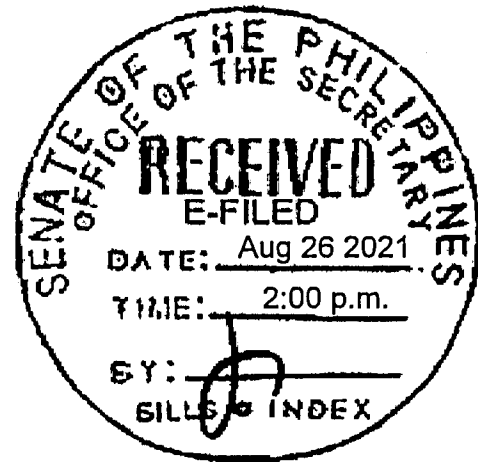


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )



SENATE

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COMMITTEE REPORT NO. 288

Prepared and submitted jointly by the Committees on Banks, Financial Institutions and Currencies, and on National Defense and Security, Peace, Unification and Reconciliation, on Aug 26 2021

Re: **Senate Bill No. 2368**

Recommending its approval in substitution of Senate Bill No. 2139, taking into consideration House Bill No. 8164

Sponsor: **Senator Grace Poe**

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**Mr. President:**

The Committee on Banks, Financial Institutions and Currencies, joint with the Committee on National Defense and Security, Peace, Unification and Reconciliation, to which were referred **Senate Bill No. 2139**, introduced by **Senator Zubiri**, entitled:

**AN ACT**  
**PROVIDING FOR THE REVISED CHARTER OF THE PHILIPPINE VETERANS BANK, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 3518, AS AMENDED**

and **House Bill No. 8164**, introduced by Reps. Romualdez (Y. M.), Romualdez (F. M.), Mendoza, et. al., entitled:

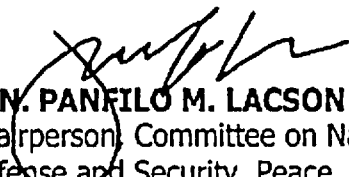
**AN ACT**  
**PROVIDING FOR THE REVISED CHARTER OF THE PHILIPPINE VETERANS BANK, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 3518, AS AMENDED**


have considered the same and have the honor to report back to the Senate with the recommendation that the attached **Senate Bill No. 2368**, entitled:

**AN ACT**  
**PROVIDING FOR THE REVISED CHARTER OF THE PHILIPPINE**  
**VETERANS BANK, REPEALING FOR THE PURPOSE REPUBLIC ACT NO.**  
**3518, AS AMENDED**

be approved in substitution of Senate Bill No. 2139, taking into consideration House Bill No. 8164, with **Senators Zubiri** and **Poe** as authors thereof.

Respectfully submitted,


  
**SEN. PANFILO M. LACSON**  
Chairperson, Committee on National  
Defense and Security, Peace, Unification  
and Reconciliation; and Member, Committee  
on Banks, Financial Institutions and  
Currencies

  
**SEN. GRACE POE**  
Chairperson, Committee on Banks,  
Financial Institutions and Currencies;  
and Vice-Chair, Committee on National  
Defense and Security, Peace,  
Unification and Reconciliation

*Vice-Chairpersons:*

**SEN. WIN GATHCALIAN**  
Vice-Chair, Committee on Banks, Financial  
Institutions and Currencies; and Member,  
Committee on National Defense and  
Security, Peace, Unification and Reconciliation

**SEN. SONNY ANGARA**  
Vice-Chair, Committee on Banks,  
Financial Institutions and Currencies;  
and Member, Committee on National  
Defense and Security, Peace,  
Unification and Reconciliation

  
**SEN. RONALD "BATO" DELA ROSA**  
Vice-Chair, Committee on National Defense  
and Security, Peace, Unification and  
Reconciliation

**SEN. FRANCIS "TOL" N. TOLENTINO**  
Vice-Chair, Committee on National  
Defense and Security, Peace, Unification  
and Reconciliation



