



# BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR  
FINANCIAL SUPERVISION SECTOR

## MEMORANDUM NO. M-2022-039

To : **ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS**

Subject : **Clarification on the Definition of Infrastructure Projects for Public Use**

This is to clarify the definition of *infrastructure projects for public use* as indicated in Section 363-A of the Manual of Regulations for Banks (MORB) on *Limits on Real Estate Exposures of Universal and Commercial Banks (UBs/KBs)*.

Pursuant to Item “a” of Section 363-A of the MORB, real estate loans shall not include “*loans to finance the construction, rehabilitation and improvement of highways, streets, bridges, tunnels, railways, railroad, transport systems, ports, airports, power plants, hydropower projects, canals, dams, water supply, irrigation, telecommunications, land reclamation projects, industrial estates or townships, government buildings and housing projects, public markets, slaughterhouses, warehouses, civil work components of information technology networks and database infrastructure projects, solid waste management, sewerage, flood control, drainage, dredging and other infrastructure projects that are intended for public use*” for purposes of compliance with the prudential Real Estate Loan (REL) limit.

Moreover, loans and investments in debt and equity securities, the proceeds of which are used to finance infrastructure projects for public use as described above, are likewise excluded from the composition of (i) real estate exposures for purposes of compliance with the prudential Real Estate Stress Test (REST) limit as required under Item “b” of Section 363-A and Section 363-B of the MORB, and (ii) large exposures in compliance with the large exposures monitoring threshold pursuant to Circular No. 1150 dated 23 August 2022.

For purposes of compliance with the abovementioned prudential requirements, only the loans and investments to finance the construction, rehabilitation and improvement of real estate relating to infrastructure projects that are intended for public use such as fixed assets, permanent structures, immovable facilities or physical improvements thereon shall be excluded from the computation of real estate loans and real estate exposures that are subject to the prescribed REL and REST limits, respectively. Meanwhile, loans and investments to finance the general administration and maintenance of operations of entities operating or working on such infrastructure projects including, among others, the cost of equipment, machineries and the like, as well as the services and related items shall not form part of the items that are

allowed to be excluded from the above-mentioned prudential limits, except if the expenditure/cost is needed to build, rehabilitate or improve an infrastructure project for public use and is allowed to be capitalized as part of the cost of the fixed asset, permanent structure, immovable facility, or physical improvement.

In the case of *telecommunications and civil work components of information technology networks and database infrastructure projects*, these shall pertain to the costs to construct, rehabilitate, and improve the related fixed assets, permanent structures, immovable facilities, or physical improvements thereon such as but not limited to the terrestrial and satellite stations, data center facilities, data recovery sites, or telecommunication towers. However, expenses relating to the general administration and maintenance of operations of telecommunication and/or information technology companies including, among others, their expenditures for equipment and services and related items do not form part of the items that are allowed to be excluded from the prescribed prudential limits on real estate and large exposures.

For guidance and implementation.

**CHUCHI G. FONACIER**  
Deputy Governor

28 April 2023