



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 431
Series of 2004

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 Non-Bank Financial Institutions (MORNBFI):

Section 1. Section 4126Q of the MORNBFI is hereby amended to read as follows:

"Section 4126Q Dividends. Pursuant to Section 57 of Republic Act No. 8791, no non-bank quasi-bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. Neither shall the quasi-bank declare dividends if, at the time of declaration, it has not complied with the provisions of Subsec. 4126Q.2.

Section 2. Section 4126Q.2 is hereby amended to read as follows:

"Section 4126Q.2 Requirements on the declaration of dividends/net amount available for dividends.

(a) Requirements on the Declaration of Dividends. At the time of declaration, quasi-banks shall have complied with the following:

- (1) Clearing account with the Bangko Sentral is not overdrawn;
- (2) Liquidity floor requirement for government funds;
- (3) Minimum capitalization requirement and risk-based capital ratio;
- (4) Statutory and liquidity reserves requirement; and
- (5) No major violation as may be determined by the Bangko Sentral.

MAG-IMPOK SA BANGKO



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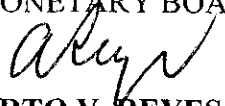
For purposes of this Subsection, the prescribed duration of compliance shall be reckoned from the last eight (8) weeks immediately preceding the date of the dividend declaration up to the record date of said dividends.

(b) Amount available. The net amount available for dividends shall be the amount of unrestricted or free retained earnings less:

- (1) Bad debts against which valuation reserves are not required by the BSP to be set up;
- (2) Unbooked valuation reserves, and other unbooked capital adjustments required by the BSP, whether or not allowed to be set up on a staggered basis;
- (3) Deferred income tax as defined under Item "I" of Subsection 4116Q.1;
- (4) Accumulated profits not yet received but already recorded by the quasi-bank representing its share in profits of its subsidiaries under the equity method of accounting. Said accumulated profits shall likewise be deducted for purposes of computing the amount available for stock dividends;
- (5) Accrued interest as required to be excluded pursuant to Item "d" of Subsection 4307Q.7, net of booked valuation reserves on accrued interest receivable or allowance for uncollectible interest on loans; and
- (6) Foreign exchange profit arising from revaluation of foreign exchange denominated accounts.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


ALBERTO V. REYES
Officer-in-Charge

11 May, 2004