**SEN. RICHARD J. GORDON**

Vice-Chair, Committee on National Defense and Security, Peace, Unification and Reconciliation

**SEN. CHRISTOPHER BONG GO**

Vice-Chair, Committee on National Defense and Security, Peace, Unification and Reconciliation; and Member, Committee on Banks, Financial Institutions and Currencies



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Vice-Chair, Committee on National Defense and Security, Peace, Unification and Reconciliation

*Members:*



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Committees on Banks, Financial Institutions and Currencies; and National Defense and Security, Peace, Unification and Reconciliation



**SEN. MANUEL "LITO" M. LAPID**

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**SEN. IMEE R. MARCOS**


Committee on National Defense and Security, Peace, Unification and Reconciliation



**SEN. JOEL VILLANUEVA**


Committee on National Defense and Security, Peace, Unification and Reconciliation

**SEN. CYNTHIA A. VILLAR**  
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Reconciliation




**SEN. RAMON BONG REVILLA JR.**  
Committee on National Defense and  
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Reconciliation

**SEN. AQUILINO "KOKO" PIMENTEL III**  
Committee on National Defense and  
Security, Peace, Unification and  
Reconciliation



**SEN. LEILA M. DE LIMA**  
Committee on National Defense and  
Security, Peace, Unification and  
Reconciliation

*Ex-Officio Members:*

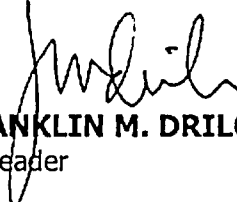


**SEN. RALPH G. RECTO**  
Senate President Pro-Tempore

**With amendments**



**SEN. JUAN MIGUEL F. ZUBIRI**  
Majority Leader

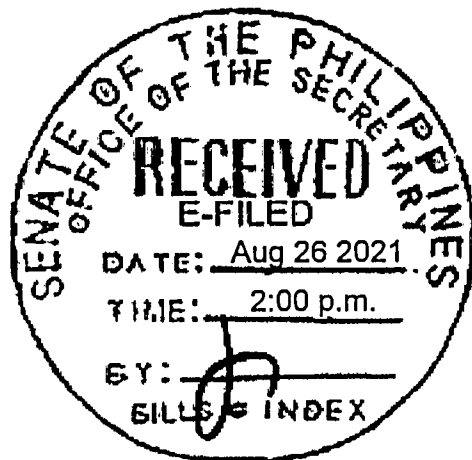


**SEN. FRANKLIN M. DRILON**  
Minority Leader

**HON. VICENTE C. SOTTO III**  
Senate President

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )

SENATE  
S. No. 2368



(In Substitution of S. B. No. 2139, taking into consideration H. B. No. 8164)

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Prepared and submitted jointly by the Committee on Banks, Financial Institutions and Currencies and the Committee on National Defense and Security, Peace, Unification and Reconciliation with Senators Zubiri and Poe as authors thereof

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**AN ACT**  
**PROVIDING FOR THE REVISED CHARTER OF THE PHILIPPINE VETERANS BANK, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 3518, AS AMENDED**

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

- 1        **Section 1. Title.** – This Act shall be known as the "*Philippine Veterans Bank Act*".
- 2        **Sec. 2. Declaration of Policy.** – In order to give meaning and realization to the
- 3 constitutional mandate of providing immediate and adequate benefits and other forms
- 4 of assistance to all Filipino war veterans, and the retired military personnel, including
- 5 their surviving spouses, orphans and compulsory heirs, in recognition of the patriotic
- 6 services in times of war and peace for the cause of freedom and democracy, it is
- 7 hereby declared the policy of the State to execute a viable plan that will promote the
- 8 welfare of all Filipino war veterans and retired military personnel. In line with this
- 9 policy, the State shall foster their socio-economic security and general well-being, by
- 10 extending to them substantial support for their livelihood and income-generating
- 11 projects, through the efficient and effective revitalization of the Philippine Veterans
- 12 Bank, hereinafter known as Veterans Bank, which is deeply imbued with public
- 13 interest.

