financial Report 1Q17) ⁽¹⁾			
		Key metrics	6
		Table of contents	7
		Credit Suisse at a glance	8
I	Credit Suisse results	Operating environment	10 to 12
		Credit Suisse	13 to 20
		Swiss Universal Bank	21 to 26
		International Wealth Management	27 to 33
		Asia Pacific	34 to 39
		Global Markets	40 to 42
		Investment Banking & Capital Markets	43 to 45
		Strategic Resolution Unit	46 to 48
		Corporate Center	49
		Assets under management	50 to 52
II	Treasury, risk, balance sheet and off-balance sheet	Liquidity and funding management	54 to 58
		Capital management	59 to 74
		Risk management	75 to 84
		Balance sheet and off-balance sheet	85 to 86
III	Condensed consolidated financial statements – unaudited	Report of the Independent Registered Public Accounting Firm	89
		Condensed consolidated financial statements – unaudited (Includes the consolidated balance sheet, income statement and cash-flow statement of Credit Suisse Group AG)	91 to 97
		Notes to the condensed consolidated financial statements – unaudited, including, under Note 32:	98 to 163
		Certain consolidated income statement and balance sheet information of Credit Suisse AG	164 to 167
		List of Abbreviations	168
		Foreign currency translation rates	170
		Cautionary statement regarding forward-looking information	171

- (1) The cost/income ratios presented in the Credit Suisse Earnings Release 1Q17 and Credit Suisse Financial Report 1Q17 are calculated by dividing total operating expenses by net revenues, both reported in accordance with US GAAP. These ratios can serve as an indicator for gauging efficiency and productivity.

The information that is not included in the above cross-reference list and therefore not incorporated herein by reference for the purposes of the Prospectus Directive is either (a) covered elsewhere in the Base Prospectus; or (b) not relevant for the investor.

Following the Annual General Meeting of Credit Suisse Group AG on 28 April 2017, the members of the Board of Directors of CSG and CS are as follows:

- Urs Rohner, Chairman
- Iris Bohnet
- Andreas Gottschling
- Alexander Gut
- Andreas N. Koopmann
- Seraina (Maag) Macia
- Kai S. Nargolwala
- Joaquin J. Ribeiro
- Severin Schwan
- Richard E. Thornburgh
- John Tiner
- Alexandre Zeller

The business address of the Board of Directors is Paradeplatz 8, CH-8001 Zurich, Switzerland.

Further information about the Board of Directors can be found in the Form 6-K dated 28 April 2017.

There are no conflicts of interest between the private interests or other duties of the Directors listed above and their duties to CS.

Amendments to the Base Prospectus

Summary of the Securities

1. Element B.12 (*Selected historical key financial information of CS*) on pages 13 to 14 of the Base Prospectus shall be updated as follows:

B.12	Selected historical key financial information of CS:		
	The tables below set out summary information derived from the audited consolidated financial statements of CS as of 31 December 2016 and 2015, and for each of the years in the two-year period ended 31 December 2016, and the unaudited condensed consolidated financial statements of CS as of 31 March 2017 and for the three-month period then ended:		
	<i>CS Statement of Operations</i>		
	Year ended 31 December (CHF million)	2016	2015
	Net revenues	19,802	23,211
	Provision for credit losses	216	276
	Total operating expenses.....	22,354	25,873
	Income/(loss) from continuing operations before taxes	(2,768)	(2,938)
	Income tax expense.....	357	439
	Income/(loss) from continuing operations	(3,125)	(3,377)
	Income from discontinued operations, net of tax	0	0
	Net income/(loss).....	(3,125)	(3,377)
	Net income/(loss) attributable to noncontrolling interests	(6)	(7)
	Net income/(loss) attributable to shareholder	(3,119)	(3,370)

Three-month period ended 31 March (CHF million)	2017	2016 (restated) ⁽¹⁾
Net revenues.....	5,522	4,507
Provision for credit losses	53	150
Total operating expenses.....	4,846	5,050
Income/(loss) before taxes	623	(693)
Net income/(loss)	526	(403)
Net income/(loss) attributable to shareholder	528	(396)

