

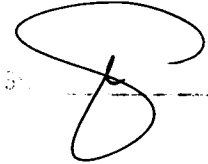
NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

24 SEP 24 P5:58

SENATE

S. No. 2839

RECEIVED



Introduced by SENATOR MARK A. VILLAR

**AN ACT PROVIDING FOR A NEW CHARTER FOR THE
LAND BANK OF THE PHILIPPINES, REPEALING FOR THE PURPOSE
SECTIONS 74 TO 100 OF REPUBLIC ACT NO. 3844, AS AMENDED,
OTHERWISE KNOWN AS THE "AGRICULTURAL REFORM CODE OF 1963"**

EXPLANATORY NOTE

In 1963, Republic Act No. 3844 created the Land Bank of the Philippines (LBP) to play a crucial part in the shift in agrarian reform policies. Since then, its role has evolved to include commercial banking functions, direct credit support for agrarian reform beneficiaries, and more recently, economic recovery efforts from the COVID-19 pandemic. These reforms were brought about by numerous laws and issuances, including, among others, Presidential Decree No. 251, Executive Order Nos. 816, series of 1982 and 405, series of 1990, and Republic Act Nos. 6657, 7907, and 11494.

LBP has consistently promoted countryside development while maintaining financial viability as one of the leading government financial institutions. In the first quarter of 2024, it generated twelve billion pesos (12 billion pesos) in revenue, surpassing its eleven point three billion pesos (11.3 billion pesos) net income target, with assets increasing by five percent (5%) to three point three trillion pesos (3.3 trillion pesos) and deposits growing by four percent (4%) to two point nine trillion pesos (2.9 trillion pesos). By August 2024, LBP dedicated fifty-nine point seventy-nine percent (59.79%) of its total loan portfolio, or seven hundred twenty-seven point eighty-seven billion pesos (727.87 billion pesos), to agriculture, fisheries, and rural development.

Recognizing LBP's significant and expanding role in the economy, it is essential for it to adopt a stand-alone charter that realigns its mandate with its current functions that extends beyond agrarian reform. Particularly, the bill increases its authorized capital stock, streamlines the process of its bond issuances, and allows the possibility of an Initial Public

Offering of its shares, in order to enhance its access to capital. The bill also aims to diversify its Board by designating the Secretary of the National Economic and Development Authority as an *ex-officio* member and adding three (3) independent directors, broadening its decision-making capabilities to better address challenges and opportunities in the banking industry.

Ultimately, this bill seeks to enhance its financial stability, operational agility, and market competitiveness. This ensures that it continues to be a catalyst of sustainable development and meets the financing requirements of small farmers, fishers, and crucial sectors that create employment and propel robust economic growth.

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

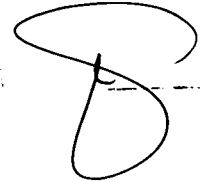


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**AN ACT PROVIDING FOR A NEW CHARTER FOR THE
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SECTIONS 74 TO 100 OF REPUBLIC ACT NO. 3844, AS AMENDED,
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Short Title.* – This Act shall be known as "*An Act Providing for a New*
2 *Charter for the Land Bank of the Philippines*".

3 Sec 2. *Declaration of Policy.* – It is the policy of the State to provide support
4 to agriculture through adequate financial, production, marketing, and other support
5 services, to promote countrywide development, and to strengthen the powers and
6 functions of its premier government financial institutions that deliver much needed
7 funding and financial services for sustained economic growth.

8 The State recognizes the role of government financial institutions in the pursuit
9 of meaningful and comprehensive agrarian reform and catalyzing economic
10 development by servicing small farmers and fishers, local government units, micro,
11 small and medium enterprises (MSMEs), and other sectors that generate employment
12 and drive economic growth.

13 Sec. 3. *Name and Corporate Existence.* – The Land Bank of the Philippines,
14 hereinafter referred to as the Bank, created under Republic Act No. 3844, as amended,
15 or the "Agricultural Land Reform Code," shall henceforth operate under the provisions

1 of this Act. The Bank shall continue to exist as a body corporate and shall have
2 perpetual existence from the date of effectivity of this Act. The Governance
3 Commission for the Government-Owned or -Controlled Corporations (GCG) shall not
4 be precluded from evaluating the performance and determining the relevance of the
5 Bank as a government-owned or -controlled corporation (GOCC) in accordance with
6 Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011".