1       **Sec. 3. Name, Domicile and Place of Business.** - There is hereby created the  
2 Philippine Veterans Bank which shall be commonly called the Veterans Bank, whose  
3 principal domicile and place of business shall be at PVB building 101 V.A. Rufino corner  
4 Dela Rosa Streets, Legaspi Village, Makati City, but branches or agencies may be  
5 established in other provinces and cities as the Board of Directors may decide.

6       **Sec. 4. Corporate Powers and Duties.** - The Veterans Bank shall have the  
7 power:

8       (a) To promulgate its by-laws;

9       (b) To adopt and use a seal;

10       (c) To sue and be sued;

11       (d) To carry on a trust business subject to compliance with pertinent provisions of  
12 laws and in accordance with the applicable Bangko Sentral ng Pilipinas (BSP) rules and  
13 regulations;

14       (e) To grant loans and advances in accordance with Republic Act No. 8791  
15 otherwise known as the General Banking Law of 2000 and the BSP rules and  
16 regulations, with preference given to veterans defined in Section 6 (a) hereof;

17       (f) To invest in stocks and other investment instruments in accordance with  
18 Republic Act No. 8791 and the BSP rules and regulations;

19       (g) To issue bonds and offer certificates of indebtedness in accordance with  
20 Republic Act No. 8791 and the BSP rules and regulations;

21       (h) To contract any obligation, or enter into any agreement essential to the proper  
22 management of its corporate powers and carry out its aims and purposes;

23       (i) To appoint and dismiss its officers and employees;

24       (j) To create and/or make equity investments to subsidiaries and affiliates or  
25 privately owned financial institutions, subject to such limitations prescribed by  
26 Republic Act No. 8791 and the BSP rules and regulations;

27       (k) To exercise the powers granted in this Act and such incidental powers as may  
28 be necessary to carry on and engage in the business of general banking; and

29       (l) To exercise the general powers mentioned in Republic Act No. 11232, otherwise  
30 known as the Revised Corporation Code of the Philippines and Republic Act No. 8791,  
31 in so far as they are not inconsistent or incompatible with the provisions of this Act.

32       **Sec. 5. Authorized Capital Stock, Par Value.** -

1 (a) The capital stock of the Veterans Bank shall be Ten billion pesos  
2 (P10,000,000,000.00) divided into seventy five million (75,000,000) common shares  
3 and twenty five million (25,000,000) preferred shares with a par value of One hundred  
4 pesos (P100.00) each. The Board of Directors and stockholders are hereby authorized  
5 to increase the authorized capital stock and provide the features of preferred shares,  
6 subject to pertinent laws and BSP and Securities and Exchange Commission (SEC)  
7 rules and regulations.

8 (b) The seventy-five million (75,000,000) common shares shall include: (1) the  
9 original five-hundred ten thousand (510,000) common shares subscribed and fully  
10 paid by the government for and in behalf of the World War II veterans and was already  
11 issued/transferred to the said veterans; (2) the stock dividends on common shares  
12 issued to the stockholders; (3) the common shares issued to the stockholders  
13 representing subscription on increases in the authorized capital stock, common,  
14 approved by the SEC as of the date of the effectivity of this Act. The unsubscribed  
15 balance shall be opened for subscription by the existing stockholders and the other  
16 veterans entitled to benefit from this Act as described in Section 6 (a) hereof. The  
17 twenty-five million (25,000,000) preferred shares shall include: (1) the original four  
18 hundred ninety thousand (490,000) preferred shares subscribed and fully paid by the  
19 veterans; (2) the stock dividends on preferred shares issued to the stockholders. The  
20 unsubscribed shares on increases in the authorized capital stock, preferred, approved  
21 by the SEC as of the date of the effectivity of this Act, shall be opened for subscription  
22 by the existing stockholders and the other veterans entitled to benefit from this Act  
23 as described in Section 6 (a) hereof. The transfer of the share/s of a veteran to the  
24 widow, orphan or compulsory heir of a veteran by way of succession or donation shall  
25 not be subject to tax. Shares may be opened for investment to nonveterans: *Provided,*  
26 That at all times the majority of both common and preferred shares shall be held by  
27 the veterans as defined under this Act.

