



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2012- 046

To : ALL UNIVERSAL/COMMERCIAL BANKS, THRIFT BANKS AND THEIR TRUST DEPARTMENTS

Subject : Expanded Report on Real Estate Exposures

The Monetary Board, in its Resolution No. 1277 dated 2 August 2012, approved the issuance of the attached Expanded Report on Real Estate Exposures of banks.

The Expanded Report on Real Estate Exposures is designed to measure and monitor the aggregate exposure of the banking system to the real estate market.

The reportorial requirement on banks' real estate exposures (REEs) under Circular No. 600 dated 4 February 2008 is hereby expanded, as follows:

(a) Coverage

All universal/commercial banks (U/KBs) and thrift banks (TBs) shall submit the Expanded Report on Real Estate Exposures on a solo (head office and branches) and consolidated basis (parent bank and its subsidiary banks and other financial allied undertakings excluding insurance companies) in accordance with the guidelines under Circular No. 494 dated 20 September 2005, as amended, on the preparation of solo and consolidated financial statements.

Trust departments of covered banks shall, likewise, submit the Expanded Report on Real Estate Exposures covering real estate exposures of their clients.

(b) Reportorial Template

The Expanded Report on Real Estate Exposure, which shall be considered a Category A-1 report, is divided into three (3) parts, namely:

- (i) Guidelines on the Coverage of Real Estate Exposures**
- (ii) Line Item Instructions**
- (iii) Format of the solo/consolidated reportorial templates.**

(c) **Submission Deadline**

The solo and consolidated Expanded Report on Real Estate Exposures shall be submitted by covered banks and their trust departments on a quarterly basis, within 30 banking days after the end of the reference quarter.

Late and/or erroneous reporting of the said report shall be subject to penalties prescribed under Subsection X192.2 of the Manual of Regulations for Banks for Category A-1 reports.

(d) **Mode and Manner of Submission**

Specific guidelines on the modes and manner of submission of the Expanded Report on Real Estate Exposures shall be covered by a separate issuance.

(e) **Effectivity**

The Expanded Report on Real Estate Exposures shall be submitted by covered banks, including their trust departments, starting with the reporting period ending 31 December 2012.

Unless otherwise advised, U/KBs and TBs shall continue to submit the Report on Real Estate Exposures under Circular No. 600 which is appended to the Financial Reporting Package for banks as Schedule 11-G, following the guidelines provided under the said Circular. Existing penalties for late and/or erroneous submission of said report shall continue to apply.

For information and compliance.


AMANDO M. TETANGCO, JR.
Governor

21 September 2012

EXPANDED REPORT ON REAL ESTATE EXPOSURES

Guidelines on the Coverage of Real Estate Exposures

1. Real estate exposures shall refer to:
 - a. Real estate loans (RELs), which shall consist of:
 - (1) Residential real estate loans to individual households for occupancy; and
 - (2) Commercial real estate loans, which shall refer to loans granted to the following:
 - (a) individuals;
 - (b) land developers/construction companies; and
 - (c) other borrowers, such as
 - (i) real estate brokers;
 - (ii) real estate lessors;
 - (iii) property management companies;
 - (iv) holding companies; and
 - (v) others, including other corporate borrowers;
 - b. Investments in debt securities issued by land developers/construction companies and other corporate borrowers, such as real estate brokers, real estate lessors, property management companies and holding companies, for purposes of financing real estate activities; and
 - c. Investments in equity securities issued by land developers/construction companies and other corporate borrowers, such as real estate brokers, real estate lessors and property management companies, for purposes of financing real estate activities. Equity securities issued by holding companies are likewise covered, if proceeds from the issue shall be/has been invested by the holding company in its subsidiary corporation/s that is/are engaged in real estate activities.

Real estate exposures shall not include loans and investments in debt and equity securities for construction of highways, streets, bridges, tunnels, railways, and other infrastructure for public use.

2. Real estate activities shall refer to the acquisition, construction and improvement of real estate; buying and selling of real estate; rental of self-owned or leased real estate; and real estate/real property management.

Line Item Instructions

I. Real Estate Loans

A. Residential Real Estate Loans to Individual Households for Occupancy

Report required information on residential real estate loans granted to individual households for purposes of financing the acquisition, construction and/or improvement of housing units and acquisition of any associated land that is or will be occupied by the borrower, as follows:

- (1) **Socialized Housing** shall refer to socialized housing packages as defined under existing guidelines of the Housing and Urban Development Coordinating Council (HUDCC) for the implementation of various government housing programs, or in such other amounts which HUDCC may prescribe in the future for said housing loans.
- (2) **Low-cost housing** shall refer to low-cost housing packages as defined under existing guidelines of the HUDCC for the implementation of various government housing programs, or in such other amounts which HUDCC may prescribe in the future for said housing loans.
- (3) **Condominium Units** shall refer to residential condominiums.
- (4) **Others** shall refer to housing units other than those classified under Items (1), (2) and (3) above.