7 *Sec. 4. Primary Objective of the Bank.* – The Bank, as a government financial
8 institution, shall pursue its social mission of spurring countryside development and be
9 responsible for broad-based agricultural, rural, and industrial development while
10 promoting financial inclusion by providing banking services to rural financial
11 institutions, small farmers, fisherfolk, agrarian reform beneficiaries (ARBs), and
12 agricultural and industrial enterprises and by granting loans to finance agricultural
13 projects and the national government's development projects: *Provided,* That the Bank
14 shall pursue its objectives with utmost consideration to its financial viability,
15 operational agility, and market competitiveness to effectively participate in national
16 development and the attainment of meaningful and inclusive economic growth. The
17 Bank shall also adopt policies on digitalization to improve operational efficiency and
18 governance while promoting financial inclusion.

19 *Sec. 5. Principal Office, Branches, and Other Offices.* – The Bank's principal
20 office and place of business shall be in Metro Manila. It may open and maintain
21 branches and agencies in accordance with applicable regulations of the Bangko Sentral
22 ng Pilipinas (BSP).

23 *Sec. 6. Corporate Powers.* – In addition to the general powers of a corporation
24 under Republic Act No. 11232, otherwise known as the "Revised Corporation Code of
25 the Philippines", the Bank shall have the power to:

26 (a) Adopt, amend, or change its By-laws; to adopt, alter and use a seal; to
27 lease or own real and personal property and to sell or otherwise dispose of the same;
28 to enter into contracts; to sue and be sued; and to exercise the general powers of a
29 corporation mentioned in the R.A. No. 11232, including the power to acquire or
30 establish subsidiaries registered with the Securities and Exchange Commission (SEC)
31 with the right to receive dividends from such subsidiaries in accordance with Section
32 28 hereof;

1 (b) To determine its operating policies, and issue such rules and regulations
2 as may be necessary;

3 (c) Hold, purchase, acquire and own real and personal property, introduce
4 necessary improvements thereon to enhance and develop their social and economic
5 value, and to sell, mortgage or otherwise dispose of the same;

6 (d) Make contracts, negotiate and secure loans from both local and foreign
7 sources: *Provided*, That before undertaking such credit operation, the Bank, through
8 the Secretary of Finance, shall request the opinion of the Monetary Board of the BSP
9 on the monetary implications of the contemplated action. All loans from foreign
10 sources shall be subject to approval by the President of the Philippines and shall be
11 fully guaranteed by the Philippine Government;

12 (e) Grant short, medium and long-term loans and advances against security
13 of real estate or other acceptable assets for the establishment, development or
14 expansion of agricultural, industrial, home building or home financing projects and
15 other productive enterprises;

16 (f) Grant loans to farmers' cooperatives and associations to facilitate farm
17 production, marketing of crops and acquisition of essential commodities;

18 (g) Underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or
19 otherwise invest or reinvest in stocks, bonds, debentures, securities and other
20 evidences of indebtedness and ownership of other corporations and the government
21 or its instrumentalities which are issued for or in connection with any project or
22 enterprise;

23 (h) Obtain Director's and Officers' Liability Insurance (DOLI) from the
24 Government Service Insurance System (GSIS) or other reputable insurance companies
25 duly accredited by the appropriate regulatory body, without prejudice to the right of
26 the Bank, as may be determined by its Board of Directors;

27 (i) Borrow from, or rediscount notes, bills of exchange and other credit
28 instruments with the BSP subject to the provisions of Republic Act No. 7653, as
29 amended, otherwise known as "The New Central Bank Act", and relevant BSP rules
30 and regulations;

31 (j) Accept and manage trust funds and properties and carry on the business
32 of a trust corporation;

1 (k) Provide continuing assistance through credit and capacity building to
2 farmers and fishers cooperatives, associations and organizations nationwide;

3 (l) Act as official government depository with authority to maintain deposits
4 and deposit substitutes of the National Government, its agencies, bureaus and
5 instrumentalities, and GOCCs, LGUs, and autonomous regions, as well as other
6 territorial and political subdivisions, subject to such rules and regulations as the
7 Monetary Board may prescribe;

8 (m) Engage in financial leasing of movable and immovable properties in
9 connection with government projects;

10 (n) Dispose of its acquired assets;

11 (o) Offer and issue common and preferred shares of stocks in such manner
12 and in such quantities as approved by the Secretary of Finance upon the
13 recommendation of the Board and in accordance with applicable laws, rules and
14 regulations. The preferred shares shall be non-voting. Other features of preferred
15 shares shall be determined by the Board in accordance with applicable laws and
16 regulations; and

17 (p) Exercise all such powers and services as may be necessary to carry out
18 the business of a bank under Republic Act No. 8791, otherwise known as "The General
19 Banking Law of 2000," subject to the existing rules and regulations of the Monetary
20 Board of the BSP, in order to perform its mandate under this Act;

21 Unless otherwise provided for in this Act, the exercise of the above-mentioned
22 powers shall be subject to applicable laws, rules and regulations as well as regulations
23 promulgated by the BSP.

