

Second Supplement dated 14 December 2012
to the Debt Issuance Programme Prospectus dated 26 June 2012

This document (the "Second 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, as amended (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, as amended (Loi relative aux prospectus pour valeurs mobilières, the "Prospectus Law"), to the two base prospectuses dated 26 June 2012 relating to a EUR 25,000,000,000 Debt Issuance Programme for the issue of Notes 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, as amended (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" and as supplemented on 4 September 2012 (First Supplement), the "Supplemented Prospectus") (the Second Supplement together with the Supplemented Prospectus, the "Prospectus").



Raiffeisen Bank International

RAIFFEISEN BANK INTERNATIONAL AG

EUR 25,000,000,000 Debt Issuance Programme

for the issue of Notes

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

This Second Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "CSSF") and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). Raiffeisen Bank International AG has requested the CSSF in its capacity as competent authority under the Prospectus Law to approve this Second Supplement and to provide the competent authorities in the Federal Republic of Germany, in the Republic of Austria, in the Czech Republic and in Slovakia with a certificate of approval (a "Notification") attesting that this Second 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 CSSF assumes no responsibility as to the economic and financial soundness of the transactions under the Programme and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Prospectus Law.

The Issuer is solely responsible for the information given in this Second 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 Second 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 Supplemented Prospectus or this Second Supplement.

No person has been authorised to give any information or to make any representation other than those contained in the Supplemented Prospectus or this Second 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.

Save as disclosed in items 1) to 14) of this Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Supplemented Prospectus.

Copies of the Second Supplement and the documents incorporated by reference in the Prospectus are available on the Luxembourg Stock Exchange website (www.bourse.lu).

This Second 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 16 PARAGRAPH 2 OF THE PROSPECTUS DIRECTIVE AND WITH ARTICLE 13 PARAGRAPH 2 OF THE LUXEMBOURG PROSPECTUS LAW, WHERE THE PROSPECTUS RELATES TO AN OFFER OF SECURITIES TO THE PUBLIC, INVESTORS WHO HAVE ALREADY AGREED TO PURCHASE OR SUBSCRIBE FOR ANY NOTES BEFORE THIS SECOND SUPPLEMENT IS PUBLISHED HAVE THE RIGHT, EXERCISABLE WITHIN TWO WORKING DAYS AFTER THE PUBLICATION OF THIS SECOND SUPPLEMENT, I.E. UNTIL 18 DECEMBER 2012, TO WITHDRAW THEIR ACCEPTANCES, PROVIDED THAT THE NEW FACTOR, MISTAKE OR INACCURACY AROSE BEFORE THE FINAL CLOSING OF THE OFFER TO THE PUBLIC AND THE DELIVERY OF THE NOTES.

SUPPLEMENTAL INFORMATION

- 1) On page 21 of the Supplemented Prospectus in the Chapter "Summary of Risk Factor regarding the Notes" the following risk factor shall be inserted as additional risk factor after the last paragraph:

"Risks relating to Singapore taxation

Notes to be issued from time to time under the Programme until 31 December 2013 and which are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "ITA") may not be eligible for the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time."

- 2) On page 39 of the Supplemented Prospectus in the Chapter "Zusammenfassung der Risikofaktoren in Bezug auf die Schuldverschreibungen" the following risk factor shall be inserted as additional risk factor after the last paragraph:

"Risiken im Zusammenhang mit der Besteuerung in Singapur

Schuldverschreibungen, die unter dem Programm bis zum 31. Dezember 2013 begeben werden und die als "qualifizierte Fremdkapitalwertpapiere" (*qualifying debt securities*) im Sinne des Kapitels 134 des Singapur Einkommenssteuergesetzes (Income Tax Act of Singapore) eingestuft werden sollen, könnten für die Steuerbegünstigung im Zusammenhang mit dieser Regelung nicht tauglich sein, falls die einschlägigen Steuergesetze geändert oder aufgehoben werden sollten."