28 (c) The Board of Trustees of the Veterans of World War II, provided for under  
29 Section 24 hereof, which was originally designated as such under Section 8 of Republic  
30 Act No. 7169, otherwise known as "An Act to Rehabilitate the Philippine Veterans  
31 Bank", shall continue to be the trustee of all issued but undelivered common and  
32 preferred shares.

1       **Sec. 6. Determination of Veterans Entitled to Benefit from this Act. –**

2       (a) The term "veteran or veterans" shall include primarily any person or persons  
3 who served in the regularly constituted air, land, or naval services or arms, or in such  
4 non-regularly organized military units in the Philippines during World War II, and  
5 whose services with such units are duly recognized by the Republic of the Philippines  
6 or by the government of the United States of America: *Provided*, that for the purposes  
7 of this Act, the term "veteran or veterans" also includes the widow, orphan or a  
8 compulsory heir of a deceased veteran, as determined by existing laws; and those  
9 veterans referred to under Republic Act No. 6948, as amended by Republic Act No.  
10 7696 and Republic Act No. 9396: *Provided*, That post-World War II veterans and AFP  
11 retirees shall enjoy the benefits and privileges provided under this Act after they have  
12 invested in Philippine Veterans Bank.

13       (b) The term "organized or acknowledged veterans' organizations " as used in this  
14 Act shall mean a veterans organization duly recognized or acknowledged as such by  
15 the Philippine Veterans Affairs Office (PVAO) and the Armed Forces of the Philippines  
16 (AFP); Both shall keep an official roster of such veterans organizations.

17       (c) The share of each beneficiary, war veteran or widow, orphan or compulsory  
18 heir of a deceased veteran, in the distribution of the benefits and in the ownership of  
19 shares, will be equal, regardless of rank and services rendered: *Provided*, That in the  
20 case of orphan or orphans of a deceased veteran, they shall be counted as one unit  
21 only and the share of all of them regardless of their number will be the same or equal  
22 to that of a surviving war veteran or surviving widow.

23       **Sec. 7. Loans, Investments, and Liabilities.** - The Veterans Bank is hereby  
24 authorized:

25       (a) To grant loans, advances, or other credit accommodations for the  
26 establishment, rehabilitation, expansion, or development of any agricultural,  
27 commercial or industrial enterprise, or personal service, including public utilities, in  
28 accordance with Republic Act No. 8791, the BSP rules and regulations, and under such  
29 terms as may be prescribed by the Board of Directors and that preference be given to  
30 applicants who are veterans as defined under Section 6 (a) hereof, subject to pertinent  
31 BSP rules and regulations;



1 (b) To invest in stocks and other investment instruments subject to Republic Act  
2 No. 8791, and the BSP rules and regulations;

3 (c) to issue bonds and other certificates of indebtedness subject to Republic Act  
4 No. 8791, and the BSP rules and regulations.

5 **Sec. 8. Qualification and Per Diems of the Board of Directors. –**

6 (a) The affairs and business of the Veterans Bank shall be directed and its property  
7 managed, controlled and preserved, unless otherwise provided in this Act, by a Board  
8 of Directors consisting of fifteen (15) members, five of whom shall be independent  
9 directors, who shall be elected as provided in Sec. 22 of Republic Act No. 11232. The  
10 Board of Directors shall be elected in proportion to the shareholdings of veterans and  
11 non-veterans. They shall have formal business training and/or experience in banking  
12 and finance and possess the qualifications and none of the disqualifications of directors  
13 as prescribed under the BSP rules and regulations, and shall be elected annually by  
14 the stockholders in the manner prescribed by Republic Act No. 11232: *Provided*, That  
15 unless otherwise allowed under BSP rules and regulations, no director, officer, or  
16 employee of any other bank shall be eligible as a member of the Board of Directors of  
17 the Veterans Bank, except for independent directors. The members of the Board of  
18 Directors shall receive a per diem or allowance for every meeting of the board actually  
19 attended by them, the amount of which shall be within the acceptable banking industry  
20 rates and shall be set in accordance with the pertinent provisions of Republic Act No.  
21 11232;