⁽¹⁾ as restated in the Credit Suisse 1Q17 Financial Report

CS Balance Sheet

	31 March 2017	31 December 2016 (restated) ⁽¹⁾	31 December 2016	31 December 2015
	(CHF million)			
Total assets	814,095	822,065	802,322	803,931
Total liabilities	770,340	778,207	760,571	759,241
Total shareholder's equity	42,734	42,789	40,682	43,406
Noncontrolling interests.....	1,021	1,069	1,069	1,284
Total equity	43,755	43,858	41,751	44,690
Total liabilities and equity	814,095	822,065	802,322	803,931

⁽¹⁾ as restated in the Credit Suisse 1Q17 Financial Report

CS statements of no significant or material adverse change

There has been no significant change in the financial position of CS since 31 March 2017.

There has been no material adverse change in the prospects of CS since 31 December 2016.

General Terms and Conditions of the Securities

1. Condition 6 (*Taxation and Costs*) on page 117 of the Base Prospectus (as previously supplemented) shall be amended as follows:

- a. Condition 6(h) shall be deleted in its entirety and replaced with the following:

“(h) *Payment of Tax: Pakistan*

- (i) The Issuer or its associates/affiliates shall include a charge on the termination of a Pakistan Note equal to 15% of the Net Gain (if applicable) (“**Provisional Hedging Cost**”), being an estimate of the Tax to the Issuer or its associates/affiliates or its hedge provider. Such Provisional Hedging Cost shall be deducted from any amount payable by the Issuer or its associates/affiliates to the Securityholder on such termination. For the avoidance of doubt, if

there is no Net Gain in respect of a Pakistan Note, no Provisional Hedging Cost shall be imposed on the termination of such Pakistan Note.

- (ii) Where a cash or non-cash dividend is declared or other corporate action occurs in respect of the Reference Underlying of a Pakistan Note (or the issuer thereof), the Issuer or its associates/affiliates may make such adjustments as it deems fit to the terms of the Pakistan Notes in respect of such affected Reference Underlying, which adjustments shall take into account any actual or potential tax liability which does or may arise in respect of the applicable dividend or other corporate action (as the case may be).
- (iii) The Securityholder is not entitled to any tax credit associated with the Tax.
- (iv) The Securityholder is aware and acknowledges that Pakistani tax authorities may at any time, even subsequent to a Pakistan Note maturing or being terminated, impose withholding, capital gains, income, business or other taxes on or in respect of investments held, purchased, acquired, whether directly or indirectly, actually or synthetically with respect to such Pakistan Note (“**Tax Liability**”), and the parties to a Pakistan Note may be affected as a result.
- (v) Without prejudice to the foregoing, in the event that a Tax Liability is imposed at any time in respect of any Pakistan Note, whether or not such Pakistan Note has previously matured or been terminated and regardless of the date on which such Tax Liability is imposed, it agrees that it shall indemnify the Issuer and its nominated affiliate and keep them indemnified against any and all losses, claims, payments and expenses caused by or arising from such Tax Liability suffered or incurred by the Issuer or its nominated affiliate.
- (vi) For the purposes of this Condition 6(h) (*Payment of Tax: Pakistan*):

“**Final Reference Level**” means the PKR price used by the Issuer in computing the payout under a Pakistan Note.

“**Initial Reference Level**” means the PKR price used by the Issuer in pricing a Pakistan Note at the time that Pakistan Note was issued.

“**Net Gain**” means, in respect of each Pakistan Note, any excess of the Final Reference Level over the Initial Reference Level of the Reference Underlying multiplied by the quantity of Reference Underlying in respect of that Pakistan Note. When computing Net Gain in respect of any Reference Underlying with different Initial Reference Levels, “first-in first-out” method of calculation will be applied.

“**Pakistan Notes**” means all notes linked to reference securities listed in Pakistani stock exchanges.

“**PKR**” means the lawful currency of the Islamic Republic of Pakistan.

“**Tax**” means all present, future or contingent taxes on income, gain or profit or other similar taxes (however described), including without limitation any capital gains and/or business taxes) which may be imposed by the Pakistani tax authorities directly or indirectly on the Issuer or its associates/affiliates or its hedge provider in respect of any dealing in Pakistan securities.