24 *Sec. 7. Authorized Capital Stock - Par Value.* – The capital stock of the Bank
25 shall be One Trillion Pesos (Php1,000,000,000,000.00) to be divided into Ten Billion
26 (10,000,000,000) shares, with par value of One Hundred Pesos (Php100.00) per share.
27 The Board shall determine the classification of shares, their corresponding rights,
28 privileges, or restrictions, if any: *Provided*, That, the National Government shall own,
29 at all times, seventy percent (70%) of the total outstanding capital stock of the Bank;
30 *Provided, further*, That the Bank may allocate part or all of its unrestricted retained
31 earnings towards paying for the capitalization of the Bank.

1 Two Hundred Billion pesos (Php200,000,000,000.00) or twenty percent (20%)
2 of the authorized capital stock of the Bank, shall be subscribed and One Hundred Sixty-
3 Three Billion Seven Hundred Eighty-Seven Million Seven Hundred Eleven Million Three
4 Hundred Eight pesos (Php163,787,711,308.00) or at least eighty one and 89/100
5 percent (81.89%) of the total subscription shall be paid up by the National
6 Government.

7 When dividends are declared for stockholders, the dividend due to the National
8 Government shall at all times be in proportion to its ownership of the Bank.

9 *Sec. 8. Investment by Government-Owned or Controlled Corporations.* – The
10 provisions of their respective charters to the contrary notwithstanding, all GOCCs,
11 including government financial institutions, are authorized to invest in shares of stock
12 of the Bank.

13 *Sec. 9. Voting of Shares.* – The voting power of all the common shares of stock
14 of the Bank owned and controlled by the government shall be vested in the President
15 of the Philippines or in any *ex-officio* member of the Board.

16 *Sec. 10. Issuance of Bonds, Eligible Capital Instruments, and other Securities.*
17 – The Bank may issue all kinds of bonds, notes, debentures, other evidence of
18 indebtedness, derivatives, commodities, negotiable instruments, eligible capital
19 instruments and other securities, and the renewal or refunding thereof within and/or
20 outside the Philippines, at such terms, rates, and conditions as the Board of Directors
21 may determine. Such issuance shall be subject to compliance with the provisions of
22 applicable laws, and rules and regulations promulgated by the Monetary Board of the
23 BSP.

24 The Bank shall acquire, assign, or otherwise dispose of marketable securities
25 and other debt instruments which are essential to the effective conduct of its general
26 banking activities.

27 The Bank shall provide for appropriate reserves, as necessary, for the
28 redemption or retirement of the foregoing. These bonds and other obligations shall be
29 redeemable at the option of the Bank at or before maturity and in such manner as
30 may be stipulated therein and shall bear such rate of interest as may be fixed by the
31 Bank.

1 Such obligations shall be secured by the assets of the Bank, including stocks,
2 bonds, debentures, and other securities purchased or held by it under the provisions
3 of this Act, as necessary to ensure the successful issuance of such obligations. These
4 bonds and other obligations may be long-, medium-, or short-term, with a fixed or
5 floating interest rate.

6 Sec. 11. *Board of Directors, Composition, Tenure, and Per Diems.* – The powers
7 and functions of the Bank shall be vested in and exercised by a Board of Directors
8 which shall be composed of nine (9) members as follows:

9 (a) The Secretary of Finance who shall be the *ex-officio* Chairperson of the
10 Board;

11 (b) The President of the Bank as Vice Chairperson;

12 (c) The Secretary of Agriculture as an *ex-officio* member;

13 (d) The Secretary of Agrarian Reform as an *ex-officio* member;

14 (e) The Secretary of Labor and Employment as an *ex-officio* member;

15 (f) The Secretary of the National Economic and Development Authority as
16 an *ex-officio* member; and

17 (g) Three (3) independent directors to be appointed by the President of the
18 Philippines in accordance with the appointment process and the Fit and Proper Rule
19 under Republic Act No. 10149, wherein one (1) shall represent the agricultural sector
20 and two (2) shall represent the private sector, preferably with expertise in finance,
21 economics, and banking.

22 The *ex-officio* directors may each designate an alternate, who shall be an official
23 with a rank not lower than Assistant Secretary.

