

**First Supplement dated 13 April 2011**  
to the Debt Issuance Programme Prospectus dated 19 October 2010

*This document (the "First Supplement") constitutes a supplement for the purpose of Art. 16 of the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "Prospectus Directive") as well as Article 13 of Chapter 1 of Part II of the Luxembourg Law dated 10 July 2005 on prospectuses for securities (Loi relative aux prospectus pour valeurs mobilières, the "Prospectus Law"), to the two base prospectuses dated 19 October 2010 relating to a EUR 25,000,000,000 Debt Issuance Programme of Raiffeisen Bank International AG (the "Issuer" or "RBI"): (i) the base prospectus in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (the "Commission Regulation"), and (ii) the base prospectus in respect of Covered Bank Bonds (non-equity securities within the meaning of Art. 22 No. 6(3) of the Commission Regulation) (the two base prospectuses together, the "Original Prospectus") (the First Supplement together with the Original Prospectus, the "Prospectus").*



**RAIFFEISEN BANK INTERNATIONAL AG**  
**EUR 25,000,000,000 Debt Issuance Programme**

This First Supplement is supplemental to, and should only be distributed and read in conjunction with, the Original Prospectus. Terms defined in the Original Prospectus have the same meaning when used in this First Supplement. To the extent that there is any inconsistency between (a) any statement in this First Supplement or any statement incorporated by reference into the Original Prospectus by this First Supplement and (b) any other statement in or incorporated by reference in the Original Prospectus prior to the date of this First Supplement, the statements in (a) will prevail.

This First Supplement has been approved by the CSSF and will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Raiffeisen Bank International AG has requested the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Prospectus Law to approve this Supplement and to provide the competent authorities in the Federal Republic of Germany and in the Republic of Austria with a certificate of approval (a "Notification") attesting that this First Supplement has been drawn up in accordance with the Prospectus Law which implements the Prospectus Directive into Luxembourg law. The Issuer may request the CSSF to provide competent authorities in additional Member States within the European Economic Area with a Notification.

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

To the extent permitted by the laws of any relevant jurisdiction neither the Arranger nor any Dealer accepts any responsibility for the accuracy and completeness of the information contained in the Original Prospectus or this First Supplement.

No person has been authorised to give any information or to make any representation other than those contained in the Original Prospectus or this First Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Dealers or any of them.

**This First Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.**

**IN ACCORDANCE WITH ARTICLE 13 PARAGRAPH 2 OF THE PROSPECTUS LAW INVESTORS WHO HAVE ALREADY AGREED TO PURCHASE OR SUBSCRIBE FOR ANY NOTES BEFORE THIS FIRST SUPPLEMENT IS PUBLISHED HAVE THE RIGHT, EXERCISABLE WITHIN TWO WORKING DAYS AFTER THE PUBLICATION OF THIS FIRST SUPPLEMENT, TO WITHDRAW THEIR ACCEPTANCES.**

## SUPPLEMENTAL INFORMATION

- 1) On page 11 of the Original Prospectus, in the Chapter "SUMMARY" in the section "Summary Regarding Raiffeisen Bank International AG" below the heading "Members of the Management Board" the wording "Mag. Heinz Wiedner, Member of the Management Board" shall be deleted.
- 2) On page 14 of the Original Prospectus, in the Chapter "SUMMARY" in the section "Summary Regarding Raiffeisen Bank International AG" the following paragraph shall be inserted as last paragraph:
 

"Auditors for the RBI Group in 2010: KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Vienna, Porzellangasse 51, represented by Mag. Wilhelm Kovsca and Mag. Bernhard Mechtler."
- 3) On page 25 of the Original Prospectus, in the Chapter "ZUSAMMENFASSUNG" in the section "Zusammenfassung der Informationen über die Raiffeisen Bank International AG" below the heading "Vorstandsmitglieder" the wording "Mag. Heinz Wiedner, Mitglied" shall be deleted.
- 4) On page 28 of the Original Prospectus, in the Chapter "ZUSAMMENFASSUNG" in the section "Zusammenfassung der Informationen über die Raiffeisen Bank International AG" the following paragraph shall be inserted as last paragraph:
 