- 3) On the pages 69 to 70 of the Supplemented Prospectus, in the Chapter "**RISK FACTORS**" all paragraphs under the heading "**In case the Specified Currency in the relevant Final Terms is Renminbi, the following risk factors apply as well:**" in square brackets shall be replaced with the following paragraphs:

"A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present. The government of the People's Republic of China ("**PRC**") (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong have been permitted to engage in the settlement of current account trade transactions in Renminbi under a pilot scheme introduced in July 2009 which originally applied to approved pilot enterprises in five cities in the PRC. The pilot scheme was extended in August 2011 to cover the whole nation and to make the settlement of current account trade transactions in Renminbi available worldwide.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 12 October 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi" (商務部關於跨境人民幣直接投資有關問題的通知) (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments ("**FDI**") with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new

regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC Government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and designated business customers. PBoC has also established a Renminbi clearing and settlement mechanism for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBoC and the Bank of China (Hong Kong) Limited as the Renminbi clearing bank (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi denominated financial assets outside the PRC is limited. According to statistics published by the Hong Kong Monetary Authority (the "**HKMA**"), as of 31 October 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB 554,777 million. In addition, participating authorised institutions are also required by the HKMA to maintain a total amount of Renminbi (in the form of cash, its settlement account balance and/or fiduciary account balance with the Renminbi Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. They are only allowed to square their open positions with the Renminbi Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the Renminbi Clearing Bank only has access to onshore liquidity support from the PBoC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement, for individual customers of up to RMB20,000 per person per day and for the designated business customers relating to the Renminbi received in providing their services. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the Hong Kong dollar or other foreign currencies, the value of the investment made by a holder of the Renminbi Notes in Hong Kong dollars or any other foreign currency terms will decline.

Investment in the Renminbi Notes is subject to currency risks

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal (in whole or in part) on the Renminbi Notes when due in Renminbi as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, by sending an irrevocable notice to the investors in accordance with the Conditions prior to the due date for payment, to settle any such payment (in whole or in part) in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed or floating interest rate. In particular the trading price of fixed rate Renminbi Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested. Furthermore, holders of floating rate Renminbi Notes are exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely for so long as the Renminbi Notes are represented by global notes held with the common depositary or common safekeeper, as the case may be, for Clearstream Banking *société anonyme* and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

- 4) On page 70 of the Supplemented Prospectus, in the Chapter "**Risk Factors**" the following risk factor shall be inserted as additional risk factor after the last paragraph:

"Risks related to Singapore taxation

Notes to be issued from time to time under the Programme until 31 December 2013 and which are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "ITA") are subject to the fulfilment of certain conditions more particularly described in the section "Taxation in Singapore". However, there is no assurance that such Notes will continue to benefit from the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time, which amendment or revocation may be prospective or retroactive. "

- 5) On page 90 of the Supplemented Prospectus, in the Chapter "**TERMS AND CONDITIONS OF THE NOTES**" in the section "**§ 4 PAYMENTS**" in the sub-section "(1) [In the case of Supplementary Capital Notes:]" the first sentence shall be replaced by:

"Payments of principal may only be made if net losses incurred during their term to maturity have been deducted on a *pro-rata* basis."

- 6) On page 145 of the Supplemented Prospectus, in Chapter "**4. TREND INFORMATION**" the paragraph "EU sanctions with regard to Belarus" shall be deleted.

- 7) On page 145 of the Supplemented Prospectus, in Chapter "**4. TREND INFORMATION**" all paragraphs under the heading "**Recent Developments in Hungary:**" shall be replaced with the following paragraphs:

"Recent developments in Hungary:

The market environment in Hungary continues to be difficult. Restructuring of Raiffeisen Bank in Hungary (Raiffeisen Bank Zrt.) is in progress, involving selective portfolio reductions, a strong focus on collection and work-out and a further reduction in staff and branches. The future strategic positioning and set-up of Raiffeisen Bank Zrt. is under review at the moment.

In December 2011 the Hungarian State Treasury took over the financing and cash management of the county municipalities. This regulation did not affect the municipalities of towns and villages. Currently, however, there are ongoing discussions to include the municipalities of towns and villages in a debt takeover by the central government as well. Terms and conditions of such municipal debt takeover are not yet defined and no final decisions have been taken yet. As at the end of September 2012, Raiffeisen Bank Zrt. had an outstanding volume of local government debt in the currency equivalent of approximately EUR 808 million in the form of bonds and loans. About 70 per cent. of the outstanding debt is denominated in CHF and EUR. The debt portfolio and difficult economic and political environment in Hungary are continuously monitored by the Issuer but uncertainties with regard to future developments make it difficult at this point of time to evaluate the negative impact on the Issuer.