Copies of this Supplement and the documents incorporated by reference in the Base Prospectus will be available on the Luxembourg Stock Exchange website (www.bourse.lu) and can be obtained, free-of-charge, from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being. Except for the copies of the documents incorporated by reference in the Base Prospectus, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement and this Supplement available on the Luxembourg Stock Exchange website (www.bourse.lu), no information contained on the websites to which links have been provided is incorporated by reference in the Base Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement or information incorporated by reference into this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement and the Eighth Supplement, the statements in (a) above will prevail.

Save as disclosed in the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement and this Supplement, there has been no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

There has been no significant change in the financial position of CS since 31 March 2017.

There has been no material adverse change in the prospects of CS since 31 December 2016.

Please see pages 42 to 50 of the Annual Report 2016 under the heading “Risk Factors” and pages 28 to 58 of the Base Prospectus under the heading “Risk Factors” for the risk factors that may affect the future results of operations or financial condition of the Group and its consolidated subsidiaries. This Supplement does not modify or update the risk factors therein.

Please see “Operating environment” on pages 4 to 6 of the exhibit (Credit Suisse Financial Report 1Q17) to the Form 6-K dated 4 May 2017 and “Operating environment” on pages 52 to 54 of the Annual Report 2016, for information relating to the economic environment and other factors that may affect the future results of operations or financial condition of the Group and its consolidated subsidiaries.

Save as disclosed in the Form 6-K dated 4 May 2017 under the heading “Litigation” (note 30 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 155 to 156 of the exhibit (Credit Suisse Financial Report 1Q17) to the Form 6-K dated 4 May 2017) and in the Annual Report 2016 under the heading “Litigation” (note 39 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 374 to 382 of the Annual Report 2016), there are no, and have not been during the period of 12 months ending on the date of this Supplement any, governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the financial position or profitability of CS, and CS is not aware of any such proceedings being either pending or threatened.

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Supplement, to withdraw their acceptances. The final date that withdrawal rights can be exercised in relation to the publication of this Supplement is 18 May 2017.

Annex

‘Blacklined’ comparisons of all provisions of the Base Prospectus amended by this Supplement

B.2	Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of Issuer:	CS is incorporated under Swiss law as a corporation (<i>Aktiengesellschaft</i>) in Zurich, Switzerland and operates under Swiss law. Its registered head office is in Zurich, Switzerland.		
B.4b	A description of any known trends affecting the Issuer and the industries in which it operates	Not Applicable: there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for its current financial year.		
B.5	Description of the Group and the Issuer’s position within the Group	CS is a Swiss bank and a wholly owned subsidiary of Credit Suisse Group AG (“CSG”), a global financial services company.		
B.9	Profit forecast or estimate	Not Applicable: no profit forecasts or estimates have been made.		
B.10	Audit report qualifications	Not Applicable: no qualifications are contained in any audit or review report.		
B.12	Selected historical key financial information of CS:			
	The tables below set out summary information derived from the audited consolidated financial statements of CS as of 31 December 2016 and 2015, and for each of the years in the three-year <u>two-year</u> period ended 31 December 2016, <u>and the unaudited condensed consolidated financial statements of CS as of 31 March 2017 and for the three-month period then ended:</u>			
	<i>CS Statement of Operations</i>			
	Year ended 31 December (CHF million)	2016	2015	2014
				25,589
	Net revenues	19,802	23,211	125
	Provision for credit losses	216	276	22,503
	Total operating expenses	22,354	25,873	2,961
	Income/(loss) from continuing operations before taxes	(2,768)	(2,938)	1,299
	Income tax expense	357	439	1,662
	Income/(loss) from continuing operations	(3,125)	(3,377)	102
	Income from discontinued operations, net of tax	0	0	1,764
	Net income/-(loss)	(3,125)	(3,377)	445
	Net income/(loss) attributable to noncontrolling interests	(6)	(7)	1,319
	Net income/(loss) attributable to shareholder	(3,119)	(3,370)	
	<i>CS Balance Sheet</i>			
		2016	2015	2016
	As at 31 December <u>Three-month period ended 31 March</u>	<u>2017</u>		<u>(restated)⁽¹⁾</u>
	(CHF million)			
	<u>Net revenues</u>	<u>5,522</u>		<u>4,507</u>
	<u>Provision for credit losses</u>	<u>53</u>		<u>150</u>
	<u>Total operating expenses</u>	<u>4,846</u>		<u>5,050</u>
	<u>Income/(loss) before taxes</u>	<u>623</u>		<u>(693)</u>
	<u>Net income/(loss)</u>	<u>526</u>		<u>(403)</u>