„Konzernabschlussprüfer 2010 des RBI-Konzerns: KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Wien, Porzellangasse 51, vertreten durch Mag. Wilhelm Kovsca und Mag. Bernhard Mechtler.“
- 5) On page 118 of the Original Prospectus, in the Chapter "3. BUSINESS OVERVIEW" in the section "3.1. Principal areas of activity" below the heading "Business activities of RBI and the RBI Group" the following paragraphs shall be added as last paragraphs:
 

"On 3 February 2011 RBI reached an agreement for the acquisition of a 70 per cent majority share in Polbank EFG ("Polbank") in Poland. Polbank focuses on business with retail customers and small and medium enterprises ("SMEs") and is the banking business network which EFG Eurobank Ergasias S.A. ("Eurobank EFG") operates in Poland, and which as a part of the transaction schedule will be transformed into a separate corporate legal entity and licensed Polish bank. RBI will pay an upfront cash consideration of EUR 490 million for the 70 per cent stake, payable at closing. The acquisition is subject to the approval of the EU, Greek and Polish regulatory authorities. The transaction is expected to close in the fourth quarter of 2011 or the first quarter of 2012.

The structure of the transaction foresees that at first, RBI will acquire a 70 per cent stake in Polbank for a EUR 490 million cash consideration. Thereafter, in a second step, Eurobank EFG and RBI will transfer their respective shareholdings in Polbank (Eurobank EFG 30 per cent and RBI 70 per cent) to Raiffeisen Bank Polska S.A. ("RBPL") in exchange for new shares in RBPL. As a consequence of this transaction structure Eurobank EFG will become a 13 per cent shareholder in RBPL. The operational merger of RBPL and Polbank will conclude the transaction. Pricing of the transaction is based on a guaranteed minimum equity of EUR 400 million for Polbank and EUR 750 million for RBPL. Also as a part of the transaction arrangement, the parties have entered into a shareholder agreement which includes the granting of a put option to Eurobank EFG to dispose of its stake in the combined entity of RBPL, including Polbank, to RBI at any time at a valuation based on business performance, but no less than EUR 175 million (plus interest) and RBI a respective call-option exercisable from 31 March 2016."
- 6) On page 119 of the Original Prospectus, in the Chapter "3. BUSINESS OVERVIEW" in the section "3.1. Principal areas of activity" below the heading "Management and organization of the RBI Group" in bullet point "Southeastern Europe (SEE)" the wording "as well as Bulgaria and Romania" shall be added.
- 7) On page 127 of the Original Prospectus, in the Chapter "6. ADMINISTRATIVE, MANAGING AND SUPERVISORY BODIES" in the section "Members of the administrative, management and supervisory bodies of RBI since registration in the company register of the Merger" below the heading "Management Board" the wording "Mag. Heinz Wiedner" shall be deleted as member of the Management Board of RBI and the following text added:
 

"Heinz Wiedner resigned from his position as RBI's Chief Operating Officer with effect from 1 December 2010 in order to assume the position as CEO of Raiffeisen Bank Zrt. in Budapest. His responsibilities at RBI were transferred to Aris Bogdaneris and Herbert Stepic."
- 8) Starting on page 144 of the Original Prospectus, in the Chapter "TAXATION" the existing text in the section "1. Germany" shall be replaced in full with the following:

### "1. Germany

#### 1.1 Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

(a) *Taxation if the Notes are held as private assets (Privatvermögen)*

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

(i) *Income*

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 22 December 2009, a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. However, the Issuer takes the view that losses suffered for other reasons (e.g. because the Notes are linked to a reference value and such reference value decreases in value) should be tax-deductible, subject to the ring-fencing rules described above and subject to the following paragraph. Investors should note that such view of the Issuer must not be understood as a guarantee that the tax authorities and/or courts will follow such view.

Pursuant to a further tax decree issued by the Federal Ministry of Finance dated 16 November 2010, where the Notes provide for instalment payments, such instalment payments shall always qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) in the sense of section 20 para 1 no 7 ITA, unless the terms and conditions of the Notes provide explicit information regarding redemption or partial redemption during the term of the Notes and the contractual parties comply with these terms and conditions. It is further stated in the tax decree that, if, in the case of Notes with instalment payments, there is no final payment at maturity, the expiry of such Notes shall not qualify as a sale-like transaction, which means that any remaining acquisition costs could not be deducted for tax purposes. Similarly, any remaining acquisition costs of Notes with instalment payments shall not be tax-deductible if the Notes do not provide for a final payment or are terminated early without a redemption payment because the respective underlying has left the defined corridor or has broken certain barriers (e.g. in knock-out structures). Although this tax decree only refers to notes with instalment payments, it cannot be excluded that the tax authorities apply the above principles also to other kinds of full risk notes.

