Herein are the forms for calculating net real estate finance risk ratio at the bank and its group; forms no. (1), (2) and (3), (annexes no. 120, 121 and 122), and table on fines. These forms should be used to calculate the net ratio, evaluate the excess over the limits and calculate the related financial fines (annex no. (123)).

The following are the filling up instructions which are an integral part of circular no. (85/2010) relating to controls on real estate finance.

**First: Total Real Estate Finance Risk**

According to the definition mentioned in the circular, finance shall include the following:

- Direct finance included on balance sheet including the transactions under process.

- Indirect credit facilities included as off balance sheet include:
  - Letters of credit.
  - Acceptances.
  - Payment guarantees or any other guarantees, if any, except for bid bonds.
  - Unused ceilings of direct finance that will be used for one year as from the date of ratio calculation. The unused ceilings of letters of credit, acceptances and guarantees shall not be included in the real estate finance risk.
1- Finance to Purchase or Construct Buildings

Total real estate finance granted to purchase or construct all types of buildings in which the bank depends on real estate as source of repayment such as rents, returns from property sale, and any other cash flows from other real estate sources, or against real estate collaterals such as property mortgage. It includes the real estate finance granted to all types of customers whether in the public sector, private sector or outside Qatar without deduction of any exceptions. It includes the following:

1/1 Finance to purchase completed buildings

Total finance granted to purchase the completed buildings. It includes the following:

1/1/1 Individuals

Finance granted to individuals in order to purchase the completed buildings within the limit of the consumer loan (QR 2.5 million or 7 years) or above this limit according to the following:

1/1/1/1 Finance against salary

Finance granted against salary whose main source of repayment is the salary.

1/1/1/2 Others

Finance granted to individuals whose source of repayment is cash flows other than from the salary according to the definition.

1/1/2 Companies and other entities

Finance granted to all types of customers, other than the individuals, in order to purchase the completed buildings.
Part (XIII) - Tables, Forms and Filling Up Instructions

1/2 Finance to construct and develop buildings

Total finance granted to construct and develop buildings. It includes the following:

1/2/1 Individuals

Finance granted to individuals within the limit of the consumer loan (QR 2.5 million or 7 years) or above this limit according to the following:

1/2/1/1 Finance against salary

Finance granted against salary whose main source of repayment is the salary.

1/2/1/2 Others

Finance granted to individuals whose source of repayment is cash flows other than from the salary according to the definition.

1/2/2 Companies and other entities

Finance granted to all types of customers other than the individuals in order to construct and develop buildings.

2- Finance for Non-Real Estate Purposes

Finance granted for non-real estate purposes in which the bank depends on real estate collaterals as source of repayment. It includes the following:

- Non-real estate debts classified as non-performing credit facilities whose source of repayment is liquidation of the real estate collaterals. The debts that should be included are the value covered by the property mortgage.
Part (XIII) - Tables, Forms and Filling Up Instructions

- Performing credit facilities granted for non-real estate purposes in which the bank depends on real estate sources of repayment (such as assignments of claim for rents, lease payments or others). The facilities that should be included are the value covered by the real estate sources of repayment.

It includes the following:

2/1 Individuals

2/2 Companies and other entities

3- Finance granted to Real Estate Companies to finance their activities

Finance granted to real estate companies in order to finance their activities such as financing of the companies' working capital.

4- Mutual Funds and Special Purpose Vehicles (SPVs) with Real Estate Activities

It includes the following:

4/1 Finance granted to real estate mutual funds and SPVs in order to finance their real estate investments.

4/2 The bank’s participation in the real estate mutual funds or SPVs for real estate investment unless these shares are listed in the markets.

5- Real Estate Debt Securities and Sukuk

It includes all types of bank’s investments in real estate bonds, debt securities and Sukuk. It includes the following:

5/1 Held-to-maturity securities:
Listed or unlisted securities.

5/2 Available-for-sale securities:

Unlisted investments that are available for sale.

6- Real Estates acquired against Debts

Real estate assets that are acquired by the bank against settlement of debts. (These assets should be included at cost at the time of acquisition).

Second: Exceptions

The exceptions mentioned in the form that shall be deducted are the following:

1- Finance granted to Ministry of Economy and Finance.

2- Finance guaranteed by Ministry of Economy and Finance. Only the guaranteed value shall be deducted and it should not exceed the finance value.

3- Finance granted to individuals against the salary within the limit of the consumer loan (QR 2.5 million or 7 years).

4- Liened deposits. Banks should take into account that the whole amount of the liened deposits should be deducted if it is in Qatari Rial or US Dollar, and only 90% of amount should be deducted if it is in other foreign currencies. In all cases, the deducted amount of the liened deposits should not exceed the finance value.

5- Unconditional and irrevocable bank guarantees mentioned in the circular provided that the deducted amount of the guarantee does not exceed the finance value.

6- Any other exceptions approved by QCB.
Third: Deductions

- Provisions for debt and investment, and suspended interests (returns) for the items that are included in form no. (1). (It does not include those related to the exceptions).

- Deferred income (it is often related to the Islamic finance) for items that are included in form no. (1). (It does not include those related to the exceptions).

Fourth: Notification on Excesses and Fine Calculation

- Form no. (1) for Net Real Estate Finance Risk Ratio should be filled up as at the end of each month and submitted to QCB along with the monthly statement attachments as at the 8th of the next month with effect from 8/12/2010.

- If banks exceed this ratio for one or more days, banks should calculate this ratio for all days of the month, fill in forms no. (2) and (3), and determine the amount of fine according to the attached Table on fine.

No fines shall be imposed for any current excess over the limit prescribed in this circular till 31/12/2011. In case the current excess is increased during this period, financial fines shall be imposed. The current exposure should be disclosed to QCB in the first reporting form.