22 (b) The Board of Directors, shall upon a majority vote of all its members, elect its  
23 Chairperson, Vice-Chairperson, and Secretary, at such time and place as shall be  
24 provided for in its by-laws.

25 **Sec. 9. Powers and Functions of the Board of Directors.** -The Board of  
26 Directors shall:

27 (a) Formulate policies necessary to carry out effectively the provisions of this Act  
28 and adopt such by-laws rules and regulations for the effective operation of the Bank  
29 in conformity with this Act and other existing laws;

30 (b) Determine the organization of the Bank by creating the necessary departments  
31 or offices as are essential for the efficient operation of the bank;

1 (c) Subject to prior approval of the Monetary Board, establish branches or agencies  
2 in other countries; and

3 (d) Create an executive committee and such other committees as it may deem  
4 necessary and proper in the conduct of the business of the corporation, with  
5 composition, powers and duties as it may prescribe, subject to BSP rules and  
6 regulations, and act on all matters affecting general policies of the bank.

7 **Sec. 10. *President and Vice-Presidents; Appointment and Removal;***  
8 ***Salaries.*** - The chief operating officer of the Bank shall be the President who shall be  
9 chosen by the Board of Directors. The President shall be assisted by such number of  
10 Vice-Presidents who shall be elected and may be removed by the Board of Directors.  
11 The President and the Vice-Presidents shall possess practical experience in banking  
12 and finance as top executives, at least 10 years for the President and at least five (5)  
13 years for the Vice Presidents. The salaries of the President and the Vice-Presidents  
14 shall be reasonable, and shall be set and approved by the Board of Directors in  
15 accordance with applicable laws and sound corporate governance practices.

16 **Sec. 11. *Duties and Powers of the President.*** - The President of the Bank  
17 shall, among others, execute and administer the policies, measures, orders, and  
18 resolutions approved by the Board of Directors, and direct and supervise the operation  
19 and administration of the bank.

20 Particularly, the President shall have the power and duty to:

21 (a) Approve loans, investments, and other instruments in accordance with Republic  
22 Act No. 8791 and the existing BSP rules and regulations: *Provided*, That the total  
23 amount of such loans, investments and other instruments shall not exceed five (5%)  
24 per cent of the paid-up capital and surplus: *Provided, further*, That any loan,  
25 investment and other instrument in excess therewith shall be approved by the Board  
26 of Directors;

27 (b) Make, with the advice and consent of the Board of Directors, all contracts on  
28 behalf of the said Bank and enter into all necessary obligations that this Act requires  
29 or permits;

30 (c) Report monthly to the Board of Directors the main facts concerning the  
31 operations of the Bank during the preceding month and to suggest changes in rates  
32 of discount of interest, exchange, or policy which to him may seem best; and

1 (d) Exercise such other powers and perform such other duties as may be directed  
2 by the Board of Directors from time to time.

3 **Sec. 12. *Legal Counsel.*** - The Veterans Bank shall have its own legal  
4 department, the chief and members of which shall be appointed by the Board of  
5 Directors. The Board may engage the professional services of private external legal  
6 counsel whenever deemed necessary.

7 **Sec. 13. *Bank Auditor Reports.*** - The Veterans Bank shall have its own auditing  
8 department, the head of which shall be appointed by the Board of Directors preferably  
9 from among recognized veterans or their heirs of good standing who are certified  
10 public accountants and with actual experience in the work of a comptroller or auditor.  
11 The auditor shall not suffer any diminution in salary during the auditor's term of office,  
12 and may not be removed except for cause.