If the Notes provide for a physical delivery of bonds, shares, interests in funds, shares in exchange-traded-funds ("**ETF-shares**") or other interests, the Notes may qualify as convertible, exchangeable or similar instruments, subject to the relevant Terms and Conditions of the Notes (e.g. whether the Issuer or the investor has the right to opt for a physical delivery). In such a case, the sales proceeds from the Notes and the acquisition costs of the received securities may be deemed to be equal to the initial acquisition costs of the Notes (section 20 para 4a sentence 3 ITA) so that no taxable capital gains would be achieved due to the conversion. However, capital gains realised upon an on-sale of the received securities generally qualify as taxable income.

Against the background of a decision of the fiscal court of Hesse dated 22 October 2010 (8 V 1268/10), it cannot be excluded that Notes where the redemption amount and/or the interest is linked to a reference value qualify as contract for differences (*Termingeschäfte*) in terms of section 20 para 2 sentence 1 no 3 ITA rather than as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 ITA. In such a case, in principle also all income from the Notes including capital gains should be taxed as savings income.

If the Notes are allocated to an activity of letting and leasing of property, the income from the Notes qualifies, deviating from the above, as income from letting and leasing of property. In such a case, the taxable income is calculated as the difference between the income and income-related expenses (*Werbungskosten*).

(ii) *Taxation of income*

Savings income is taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*), which is 26.375 per cent. (including solidarity surcharge (*Solidaritätszuschlag*)) plus, if applicable, church tax. When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded. The taxation of savings income shall take place mainly by way of levying withholding tax (please see (iii) below). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate.

If the income from the Notes qualifies as income from letting and leasing of property, the investor has to report income and income-related expenses (*Werbungskosten*) in its tax return and the balance will be taxed at the investor's individual income tax rate of up to 47.475 per cent. (including solidarity surcharge) and, as the case may be, church tax.

(iii) *German withholding tax (Kapitalertragsteuer)*

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out in (i) above (i.e. prior to withholding). However, in the case of capital gains, if the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g. if the Notes are transferred from a non-EU custodial account), withholding tax is applied to 30 per cent. of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent may deduct any negative savings income or accrued interest paid of the same calendar year or of previous calendar years.

The Issuer is, in general, not obliged to levy German withholding tax in respect of payment on the Notes. If, however, the Issuer were deemed to be resident in Germany for tax purposes and if, further, the Notes qualify as hybrid instruments (e. g. silent partnership, profit participating notes, *jouissance rights (Genussrechte)*), German withholding tax has to be imposed by the Issuer irrespective of whether or not the Notes are held in a custodial account maintained with a German Disbursing Agent.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge) plus, if applicable, church tax.

No German withholding tax will be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the maximum exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the investor has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

*(b) Taxation if the Notes are held as business assets (Betriebsvermögen)*

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent. or income tax at a rate of up to 45 per cent., as the case may be, (in each case plus 5.5 per cent. solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Capital losses may be ring-fenced.

If instead of a cash-settlement at maturity of a Note, a physical delivery of bonds, shares, interests in funds or ETF-shares takes place, such delivery would be regarded as a taxable sale of the Note and the corresponding capital gain will be taxable.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out in section (a)(iii) above. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a company satisfying the requirements of section 43 para 2 sentence 3 no 1 ITA or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

*1.2 Non-residents*

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see 1.1 above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

*1.3 Taxation if the Notes qualify as equity or equity-like*

If a Note qualifies as equity or equity-like from a German tax perspective, in addition to the rules set out above, income and deemed income may be subject to income taxation, trade tax and, even if interest on the Note is not paid out by a German Disbursing Agent, to withholding tax.

