



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 430
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 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 the 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."

MAG-IMPOK SA BANGKO



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

"Subsection X136.3 Net amount available for dividends. The net amount available for dividends shall be the amount of unrestricted or free earned surplus and undivided profits less:

- a. Bad debts against which valuation reserves are not required by the BSP to be set up;
- b. Unbooked valuation reserves, and other unbooked capital adjustments required by the BSP, whether or not allowed to be set up on a staggered basis;
- c. Deferred income tax;
- d. Accumulated profits not yet received but already recorded by a bank representing its share in profits of its subsidiaries under the equity method of accounting;
- e. Accrued interest as required to be excluded pursuant to Item "d" of Subsection X305.4, net of booked valuation reserves on accrued interest receivable or allowance for uncollectible interest on loans; and
- f. Foreign exchange profit arising from revaluation of foreign exchange denominated accounts.

For purposes of this Subsection, any balance of *Paid-in Surplus* account may be included in the amount available for stock dividends.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


ALBERTO V. REYES
Officer-in-Charge

11 May, 2004