B. Commercial Real Estate Loans

Report required information on commercial real estate loans or loans granted for purposes of financing commercial real estate activities, such as (a) land development, acquisition, construction and/or improvement of commercial units intended for own use, sale or lease, (b) buying and selling of real estate, lease of real estate and real estate/real property management, to the following borrowers:

- (1) Individuals
- (2) Land developers and construction companies
- (3) Other corporate borrowers, including holding companies.

Holding companies shall refer to entities owning the equity of subsidiary corporations and whose principal activity is owning the group.

Details of Residential and Commercial Real Estate Loans

Report in the appropriate column the following requested information:

- (1) **No. of Accounts** – Report the number of accounts of real estate loans extended.
- (2) **Outstanding Balance** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans extended.
- (3) **Allowance for Credit Losses** – Report the specific allowance for credit losses booked for the real estate loans extended.
- (4) **Net Carrying Amount** – Report the net carrying amount of real estate loans extended as the difference between Items (2) and (3).
- (5) **Status of Accounts**

Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans extended classified as to the following status:

- (a) **Current**
- (b) **Past Due but not yet Non-Performing**
- (c) **Past Due and Already Non-Performing**
- (d) **Items in Litigation**

- (6) **Collateral**

Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans classified as to the following:

- (a) **Secured by REM** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans to the extent covered by real estate mortgage (REM) on residential and commercial properties.
- (b) **Secured by Non-Risk Assets** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans to the extent covered by non-risk assets as provided under existing regulations.
- (c) **Secured by Other Assets** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans to the extent secured by other assets as provided under existing regulations.
- (d) **Unsecured** – Report the amortized cost (i.e., gross of allowance for credit losses) of unsecured real estate loans extended by the bank as provided under existing regulations.

- (7) **Guaranteed by Home Guarantee Corporation (HGC)** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans to the extent guaranteed by the HGC, regardless of whether these are secured or unsecured.

(8) **Contracts to Sell (CTS)**

Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans acquired from real estate developers/construction companies that are covered by CTS agreements, executed between the developer and homebuyers, prior to the transfer of underlying real estate properties in the name of the homebuyer and execution of REM on said properties by the bank.

- (a) **CTS without recourse** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans acquired from real estate developers/construction companies by way of purchase of CTS on a without recourse basis.

- (b) **CTS with recourse** – Report the amortized cost (i.e., gross of allowance for credit losses) of real estate loans to real estate developers/construction companies by way of purchase of CTS on a with recourse basis.

- (9) **Fair Value of REM Collateral** – Report the fair value of the REM collateral on an annual basis.

Additional Information

- A. **RELs to Finance Residential Units** – This refers to residential real estate loans granted for purposes of financing the acquisition, construction and/or improvement of housing units and acquisition of any associated land.

- (1) **Residential RELs for Occupancy** – This refers to residential real estate loans granted to individual households for purposes of financing the acquisition, construction and/or improvement of housing units and acquisition of any associated land that is or will be occupied by the borrower.

- (2) **Commercial Loans to Land Developers/Construction Companies** – This refers to loans extended to land developers/construction companies for purposes of financing the land development and construction of housing units, which are intended for sale/lease to individual households, broken down as to the following:

- (a) Socialized Housing
(b) Low-Cost Housing
(c) Condominium Units

(d) Others

(3) **Commercial Loans to Other Borrowers for Sale/Lease** – This refers to loans extended to other borrowers for the purpose of financing the land development and construction of housing units, which are intended for sale/lease to individual households, broken down as to the following:

- (a) Socialized Housing
- (b) Low-Cost Housing
- (c) Condominium Units
- (d) Others

B. **Loans Secured by REM (Other than those reported under Item I)** – This refers to loans secured by REM that are extended, other than for real estate activities, broken down as to the following:

- (1) Secured by REM on Residential Properties
- (2) Secured by REM on Commercial Properties
- (3) Secured by REM on Agricultural Properties

C. **Loans for Public Infrastructure** – This refers to loans extended for purposes of financing the construction of highways, streets, bridges, tunnels, railways and other infrastructure intended for public use.