Further, capital gains achieved by an investor holding the Notes as private assets might be re-qualified as business income and, thus, taxable at the investor's individual income tax rate. Capital gains and dividend income might also be partly tax-exempt according to section 8b German Corporate Income Tax Act (*Körperschaftsteuergesetz*) and section 3 no 40 ITA respectively.

*1.4 Inheritance and Gift Tax*

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed. In addition, certain German expatriates will be subject to inheritance and gift tax.

*1.5 Other Taxes*

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany."

- 9) Starting on page 146 of the Original Prospectus, in the Chapter "TAXATION" the existing text in the section "2. Luxembourg" shall be replaced in full with the following:

**"2. Luxembourg**

**Withholding Tax**

All payments by the Issuer in the context of the holding, disposal or redemption of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg

or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see paragraph "EU Savings Directive" below) or agreements;
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management of their private wealth) on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC)).

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. levy on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive (Council Directive 2003/48/EC) on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

- 10) Starting on page 147 of the Original Prospectus, in the Chapter "TAXATION" the existing text in the section "3. Austria" shall be replaced in full with the following:

### "3. Austria

#### Tax Treatment of Notes purchased prior to 1 October 2011

##### *Austrian Residents*

Income derived from the Notes by individuals with a domicile or their habitual abode in Austria or corporate entities having their corporate seat or place of management in Austria is taxable in Austria pursuant to the Austrian income tax act (*Einkommensteuergesetz*) or the Austrian corporate income tax act (*Körperschaftsteuergesetz*).

Generally, income arising from the Notes should qualify as income from debt-securities (*Kapitalerträge aus Forderungswertpapieren*). Income from debt-securities includes:

- (i) Interest payments (*Zinserträge*).
- (ii) Accrued interest realized upon sale or other disposal. In the case of Index Linked Notes and certain comparable Notes the entire difference between the issue price and the sales price is taxable interest.
- (iii) Income realized upon redemption as the difference (*Unterschiedsbetrag*) between the issue price and the redemption price (there is an exemption if this difference is less than 2 per cent. and the Notes have regular coupons).

If income from debt-securities is paid out by a paying agent (*kuponauszahlende Stelle*) located in Austria, it is subject to a 25 per cent. Austrian deduction tax (*Kapitalertragsteuer-KES*, "capital yield tax"). The paying agent is the bank, including an Austrian branch of a foreign bank or investment firm, which pays out such income to the Noteholder.

##### *Austrian Resident Individuals*

For individuals the 25 per cent. capital yield tax constitutes a final taxation (*Endbesteuerung*), no matter whether they act as private investors or hold the Notes as business property. Final taxation means that no further income tax will be assessed and the income is not to be included in the Noteholder's income tax return.

Where there is no deduction of Austrian capital yield tax because the income from the Notes is not received in Austria (not paid out by a coupon paying agent located in Austria) Austrian resident noteholders will have to declare the income from the Notes in their income tax returns pursuant to the Austrian income tax act. A special 25 per cent. income tax rate is applicable.

Individuals whose regular personal income tax rate is lower than 25 per cent. may opt for taxation of the income from the Notes at such regular personal income tax rate. In this case, the capital yield tax will be credited against the personal income tax liability and the excess amount refunded. Expenses incurred by an individual noteholder in connection with income derived from Notes qualifying for final taxation or the special 25 per cent. income tax rate are in neither case deductible.

If the Notes are not offered to the public within the meaning of section 97 and 37 para. 8 of the Austrian income tax act, the income derived from the Notes is taxable at the respective noteholder's normal progressive personal income tax rate amounting up to 50 per cent. The Austrian capital yield tax will be credited against the income tax liability.

Accrued interest realised upon a sale of the Notes is taxed as income from debt-securities being subject to capital yield tax as set out above. For private investors, any additional capital gain on the disposal of the Notes is taxable if the disposal takes place within one year after the date of the acquisition of the Notes pursuant to section 30 income tax act (*Spekulationsgeschäft* - speculative transaction). Such speculative gain is taxed at normal progressive income tax rates amounting up to 50 per cent. if the total of such speculative gain exceeds 440 Euro per year. Losses from speculative transactions can only be set off against gains from speculative

transactions of the same calendar year. If the Notes qualify as business assets, capital gains on the disposal are taxable irrespective of the date of the disposal at normal progressive income tax rates.

