



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 2418

Introduced by Hon. Felimon M. Espares

AN ACT
CONDONING THE PENALTIES ON THE LOANS SECURED BY THE NETWORK
CONSOLIDATED COOPERATIVE BANK, FORMERLY THE COOPERATIVE
BANK OF LEYTE, INC., FROM THE AGRICULTURAL CREDIT POLICY
COUNCIL IN THE YEAR 1997

EXPLANATORY NOTE

This bill seeks to condone the penalties imposed on the loans secured by the Network Consolidated Cooperative Bank (NCCB) from the Agricultural Credit Policy Council (ACPC) in the year 1997.

The NCCB was the first and largest consolidation of six (6) cooperative banks, including the Cooperative Bank of Leyte, Inc. (CBLI), under the Strengthening Program for Cooperative Banks of the *Bangko Sentral ng Pilipinas*. It was organized to establish a national cooperative bank with a more solid capital position, stronger management and a wider network to deepen its reach into the countryside and serve as a preferred banking window of choice for the network of cooperatives that provides necessary financial services to hundreds of cooperative organizations.

In 1997, the CBLI secured two (2) loans from ACPC under the expanded Cooperative Bank Assistance Program, each loan amounting to One million pesos (P1,000,000.00). CBLI failed to pay the loans on time thus, they incurred interests and penalties. Upon the consolidation of the banks, NCCB assumed the loans and liabilities of CBLI, including the ACPC loan. The NCCB then requested the ACPC that it be allowed to pay only the principal and interests of the loans and asked for the condonation of the penalties amounting to Three million six hundred three thousand three hundred eighty-six pesos and ninety-nine centavos (P3,603,386.99) since it has not yet recovered from its losses. The ACPC allowed the condonation of the penalties subject to the payment of the principal and interests, which was accomplished by the NCCB in 2017. Thereafter, the NCCB applied for the condonation of the penalties to extinguish its remaining obligation on the two loans.

Considering the payments made on the principals and interests of the loans, the ACPC recommended the approval of the request for condonation which the Commission on Audit (COA), in the exercise of its power to compromise or release any liability to the government, approved the same in its Decision No. 2022-300 dated 24 January 2022. Thereafter, the COA endorsed the request for condonation to the Office of the President through the Executive Secretary. In a memorandum dated 07 June 2023, the Office of the President recommended the approval of the condonation of penalties on the principal loans of NCCB, subject to the full payment of the principal and interests of the remaining loans and endorsed the request to Congress. This is pursuant to Section 36 of Presidential Decree 1445 and Section 20 (1), Chapter 4, Subtitle B, Title 1, Book V of the Administrative Code of 1987 which requires the approval of Congress, through the recommendation of the COA and the Office of the President, for the compromise or release of any liability to the government exceeding One hundred thousand pesos (P100,000.00).

The condonation of the penalties will allow NCCB to continue its mission of developing communities through the delivery of innovative, accessible, and highly competitive banking products and services. Further, it will also give a chance to NCCB to pursue its objective of being a financially safe and sound consolidated cooperative bank.

In view of the foregoing, the approval of this bill is earnestly sought.



FELIMON M. ESPARES



Republic of the Philippines
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Nineteenth Congress
Second Regular Session

HOUSE BILL NO. **2418**

Introduced by Hon. Felimon M. Espares
COOP-NATCCO PARTY LIST

AN ACT
CONDONING THE PENALTIES ON THE LOANS SECURED BY THE NETWORK
CONSOLIDATED COOPERATIVE BANK, FORMERLY THE COOPERATIVE
BANK OF LEYTE, INC., FROM THE AGRICULTURAL CREDIT POLICY
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Pursuant to Section 20 (1), Chapter 4, Subtitle B, Title 1, Book V of Executive Order No. 292, otherwise known as the Administrative Code of 1987, the unpaid penalties in the total amount of Three million six hundred three thousand three hundred eighty-six pesos and ninety-nine centavos (P3,603,386.99) that accrued on the two loans secured by Network Consolidated Cooperative Bank, formerly the Cooperative Bank of Leyte, Inc., from the Agricultural Credit Policy Council in 1997, with a principal amount of P1,000,000.00 each, are hereby condoned.

SEC. 2. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,