24 The Chairperson shall preside over the meetings of the Board. In case the
25 Chairperson is absent or incapacitated, the President shall act as Chairperson and
26 preside over meetings of the Board. In case of incapacity or absence of both the
27 Chairperson and the Vice-Chairperson, the Board shall designate a temporary
28 chairperson from among its members.

29 No person shall be elected or appointed director of the Bank unless such person
30 is a Filipino citizen, of good moral character, and has attained proficiency, expertise
31 and recognized competence in one (1) or more of the following: banking, finance,
32 economics, law, agriculture, agrarian reform, business management, governance,

1 sustainability, digital transformation, rural economy, banking, co-operation, small-
2 scale industry, information technology, and information security.

3 Except for the President, no incumbent officer or employee of the Bank may be
4 appointed as a member of the Board; nor shall any incumbent officer of any other
5 bank be eligible as a member of the Board.

6 The term of office of the independent directors shall be for a period of one (1)
7 year or until such time that their successors are appointed and have qualified.
8 Appointment to any vacancy shall be only for the unexpired term of the predecessor,
9 pursuant to Republic Act No. 10149.

10 The compensation, per diems, allowances, incentives, and other benefits, for
11 the members of the Board shall be subject to the provisions of R.A. No. 10149.

12 *Sec. 12. Powers and Duties of the Board of Directors.* – The Board shall have
13 the authority to:

14 (a) Formulate policies necessarily to effectively carry out the provisions of
15 this Act and to prescribe, amend, and repeal by-laws, rules, and regulations for the
16 effective operation of the Bank, the conduct of its general business and the exercise
17 of powers granted by law to the Bank;

18 (b) Decide on matters concerning loans, other credit accommodations,
19 guarantees issued or obtained by the Bank, and prescribe the terms and conditions
20 on the rates of interest, investments, borrowings, provision of technical assistance,
21 and other financial activities of the Bank, in accordance with the provisions of this Act,
22 applicable banking laws, and regulations promulgated by the Monetary Board:
23 *Provided,* That the Board may delegate the authority to approve loans, other credit
24 accommodations, and guarantees to such officers as may be deemed necessary;

25 (c) Adopt an annual budget upon the recommendation of the President for
26 the effective operation and administration of the Bank;

27 (d) Compromise or release, in whole or in part, any claim or settled liability
28 to the Bank regardless of the amount involved, under such terms and conditions it
29 may impose to protect the interests of the Bank. This authority to compromise shall
30 extend to claims against the Bank: *Provided,* That, the Board may delegate the
31 authority to compromise or release any claim or settled liability to the President or
32 such other officers of the Bank as may be deemed necessary;

1 (e) Establish such branches, agencies and other offices which the Board shall
2 determine to be necessary and convenient, consistent with the provisions of this Act
3 and the existing banking laws and regulations promulgated by the Monetary Board of
4 the BSP: *Provided, That*, the Board may delegate the authority to approve loans,
5 other credit accommodations and guarantees to such officers as may be deemed
6 necessary;

7 (f) Notwithstanding any law to the contrary, adopt an organizational
8 structure, staffing pattern and personnel qualification standards of the Bank and to
9 reorganize, rationalize and restructure the same, or realign the various functions in
10 the Bank to ensure effective accomplishment of its mandates and strategic goals, the
11 alignment of its organizational structure and staffing pattern with industry standards,
12 and its responsiveness to regulatory requirements, subject to the provisions of R.A.
13 No. 10149, to meet the demands, maintain service quality, and support the expansion
14 of the developmental mandate of the Bank;

15 (g) Design, adopt and revise, as it may deem necessary, an early separation
16 plan for employees of the Bank to ensure the availability of a human resource pool
17 qualified and capable of implementing the Bank's authorities under this Charter in a
18 manner responsive and attuned to market developments, and to provide incentives
19 for those who shall be separated from the service, subject to the provisions of R.A.
20 No. 10149;

21 (h) Maintain, manage, and operate the existing "Provident Fund" of the
22 Bank, which shall consist of contributions, made both by the Bank and its officers or
23 employees, to a common fund for the payment of benefits to such officers and
24 employees, or their heirs, under such terms and conditions consistent with R.A. No.
25 10149;

26 (i) Perform other functions, duties and responsibilities necessary, related
27 and incidental to the above-mentioned powers and functions.

28 The Board shall exercise its powers in a manner consistent with the principles
29 of transparency, fairness and accountability: *Provided, That*, the Board may delegate
30 its powers to the President as may be deemed necessary.