In the case of Index Linked Notes and certain comparable Notes the whole gain realized upon redemption or sale of the Notes (difference between issue price and sales price) is treated as income from debt-securities and therefore also subject to capital yield tax (where such capital yield tax applies).

This entire outline is based on the assumption that the Notes qualify as debt-securities (*Forderungswertpapiere*) and will not be qualified as equity instruments for tax purposes nor as derivative instruments resulting for private investors in taxation of capital gain pursuant to section 30 income tax act at progressive rates rather than being subject to capital yield tax.

Special rules apply if a noteholder transfers his residence or deposit account outside of Austria.

#### *Austrian Resident Corporate Investors*

Corporate noteholders deriving business income from the Notes may avoid the application of Austrian capital yield tax by filing a declaration of exemption (*Befreiungserklärung*) with the coupon paying agent pursuant to section 94 no. 5 Austrian income tax act. Income including any capital gain derived from the Notes by corporate noteholders is subject to Austrian corporate income tax at the general rate of 25 per cent. There is, *inter alia*, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

#### *Non-Residents*

Income including any capital gain derived from the Notes by individuals who do not have a domicile or their habitual abode in Austria or by corporate investors who do not have their corporate seat or their place of management in Austria ("**non-residents**") is not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment (for capital yield tax under the EU Savings Directive see below).

Thus, non-resident noteholders - in case they receive income from the Notes through a coupon paying agent located in Austria - may avoid the application of Austrian capital yield tax if they evidence their non resident-status vis-à-vis the coupon paying agent pursuant to the Austrian income tax guidelines. Non-residents will have to confirm their non-resident status in writing to the coupon paying agent. The provision of evidence that the noteholder is not subject to Austrian capital yield tax is the responsibility of the noteholder.

If any Austrian capital yield tax is deducted by the coupon paying agent, the tax withheld shall be refunded to the non-resident noteholder upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the capital yield tax.

Where non-residents receive income from the Notes as part of business income taxable in Austria (e.g. permanent establishment), they will be, in general, subject to the same tax treatment as resident investors.

#### *Other Taxes*

There should be no transfer tax, registration tax or similar tax payable in Austria by noteholders as a consequence of the acquisition, ownership, disposition or redemption of the Notes. The sale and purchase of Notes is not subject to Austrian stamp duty provided that no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) is entered into for which a document (*Urkunde*) within the meaning of the stamp duty act is executed. The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of 1 August 2008. However, gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount of EUR 50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount of EUR 15,000 within five years.

Tax Treatment of Notes purchased on or after 1 October 2011 (including amendments by Austrian Budget Accompanying Law 2011 (*Budgetbegleitgesetz 2011*), Federal Law Gazette I No. 111/2010)

#### *Austrian Residents*

Income derived from the Notes by individuals with a domicile or their habitual abode in Austria or corporate entities having their corporate seat or place of management in Austria is taxable in Austria pursuant to the Austrian income tax act (*Einkommensteuergesetz*) or the Austrian corporate income tax act (*Körperschaftsteuergesetz*).

Generally, income arising from the Notes should qualify as income from capital (*Einkünfte aus Kapitalvermögen*), particularly as income from debt-securities or as income from derivatives. Income from capital (*Einkünfte aus Kapitalvermögen*) includes:

- (i) Interest payments (*Zinserträge*) including income realized upon the redemption as the difference between the redemption price and the acquisition costs of zero bonds (*Einkünfte aus der Überlassung von Kapital*).
- (ii) Income realized upon redemption as the difference (*Unterschiedsbetrag*) between the redemption price and the acquisition costs (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*).
- (iii) Capital Gains (i.e. the difference between the sales price and the acquisition costs, including accrued interest) realized upon sale or other disposal (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*).
- (iv) In the case of the redemption, sale or disposal of Index Linked Notes and certain comparable Notes (income from derivatives) the difference between the redemption or sales price and the acquisition costs is taxable income from derivatives (*Einkünfte aus Derivaten*).

