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SUMMARY OF SENATE BILL ON SECOND READING* Third Regular Session, Eighteenth Congress

S. NO. 2368 AN ACT PROVIDING FOR THE REVISED CHARTER OF THE PHILIPPINE VETERANS BANK, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 3518, AS AMENDED
(In Substitution of S.B. No. 2139, taking into consideration House Bill No. 8164)

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Referred to: Committee on Banks, Financial Institutions and Currencies

Key words: veteran, capital stock, board of trustees, government depository, commercial bank

This bill revitalizes the Philippine Veterans Bank (PVB) by increasing its capital stock, expanding its investor-beneficiary base by qualifying post-World War II (WWII) veterans, strengthening its organizational structure, and establishing it as a government depository while maintaining its status as a private commercial bank.

This measure provides PVB with corporate powers and functions. Further, it provides PVB with a capital stock of Ten Billion pesos (P 10,000,000,000.00) to be divided into seventy-five million (75,000,000) common shares and twenty-five million (25,000,000) preferred shares with a par value of one hundred pesos (P 100.00) each. The Board of Directors of PVB shall be empowered to increase the authorized capital stock and provide features of preferred shares subject to pertinent laws, the rules and regulations of the Bangko Sentral ng Pilipinas (BSP), and the Securities and Exchange Commission (SEC).

With the increase in capital stock, both shares- common and preferred, shall now have unsubscribed balances each. These shall be opened for subscription by the existing stockholders and other veterans entitled to benefit from this measure. Shares may be opened for investment to non-veterans; however, majority of both types of shares shall be held by veterans. The transfer of the share/s of the veteran to the widow/ orphan or compulsory heir of a veteran through succession or donation shall not be subject to tax.

The term “veteran” or “veterans” shall now include post-WWII veterans and the retirees of Armed Forces of the Philippines (AFP). They shall enjoy the benefits and privileges under this measure, after they have invested in the PVB. The term “veteran” or “veterans” shall also include the widow/ orphan or compulsory heir of a deceased veteran as determined by existing laws and those veterans referred to under Republic Act (RA) Nos. 6948, 7696 and 9396.

PVB shall have a Board of Directors (BOD) composed of fifteen (15) members, five (5) of whom shall be independent directors, who shall be elected as provided in Sec. 22 of RA No. 11232. The BOD shall be elected in proportion to the shareholdings of veterans and non-veterans. The BOD shall appoint the president of PVB who shall be the concurrent chief operating officer (COO). He/ she shall be assisted by vice-presidents, who shall be elected by the BOD. The PVB shall have its own legal department and an auditing department. The chief and members of the former shall be appointed by the BOD. Likewise, the head of the auditing department shall be appointed by the BOD.

Under this measure, PVB shall retain the Board of Trustees of the Veterans of World War II (BTVWWII) as provided in RA 7169 or the “Act to Rehabilitate the Philippine Veterans Bank”. BTVWWII shall continue to be the trustee of all issued but undelivered common and preferred shares, until such time when post-WWII veterans and AFP retirees have surpassed the shareholdings of WWII veterans. At this point, the BTVWWII shall be reorganized as the Board of Trustees of Veterans. Thus, all powers, privileges and responsibilities of BTVWWII shall be transferred to the new Board of Trustees of Veterans.

This bill provides that PVB shall be a government depository and a private commercial bank. All branches of government- both national and local, government-owned and controlled corporations are authorized to make and maintain deposits with the PVB, should they opt to do so. Concurrently, PVB shall be deemed registered and duly authorized to do business and operate as a private commercial bank.

This measure sets a prohibition on the use of the word “veterans” in all other banks except the PVB, including those banks currently using said term in their names or titles. Violators shall be fined in the amount of not less than ten thousand pesos (P 10,000.00) for each day of violation. Penalty shall be enforced by the PVB.

Officials, employees and agents of PVB and other persons who violate or permit the violation of any provision in this measure shall be fined in the amount of not more than one hundred thousand pesos (P100,000.00) or imprisonment of not more than five (5) years or both.

(Summary prepared by: Ma. Trinidad D. Llorito, 2 September 2021)