

SUPPLEMENT DATED 9 NOVEMBER 2011 TO THE BASE PROSPECTUS DATED 7 JULY 2011



THE COMMERCIAL BANK OF QATAR (Q.S.C.)
a Qatari shareholding company incorporated in the State of Qatar

and

CBQ FINANCE LIMITED
(an exempt company with limited liability incorporated in Bermuda under the Bermuda Companies Act 1981)

Guaranteed by (in the case of Notes issued by CBQ Finance Limited)

THE COMMERCIAL BANK OF QATAR (Q.S.C.)
a Qatari shareholding company incorporated in the State of Qatar

U.S.\$ 5,000,000,000

Euro Medium Term Note Programme

This Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 7 July 2011 (the "**Base Prospectus**") prepared by The Commercial Bank of Qatar (Q.S.C.) and CBQ Finance Limited (the "**Issuers**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$ 5,000,000,000 in aggregate principal amount of notes ("**Notes**") guaranteed by (in the case of Notes issued by CBQ Finance Limited), The Commercial Bank of Qatar (Q.S.C.) (the "**Guarantor**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

This Supplement has been prepared in order to (a) make amendments to reflect the registration of certain rating agencies; (b) update the risk factor entitled "*Payments under and Notes on the Deed of Guarantee may be subject to withholding tax in Qatar*" in light of recent developments; (c) incorporate the unaudited interim consolidated financial statements in respect of the nine months ended 30 September 2011; (d) update the section entitled "*Taxation*" in the light of recent developments in connection with Qatar; and (e) update the section entitled "*General Information*" with appropriate references to the documents incorporated by reference.

IMPORTANT NOTICES

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

The credit ratings in this Base Prospectus have been issued by Moody's Investors Service Ltd., Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited, which are established in the European Union and are registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16th September, 2009 on credit rating agencies.

AMENDMENTS TO THE BASE PROSPECTUS

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below.

1. **To amend the penultimate paragraph on the front cover of the Base Prospectus by replacing the words "have applied for registration" with "are registered" in line 3 of the penultimate paragraph and deleting the words ", although notification of the corresponding registration decision has not yet been provided by the relevant competent authority" in lines 5 to 6 of the penultimate paragraph.**
2. **To delete the entirety of the risk factor entitled "Payments under and Notes on the Deed of Guarantee may be subject to withholding tax in Qatar" at pages 20 to 21 of the Base Prospectus and replace it with the following paragraphs:**

"Payments under the Notes and the Deed of Guarantee may be subject to withholding tax in Qatar

The Income Tax Law and the Executive Regulations of the Income Tax Law issued in June 2011 (the "**Executive Regulations**") provide that any payment of interest made in relation to bonds issued by a corporate entity resident in Qatar will be subject to withholding tax, which will include CBQ Finance Limited as an entity managed from, and therefore considered tax resident in, Qatar. However, the Executive Regulations provide for certain exemptions to such application of withholding tax, in respect of which written clarification (the "**Clarification**") has been obtained from the Director of Public Revenues and Taxes Department at the Ministry of Economy and Finance in Qatar (the "**Taxes Department**").

Paragraph 2 of Article 21.4 of the Executive Regulations provides that: "interest on bonds and securities issued by the State and public authorities, establishments and corporations owned wholly or partly by the State" shall not be subject to withholding tax. Through the Clarification, the Taxes Department has clarified that, for so long as The Commercial Bank of Qatar (Q.S.C.) is wholly or partly owned by Qatar the exemption contained in Paragraph 2 of Article 21.4 of the Executive Regulations applies such that, no withholding tax is applicable in connection with any payment of interest under any direct issuance of Notes that it makes, or in connection with any payment of interest by it under any guarantee of Notes issued by CBQ Finance Limited. Similarly, no withholding tax would be applicable in connection with any payment of interest under any direct issuance of Notes by CBQ Finance Limited, as through the Clarification, the Taxes Department has also clarified that by virtue of being a wholly owned subsidiary of The Commercial Bank of Qatar (Q.S.C.), it is also treated by the Public Revenues and Taxes Department as being partly owned by Qatar.

Paragraph 3 of Article 21.4 of the Executive Regulations provides that "interest on transactions, facilities and loans with banks and financial institutions" shall not be subject to withholding tax. Accordingly, if The Commercial Bank of Qatar (Q.S.C.) were to cease to be wholly or partly owned by Qatar, by virtue of it being a bank, no withholding tax would be applicable in connection with any payment of interest under the direct issuances of Notes that it makes, or in connection with any payment of interest by it under any guarantee of Notes issued by CBQ Finance Limited. However,

in respect of any issuance of Notes by CBQ Finance Limited, as CBQ Finance Limited is not a bank or financial institution for the purpose of the Executive Regulation, the obligation to pay interest under the Notes would be subject to withholding tax in Qatar, and investors would therefore need to rely on Condition 13(a) (*Gross up*) or the applicable guarantee to obtain full payment of interest.