If income from debt-securities (interest, capital gains) or income from derivatives is paid out by a paying agent or depository bank (*auszahlende Stelle* or *inländische depotführende Stelle*) located in Austria, it is subject to a 25 per cent Austrian deduction tax (*Kapitalertragsteuer-KESt*, "capital yield tax"). The paying agent is the bank, including an Austrian branch of a foreign bank or investment firm, which pays out such income to the Noteholder.

#### *Austrian Resident Individuals*

For individuals the 25 per cent capital yield tax on interest payments or income realized upon the redemption as the difference between the redemption price and the acquisition costs of zero bonds constitutes a final taxation (*Endbesteuerung*), no matter whether they act as private investors or hold the Notes as business property. Final taxation means that no further income tax will be assessed and the income is not to be included in the Noteholder's income tax return.

The 25 per cent capital yield tax on the difference (*Unterschiedsbetrag*) between the redemption or sales price and the acquisition costs in the case of the realization of capital gains or income from derivatives is, however, not a final withholding tax, if the Notes are held as business property. This means that, contrary to interest income (*Einkünfte aus der Überlassung von Kapital*), income from realized capital gains (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*) and income from derivatives (*Einkünfte aus Derivat*) shall be included in the Noteholder's income tax return if the Notes are held as business property. If the Notes are publicly placed within the meaning of section 27a of the Austrian income tax act, income from capital will be taxed at a special rate of 25 per cent (flat income tax rate for income from capital), no matter whether individuals hold the Notes as business or private property.

Where there is no deduction of Austrian capital yield tax because the income from the Notes is not received in Austria (not paid out by a paying agent or depository bank located in Austria) Austrian resident noteholders will have to declare the income from the Notes in their income tax returns pursuant to the Austrian income tax act. If the Notes are publicly placed within the meaning of section 27a of the Austrian income tax act, a special 25 per cent income tax rate is applicable.

Individuals may opt for taxation of the income from the Notes at their regular, progressive personal income tax rate. In this case, the capital yield tax will be credited against the personal income tax liability and the excess amount refunded. The same applies, if the investor files an application to compensate losses from the Notes in the course of the income tax assessment procedure. There are numerous limitations for offsetting losses from the Notes in the course of the tax assessment.

Expenses incurred by an individual noteholder in connection with income derived from Notes qualifying for (final) taxation or the special 25 per cent income tax rate are in neither case deductible.

If the Notes are not publicly placed within the meaning of section 27a of the Austrian income tax act, the income derived from the Notes is taxable at the respective noteholder's progressive personal income tax rate amounting up to 50 per cent. The Austrian capital yield tax will be credited against the income tax liability.

Accrued interest realised upon a sale of the Notes is taxed as income from capital gains being subject to capital yield tax as set out above. For private investors, any capital gain on the sale or disposal of the Notes is taxable pursuant to section 27 (3) of the Austrian income tax act (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen* – capital gains). Such capital gain shall be taxed at a special income tax rate of 25 per cent (flat tax) in the case of publicly placed Notes within the meaning of section 27a of the Austrian income tax act.

In the case of the sale or redemption of Index Linked Notes and certain comparable Notes the whole capital gain realized upon the redemption or sale of the Notes (difference between sales or redemption price and acquisition costs) is treated as income from derivatives (*Einkünfte aus Derivat*) and therefore also subject to capital yield tax (where such capital yield tax applies), if the income is paid out by an Austrian depository bank. Income from derivatives shall be included in the Noteholder's income tax return if the Notes are held as business property. In the case of publicly placed Notes, the special income tax rate of 25 per cent applies.

This entire outline is based on the assumption that the Notes qualify as debt-securities (*Forderungswertpapiere*) or as derivative notes (*verbrieft* *Derivate*) and will not be qualified as equity instruments for tax purposes.

Special rules apply if a noteholder transfers his residence or deposit account outside of Austria.

#### *Austrian Resident Corporate Investors*

Corporate noteholders deriving business income from the Notes may avoid the application of Austrian capital yield tax by filing a declaration of exemption (*Befreiungserklärung*) with the coupon paying agent (depository bank) pursuant to section 94 no. 5 Austrian income tax act. Income including any capital gain derived from the Notes by corporate noteholders is subject to Austrian corporate income tax at the general rate of 25 per cent. There is, *inter alia*, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

#### *Non-Residents*

Income including any capital gain derived from the Notes by individuals who do not have a domicile or their habitual abode in Austria or by corporate investors who do not have their corporate seat or their place of management in Austria ("**non-residents**") is basically not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment (for capital yield tax under the EU Savings Directive see below).