31 *Sec. 13. President and Chief Executive Officer.* – The President of the Bank shall
32 be the Chief Executive Officer (CEO) who shall be elected annually by the members of

1 the Board from among its ranks. The President and CEO shall be subject to the
2 disciplinary powers of the Board. No person shall be appointed President of the Bank
3 unless of good moral character and reputation, with at least ten (10) years of previous
4 experience in banking, and has a reputed proficiency, expertise and recognized
5 competence in banking or financial management.

6 The President shall carry out, and administer the policies, measures, orders and
7 resolutions approved by the Board; direct and supervise the operation and
8 administration of the Bank; and exercise such other powers and perform such other
9 function or duty as may be directed or assigned by law, regulations, executive
10 issuances.

11 The President shall be assisted by Vice Presidents and other officials. The salary
12 of the President, Vice President, and other officials shall be subject to the provisions
13 of Republic Act No. 10149. During the absence or temporary incapacity of the
14 President, or in case of vacancy or permanent Incapacity and pending appointment of
15 a new President of the Bank, the Board shall designate the Officer-in-Charge of the
16 Bank.

17 The President shall have the powers and duties to:

18 (a) Sign and execute all contracts concluded by the Bank and enter into all
19 necessary obligations required or permitted by this Act; and sign all notes, securities
20 certificates, and other major documents of the Bank;

21 (b) Exercise, as CEO of the Bank, the powers of control and supervision over
22 decisions and actions of subordinate officers, and all other powers that may be granted
23 by the Board;

24 (c) Report to the Board the main facts concerning the operations of the
25 Bank and to recommend changes in policies which are deemed advisable;

26 (d) Appoint, promote or remove employees and officers of the Bank:
27 *Provided*, That promotions, transfers, assignments or reassignments of officers and
28 personnel of the Bank are personnel actions deemed made in the interest of the
29 service, any provision of civil service laws to contrary notwithstanding;

30 (e) Determine the rates of allowances, honoraria, and such other additional
31 compensation of the Bank's technical staff and consultants, subject to the approval of
32 the GCG, as provided under Republic Act No. 10149;

1 (f) Submit an annual report to the President of the Philippines and Congress
2 on the result of the operations of the Bank; and

3 (g) As required by circumstances, delegate any of the powers, duties or
4 functions to any officer or director of the Bank.

5 Sec. 14. *Qualifications of Executive Officers.* – No person shall be appointed to
6 any executive position in the Bank mentioned in the preceding section unless qualified
7 by the Fit and Proper Rule, in accordance with Republic Act No. 10149 and the civil
8 service laws, rules, and regulations: *Provided*, That in determining whether a person
9 is fit and proper for a particular position, the following shall be considered: integrity
10 or probity, physical or mental fitness, relevant education, training, and competencies
11 to the job, such as knowledge and expertise, skills, and diligence to fully carry out
12 responsibilities.

13 Sec. 15. *Legal Matters and Cases.* – Any provision of existing law or executive
14 order to the contrary notwithstanding, the Bank shall have its own Legal Department
15 which shall have the power to represent the Bank in cases filed before courts,
16 tribunals, and quasi-judicial bodies, render opinions, prepare and review
17 contracts/agreements. The Head of the Legal Department shall be appointed by the
18 Board.

19 In appropriate cases, the Bank may also avail of the legal services of external
20 counsel, subject to the approval of the Board and the Office of the Government
21 Corporate Counsel (OGCC): *Provided, however*, That the present Legal Services Group
22 in the Bank shall serve as its in-house legal counsel and the principal law office of the
23 Bank.

24 Sec. 16. *Foreclosure of Collaterals and Disposal of Bank Acquired Properties.* –
25 The foreclosure of collaterals and disposal of bank acquired properties shall be
26 governed by the following:

27 (a) Foreclosure of Mortgage Collaterals – Foreclosure of mortgage collaterals
28 for loans may be made either judicially or extrajudicially;

29 (b) Deputization of Legal Staff – The Bank may, upon the recommendation
30 of its Chief Legal Counsel, deputize any member of its legal staff to act as special
31 sheriff in foreclosure cases, in the sale or attachment of the debtor's properties and in
32 the enforcement of court writs and processes in cases involving the Bank. After any

1 action taken by him, the special sheriff of the Bank shall make a report to the proper
2 court, which shall treat such action as if it were an act of its own sheriffs in all respects.

3 The sale of mortgaged properties under existing laws or this Act shall be
4 conducted under the direction of the sheriff of the province or any special sheriff of
5 the Bank, or of a municipal judge or notary public of the city or municipality where the
6 sale is to be made, who shall be entitled to collect fees provided for in the Rules of
7 Court with respect to sale of properties under execution.

