

[BSP CIRCULAR NO. 430, S. 2004, May 11, 2004]

**AMENDMENTS TO THE MANUAL OF REGULATIONS FOR BANKS
(MORB)**

Pursuant to Section 57 of Republic Act No. 8791, "The General Banking Law of 2000", the Monetary Board, in its Resolution No. 586 dated 26 April 2004, approved the following amendments to the Manual of Regulations for Banks (MORB).

SECTION 1. Section X136 of the MOR for Banks is hereby amended to read as follows:

"Section X136 Dividends. Pursuant to Section 57 of Republic Act No. 8791, no bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. Neither shall the bank declare dividends if, at the time of declaration, it has not complied with the provisions of Subsec. X136.2

SECTION 2. Section X136.2 of the MORB is hereby amended to read as follows:

"Section X136.2 Requirements on the declaration of dividends At the time of declaration, banks shall have complied with the following:

- a. Clearing account with Bangko Sentral is not overdrawn;
- b. Liquidity floor requirement for government funds;
- c. Minimum capitalization requirement and risk-based capital ratio;
- d. Prescribed EFCDU/FCDU cover consisting of
 1. 30% liquidity cover; and
 2. 100% asset cover;
- e. Statutory and liquidity reserves requirement; and
- f. No major violation as may be determined by the Bangko Sentral.

For purposes of this Subsection, the prescribed duration of compliance shall be reckoned from the last eight (8) weeks immediately preceding the date of the dividend declaration up to the record date of said dividend."

SECTION 2. The provisions of X136.3 is hereby amended to read as follows: