

APPROVING THE SETTLEMENT PROCESS OF PHILIPPINE NATIONAL BANK CLAIMS AS OF JUNE 30, 1995 PERTAINING TO THE LIABILITIES TRANSFERRED TO THE NATIONAL GOVERNMENT

ADMINISTRATIVE ORDER NO. 218, September 26, 1995

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WHEREAS, under the terms of the Deed of Transfer dated February 27, 1987 (“Deed of Transfer”) executed by and between the Philippine National Bank (“PNB”) and the National Government, the former transferred to the latter certain non-performing assets and liabilities (the “Transferred Liabilities”) pursuant to the provisions of Proclamation No. 50 dated December 8, 1986;

WHEREAS, under the Servicing Agreement dated February 27, 1987 (the “Servicing Agreement”) executed by and between PNB and the National Government, the former agreed to service the Transferred Liabilities under the Deed of Transfer and the latter agreed to immediately reimburse the payments upon billing by PNB for the Transferred Liabilities;

WHEREAS, PNB made advances for principal and interest payments on the Transferred Liabilities and likewise incurred out-of-pocket expenses in the servicing of the same;

WHEREAS, Section 10 of the Servicing Agreement provides that the National Government and PNB shall formulate and adopt such policies and guidelines with respect to the procedures for the approval and funding/reimbursement of costs and expenses incurred by PNB in the servicing of the Transferred Liabilities;

WHEREAS, after exercise of due diligence including extensive meetings and discussions, review of documents, and consultations with appropriate government agencies and officials, the National Government, acting through the Department of Finance pursuant to the powers and functions granted under Executive Order No. 292 (the Administrative Code of 1987), represented by the Secretary of Finance, Roberto F. de Ocampo, and the PNB, represented by its President, Peter B. Favila and its Chairman, Daniel L. Lacson, Jr., reached certain agreements in the settlement process of the PNB claims arising from the Transferred Liabilities to National Government, which agreements are embodied in a Memorandum of Agreement dated August 14, 1995;

WHEREAS, the complete rehabilitation of PNB under Proclamation No. 50 and under Executive Order No. 80 (The Revised Charter of the PNB) is in keeping with the national interest and the representations made to PNB private shareholders and PNB bondholders.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, do hereby APPROVE AND CONFIRM the settlement process and agreements relative to the Transferred Liabilities as embodied in the Memorandum of Agreement signed by and between the National Government and the Philippine National Bank on August 14, 1995.

DONE in the City of Manila, this 26th day of September, in the year of Our Lord, Nineteen Hundred and Ninety-Five.

(Sgd.) FIDEL V. RAMOS

President of the Philippines

By the President:

(Sgd.) RUBEN D. TORRES

Executive Secretary

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