Net income/(loss) attributable to shareholder.....		<u>528</u>	<u>(396)</u>
(1) as restated in the Credit Suisse 1Q17 Financial Report			
<u>CS Balance Sheet</u>			
	<u>31 March</u>	<u>31 December</u>	<u>31</u>
	<u>2017</u>	<u>2016</u>	<u>December</u>
		<u>(restated)⁽¹⁾</u>	<u>2016</u>
		<u>(CHF million)</u>	
Total assets	<u>814,095</u>	<u>802,322</u>	<u>802,322</u>
			803,931
Total liabilities	<u>770,340</u>	<u>760,571</u>	<u>760,571</u>
			759,241
Total shareholder's equity	<u>42,734</u>	<u>40,682</u>	<u>40,682</u>
			43,406
Noncontrolling interests	<u>1,021</u>	<u>1,069</u>	<u>1,069</u>
			1,284
Total equity	<u>43,755</u>	<u>41,751</u>	<u>41,751</u>
			44,690
Total liabilities and equity	<u>814,095</u>	<u>802,322</u>	<u>802,322</u>
			803,931
(1) as restated in the Credit Suisse 1Q17 Financial Report			
<i>CS statements of no significant or material adverse change</i>			
There has been no significant change in the financial position of CS since 31 December 2016 <u>March 2017</u> .			
There has been no material adverse change in the prospects of CS since 31 December 2016.			

B.13	Recent material events particular to Issuer relevant to Issuer's solvency	Not Applicable: there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.
B.14	Dependence upon other group entities	Not Applicable: CS is not dependent upon other members of its group.
B.15	Issuer's principal activities	The principal activities of CS are the provision of financial services in the areas of private banking, investment banking and asset management.
B.16	Ownership and control of the Issuer	CS is a wholly owned subsidiary of CSG.
B.17	Credit ratings assigned to the Issuer's long-term debt securities	<p>CS has a long-term counterparty credit rating of "A" by Standard & Poor's Credit Market Services Europe Limited ("S&P") and a long-term issuer default rating of "A" by Fitch Ratings Limited ("Fitch") and "A1" by Moody's Investors Service Ltd ("Moody's").</p> <p>Issues of Securities by CS under the Programme having a maturity of one year or more have been rated "A" by S&P, "A" by Fitch and "A1" by Moody's.</p> <p>[Securities issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of</p>

that the Issuer or its associates/affiliates and/or its hedging counterparty were subject to and the amount in connection with Indian Local Taxes paid by the Securityholder.

- (vi) For the purposes of this Condition 6(g) (*Payment of Local Taxes, Unpaid Local Taxes or Excess Local Taxes: India*), the following terms shall have the following meanings:

“**Applicable Hedge Positions**” means, at any time, Hedging Arrangements that the Issuer or its associates/affiliates determines that a Hypothetical Investor, acting in a commercially reasonable manner, would consider necessary to hedge the relevant Indian Note at that time.

“**Hypothetical Investor**” means a hypothetical institutional investor not resident in (a) India; or (b) a jurisdiction where any refund, credit or any other benefit, exemption or reduction in relation to any Indian Local Taxes may arise under an applicable tax treaty or any relevant laws or arrangements.

“**Indian Notes**” means all Notes which are offshore derivative instruments (“**ODIs**”) as defined under the FPI Regulations.

“**Indian Local Taxes**” means all forms of taxes, cesses, imposts, demands, liabilities, duties, levies, assessments, whether direct or indirect, whether central, state or local including taxes on income, withholding tax, capital gains tax, minimum alternate tax, service tax, stamp duty, fees of any nature and similar charges (in each case, including interest and penalties thereon), imposed at any time by the taxing authority in India that would be withheld from or paid or otherwise incurred by a Hypothetical Investor in connection with any Applicable Hedge Positions.

The provisions of this Condition 6(g) (*Payment of Local Taxes, Unpaid Local Taxes or Excess Local Taxes: India*) shall apply and remain in full force and effect and shall survive the termination of the Indian Notes.

