

## [ **BSP CIRCULAR NO. 490, July 08, 2005** ]

### **REQUIREMENTS ON THE DECLARATION OF DIVIDENDS**

Pursuant to Monetary Board Resolution No. 831 dated 23 June 2005, the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended to read as follows:

*SECTION 1.* Subsection X136.2 and Section 4126Q.2 of the MORB and MORNBFI, respectively, are hereby amended to read as follows:

Requirements on the declaration of dividends. At the time of declaration, banks and quasi-banks shall have complied with the following:

- a. Clearing account with the Bangko Sentral ng Pilipinas is not overdrawn ;
- b. Liquidity floor requirement for government funds (for banks only);
- c. Minimum capitalization requirement and risk-based capital ratio;
- d. Prescribed EFCDU/FCDU cover consisting of (for banks only);
  1. 30% liquidity cover; and
  2. 100% asset cover.
- e. Statutory and liquidity reserves requirement;
- f. NO PAST DUE LOANS OR ACCOMMODATIONS WITH THE BANGKO SENTRAL NG PILIPINAS (for banks only) OR WITH ANY INSTITUTION ( for banks and quasi-banks);
- g. NO NET LOSSES FROM OPERATIONS IN ANY ONE OF THE TWO FISCAL YEARS IMMEDIATELY PRECEDING THE DATE OF DIVIDEND DECLARATION;
- h. HAS NOT COMMITTED ANY OF THE FOLLOWING MAJOR VIOLATIONS:
  1. LOANS AND OTHER CREDIT ACCOMMODATIONS AND GUARANTEES GRANTED IN EXCESS OF THE SINGLE BORROWER'S LIMIT;
  2. LOANS AND OTHER CREDIT ACCOMMODATIONS GRANTED/EXTENDED IN EXCESS OF THE CEILINGS ON ACCOMMODATIONS TO DIRECTORS, OFFICERS, STOCKHOLDERS AND RELATED INTERESTS;
  3. UNSAFE AND UNSOUND BANKING PRACTICE AS DEFINED UNDER EXISTING BSP REGULATIONS;
  4. EQUITY INVESTMENTS IN EXCESS OF THE PRESCRIBED CEILINGS;