8 (c) Disposal of Real Estate and Other Properties in the Collection of Debt –
9 Real estate and other properties acquired by the Bank in the collection of debts or
10 investment by way of foreclosure or other means shall be sold or disposed of in
11 accordance with law, within five (5) years after their respective dates of acquisition.

12 For this purpose, the Board of Directors shall be the appropriate regulatory
13 authority and promulgate the necessary implementing rules and regulations;

14 (d) Exemption from Attachment – The provisions of any law to the contrary
15 notwithstanding, collaterals, securities on loans, or other credit accommodations and
16 guarantees granted by the Bank or its predecessors-in-interest shall not be subject to
17 attachment, execution, stay order, or any other court process, nor shall they be
18 included in the property of insolvent persons or institutions, unless all debts and
19 obligations of the debtors to the Bank and its predecessors-in-interest have been paid,
20 including accrued interest, penalties, collection expenses, and other charges; and

21 (e) Right of Redemption of Foreclosed Property, Right of Possession During
22 Redemption Period – Any individual or juridical mortgagor of the Bank whose real
23 property has been judicially sold at public auction, or any individual mortgagor of the
24 Bank whose real property has been extra-judicially sold at public auction shall, within
25 one (1) year counted from the date of registration of the Certificate of Foreclosure
26 Sale with the applicable Register of Deeds, have the right to redeem the real property
27 by paying to the Bank all of the latter's claims as determined by the Bank.

28 Notwithstanding the provisions of Act No. 3135, otherwise known as "An Act to
29 Regulate the Sale of Property Under Special Powers Inserting In or Annexed to Real
30 Estate Mortgage," as amended, juridical mortgagors whose real property has been
31 extrajudicially sold at public auction shall have the right to redeem the property until,
32 but not after, the registration of the Certificate of Foreclosure Sale with the applicable

1 Register of Deeds, which registration shall in no case be more than three (3) months
2 from the date of foreclosure, whichever is earlier.

3 The Bank may take possession of the foreclosed property during the
4 redemption period. When the Bank takes possession during such period, it shall be
5 entitled to the fruits of the property with no obligation to account for them, the same
6 being considered compensation for the interest that would otherwise accrue on the
7 account. Neither shall the Bank be obliged to post a bond for the purpose of such
8 possession.

9 *Sec. 17. Exemption from Attachment.* – The provisions of any law to the
10 contrary notwithstanding, collaterals, securities on loans or other credit
11 accommodations and guarantees granted by the Bank or its predecessors-in-interest
12 shall not be subject to attachment, execution, stay order or any other court process,
13 nor shall they be included in the property of insolvent persons or institutions, unless
14 all debts and obligations of the debtor to the Bank and its predecessors-in-interest
15 have been previously paid, including accrued interest, penalties, collection expenses,
16 and other charges.

17 *Sec. 18. Human Resource.* – The Board, upon the recommendation of the
18 President and CEO, shall provide for an organizational structure and staffing pattern
19 of officers and employees of the Bank.

20 All positions in the Bank shall be governed by the provisions of Republic Act No.
21 10149.

22 The Bank officers and employees, including all members of the Board, shall not
23 engage directly or indirectly in partisan political activities or take part in any election
24 except to vote.

25 No officer or employee of the Bank shall be dismissed except as provided by
26 law.

27 *Sec. 19. Environmental, Social, and Governance Principles.* – As an integral part
28 of the National Government, the Bank is inherently mandated to be socially
29 responsible, to act and operate as a good corporate citizen. The Governing Board of
30 the Bank shall recognize and perform obligations that the Bank has towards the
31 National Government—its majority stockholder, as well as the minority stockholders

1 when existing, together with the employees, suppliers, customers and other
2 stakeholders, and the communities in which it operates.

3 *Sec. 20. Inhibition from Board Meeting of Member with Personal Interest. –*

4 Whenever any member attending a meeting of the Board, or any of his or her relatives
5 within the second civil degree of consanguinity or affinity has a personal or pecuniary
6 interest, directly or indirectly, in any matter in the agenda of the Board meeting or in
7 the discussion or resolution of any given matter, said member shall disclose said
8 interest to the Board and shall not participate in the discussion or resolution of the
9 matter and must retire from the meeting during the deliberation thereon. The
10 members of the Board present in the meeting should still constitute a quorum despite
11 the inhibition of the subject member in any matter, discussion or resolution in the
12 same meeting.