- (h) *Payment of ~~Local Taxes, Unpaid Local Taxes or Excess Local Taxes~~ Tax: Pakistan*

~~(i) In its determinations of any amounts payable under a Pakistan Note, the Securityholder acknowledges and agrees that the Issuer or its associates/affiliates will, in its sole discretion, calculate and determine the amount of, take into account the implication of, and adjust for, any applicable Pakistan Local Taxes (including, without limitation and for the avoidance of doubt, any Unpaid Pakistan Local Taxes and Excess Pakistan Local Taxes, each as defined below) taking into account, inter alia, compliance with all applicable laws, rules, regulations and governmental or regulatory guidance (whether publicly available or otherwise).~~

~~(ii) If any amount of Pakistan Local Taxes (“Unpaid Pakistan Local Taxes”) that should have been taken into account but were not taken into account in the determination of (i) any amounts payable by the Issuer or its associates/affiliates and (ii) any Potential Adjustment Events or Extraordinary Events, as the case may be, the Securityholder shall pay to the Issuer or its associates/affiliates an amount, as determined by the Issuer or its associates/affiliates, equal to such Unpaid Pakistan Local Taxes on the Business Day in the Determination City following notification from the Issuer or its associates/affiliates; or if any excess amount of Pakistan Local Taxes (“Excess Pakistan Local Taxes”) that should not have been taken into account but were taken into account in the determination of (i) any amounts payable by the Issuer or its associates/affiliates and (ii) any Potential Adjustment Events or Extraordinary Events, as the case may be, the Issuer or its associates/affiliates shall pay to the Securityholder an amount, as determined by the Issuer or its associates/affiliates, equal to such Excess Pakistan Local Taxes on the Business Day in the Determination City following notification from the Issuer or its associates/affiliates.~~

~~(iii) The Securityholder indemnifies, defends and holds harmless the Issuer or its associates/affiliates and its officers, directors, employees, agents and authorized representatives in full and on demand (i) in an amount equal to such Unpaid Pakistan Local~~

~~Taxes which are not paid on the Business Day in the Determination City following notification from the Issuer or its associates/affiliates regardless of whether the Pakistan Notes have been assigned, unwound or terminated on or before the date of such demand, and (ii) as well as any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out of pocket expenses and reasonable attorneys' and accountant's fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with the Pakistan Notes.~~

- ~~(iv) If the Securityholder does not pay any Unpaid Pakistan Local Taxes in accordance with this Condition 6(h) (Payment of Local Taxes, Unpaid Local Taxes or Excess Local Taxes: Pakistan), the Securityholder agrees that the Issuer or its associates/affiliates may, at the sole discretion of the Issuer or its associates/affiliates and without prior notice to the Securityholder, set off such Unpaid Pakistan Local Taxes against any other amount(s) under the relevant master purchase agreement (whether or not arising under a Pakistan Note and whether or not arising at such time or in the future or upon the occurrence of a contingency or not otherwise contemplated or addressed in the Pakistan Notes) due from the Issuer or its associates/affiliates to the Securityholder or any of its affiliates, regardless of the place of payment, booking branch/location/office or currency of either amount. In the event of any Excess Pakistan Local Taxes due from the Issuer or its associates/affiliates to the Securityholder, the Issuer or its associates/affiliates shall be entitled to set off such amount against any amount(s) (whether or not arising under a Pakistan Note and whether or not arising at such time or in the future or upon the occurrence of a contingency or not otherwise contemplated or addressed in the Pakistan Notes) due from the Securityholder or its affiliates to the Issuer or its associates/affiliates.~~
- ~~(v) The Securityholder acknowledges that the Issuer or its associates/affiliates and/or its hedging counterparty may effectively be subject to actual local taxes which could be greater or lesser than the sum of payments received by the Issuer or its associates/affiliates from the Securityholder in connection with Pakistan Local Taxes. The Securityholder agrees that it shall have no claim nor right with respect to the difference between the actual amount of local taxes that the Issuer or its associates/affiliates and/or its hedging counterparty were subject to and the amount in connection with Pakistan Local Taxes paid by the Securityholder.~~
- (i) The Issuer or its associates/affiliates shall include a charge on the termination of a Pakistan Note equal to 15% of the Net Gain (if applicable) ("Provisional Hedging Cost"), being an estimate of the Tax to the Issuer or its associates/affiliates or its hedge provider. Such Provisional Hedging Cost shall be deducted from any amount payable by the Issuer or its associates/affiliates to the Securityholder on such termination. For the avoidance of doubt, if there is no Net Gain in respect of a Pakistan Note, no Provisional Hedging Cost shall be imposed on the termination of such Pakistan Note.
- (ii) Where a cash or non-cash dividend is declared or other corporate action occurs in respect of the Reference Underlying of a Pakistan Note (or the issuer thereof), the Issuer or its associates/affiliates may make such adjustments as it deems fit to the terms of the Pakistan Notes in respect of such affected Reference Underlying, which adjustments shall take into account any actual or potential tax liability which does or may arise in respect of the applicable dividend or other corporate action (as the case may be).
- (iii) The Securityholder is not entitled to any tax credit associated with the Tax.
- (iv) The Securityholder is aware and acknowledges that Pakistani tax authorities may at any time, even subsequent to a Pakistan Note maturing or being terminated, impose withholding, capital gains, income, business or other taxes on or in respect of investments held, purchased, acquired,