II. **Investments in Securities Issued for Purposes of Financing Real Estate Activities**

A. **Debt Securities**

Report the names of corporations that issued debt securities for purposes of financing real estate activities, that are held by the bank.

Further, report under the appropriate column the following information:

- (1) **Acquisition Cost** – Report the acquisition cost of debt securities per line item indicated.
- (2) **Carrying Amount** – Report the carrying amount, (i.e., gross of allowance for credit losses) of debt securities per line item indicated.
- (3) **Allowance for Credit Losses** – Report the specific allowance for credit losses per line item indicated.
- (4) **Net Carrying Amount** – Report the net carrying amount of debt securities per line item indicated as the difference between Items (2) and (3).

- (5) **Past Due Accounts** – Report the carrying amount (i.e., gross of allowance for credit losses) of past due debt securities per line item indicated.
- (6) **Collateral** – Report the carrying amount (i.e., gross of allowance for credit losses) of debt securities classified as to the following collateral types:
 - (a) Secured by Mortgage Trust Indenture (MTI)
 - (b) Secured by Non-Risk Assets
 - (c) Secured by Other Assets
 - (d) Unsecured
- (7) **Fair Value** – Report the fair value of debt securities held by the bank on an annual basis.

B. Equity Securities

Report the names of corporations that issued equity securities for purposes of financing real estate activities, that are held by the bank.

Further, report under the appropriate column the following information:

- (1) **Acquisition Cost** – Report the acquisition cost of equity securities per line item indicated.
- (2) **Carrying Amount** – Report the carrying amount, (i.e., gross of allowance for impairment) of equity securities per line item indicated.
- (3) **Allowance for Impairment** – Report the specific allowance for impairment per line item indicated.
- (4) **Net Carrying Amount** – Report the net carrying amount of equity securities per line item indicated as the difference between Items (2) and (3).
- (5) **Fair Value** – Report the fair value of equity securities held by the bank on an annual basis.

Additional Information:

Investments in Securities for Public Infrastructure – This refers to investments in securities issued for purposes of financing the construction of highways, streets, bridges, tunnels, railways and other infrastructure intended for public use.

III. Ratio of REE to Adjusted Capital

- A. RELs** – Report the amortized cost (i.e., gross of allowance for credit losses) of total RELs as computed in Part I of the reporting template.
- B. Investments in Securities** – Report the carrying amount (i.e., gross of allowance for credit losses/impairment) of investments in securities as computed in Part II of the reporting template.
- C. Total REEs** – Sum of Items A and B above.
- D. Adjusted Capital** – Report the adjusted capital of the bank as provided under Section X111 and Subsection X105.5 (for Philippine branches of foreign banks) of the Manual of Regulations for Banks.
- E. Ratio of REE to Adjusted Capital** – Divide Item C by Item D.

Solo Report – Banks shall report real estate exposures of the bank proper and their trust department in the Expanded Report on Real Estate Exposures.

Consolidated Report – Parent banks shall utilize the same template in reporting consolidated balances of real estate exposures of the bank proper, subsidiary banks and other financial undertakings except insurance companies, and their respective trust departments, if any.

The adjusted capital that shall be used for the consolidated report shall be that reported by the parent bank.

Category: Category A-1
Deadline: 30 banking days after end of reference quarter
Submission: Soft copy for e-mail to SDC

FOR UNIVERSAL/COMMERCIAL BANKS AND THRIFT BANKS

Name of Bank		Code
Address		

EXPANDED REPORT ON REAL ESTATE EXPOSURES
(Indicate if for solo basis or consolidated basis)

As of	(Reference Quarter)
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REPUBLIC OF THE PHILIPPINES)
_____) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

Chief Executive Officer or Executive Vice President and Comptroller
or Chief Accountant or Officer of Equivalent Position

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____
_____ 20 __, affiant exhibiting to me his
Valid ID No. _____ issued at _____
on _____ 20 ____.

Notary Public
Until December 31, 201 _____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Expanded Report on Real Estate Exposure

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Expanded Report on Real Estate Exposures

	Issuer	Account Code	Acquisition Cost	Carrying Amount	Allowance for Credit Losses/ Impairment	Net Carrying Amount	Past Due Accounts	Collateral			Fair Value (Annually)	
								Secured				Unsecured
								MTI	Non-Risk Assets	Other Assets		
II. Investments in Securities Issued for Purposes of Financing Real Estate Activities												
A. Debt Securities												
	(1)											
	(2)											
	Total											
B. Equity Securities												
	(1)											
	(2)											
	Total											
Total Investments in Securities Issued for Purposes of Financing Real Estate Activities												
Additional Information												
Investments in Securities for Public Infrastructure												
III. Ratio of REE to Adjusted Capital												
				Amount								
				Bank Proper/ Banking Group (Schedule 1)	Trust Department(s) (Schedule 2)	Total						
				0	0	0						
				0	0	0						
				0	0	0						
				0	0	0						
				0%	0%	0%						
A. RELs												
B. Investments in Securities												
C. Total REEs (A+B)												
D. Adjusted Capital (Bank/Parent Bank)												
E. Ratio of REE to Adjusted Capital (C/D)												