Thus, non-resident noteholders – in case they receive income from the Notes through a coupon paying agent or a depository bank located in Austria – may avoid the application of Austrian capital yield tax if they evidence their non resident-status vis-à-vis the paying agent (depository bank) pursuant to the Austrian income tax guidelines. Non-residents will have to confirm their non-resident status in writing to the paying agent (depository bank). The provision of evidence that the noteholder is not subject to Austrian capital yield tax is the responsibility of the noteholder.

If any Austrian capital yield tax is deducted by the paying agent or depositary bank, the tax withheld shall be refunded to the non-resident noteholder upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the capital yield tax at the latest.

Where non-residents receive income from the Notes as part of business income taxable in Austria (e.g. through a permanent establishment), they will be, in general, subject to the same tax treatment as resident investors.

#### *Other Taxes*

There should be no transfer tax, registration tax or similar tax payable in Austria by noteholders as a consequence of the acquisition, ownership, disposition or redemption of the Notes. The sale and purchase of Notes is not subject to Austrian stamp duty provided that no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) is entered into for which a document (*Urkunde*) within the meaning of the stamp duty act is executed. The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of 1 August 2008. However, gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount of EUR 50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount of EUR 15,000 within five years.

- 11) Starting on page 148 of the Original Prospectus, in the Chapter "**TAXATION**" the existing text in the section "**4. EU Savings Tax Directive**" shall be replaced in full with the following:

#### **4. EU Savings Tax Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest in the meaning of the EU Savings Directive or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent., unless the beneficial owner of the interest payments opts for an exception to the withholding tax system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers."

- 12) On page 150 of the Original Prospectus, in the Chapter "**GENERAL INFORMATION**" in the section "**Trend Information**", the first paragraph shall be replaced by the following three paragraphs:

"There has been no material adverse change in the prospects of the Issuer since 31 December 2010.

Nevertheless, with respect to RBI Group's activities and its engagement in Belarus the more difficult macro-economic environment in this country, in particular the risk of devaluation of the local currency, might lead to a higher portion of credit defaults and an increase in loss-loan-provisions, in particular as regards loans denominated in foreign currency.

Moreover, as the Issuer expects that the bank's levies in Austria and Hungary will lead to an anticipated reduction in RBI's full year 2011 result of some EUR 130 million (approximately EUR 90 million for Austria and EUR 40 million for Hungary)."

- 13) On page 150 of the Original Prospectus, in the Chapter "**GENERAL INFORMATION**" in the section "**Significant Change in the Financial Position of the Issuer**", the existing paragraph shall be replaced by the following:

"Save as disclosed in the Prospectus, there has occurred no significant change in the financial position of RBI since 31 December 2010."

- 14) On page 151 of the Original Prospectus, in the Chapter "**GENERAL INFORMATION**" below the section "**Auditor for the RZB Group and the RI Group in 2009 and 2008**" and just before the section "**Documents incorporated by reference**" the following section shall be inserted:

#### **"Auditor for the RBI Group in 2010:**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Vienna, Porzellangasse 51, represented by Mag. Wilhelm Kovsca and Mag. Bernhard Mechtler."



- 15) On pages 151 and 152 of the Original Prospectus, in the Chapter "GENERAL INFORMATION" in the section "Documents incorporated by reference" the existing tables below the headings "RAIFFEISEN BANK INTERNATIONAL AG" as well as "RAIFFEISEN ZENTRALBANK ÖSTERREICH AG" shall be replaced by the following:

**“RAIFFEISEN BANK INTERNATIONAL AG**

<b>1. Audited consolidated financial statements of RBI for the fiscal year 2010</b>	<b>Extracted from the Annual Report 2010 of RBI</b>
Statement of Comprehensive Income	- pages 126 - 127
Profit development	- page 128
Statement of financial position	- page 129
Statement of changes in equity	- page 130
Statement of cash flows	- pages 131 - 132
Segment reporting	- pages 133 - 138
Notes	- pages 139 - 254
Auditors' Report	- pages 255 - 256

**Footnote 1** to the table "Survey of key data" on the inside of the jacket flap of the **Annual Report 2010** of Raiffeisen Bank International AG shall however be replaced in full by the following wording:

"Pro forma calculation based on the assumptions referred to in the introductory wording to the table on page 243."