In September 2011 the Hungarian Parliament passed the "Home Protection Law" which allowed foreign exchange mortgage debtors to repay their loans early out of savings or from new loans in Hungarian forint ("HUF") at a rate notably lower than the current market rate. This scheme ended on 31 December 2011 and resulted in significant loan losses for RBI Group.

Meanwhile, a new programme in favour of foreign exchange mortgage debtors has been prepared. The exchange rate protection scheme is open to performing foreign exchange debtors until the end of 2012. For those debtors who opted for this scheme the amount of the monthly instalment (principal and interest) will be fixed at 250 EUR/HUF and 180 CHF/HUF. The portion of the monthly instalments above the fixed exchange rate will go to a buffer account. The principal part on the buffer account still needs to be paid by the customer. The interest on the buffer account will be split equally between the government and the banks. If exchange rates go above 340 EUR/HUF and 270 CHF/HUF, the government will pay 100% of the interest. The worst case scenario (a 100% participation rate in this scheme) would create a negative impact of approximately EUR 25 million in total on RBI Group's net interest income over the next five years."

- 8) On page 145 of the Supplemented Prospectus, in Chapter "**4. TREND INFORMATION**" the heading "**Developments in Slovenia:**" and the following paragraphs shall be inserted below the last paragraph under the heading "Recent Developments in Hungary:"

" Developments in Slovenia:"

RBI Group is re-scaling its activities in Slovenia to focus on those segments where it can generate value, such as multi-national customers and high net worth individuals. The new strategy is expected to result in a reduction of assets and employees to around one third of the current level by 2015. From today's perspective, RBI will continue to maintain a presence in the country."

- 9) On page 146 of the Supplemented Prospectus, in Chapter "**4. TREND INFORMATION**" all paragraphs under the heading "**Bank levies:**" shall be replaced with the following paragraphs:

" Bank levies:

Various countries have already implemented bank specific taxes or levies.

In Hungary, a bank levy was introduced in 2010 and is calculated on the basis of total assets. The tax burden in 2012 is expected to have an impact of EUR 40 million on the RBI Group's 2012 results. According to recently approved legislation a financial transaction tax will be introduced in Hungary and financial transactions, with certain exemptions, will be taxed at a rate of 0.2% from January 1, 2013 having an estimated negative impact on RBI Group of up to EUR 35 million in 2013. From today's standpoint, RBI assumes that a certain part can be passed on to customers. Contrary to previous announcements, the introduction of a financial transaction tax will not reduce the bank levy and, thus, a negative impact resulting from the bank levy in Hungary on RBI Group in the amount of EUR 40 million is also expected for 2013.

In Austria, a bank levy was introduced in December 2010 and has been effective as of 1 January 2011. The Austrian bank levy is deductible from corporate income tax and consists of two components, one of which is levied on total assets, the other on average derivative volumes in the trading book. Following the increase of the Austrian bank levy in March 2012, the total amount of the Austrian bank levy is expected to negatively impact the RBI Group's 2012 results by EUR 104 million. The same amount is expected for 2013.

Moreover, Slovakia introduced a bank levy effective as of 2012 resulting in an estimated negative earnings effect on RBI Group's 2012 results of approximately EUR 30 million. The negative impact resulting from the bank levy in Slovakia is expected at EUR 35 million in 2013.

Slovenia has also introduced a bank levy at a rate of 0.1 % of total assets (with certain exceptions) expected to have a negative impact on RBI Group of EUR 1 million in 2012.

Other countries in which the RBI Group operates, such as Poland, are currently discussing or planning the implementation of similar bank levies."

- 10) On page 148 of the Supplemented Prospectus, in Chapter "4. TREND INFORMATION" the paragraph "Banking Union:" shall be inserted as last paragraph:

"Banking Union:

Plans to deepen the economic and monetary integration, including a banking union, are currently discussed at a European level. The term "banking union" in particular comprises the following four pillars: a single rulebook for financial institutions in the single market, introduction of a single supervisory mechanism built around the European Central Bank, the strengthening of deposit guarantee schemes and the establishing of national bank resolution funds. Due to controversial attitudes within Europe and yet unsolved legal questions, considerable uncertainty remains around the point of time, form and details of implementation. At this point of time it is not possible to make any statement on the impact on the Issuer, which operates as a cross-border bank in Euro zone member states as well as in states which will not be part of the banking union."