Expanded Report on Real Estate Exposure

Account Code	No. of Accounts	Outstanding Balance	Allowance for Credit Losses	Net Carrying Amount	Status of Accounts				Collateral			Guaranteed by HFC	Contracts to Sell		Fair Value of REM Collateral (Annually)
					Current	Past Due Not Yet Non-Performing	Already Non-Performing	Items in Litigation	REM	Secured			Unsecured		
										Non-Risk Assets	Other Assets			Without Recourse	
I. Real Estate Loans (REs)															
A. Residential Real Estate Loans to Individual Households for Occupancy															
	(1)	Socialized Housing													
	(2)	Low-cost Housing													
	(3)	Condominium Units													
	(4)	Others													
		Total													
B. Commercial Real Estate Loans															
	(1)	Loans to Individuals													
	(a)	Real Estate Brokers													
	(b)	Real Estate Lessors													
	(c)	Others													
	(2)	Loans to Land Developers/Construction Companies													
	(3)	Loans to Other Corporate Borrowers													
	(a)	Real Estate Brokers													
	(b)	Real Estate Lessors													
	(c)	Property Management Companies													
	(d)	Holding Companies													
	(e)	Others													
		Total													
		Total REs													
Additional Information															
A. Real Estate Loans to Finance Residential Units															
	(1)	Residential REs for Occupancy (Item 1.A)													
	(2)	Commercial Loans to Land Developers/Construction Companies													
	(a)	Socialized Housing													
	(b)	Low-cost Housing													
	(c)	Condominiums													
	(d)	Others													
	(3)	Commercial Loans to Other Borrowers													
	(a)	Socialized Housing													
	(b)	Low-cost Housing													
	(c)	Condominiums													
	(d)	Others													
		Total Real Estate Loans to Finance Residential Units													
B. Loans Secured by REM (other than those reported under Item 1)															
	(1)	Secured by REM on Residential Properties													
	(2)	Secured by REM on Commercial Properties													
	(3)	Secured by REM on Agricultural Properties													
		Total Loans Secured by REM													
Loans for Public Infrastructure															

Schedule 1 - Bank Proper (solo) / Banking Group (consolidated)

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Account Code	No. of Accounts	Outstanding Balance	Allowance for Credit Losses	Net Carrying Amount	Current	Status of Accounts			Collateral			Guaranteed by HGC	Contracts to Sell		Fair Value of REM Collateral (Annually)
						Not Yet Non-Performing	Past Due	Items in Litigation	REM	Secured Non-Risk Assets	Unsecured		Without Recourse	With Recourse	
I. Real Estate Loans (REs)															
A. Residential Real Estate Loans to Individual Households for Occupancy															
(1) Socialized Housing															
(2) Low-cost Housing															
(3) Condominium Units															
(4) Others															
Total															
B. Commercial Real Estate Loans															
(1) Loans to Individuals															
(a) Real Estate Brokers															
(b) Real Estate Lessors															
(c) Others															
(2) Loans to Land Developers/Construction Companies															
(3) Loans to Other Corporate Borrowers															
(a) Real Estate Brokers															
(b) Real Estate Lessors															
(c) Property Management Companies															
(d) Holding Companies															
(e) Others															
Total															
Total REs															
Additional Information															
A. Real Estate Loans to Finance Residential Units															
(1) Residential REs for Occupancy (Item 1A)															
(2) Commercial Loans to Land Developers/Construction Companies															
(a) Socialized Housing															
(b) Low-cost Housing															
(c) Condominiums															
(d) Others															
(3) Commercial Loans to Other Borrowers															
(a) Socialized Housing															
(b) Low-cost Housing															
(c) Condominiums															
(d) Others															
Total Real Estate Loans to Finance Residential Units															
B. Loans Secured by REM (other than those reported under item 1)															
(1) Secured by REM on Residential Properties															
(2) Secured by REM on Commercial Properties															
(3) Secured by REM on Agricultural Properties															
Total Loans Secured by REM															
C. Loans for Public Infrastructure															

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