13 The auditor shall make a report to the Board of Directors and to government  
14 regulatory authorities on the condition of the bank. The Board of Directors shall set  
15 the frequency of submission of the auditor's report to the Board, subject to BSP rules  
16 and regulations.

17 **Sec. 14. *Appointments, Removal and Salaries of other Bank Officers.*** - All  
18 other officers of the Bank shall be appointed and removed by the Board of Directors  
19 upon recommendation of the human resources committee of the Board: *Provided,*  
20 however, That all other circumstances being equal, preference in the appointment of  
21 said Bank officers shall be given to veterans, or their widows, orphans or compulsory  
22 heirs, who must likewise possess the qualifications, integrity, experience and expertise  
23 in banking and finance under pertinent BSP rules and regulations. Said officers shall  
24 have duties and compensation which shall be set by the human resources committee  
25 with the approval of the Board of Directors.

26 **Sec. 15. *Supervision and Examination of the BSP.*** - The Veterans Bank shall  
27 be subject to supervision and examination by the BSP in accordance with Republic Act  
28 No. 7653 otherwise known as the "New Central Bank Act", as amended, and Republic  
29 Act No. 8791.

30 **Sec. 16. *Prohibition Against Owning Stock in or Incurring Indebtedness***  
31 ***to the Bank.*** - The Secretary of Finance, the Governor of the BSP, all other members  
32 of the Monetary Board, and the Head of the Auditing Department of the Veterans

1 Bank, except if the said Head of the Auditing Department is a veteran stockholder or  
2 heir, are hereby prohibited from owning stock in the Veterans Bank, or from becoming  
3 indebted to said bank, directly or indirectly.

4 **Sec. 17. Loans to Officers, Directors, and Employees; Restriction and**  
5 **Limitation.** - The Veterans Bank shall not directly or indirectly grant loans to any  
6 director, officer, employee, or agent of the bank, and no loans shall be granted to a  
7 corporation, partnership, or company wherein any member of the Board of Directors  
8 is a shareholder, agent or employee in any manner, except by the unanimous vote of  
9 the members of the Board present in a meeting, excluding the interested member:  
10 *Provided*, That the total liabilities to the Bank of any corporation wherein any member  
11 of the Board of Directors of the Veterans Bank is a shareholder, agent or employee in  
12 any manner, shall at no time exceed five (5%) per centum of the surplus and paid-up  
13 capital of the bank.

14 **Sec. 18. Authority to Purchase and Own Such Real Estate as May Be**  
15 **Necessary for the Purpose of Carrying On its Business.** - The Veterans Bank is  
16 hereby authorized to hold such real estate as it may find necessary to acquire in the  
17 collection of debts due to the said Bank or to its branches: *Provided*, That the real  
18 estate acquired in the collection of debts shall be sold by the Bank within five (5) years  
19 after the date of its acquisition.

20 **Sec. 19. Right of Redemption of Property Foreclosed.** - The mortgagor shall  
21 have the right, within one (1) year after the sale of the real estate as a result of the  
22 foreclosure of a mortgage, to redeem the property by paying the amount fixed by the  
23 court in the order of execution, with interest thereon at the rate specified in the  
24 mortgage, and all the costs and other judicial expenses incurred by the Bank by reason  
25 of the execution and sale, and for the custody of said property.

26 **Sec. 20. Right to Demand Additional Securities; Disposal of Same**  
27 **Securities; Advanced Maturity of Credits; Right to Collect Deficiency.** - The  
28 right of Veterans Bank to demand additional securities, dispose of the same, advance  
29 the maturity of credits in case of loss or decline in the market value of the collaterals,  
30 default or non-performance of obligation by the debtor, and collect deficiency, if any,  
31 for loans and other credit accommodations granted under or against securities and  
32 collaterals, shall be subject to the provisions of Republic Act No. 8791 and other

1 applicable laws on collaterals, mortgage, foreclosure and redemption, and their  
2 implementing rules and regulations.

