

LETTER OF INSTRUCTIONS NO. 67, March 24, 1973

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TO : The Monetary Board
Central Bank of the Philippines

In order to facilitate the liquidation of the Philippine National Cooperative Bank (PNCB), the assets of which you have already taken charge preparatory to liquidation under Section 29 of Republic Act No. 265, as amended, and to avoid the inconvenience, cost and delay of protracted judicial proceedings and considering that it is the responsibility of the Central Bank to administer the banking system of the Republic :

- You are hereby directed to undertake the liquidation of the PNCB extrajudicially, notwithstanding the provisions of Sections 95 to 100 of Republic Act No. 2023. In this connection, the Director, Department of Commercial and Savings Banks, Central Bank of the Philippines, is hereby appointed as Liquidator of the PNCB, who shall be under your sole and direct control and supervision.

- In the settlement of the claims against the PNCB, you will give preference to the uninsured deposits of the government and private depositors, liabilities arising from fund transfers and other liabilities, excluding the claims of the Philippine Deposit Insurance Corporation arising from the subrogation to the rights of the insured depositors. The liquid assets of the PNCB, amounting to P2,336 million shall be applied to satisfy all the above claims, except the uninsured government deposits.

- The method of settlement of uninsured government deposits with the PNCB described hereunder, which you have recommended, is hereby approved.

(a) In cases where the government depositors whose deposits are not insured, have outstanding obligations with the Central Bank of the Philippines or the Philippine National Bank, said uninsured deposits with the PNCB will be assigned/transferred to either the Central Bank or the PNB and applied as partial payment of the obligations of said government depositors. Where the uninsured deposits are assigned to the PNB, it, in turn, will assign the same deposits to the Central Bank in partial settlement of the former's overdrawings with the latter.

(b) In cases where the government depositors whose deposits are not insured, do not owe the Central Bank or the PNB, the PNB will grant loans to such depositors in amounts equivalent to their deposits, with the Central Bank granting advances to the PNB against the depositors' promissory notes as collaterals. The government depositors will later on assign their deposits to the PNB in payment of their loans. The PNB will in turn assign/transfer the same deposits to the Central Bank in payment of the latter's advances to the PNB.

Done in the City of Manila, this 24th day of March, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

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