

[Commonwealth Act No. 672, July 19, 1945]

AN ACT TO REHABILITATE THE PHILIPPINE NATIONAL BANK

Be it enacted by the Senate and House of Representatives in Congress Assembled:

SECTION 1. The Philippine National Bank, hereinafter also referred to as the Bank, shall immediately resume business upon the approval of this Act.

SEC. 2. Simultaneously with the resumption of its business the Philippine National Bank, shall acquire the assets and assume the deposit and other liabilities of the Banking Division of the National Treasury, after due and proper notice to all depositors and other creditors of the Banking Division, as provided for in Executive Order No. 33, promulgated March 10, 1945. Upon the taking over of all business activities of the Banking Division, the current account of the National Treasury shall be credited on the books of the Bank with the amount by which the assets on the banking Division exceeds its liabilities to depositors and other creditors so that all of the net free working funds originally furnished to the Banking Division by the Commonwealth Government, including all profits and after deducting all losses up to the date of the taking over of the business of such Banking Division, shall be paid to the Philippine National Bank and credited to the current account of the National Treasury. Thereupon, the Banking Division shall cease to exist, but the Bank shall have the right during a period of one year immediately following, to make such adjustments in the current account of the National treasury as may be necessary to give effect to its acquisition of any additional assets or its assumption of additional liabilities of the Banking Division which may not have been ascertained at the time of its taking over of the business of such Banking Division.

SEC. 3. Deposit balances of the Commonwealth Government, cities, provinces and municipalities with the Bank outstanding prior to its reopening under this Act, together with fifteen million pesos of the additional credit to the current account of the National Treasury from the net free working funds of the Banking Division as provided in section two hereof, shall be blocked upon the resumption of the Bank's business operations and shall be held available only in pursuance of the provisions of this Act.

SEC. 4. The Philippines National Bank is hereby authorized and directed, subject to the supervision of the Bank Commissioner, to write off from its books so much of the said blocked deposit balances of the Commonwealth Government, cities, provinces and municipalities as shall be sufficient and necessary to meet deficiencies to other depositors and creditors and to restore the capital stock of the Bank of ten million pesos. Witeoffs against said accounts shall be made in the proportion that the total writeoffs bear to the aggregate deposit balances aforesaid.

SEC. 5. The blocked deposit balances of the Commonwealth Government, cities, provinces, and municipalities, remaining after effecting the writeoffs as hereinbefore provided, shall stand as a credit balance in favor of the respective entities; *Provided*, That during a period of one year from the date of the approval of this Act, these deposit balances shall remain blocked and shall be available to cover such further deficiencies which during the said period may be disclosed or ascertained; *Provided, further*, That any further adjustments shall become effective only upon approval of