3 **Sec. 21. Action to Collect Balance of Indebtedness.** - If the proceeds of the  
4 sale of securities held as collateral for loans by said Bank do not cover the full amount  
5 of the loan, together with the interest and other charges thereon, the Bank may  
6 proceed against the debtor for the difference: *Provided*, That any amount exceeding  
7 the full indebtedness to the Bank shall be paid to the debtor.

8 **Sec. 22. Prohibition Against Charging Fees in Securing Loans; Penalties**  
9 **for Violation.** - No fee, charge or commission in any form shall be exacted,  
10 demanded, or paid, for obtaining loans, directly or indirectly, by any director, officer,  
11 employee, or agent of the Veterans Bank. Any director, officer, employee or agent so  
12 exacting, demanding or receiving any fee for the service or for the use of the influence  
13 in obtaining a loan shall be punished by a fine of not exceeding One hundred thousand  
14 pesos (P100,000.00) or by imprisonment of not more than five (5) years, or both, at  
15 the discretion of the court.

16 **Sec. 23. Allocation of Net Profit and Unrestricted Retained Earnings.** - At  
17 the close of each calendar year, the Bank shall include in the determination of its net  
18 profit the provisions for impairment allowances, in accordance with pertinent BSP rules  
19 and regulations, and the net profit arrived thereat shall be allocated, as follows:

20 (a) Twenty per cent (20%) of such net profit shall accrue to the reserve account;

21 (b) From the remaining amount of the net profit after deducting the amount  
22 accrued to the reserve account shall be deducted the guaranteed earnings of the  
23 preferred shares and the ten (10%) per cent dividends on common shares: *Provided*,  
24 however, That the declaration of these dividends shall be out of the unrestricted and  
25 free retained earnings in accordance with the pertinent provisions of Republic Act No.  
26 11232, Republic Act No. 8791, and the BSP rules and regulations;

27 Thereafter, twenty per cent (20%) of the net profit after deducting the guaranteed  
28 earnings of the preferred shares and the 10% dividends on common shares, or the  
29 amount of thirty million pesos (P30,000,000.00), whichever is lower shall be paid in  
30 cash to the Board of Trustees of the Veterans of World War II (BTVWWII) as  
31 hereinafter provided in Section 24 hereof for disposition and shall be available for  
32 'grants-in-aid' to veterans, their widows; orphans, or compulsory heirs, for

1 educational, social, charitable, and rehabilitation purposes, to organizations doing  
2 service for the cause of the veterans, and for such other purposes beneficial to the  
3 veterans, which maximum limit may be increased upon mutual agreement between  
4 Veterans Bank and the BTVWWII: *Provided*, That the latter shall render an accounting  
5 of the funds received from the former and shall be audited annually by a reputable  
6 external auditing firm.

7 The remaining profits shall be at the disposition of the Board of Directors of  
8 Veterans Bank in accordance with the pertinent provisions of Republic Act No. 11232,  
9 Republic Act No. 8791, and the BSP rules and regulations.

10 **Sec. 24. Board of Trustees of the Veterans of World War II to be**  
11 **Reorganized as Board of Trustees of Veterans.** - When the shareholdings of the  
12 post-World War II veterans and AFP retirees have surpassed the shareholdings of the  
13 veterans of World War II and their compulsory heirs, then the Board of Trustees of  
14 the Veterans of World War II shall be reorganized into the Board of Trustees of  
15 Veterans as defined in Sec. 6(a) of this Act. It shall consist of eleven (11) members  
16 who shall be elected from among all the veterans by the stockholders of the Veterans  
17 Bank in its annual stockholders meeting. Immediately after their election, the  
18 members of the Board of Trustees shall elect from among themselves a Chairperson  
19 and a Vice-Chairperson. The members of the Board of Trustees shall serve without  
20 compensation other than actual and necessary expenses incurred either in attendance  
21 upon meetings of the board or upon other official business authorized by resolution  
22 thereof: *Provided*, however, That a vote of the majority of all the members shall be  
23 necessary to authorize the disposal of the funds held by the board.

