



Press Release

Banks and Trust Companies (Payment of Dividends) Regulations, 2025

The Central Bank of The Bahamas (the Central Bank) advises that the ***Banks and Trust Companies (Payment of Dividends) Regulations, 2025*** has been duly gazetted and published, taking effect as of 11 February 2025.

The Payment of Dividend Regulations are intended to provide clarity to the Central Bank's expectations regarding the treatment of dividend distribution and seek to achieve the following objectives:

- a) Clarify that dividends may be declared from Supervised Financial Institutions' (SFIs) undistributed financial year's net profit, as reported in the previous years' annual audited financial statement;
- b) Explicitly state which SFIs are required to submit a **Notice of Dividend Declaration** or an **Application for Approval of Dividend Payment** (See Appendix 1);
- c) Define instances where SFIs are required to receive approval prior to the distribution of dividends; and
- d) Explain that the Central Bank may require prior approval of dividends by notice to any SFI, whereby this notice ranks ahead of any other considerations. This clarification includes an explicit Central Bank power to suspend dividends and other capital reductions until further notice for any SFI or class of SFI.

A copy of the document is located under Press Releases on the Central Bank's website: <https://www.centralbankbahamas.com>, or in the Bank Supervision section of the website: Bank Supervision Department → Guidelines → Financial Industry Regulations.

Subject to the public communication of these gazetted regulations, SFIs are required to comply with the requirements for the payment of dividends.

Questions regarding the Press Release can be directed to:

Policy Unit

Bank Supervision Department

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Appendix 1

Notice of Dividend Declaration

The reporting SFI must provide details on the following:

- a) Name of the SFI.
- b) Total amount of dividends declared by the Board of Directors.
- c) Date(s) on which the dividends will be paid.
- d) A confirmation statement from the SFI that after payment of the dividend, the SFI will have adequate capital and liquidity levels. This statement should provide the following information in summary form –
 1. details on the financial position of the SFI (e.g., assets, liabilities, shareholder's equity, retained earnings etc.) both before and after the payment of the dividend;
 2. the impact on Common Equity Tier 1 (CET1) capital of the SFI both before and after the payment of the dividend; and
 3. such other information or documents as the Inspector may specify by Notice.

Application for Approval of Dividend Payment

A SFI must submit a formal application to the Central Bank for approval to make a dividend payment in the circumstances required under Regulation 4 and shall provide the following information and documents in support of the application:

- a) Name of the SFI.
- b) Board of Director's Resolution authorising the dividend payment.
- c) A letter from Senior Executives of the SFI summarising the comprehensive risk assessment undertaken to ensure the capital adequacy, provisioning and liquidity levels are maintained in the event the dividend payment is approved. The application should include the rationale for any conclusions drawn, along with all relevant supporting documents.
- d) A summary of information about the dividend payment, inclusive of, but not limited to –
 1. total amount of dividends declared by the Board of Directors;
 2. date(s) on which the dividends will be paid;
 3. details on the financial position of the SFI (e.g., assets, liabilities, shareholder's equity, retained earnings etc.) both before and after the payment of the dividend;
 4. the impact on CET1 capital of the SFI both before and after the payment of the dividend; and
 5. such other information or documents as the Inspector may specify by Notice.