- 11) On page 160 of the Supplemented Prospectus, in the Chapter "7. LEGAL AND ARBITRATION PROCEEDINGS" the following sub-heading and paragraphs shall be inserted as last paragraphs:

"Procedures launched against board members of RBI by the Austrian Financial Market Authority (FMA)

In the course of the administrative penal procedure of the FMA, all members of the former board of management of RI, four of which are currently members of the management board of RBI, received the appeal decision of the independent administrative panel (UVS, Unabhängiger Verwaltungssenat). The FMA accused the board members that preparations pertaining to the Reorganisation of RZB and RI had not been made public in time via an ad-hoc release and the FMA as well as the Vienna Stock Exchange had not been informed in time prior to this ad-hoc release.

In contrast to the accusation, RBI's legal viewpoint is that in November 2009, when the project was discussed in the RZB board, the actual implementation of the Reorganisation was nowhere near concrete and to inform the public without concrete facts would have been a major economic disadvantage for the company. The obligation to provide an ad-hoc release arises only once a reasonable probability of occurrence for the underlying event has materialized.

From RBI's point of view, FMA's legal view in an unresolved legal issue was surprising. Especially to ensure legal certainty in this area, an appeal against these penal rulings has been lodged. However, the UVS is in line with the FMA in its appeal decision. The affected board members will lodge complaints at the courts of last instance. "

- 12) On page 177 of the Supplemented Prospectus, in the Chapter **TAXATION**, the following section shall be inserted as section **"8. Taxation in Singapore"**:

"8. Taxation in Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore (the "MAS") in force as at the date of this Prospectus and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive (s)) may be subject to special rules. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealers and any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

The descriptions below are not intended to apply to (a) any Notes issued for the purposes of funding the Singapore Branch of the relevant Issuer or (b) any hybrid capital, in respect of which additional considerations would apply.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent may be reduced by applicable tax treaties.

Notwithstanding, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006;
- (c) prepayment fee, redemption premium and break cost (as such terms are defined in the ITA) from debt securities derived on or after 15 February 2007; and
- (d) such other income directly attributable to debt securities as may be prescribed by regulations derived from Singapore on or after a prescribed date;

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempt from Singapore income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

In addition, if the dealers for more than half of the issue of a tranche of Notes issued as debt securities under the Programme until 31 December 2013 are:

- (i) Financial Sector Incentive (Bond Market) Companies (as defined in the ITA); or
- (ii) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes;

such tranche of the Notes (the “**Relevant Notes**”) would be “qualifying debt securities” for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the “Comptroller”) may direct, of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Qualifying Income from the Relevant Notes derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:

- (a) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
- (b) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require;

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, such Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme (the “**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on Qualifying Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of the Relevant Notes, 50 per cent or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, prepayment fee, redemption premium and break cost from such Relevant Notes derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer;

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

All payments in respect of the Notes by the Issuer shall be made after withholding or deducting any amounts for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, by or on behalf of Singapore or any authority thereof or therein having power to tax and which are required by applicable law to be withheld or deducted. The Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Notes for or on account of any such taxes, duties, assessments or charges. Where the Issuer is not permitted under applicable law to make payments of principal, interest or other income in respect of any Notes without any withholding or deduction for Singapore tax, no payment of principal, interest or other income shall be made by the Issuer to any Noteholder without deduction or withholding for or on account of any such taxes, duties, assessments or charges unless such Noteholder shall have provided a statutory declaration or other evidence satisfactory to the Issuing and Paying Agent that the beneficial owner of such principal, interest or other income is a resident in Singapore for tax purposes or a permanent establishment in Singapore (not resident in Singapore) which has obtained waiver from withholding tax.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008."

- 13) On page 179 of the Supplemented 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 chapter "4. TREND INFORMATION" on pages 144 *et seq.*, there has occurred no significant change in the financial position of RBI since 30 September 2012."

- 14) On page 180 of the Supplemented Prospectus, in the Chapter "**GENERAL INFORMATION**" in the section "**Documents incorporated by reference**" the following table shall be inserted as last table:

"4. Unaudited consolidated interim financial statements for the nine months ended 30 September 2012 of RBI	Extracted from Third Quarter Report as of 30 September 2012 of RBI
– Statement of Comprehensive Income	– pages 56-58
– Statement of Financial Position	– page 59
– Statement of Changes in Equity	– page 60
– Statement of Cash Flows	– page 60
– Segment Reporting	– pages 61-65
– Notes	– pages 66-98"