whether directly or indirectly, actually or synthetically with respect to such Pakistan Note (“Tax Liability”), and the parties to a Pakistan Note may be affected as a result.

- (v) Without prejudice to the foregoing, in the event that a Tax Liability is imposed at any time in respect of any Pakistan Note, whether or not such Pakistan Note has previously matured or been terminated and regardless of the date on which such Tax Liability is imposed, it agrees that it shall indemnify the Issuer and its nominated affiliate and keep them indemnified against any and all losses, claims, payments and expenses caused by or arising from such Tax Liability suffered or incurred by the Issuer or its nominated affiliate.

- (i) For the purposes of this Condition 6(h) (~~Payment of Local Taxes, Unpaid Local Taxes or Excess Local Taxes: Pakistan~~), the following terms shall have the following meanings: Tax: Pakistan:

“Final Reference Level” means the PKR price used by the Issuer in computing the payout under a Pakistan Note.

~~“Applicable Hedge Positions” means, at any time, Hedging Arrangements that the Issuer or its associates/affiliates determines that a Hypothetical Investor, acting in a commercially reasonable manner, would consider necessary to hedge the relevant Pakistan Note at that time.~~

~~“Hypothetical Investor” means a hypothetical institutional investor not resident in (a) Pakistan; or (b) a jurisdiction where any refund, credit or any other benefit, exemption or reduction in relation to any Pakistan Local Taxes may arise under an applicable tax treaty or any relevant laws or arrangements.~~

~~“Pakistan Local Taxes” means all forms of taxes, cesses, imposts, demands, liabilities, duties, levies, assessments, whether direct or indirect, whether central, state or local including taxes on income, withholding tax, capital gains tax, minimum alternate tax, service tax, stamp duty, fees of any nature and similar charges (in each case, including interest and penalties thereon), imposed at any time by the taxing authority in Pakistan that would be withheld from or paid or otherwise incurred by a Hypothetical Investor in connection with any Applicable Hedge Positions.~~

“Initial Reference Level” means the PKR price used by the Issuer in pricing a Pakistan Note at the time that Pakistan Note was issued.

“Net Gain” means, in respect of each Pakistan Note, any excess of the Final Reference Level over the Initial Reference Level of the Reference Underlying multiplied by the quantity of Reference Underlying in respect of that Pakistan Note. When computing Net Gain in respect of any Reference Underlying with different Initial Reference Levels, “first-in first-out” method of calculation will be applied.

“Pakistan Notes” means all notes linked to reference securities listed in Pakistani stock exchanges.

~~The provisions of this Condition 6(h) (~~Payment of Local Taxes, Unpaid Local Taxes or Excess Local Taxes: Pakistan~~) shall apply and remain in full force and effect and shall survive the termination of the Pakistan Notes.~~

“PKR” means the lawful currency of the Islamic Republic of Pakistan.

“Tax” means all present, future or contingent taxes on income, gain or profit or other similar taxes (however described), including without limitation any capital gains and/or business taxes which may be imposed by the Pakistani tax authorities directly or indirectly on the Issuer or its associates/affiliates or its hedge provider in respect of any dealing in Pakistan securities.