24 The Board of Trustees shall appoint a Secretary and such other necessary officials  
25 and employees. The compensation of these officials and employees shall be  
26 reasonable and in accordance with applicable laws and sound corporate governance  
27 practices. All the powers, privileges, duties and responsibilities of the previous Board  
28 of Trustees of Veterans of World War II shall be transferred to the new Board of  
29 Veterans.

30 **Sec. 25. Term of Legal Existence.** - The legal existence of the Bank under this  
31 Act shall be perpetual in accordance with Section 11 of Republic Act No. 11232.

1       **Sec. 26. Prohibition Against the Use of the Word "Veterans"; Penalty for**  
2 **Violation.** - All banks other than the Veterans Bank, and such other banks now  
3 licensed to do business in the Philippines whose names already include the word  
4 "veterans" are prohibited from using the word "veterans" as a part of their names or  
5 titles. Any party violating this provision shall be subject to a fine of not less than Ten  
6 Thousand Pesos (P10,000.00) for each day during which said violation is committed  
7 or repeated, which penalty shall be enforced by the Veterans Bank.

8       **Sec. 27. Penalties for Violation of the Provisions of this Act.** - Any director,  
9 officer, employee, or agent of the Bank who violates or permits the violation of any of  
10 the provisions of this Act, or any person aiding or abetting the violation of any provision  
11 of this Act, shall be punished by a fine not exceeding One hundred thousand  
12 (P100,000.00) pesos or imprisonment of not more than five (5) years, or both, at the  
13 discretion of the court.

14       **Sec. 28. Authority to Receive Deposit of the Government Funds as an**  
15 **Official Government Depository.** - The Secretary of Finance, the National  
16 Treasurer, and their authorized representatives, all city and municipal treasurers as  
17 well as official custodians of public funds, or those belonging to government owned  
18 or controlled corporations are hereby authorized, if they so desire, to make and  
19 actually maintain deposits of any government or corporate fund with the Veterans  
20 Bank, which is hereby declared to be an official government depository.

21       **Sec. 29. Articles of Incorporation.** - Upon its approval, this Act shall be deemed  
22 and accepted, for all legal intents and purposes, as the statutory article of  
23 incorporation or charter of the Veterans Bank; and that, notwithstanding the  
24 provisions of any existing law to the contrary, said Bank shall continue to be deemed  
25 registered and duly authorized to do business and operate as a private commercial  
26 bank as of the date of approval of this Act.

27       **Sec. 30. Separability Clause.** - If any provision of this Act is held  
28 unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

29       **Sec. 31. Repealing Clause.** - Republic Act No. 3518, as amended, is hereby  
30 repealed. The provisions of Republic Act No. 7169 and the existing Articles of  
31 Incorporation of the Veterans Bank approved by the BSP and the SEC which are  
32 inconsistent with any of the provisions of this Act are hereby repealed or modified

1 accordingly: *Provided*, That insofar as not inconsistent with this Act, the operations  
2 and changes in the capital structure of the Veterans Bank, the upgrade or downgrade  
3 of its license, and change of its principal office address as well as other amendments  
4 to its Articles of Incorporation and By-Laws, shall be in accordance with Republic Act  
5 No. 11232, Republic Act No. 8791, and other related laws. The provisions of the  
6 existing by-laws of Veterans Bank approved by the BSP and the Securities and  
7 Exchange Commission which are inconsistent with any of the provisions of this Act are  
8 hereby repealed or modified accordingly. All laws, acts, executive orders,  
9 administrative orders, proclamations, rules and regulations or parts thereof  
10 inconsistent with any of the provisions of this Act are hereby repealed or modified  
11 accordingly.

12 **Sec. 32. Effectivity.** - This Act shall take effect fifteen (15) days after its  
13 publication in the Official Gazette or in a newspaper of general circulation in the  
14 Philippines.

*Approved,*