13 The minutes of the meeting, which shall note the subject matter, the fact that
14 a member had a personal interest in it, and the withdrawal of the member concerned,
15 may be made available to the public.

16 For this purpose, the members of the Board shall, at the beginning of their
17 respective terms, disclose to the Board any and all interests they may have in any
18 corporation, partnership, or association and shall, thereafter, disclose to the Board,
19 any change thereto.

20 *Sec. 21. Prohibition on Persons with Personal/Pecuniary Interest. –* No member
21 of the Board, officer, attorney, agent, or employee of the Bank shall in any manner,
22 directly or indirectly participate in the deliberation upon or the determination of any
23 question affecting his or her direct personal interest or that of relatives within the
24 second civil degree of consanguinity or affinity, or of any corporation, partnership, or
25 association in which the member, officer, attorney, agent, or employee has a direct
26 interest. Any person violating the provision of this section shall be removed from office
27 and shall upon conviction be penalized with a fine of not less than Fifty Thousand
28 pesos (Php50,000.00) but not more than Two Million pesos (Php2,000,000.00),
29 imprisonment of not less than two (2) years but not more than ten (10) years, or both
30 at the discretion of the court.

31 *Sec. 22. Prohibition Against Owning Stock in or Incurring Indebtedness to the*
32 *Bank. –*The members of the Board as provided in Section 11 of this Act, the Governor

1 of the BSP, all other members of the Monetary Board, and the head of the auditing
2 department of the Bank are hereby prohibited from owning stock in the Bank, or from
3 becoming indebted to the Bank, directly or indirectly.

4 *Sec. 23. Borrowing by Directors, Officers and Employees; Restriction and*
5 *Limitation.* – No (1) director or officer or employee of the Bank; or (2) any corporation,
6 partnership, or company wherein any member of the Bank’s Board, officer or
7 employee, or their relatives within the first civil degree of consanguinity or affinity is a
8 director, officer or controlling shareholder either directly or indirectly, for his or her
9 self or as representative or agent of others, shall borrow any of the deposits of funds
10 from the Bank, nor shall he or she become a guarantor, or in any manner be an obligor
11 for money borrowed from the Bank or loaned by it: *Provided*, That this prohibition on
12 loans to directors, officers and employees shall not include loans allowed in the form
13 of fringe benefits granted in accordance with rules and regulations as may be
14 prescribed by the Monetary Board: *Provided, further*, That this prohibition shall not
15 apply to loans to corporations wherein the director, officer or employee of the Bank
16 sits on the board of the borrower corporation to represent the interest of the Bank.

17 *Sec. 24. Rules and Regulations on Conflict of Interest.* – The Board is hereby
18 authorized to issue rules and regulations for the purposes of determining and resolving
19 conflict of interest questions, which rules shall, in particular, include the requirement
20 on all officers and employees of the Bank to disclose any shareholdings they, or their
21 relatives within the second civil degree of consanguinity or affinity, may have in any
22 corporation, partnership, or company in excess of two percent (2%) of the equity of
23 said corporation, partnership, or company or in any related party transactions defined
24 by the Monetary Board of the BSP and the Board of the Bank.

25 *Sec. 25. Prohibition on Officers and Employees of the Bank.* – Except as
26 required by law, or upon order of a court of competent jurisdiction, or the express
27 order of the President of the Philippines or written permission of the client, no officer
28 or employee of the Bank shall reveal nor allow to be examined, inquired or looked
29 into, by any third person, government official, bureau or office any information relative
30 to details of individual accounts or specific banking transactions, condition or business
31 of any of its clients, or funds or properties in the custody of the Bank belonging to

1 private individuals: *Provided*, That in respect to deposits or whatever nature, the
2 provisions of existing law shall apply.

3 This prohibition shall not apply to the exchange of confidential credit
4 information among government financial institutions or among banks, in accordance
5 with established banking practices or as may be allowed by law.

6 *Sec. 26. Exaction of Fee, Commission, Gift or Charge.* – No unauthorized fee,
7 commission, gift, or charge of any kind shall be exacted, demanded, or paid, for
8 obtaining loans from the Bank. Any officer, employee, or agent of the Bank found
9 guilty of exacting, demanding, or receiving any service fee for obtaining any service
10 or transaction from the Bank, shall be penalized by a fine of not less than Fifty
11 Thousand pesos (Php50,000.00) but not more than Two Million pesos
12 (Php2,000,000.00), imprisonment for a period of not less than six (6) years and one
13 (1) month but not more than fifteen (15) years, perpetual disqualification from public
14 office, and confiscation or forfeiture in favor of the government of any prohibited
15 interest and unexplained wealth.

