

[PRESIDENTIAL DECREE NO. 171, April 10, 1973]

AMENDING PRESIDENTIAL DECREE NO. 64, RELATIVE TO THE CHARTER OF THE PHILIPPINE NATIONAL BANK

WHEREAS, Presidential Decree No. 5 of September 27, 1972 amending the Charter of the Philippine National Bank, adopted and approved into law, House Bill No. 2483, which was pending before Congress at the time of the promulgation of the Proclamation No. 1081 dated September 21, 1972;

WHEREAS, Presidential Decree No. 5 was amended by Presidential Decree No. 64 to incorporate certain changes and modifications, particularly certain proposals recommended in the report of an official banking survey commission;

WHEREAS, the Bank Charter needs further amendment and modification in order that it can carry out its assigned role in the economic development of the country under the program of the New Society;

NOW, THEREFORE, I, FERDINAND E. MARCOS, Commander-in-Chief of all the Armed Forces of the Philippines, pursuant to Proclamation No. 1081, dated September 21, 1972, as amended and in order to effect desired changes and reforms in the social, economic and political structures of our society, do hereby order and decree as follows:

SECTION 1. Sub-section (h) of Section two of Republic Act Numbered Thirteen Hundred, as amended, is further amended to read as follows:

SECTION 2. *Corporate powers and duties.*— The said National Bank, upon its organization, shall be a body corporate and shall have the power:

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"(h) To invest in stocks, bonds and other secured collaterals having maturities of not more than thirty years: *PROVIDED*, THAT THE BANK MAY ORGANIZE AND INCORPORATE AN INVESTMENT AND/OR DEVELOPMENT FINANCING SUBSIDIARY, WHOSE CAPITAL STOCK MAY BE SUBSCRIBED IN WHOLE OR IN PART BY THE BANK: *PROVIDED, FURTHER*, THAT THE CONTROLLING INTEREST OF NOT LESS THAN SIXTY-SIX AND TWO-THIRDS (66-2/3%) PERCENT OF THE AUTHORIZED CAPITAL STOCK OF SUCH SUBSIDIARY SHALL AT ALL TIMES REMAIN WITH THE BANK: AND *PROVIDED, FINALLY*, THAT THE ORGANIZATION AND INCORPORATION OF SUCH SUBSIDIARY SHALL BE APPROVED BY THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES."

SECTION 2. Sub-sections (g) and (h) of Section Five of Republic Act Numbered Thirteen Hundred, as amended, to read as follows:

"Sec. 5. *Loans and investments authorized.—Total liabilities of a single borrower.—Additional liabilities and security required.*—Said National Bank is hereby authorized:

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(g) To invest in equities of the following allied undertakings: warehousing companies, leasing companies, storage companies, safe deposit box companies, trust companies, companies engaged in the management of mutual funds but not in the mutual funds themselves, banks other than rural banks and such other similar activities as the Monetary Board of the Central Bank of the Philippines may declare as appropriate from time to time: *Provided, however,* That (a) the total investments in equities on ALLIED UNDERTAKINGS AS HEREIN PROVIDED shall not exceed twenty-five percent (25%) of the net worth of the Bank; (b) the investment in any one enterprise AS AN ALLIED UNDERTAKING shall not exceed ten percent (10%) of the net worth of the Bank; (c) the investment of the Bank in any single enterprise AS AN ALLIED UNDERTAKING SHALL REMAIN A MINORITY HOLDING IN THAT ENTERPRISE except where the enterprise is not a financial intermediary; and (d) the investment in other banks shall be deducted from the Bank's net worth for purposes of computing the prescribed ratio of net worth to risk assets. Equity investments shall not be permitted in non-related activities, NOT OTHERWISE PROVIDED IN THIS ACT.

Where the allied undertaking is a wholly-owned or majority controlled subsidiary of the Bank, it shall be subject to examination by the Central Bank."

(h) To grant loans to cooperatives as well as to individual members of such cooperatives: *Provided,* That in the grant of said loans the collateral requirements elsewhere required in this Act may be waived in appropriate cases.

The aggregate amount of loan for any single industry shall at no time exceed twenty (20%) per cent of the Bank's lending capacity.

"THE TOTAL LIABILITIES TO THE BANK OF ANY INDIVIDUAL, INCLUDING THE LIABILITIES OF THE INDIVIDUAL'S SPOUSE, OR OF ANY CORPORATION OR FIRM FOR MONEY BORROWED, INCLUDING IN THE LIABILITIES OF THE CORPORATION OR FIRM THE LIABILITIES OF THE SEVERAL MEMBERS THEREOF, SHALL AT NO TIME EXCEED FIFTEEN PER CENTUM (15%) OF THE UNIMPAIRED CAPITAL AND SURPLUS OF THE BANK. BUT THE DISCOUNT OF BILLS OF EXCHANGE DRAWN IN GOOD FAITH AGAINST ACTUALLY EXISTING VALUES AND THE DISCOUNT OF COMMERCIAL OR BUSINESS PAPER ACTUALLY OWNED BY THE PERSON NEGOTIATING THE SAME SHALL NOT BE CONSIDERED AS MONEY BORROWED, AND IN ADDITION TO THE FIFTEEN PER CENTUM (15%) OF THE UNIMPAIRED CAPITAL AND SURPLUS OF THE BANK, HEREINBEFORE PROVIDED FOR, THE TOTAL LIABILITIES OF ANY BORROWER MAY AMOUNT TO A FURTHER FIFTEEN PER CENTUM OF THE UNIMPAIRED CAPITAL AND SURPLUS OF THE BANK PROVIDED SUCH ADDITIONAL LIABILITIES ARE SECURED BY SHIPPING