

AN ACT TO REHABILITATE THE PHILIPPINE NATIONAL BANK

Commonwealth Act No. 672, July 19, 1945

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Be it enacted by the Senate and House of Representatives in Congress Assembled:

SECTION 1. The Philippine National Bank, hereinafter also referred to as the Bank, shall immediately resume business upon the approval of this Act.

SEC. 2. Simultaneously with the resumption of its business the Philippine National Bank, shall acquire the assets and assume the deposit and other liabilities of the Banking Division of the National Treasury, after due and proper notice to all depositors and other creditors of the Banking Division, as provided for in Executive Order No. 33, promulgated March 10, 1945. Upon the taking over of all business activities of the Banking Division, the current account of the National Treasury shall be credited on the books of the Bank with the amount by which the assets on the banking Division exceeds its liabilities to depositors and other creditors so that all of the net free working funds originally furnished to the Banking Division by the Commonwealth Government, including all profits and after deducting all losses up to the date of the taking over of the business of such Banking Division, shall be paid to the Philippine National Bank and credited to the current account of the National Treasury. Thereupon, the Banking Division shall cease to exist, but the Bank shall have the right during a period of one year immediately following, to make such adjustments in the current account of the National treasury as may be necessary to give effect to its acquisition of any additional assets or its assumption of additional liabilities of the Banking Division which may not have been ascertained at the time of its taking over of the business of such Banking Division.

SEC. 3. Deposit balances of the Commonwealth Government, cities, provinces and municipalities with the Bank outstanding prior to its reopening under this Act, together with fifteen million pesos of the additional credit to the current account of the National Treasury from the net free working funds of the Banking Division as provided in section two hereof, shall be blocked upon the resumption of the Bank's business operations and shall be held available only in pursuance of the provisions of this Act.

SEC. 4. The Philippines National Bank is hereby authorized and directed, subject to the supervision of the Bank Commissioner, to write off from its books so much of the said blocked deposit balances of the Commonwealth Government, cities, provinces and municipalities as shall be sufficient and necessary to meet deficiencies to other depositors and creditors and to restore the capital stock of the Bank of ten million pesos. Witeoffs against said accounts shall be made in the proportion that the total writeoffs bear to the aggregate deposit balances aforesaid.

SEC. 5. The blocked deposit balances of the Commonwealth Government, cities, provinces, and municipalities, remaining after effecting the writeoffs as hereinbefore provided, shall stand as a credit balance in favor of the respective entities; Provided, That during a period of one year from the date of the approval of this Act, these deposit balances shall remain blocked and shall be available to cover such further deficiencies which during the said period may be disclosed or ascertained; Provided, further, That any further adjustments shall become effective only upon approval of the Secretary of Finance; And provided, finally, That said deposit balances may, within said period of one year, be withdrawn under licenses to be issued by the Secretary of Finance, upon the recommendation of the Bank Commissioner.

SEC. 6. The net profits of the Philippine National Bank shall be apportioned annually as follows:

- (1) Fifty per centum to surplus until the latter shall equal fifty per centum of the capital stock of the Bank, and thereafter twenty-five per centum of said net profits until such surplus shall equal the capital stock.
- (2) The rest of the net profits shall be set aside on the books of the Bank and shown as a liability for the repayment of the deposits written off as hereinbefore provided, until the total amount so written off shall have been fully restored or otherwise fully refunded.

Any amount that may be realized from assets previously determined as losses shall be exclusively credited to the liability account provided in the preceding paragraph for the repayment of deposits written off by virtue of this Act, such repayment to be made under such terms and conditions as the Secretary of Finance may prescribe, upon the recommendation of the Bank Commissioner.

When the requirements of the preceding paragraphs numbered (1) and (2) shall have been fully complied with, the provisions of section four of Act Numbered Thirty-one hundred seventy four of the Philippine Legislature with respect to disposition of net profits shall again be followed.

SEC. 7. All acts, parts of acts and other provisions of law inconsistent with the provisions of this act are hereby repealed.

SEC. 8. This Act shall take effect upon its approval.

Approved July 19, 1945.

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