16 *Sec. 27. Examination of the Bank.* – The Bank shall be subject to supervision
17 and examination by the appropriate department of the BSP: *Provided*, That in
18 conducting the said examination, the BSP shall duly consider the Bank’s risk-taking
19 activities in furtherance of its mandate.

20 *Sec. 28. Control Over Subsidiaries and Dividends from Subsidiaries.* – The Bank,
21 through its President and CEO, may temporarily appoint directors in cases where
22 urgent action is needed from the subsidiaries but the present number of directors does
23 not constitute a quorum.

24 Without impairing its viability and the purposes for which it has been
25 established, every subsidiary shall declare and remit at least fifty percent (50%) of its
26 annual net earnings as cash, stock, or property dividends to the Bank as the parent
27 corporation: *Provided, further*, That the percentage of annual net earnings that shall
28 be declared by such subsidiary may be adjusted by the President and CEO.

29 *Sec. 29. General Penal Provisions.* – Any director, officer or employee of the
30 Bank who violates, or permits any of the officers, employees or agents of said Bank
31 or any other person to violate, any of the provision of this Act not specifically punished
32 in the preceding sections and any person violating any provision of this Act or aiding

1 and abetting the violation thereof, shall be penalized with a fine not less than Fifty
2 Thousand pesos (Php50,000.00) but not more than Two Million pesos
3 (Php2,000,000.00), or by imprisonment for not less than two (2) years but not more
4 than ten (10) years, or both, at the discretion of the court.

5 Sec. 30. *Other Liability of Guilty Officer or Employee.* – Any member of the
6 Board, officer or employee of the Bank who willfully violates any of the provisions of
7 this Act shall, in addition to the criminal and administrative liability resulting from such
8 act, be held liable for any loss or injury suffered by the Bank as a result of such
9 violation.

10 Sec. 31. *Liability of Directors, Officers or Partners of Offending Corporation or*
11 *Partnership.* – If the violation of the provisions of this Act is committed by a corporation
12 or partnership, its directors, officers, or partners who participated in the violation shall
13 be criminally liable therefor.

14 Sec. 32. *Applicability of Banking Laws.* – The provisions of Republic Act No.
15 7653, otherwise known as the "New Central Bank Act," as amended by Republic Act
16 No. 11211, Republic Act No. 8791, and other applicable banking laws, insofar as they
17 are not in conflict with any provision of this Act, shall apply to the Bank.

18 The penal provisions of Section 66 Republic Act No. 8791, in relation to Sections
19 34, 35, 36 and 37 of Republic Act No. 7653, as amended by Republic Act No. 11211
20 shall be applicable to directors, officers, employees and borrowers of the Bank.

21 Sec. 33. *Transitory Provision.* – Nothing in this Act shall operate to abolish the
22 Bank and affect the validity or legality of any right, duty, or obligation created by or
23 in respect of the Bank prior to the effectivity this Act.

24 Within one hundred eighty (180) days after the effectivity of this Act, the Bank
25 is authorized to reorganize and/or rationalize the Bank's organizational structure to
26 attract fresh and critical talents to join the Bank's workforce in response to dynamic
27 industry trends, incentivize early separation of tenured employees and those with
28 medical conditions who will be considered for retirement before the optional retirement
29 age of sixty (60) years old, and improve headcount management and succession
30 planning, subject to the provisions of Republic Act No. 10149 and applicable issuances
31 by the GCG.

1 Employees who shall retire from the service or are separated therefrom on
2 account of the reorganization of the Bank under the provisions of this Charter shall be
3 entitled to all gratuities and benefits provided for under existing laws and/or
4 supplementary retirement plans adopted by and effective in the Bank, subject to the
5 provisions of Republic Act No. 10149 and applicable issuances by the GCG.

6 Sec. 34. *Separability Clause.* – If any provision of this Act is declared invalid or
7 unconstitutional, the remainder thereof not otherwise affected shall remain in full force
8 and effect.

9 Sec. 35. *Repealing Clause.* – Sections 74 to 100 of RA No. 3844, otherwise
10 known as the “Agricultural Land Reform Code”, as amended, are hereby repealed. All
11 laws, executive orders, rules and regulations, or parts thereof inconsistent with any
12 provision hereof are hereby repealed or modified accordingly.

13 Sec. 36. *Effectivity.* – This Act shall take effect fifteen (15) days after its
14 publication in the Official Gazette or in a newspaper of general circulation in the
15 Philippines.

16 Approved,