

[REPUBLIC ACT NO. 7169, January 02, 1992]

**AN ACT TO REHABILITATE THE PHILIPPINE VETERANS BANK
CREATED UNDER REPUBLIC ACT NO. 3518, PROVIDING THE
MECHANISMS THEREFOR, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. *Declaration of Policy.* - In order to give meaning and realization to the constitutional mandate to provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans, it is hereby declared the policy of the Government to provide the necessary mechanisms to rehabilitate the Philippine Veterans Bank, hereinafter known as the Veterans Bank, a bank owned by the Filipino veterans of World War II and deeply imbued and impressed with public interest.

SEC. 2. *Settlement of Liabilities.* - The National Government deposit of One billion four hundred eighty-nine million pesos (P1,489,000,000.00) with the Veterans Bank is hereby restructured into a seven-year promissory note of the said bank carrying an interest rate of four percent (4%) per annum effective on the date of actual operation: *Provided*, That only the interest shall be paid in the first three (3) years: *Provided, further*, That repayment of the principal shall be divided into four (4) equal amortizations: *Provided, finally*, That the said promissory note shall be exempted from the reserve requirements rule for commercial banks.

The accrued interests due the National Government deposits up to and during the time of the Veterans Bank's closure in 1985 and the tax liabilities incurred by the Veterans Bank also up to and during the time of the Veterans Bank's closure are hereby condoned and extinguished.

The obligations of the Veterans Bank with the Central Bank of the Philippines and the Philippine Deposit Insurance Corporation are hereby restructured in the same manner governing National Government deposits provided in the first paragraph of this section.

With respect to deposits of local government units and other private depositors with the Veterans Bank, the terms and conditions for the retention or withdrawal thereof shall be negotiated individually but may carry more favorable terms in favor of the Veterans Bank.

SEC. 3. *Operations and Changes in the Capital Structure of the Veterans Bank and Other Amendments.* - The operations and changes in the capital structure of the Veterans Bank, as well as other amendments to its articles of incorporation and bylaws as prescribed under Republic Act No. 3518, shall be in accordance with the Corporation Code, the General Banking Act, and other related laws.