Agency Name: Board of Financial Institutions

Statutory Authority: 34-1-60 and 34-50-530(A)

Document Number: 5292

Proposed in State Register Volume and Issue: 48/8

House Committee: Reg., Admin. Procedures, AI and Cybersecurity

Senate Committee: Banking and Insurance Committee

120 Day Review Expiration Date for Automatic Approval: 01/18/2026

Status: Pending

Subject: State Bank Dividends

History: 5292

By Date Action Description Jt. Res. No. Expiration Date

- 08/23/2024 Proposed Reg Published in SR

- 01/14/2025 Received President of the Senate & Speaker 01/18/2026

H 01/14/2025 Referred to Committee

S 01/14/2025 Referred to Committee

S 03/04/2025 Resolution Introduced to Approve 410

Document No. 5292

**STATE BOARD OF FINANCIAL INSTITUTIONS**

CHAPTER 15

Statutory Authority: 1976 Code Sections 34‑1‑60 and 34‑50‑530(A)

15‑4. State Bank Dividends.

**Synopsis:**

The State Board of Financial Institutions (BOFI) proposes to amend Regulation 15‑4 in order to provide greater flexibility for sound institutions and broaden application of the regulation to include savings banks and savings and loan associations.

The Notice of Drafting was published in the *State Register* on June 28, 2024. The Proposed Regulation was published in the *State Register* on August 23, 2024.

**Instructions:**

Amend the regulation as follows.

~~Indicates Matter Stricken~~

Indicates New Matter

**Text:**

15‑4. State Bank, State Savings Bank, and Savings and Loan Association Dividends.

~~Any State bank contemplating the payment of a cash dividend shall first file with the office of the Commissioner of Banking, Board of Bank Control, an income and expense report as required by Regulation 15‑28, and second shall secure the approval in writing of the Board of Bank Control before paying the dividend.~~

State chartered banks, state savings banks, and state savings and loan associations, are authorized to declare cash dividends up to 100% of year‑to‑date net income in any calendar year without obtaining the prior approval of the Board. Dividends declared in January may be based on the net income of the prior calendar year subject to this limitation. All other cash dividends require the specific approval of the Board.

Provisions of a formal or informal enforcement action may limit an institution’s ability to pay a dividend that would otherwise be permissible as described in this regulation.

**Fiscal Impact Statement:**

There will be no cost incurred by the State or any of its political subdivisions.

**Statement of Rationale:**

15‑4 required any state bank to obtain approval of the Board of Financial Institutions prior to paying a dividend. The proposed amendment authorizes institutions to declare cash dividends up to 100% of year‑to‑date net income in any calendar year without obtaining the prior approval of the Board, and clarifies that the regulation applies to state chartered banks, state savings banks, and state savings and loan associations.