The Clarification does not have the force of law in Qatar and it is therefore possible that the official interpretation of the Executive Regulations will in the future differ to that provided in the Clarification. To the extent that a different official interpretation or application of the Executive Regulations is established in the future, or if any law or regulation relating to withholding tax is changed, then, in relation to any then outstanding Notes of either Issuer, such Issuer may redeem the Notes pursuant to Condition 10(b) (*Redemption for tax reasons*)."

3. **To amend the section entitled "Information Incorporated by Reference" at page 26 of the Base Prospectus by inserting the words "and the unaudited interim consolidated financial statements in respect of the nine months ended 30 September 2011" after the words "31 December 2009" in paragraph 1.**
4. **To delete the entirety of the taxation section entitled "Qatar" at pages 119 to 120 of the Base Prospectus and replace it with the following paragraphs:**

"Qatar

The following is a summary of the principal Qatari tax consequences of ownership of the Notes by beneficial owners who or which are not incorporated in or residents of Qatar for Qatari tax purposes and do not conduct business activities in Qatar ("**Non-Qatari Holders**"). This summary of taxation in Qatar is based upon (i) the tax law of Qatar, (ii) the executive regulations thereunder and (iii) the practice that has been adopted and is applied by the Public Revenues and Taxes Department at the Ministry of Economy and Finance in Qatar, each as in effect on the date of this Base Prospectus. The views expressed in this summary are subject to any subsequent change in Qatari law, regulations and practice that may come into effect.

Under current Qatari law, taxes are levied on a taxpayer's income arising from activities within Qatar, including tax on profits realised on any contract implemented in Qatar. In this respect, Article 11(2) of the new Income Tax Law No 21 of 2009 (the "**Income Tax Law**") provides:

"Subject to the provisions of tax agreements, payments made to non-residents with respect to activities not connected with a permanent establishment in the State shall be subject to a final withholding tax, as follows:

(A) 5 per cent. of the gross amount of royalties and technical fees;

(B) 7 per cent. of the gross amount of commissions, brokerage fees, director's fees, attendance fees and any other payments for services carried out wholly or partly in the State."

The Income Tax Law and the Executive Regulations provide that any payment of interest made in relation to bonds issued by a corporate entity resident in Qatar will be subject to withholding tax, which will include CBQ Finance Limited as an entity managed from, and therefore considered tax resident in, Qatar. However, the

Executive Regulations provide for certain exemptions to such application of withholding tax, in respect of which written clarification has been obtained from the Director of Public Revenues and Taxes Department at the Ministry of Economy and Finance in Qatar.

Paragraph 2 of Article 21.4 of the Executive Regulations provides that: "interest on bonds and securities issued by the State and public authorities, establishments and corporations owned wholly or partly by the State" shall not be subject to withholding tax. Through the Clarification, the Taxes Department has clarified that, for so long as The Commercial Bank of Qatar (Q.S.C.) is wholly or partly owned by Qatar, the exemption contained in paragraph 2 of Article 21.4 of the Executive Regulations applies such that no withholding tax is applicable in connection with any payment of interest under any direct issuance of Notes that it makes, or in connection with any payment of interest by it under any guarantee of Notes issued by CBQ Finance Limited. Similarly, no withholding tax would be applicable in connection with any payment of interest under any direct issuance of Notes by CBQ Finance Limited, as through the Clarification, the Taxes Department has also clarified that by virtue of being a wholly owned subsidiary of The Commercial Bank of Qatar (Q.S.C.), it is also treated by the Public Revenues and Taxes Department as being partly owned by Qatar.

Paragraph 3 of Article 21.4 of the Executive Regulations provides that "interest on transactions, facilities and loans with banks and financial institutions" shall not be subject to withholding tax. Accordingly, if The Commercial Bank of Qatar (Q.S.C.) were to cease to be wholly or partly owned by Qatar, by virtue of it being a bank, no withholding tax would be applicable in connection with any payment of interest under the direct issuances of Notes that it makes, or in connection with any payment of interest by it under any guarantee of Notes issued by CBQ Finance Limited. However, in respect of any issuance of Notes by CBQ Finance Limited, as CBQ Finance Limited is not a bank or financial institution for the purposes of the Executive Regulation, the obligation to pay interest under the Notes would be subject to withholding tax in Qatar, and investors would therefore need to rely on Condition 13(a) (*Gross up*) or the applicable guarantee to obtain full payment of interest.

No Qatari stamp duty will be imposed on Non-Qatari Holders of the Notes either upon the issuance of the Notes or upon a subsequent transfer of the Notes.

Any capital gains made by a Non-Qatari Holder will not be subject to tax in Qatar."

5. **To amend the section entitled "General Information" at page 125 of the Base Prospectus by inserting the words "and the unaudited interim consolidated financial statements in respect of the nine months ended 30 September 2011" after the words "31 December 2009" in paragraph 7.(b).**