



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 490 Series of 2005

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:

PANANALAPING MATATAG, BANSANG PANATAG

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;
5. INVESTMENTS IN REAL ESTATE, BANK PREMISES AND EQUIPMENT IN EXCESS OF PRESCRIBED CEILINGS;
6. MAJOR VIOLATIONS / EXCEPTIONS CITED IN THE PREVIOUS EXAMINATION NOT DULY ACTED UPON OR NOT YET CORRECTED;
7. TRANSACTIONS OR ACTIVITIES WITHOUT PRIOR APPROVAL OR NECESSARY LICENSE FROM THE BSP SUCH AS, BUT NOT LIMITED TO DERIVATIVES, TRUST AND E-BANKING;
8. REFUSAL TO PERMIT EXAMINATION INTO THE AFFAIRS OF THE INSTITUTION OR ANY WILLFUL MAKING OF A FALSE OR MISLEADING STATEMENT TO THE MONETARY BOARD OR TO THE APPROPRIATE SUPERVISING AND EXAMINING DEPARTMENT;
9. FAILURE TO COMPLY WITH THE CAPITAL BUILD-UP PROGRAM APPROVED BY THE MONETARY BOARD.

The prescribed duration of compliance with items a. to e. above shall be reckoned from the last eight (8) weeks immediately preceding the date of the dividend declaration up to the record date of said dividends.

On the other hand, banks and quasi-banks which have committed any of the major violations under item h. above may only be allowed to declare dividends by the Monetary Board upon recommendation of the appropriate BSP supervising and examining department of the Supervision and Examination Sector that the bank/quasi-bank has corrected the major violation/s that it has committed.

Section 2. Effectivity. This circular shall take effect fifteen (15) days following its publication in the Official Gazette or in a national newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

8 July 2005