Furthermore, on page 243 of the **Annual Report 2010** of Raiffeisen Bank International AG, the existing introductory sentence to the table "The own funds of RBI according to Austrian Banking Act (BWG) 1993 / Amendment 2006 (Basel II) break down as follows:" shall be replaced in full by the following wording:

"According to regulatory rules and provisions the own funds ratios are calculated on the basis of the RZB credit institution group. This also applies to the issues of RZB Finance (Jersey) II Limited, RZB Finance (Jersey) III Limited and RZB Finance (Jersey) IV Limited, companies which are now part of the RBI Group. Reporting of the hybrid capital (also) in RBI's own funds calculations is based on the pro forma assumption that RBI is the superordinated credit institution (*übergeordnetes Kreditinstitut*) of RBI Group and continues to remain a subsidiary of RZB."

<b>2. Unaudited consolidated interim financial statements for the six months ended 30 June 2010 of RI</b>	<b>Extracted from Semi-Annual Financial Report as of 30 June 2010 of RI</b>
- Statement of Comprehensive Income	- page 46 - 47
- Profit development	- page 48
- Statement of Financial Position	- page 49
- Statement of Changes in Equity	- page 50
- Statement of Cash Flows	- page 51
- Segment Reporting	- page 52 - 54
- Notes	- page 55 - 74

  

<b>3. Audited consolidated financial statements for the fiscal year ended 31 December 2009 of RI</b>	<b>Extracted from Annual Financial Report 2009 of RI</b>
- Statement of Comprehensive Income	- page 112 - 114
- Profit development	- page 115
- Statement of Financial Position	- page 116
- Statement of Change in Equity	- page 117
- Statement of Cash Flows	- page 118 - 119
- Segment Reporting	- page 120 - 123

- Notes – page 124 - 221
- Auditors' Report – page 222 - 223

**4. Audited consolidated financial statements for the fiscal year ended 31 December 2008 of RI**

**Extracted from Annual Financial Report 2008 of RI**

- Income Statement – page 114
- Profit development – page 115
- Balance Sheet – page 116
- Statement of Changes in Equity – page 117 - 118
- Cash Flow Statement – page 119 - 120
- Segment Reporting – page 121 - 124
- Notes – page 125 - 211
- Auditors' Report – page 212 - 213

**RAIFFEISEN ZENTRALBANK ÖSTERREICH AG**

**5. Unaudited consolidated interim financial statements for the six months ended 30 June 2010**

**Extracted from Semi-Annual Financial Report as of 30 June 2010**

- Statement of Comprehensive Income – page 37 - 38
- Profit development – page 39
- Statement of Financial Position – page 40
- Statement of Changes in Equity – page 41
- Statement of Cash Flows – page 41
- Segment Reporting – page 42 - 44
- Notes – page 45 - 73

**6. Audited consolidated financial statements for the fiscal year ended 31 December 2009**

**Extracted from Annual Report 2009**

- Statement of Comprehensive Income – page 118 - 120
- Profit development – page 121
- Statement of Financial Position – page 122
- Statement of Changes in Equity – page 123
- Statement of Cash Flows – page 124 - 125
- Segment Reporting – page 126 - 131
- Notes – page 132 - 242
- Auditors' Report – page 243 - 244

**7. Audited consolidated financial statements for the fiscal year ended 31 December 2008**

**Extracted from 2008 Annual Report**

- Income Statement – page 126
- Profit development – page 127
- Balance Sheet – page 128
- Statement of Changes in Equity – page 129 - 130
- Statement of Cash Flows – page 131 - 132
- Segment Reporting – page 133 - 139
- Notes – page 140 - 237
- Auditors' Report – page 238 - 239"

- 16) On page 152 of the Original Prospectus, in the Chapter "**GENERAL INFORMATION**" in the section "**Documents incorporated by reference**" the following paragraph shall be inserted as second-last paragraph:

"The auditor's report regarding the 2010 consolidated financial statements of RBI does not contain any qualifications."