

AN ACT AMENDING FURTHER REPUBLIC ACT NUMBERED FORTY HUNDRED AND NINETY-THREE, AS AMENDED, OTHERWISE KNOWN AS THE "PRIVATE DEVELOPMENT BANKS ACT";

BATAS PAMBANSA BLG. 63, April 01, 1980

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/ecf1d65939e3/>

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section 3 of Republic Act Numbered Forty hundred and ninety-three, as amended, is hereby further amended to read as follows:

"SEC. 3. A private development bank shall exercise all the powers and shall assume all the obligations of a savings and mortgage bank as provided in the General Banking Act, except as otherwise provided herein: Provided, That no private development bank shall be operated without a certificate of authority from the Monetary Board of the Central Bank which shall be issued upon compliance with the provisions of this law.

"Nothing in this section shall be construed as precluding a private development bank from engaging, with prior approval of the Monetary Board, in commercial banking services or from operating under an expanded commercial banking authority, as provided under Section 21-B of Republic Act No. 337, as amended, nor from exercising, whenever applicable and not inconsistent with the provisions of this Act and Central Bank regulations, such other powers incident to a corporation."

SEC. 2. Section 4 of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 4. A private development bank shall be organized in the form of a stock corporation and its paid-up capital shall not be less than four million pesos for Class A, two million pesos for Class B, and one million pesos for Class C: Provided, That at least seventy percent of the voting stock subscribed by the private sector shall be owned and held by citizens of the Philippines, except where a new bank is established as a result of the consolidation of existing private development banks in any of which there are foreign-owned voting stocks at the time of consolidation: Provided, however, That the Monetary Board may, with the approval of the President of the Philippines, reduce the required minimum percentage of Philippine ownership prescribed herein from seventy percent (70%) to sixty percent (60%) : Provided, further, That if said subscription of private shareholders to the initial capitalization of a private development bank cannot be secured or is not available, the Development Bank of the Philippines on representation of the said private shareholders and with the approval of its Board of Governors shall, within thirty days from date of approval by the Board of Governors, and after compliance by the private stockholders with the conditions of said approval, subscribe to the capital stock of such development bank, which shall be paid in full at the time of subscription out of the trust fund provided in Section three, paragraph three, of Republic Act Numbered Twenty hundred and eighty-one, in an amount equal to the difference between the required paid-up capital and the fully paid subscribed capital of the private stockholders but not exceeding the latter: Provided, furthermore, That the Board of Governors shall act on the representation made by the private shareholders within thirty days from the date it is filed: Provided, still further, That such shares of stock subscribed by the bank shall be preferred shares entitled to cumulative dividends at the yearly rate of one percent during the first five years, two percent during the following five years, and three percent thereafter, shall be preferred as against common and other preferred stockholders in the distribution of assets in the event of liquidation, and shall be entitled to voting

privileges: Provided, still further, That such preferred shares of the bank may at any time be paid off at not less than par and retired in whole or in part if, in the opinion of the Monetary Board, the bank has accumulated enough capital strength to permit retirement of such shares, or sold at not less than par to private individuals who are citizens of the Philippines, and in the sale thereof, the qualified registered stockholders shall have the right of pre-emption within one year from the date of offer in proportion to their respective holdings, but in the absence of such buyers, preference shall be given to residents of the province or city where the development bank is located: Provided, finally, That such preferred shares may be converted to common shares when sold to private individuals. All members of the board of directors of the private development bank shall be citizens of the Philippines: Provided, however, That no appointive or elective public official, whether full-time or part-time, shall at the same time serve as officer of any private development bank, except in cases where such service is incident to financial assistance provided by the government or a government-owned or controlled corporation to the bank: Provided, further, That in the case of merger or consolidation of private development banks duly approved by the Monetary Board, the limitation on the maximum number of corporate directors in a corporation, as provided for in Section 14 of the Corporation Code of the Philippines, shall not be applied so that membership in the new board may include up to the total number of, directors provided for in the respective articles of incorporation of the merging or consolidating private development banks."

SEC. 3. Section 5 of the same Act is hereby further amended to read as follows:

"SEC. 5. At least seventy-five per centum of the aggregate par value of the preferred shares of the private development bank held by the Development Bank of the Philippines shall be invested in medium and long-term loans for economic development purposes: Provided, however, That the restrictions prescribed herein shall no longer apply if all the preferred shares held by the Development Bank of the Philippines have been retired or have been transferred to private shareholders."

SEC. 4. Sections 5-A and 7 of the same Act are hereby repealed.

SEC. 5. Section 7-A of the same Act is hereby renumbered as Section 7 and amended to read as follows:

"SEC. 7. Any private development bank may invest in equities of such allied undertakings as may be approved by the Central Bank for banks of their category as provided in Section 6-A of Republic Act No. 337, as amended: Provided, however, That (1) the total investment in equities shall not exceed twenty-five percent (25%) of the net worth of the private development bank; (2) the equity investment in any single enterprise shall be limited to fifteen percent (15%) of the net worth of the private development bank; (3) the total equity investment of the private development bank in any single enterprise shall remain a minority holding in that enterprise except where the enterprise is a non-financial allied undertaking; and (4) the equity investment in other banks shall be subject to the same provisions governing similar investments of commercial banks and shall be deducted from the investing bank's net worth for purposes of computing the prescribed ratio of net worth to risk assets: Provided, further, That equity investments shall not be permitted in non-related activities: Provided, finally, That where the allied undertaking is a wholly- or majority-owned subsidiary of the development bank, the Central Bank may subject it to examination."

SEC. 6. Section 10 of the same Act is hereby amended to read as follows:

"SEC. 10. All private development banks, with net assets not exceeding ten million pesos for Class C, twenty million pesos for Class B and thirty million pesos for Class A banks excluding the counterpart capital subscribed and paid-in by the Development Bank of the Philippines shall be totally exempt of all taxes, charges and fees of whatever nature and description except from compensating tax and tariff duties. For this purpose, the net assets of all private development banks shall be determined as at December thirty-one of each year and if such are in excess of the limits prescribed by this section they shall be liable for payment of taxes for the following calendar year; said taxes to be assessed, levied and collected in proportionate amount as the excess shall bear in relation to the total net assets. Private development banks existing as of the date of effectivity of

this Act shall lose their exemption from taxes, charges and fees prescribed herein effective January 1, 1985: Provided, That exemption from local government taxes, charges and fees shall cease on January 1, 1981: Provided, further, That private development banks to be established after the effectivity of this Act shall not be entitled to exemption from such taxes, charges and fees."

SEC. 7. The same Act is hereby amended by adding a new section after Section 4-A, to read as follows:

"SEC. 4-B. The authority of the Development Bank of the Philippines to provide counterpart capital to private development banks under Republic Act No. 4093, as amended, and Republic Act No. 85, as amended, is hereby terminated as of the effectivity of this Act: Provided, however, That this provision should not be construed as precluding the Development Bank of the Philippines from purchasing shares of stock of private development banks pursuant to Subsection B of Section 88 of Republic Act No. 265, as amended."

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

Approved, April 1, 1980.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.