

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



24 JUL 29 P3:39

**SENATE**

**S. No. 2755**

RECEIVED BY

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Introduced by SENATOR MARK A. VILLAR

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**AN ACT PROVIDING FOR A  
NEW CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES,  
REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS AMENDED**

**EXPLANATORY NOTE**

In 1946, Republic Act No. 85 created the Rehabilitation Finance Corporation (RFC) to provide credit facilities to rehabilitate war-destroyed enterprises and expand the country's industrial potential. It was then reorganized into what is now the Development Bank of the Philippines (DBP) and shifted from rehabilitation to more diverse activities.

From then and after going several charter revisions, DBP has been at the forefront of strengthening the country's economic growth through broader financial inclusion and sustainable infrastructure development. As of March 2024, DBP now has more or less one hundred forty (140) financial center and branches, thirty-two (32) lending centers, eight hundred ninety-nine (899) automated teller machines and three thousand one hundred fifteen (3,115) employees.

As of December 2023, record shows that fifty-five per cent (55%) of DBP's Development Loan Portfolio goes to infrastructure & logistics sectors while twenty-one (21%) is allocated for social infrastructure owing to its goal of focusing on sectors with the biggest and most immediate impact on every Filipino's well-being.

Given the evolving dynamics of the banking sector and DBP's vital role as a government financial institution, there is a need to revise its current charter. Amending the DBP Charter will lead to an increase in funds to assist the government in pursuing economic growth and development, promoting economic empowerment and inclusivity, thereby effectively serving a wider spectrum of clients and supporting job creation and enhanced productivity across various industries in the economy.

Specifically, this bill aims to increase the authorized capital stock of DBP enabling it to pursue growth initiatives which in turn will help expand local capital markets and create more opportunities for the public and private sectors to access development financing.

Further, by allowing the potential Initial Public Offering (IPO), DBP can leverage IPO proceeds to reinforce its commitment to rural development and support for Micro, Small, and Medium Enterprises (MSMEs) and serve as crucial resources for financing large-scale infrastructure projects.

This strategic approach ensures DBP's ability to fulfill its developmental mandate efficiently, maintaining robust profitability and a stable financial position.

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



**MARK A. VILLAR**

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**AN ACT**  
**PROVIDING FOR A NEW CHARTER OF THE DEVELOPMENT BANK OF THE**  
**PHILIPPINES, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81,**  
**AS AMENDED**

*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 "*The New Development*  
2       *Bank of the Philippines (DBP) Act*".

3       Sec 2. *Declaration of Policy.* It is declared the policy of the State to  
4       strengthen the powers and functions of its premier government financial institutions  
5       that provides developmental financing and financial services necessary for the  
6       achievement of sustained economic growth. The State recognizes their important  
7       role in catalyzing economic development through its financing and assistance to  
8       strategic sectors of the economy.

9       It is also the declared policy of the State to support the pursuit of social  
10      progress through initiatives that enhance the welfare of the Filipino people,  
11      especially the underprivileged.

12      Sec. 3. *Name and Corporate Existence.* The Development Bank of the  
13      Philippines, hereinafter referred to as the Bank, shall henceforth operate under the  
14      provisions of this Act. The Bank shall continue to exist as a body corporate and shall  
15      have perpetual existence from the date of effectivity of this Act.



1           Sec. 4. *Primary Objective of the Bank.* As a government financial institution,  
2 and a partner in national development, the Bank shall support the programs of the  
3 government that propel economic growth and increase productivity such as the  
4 development of infrastructure, expansion of businesses especially micro, small and  
5 medium enterprises (MSMEs), and high-impact programs in education, health care,  
6 housing, other social services and those that support the protection of the  
7 environment. Provided, That this objective shall be pursued with utmost  
8 consideration of the need and responsibility to preserve and protect the financial  
9 viability of the Bank while ensuring that it remains globally competitive. It shall at all  
10 times safeguard its financial position in order that it can effectively participate in the  
11 accomplishment of the national goal of attaining meaningful and inclusive economic  
12 growth.

13           The Bank shall serve as a national development policy bank to support and  
14 implement government policies on the direction of financial flows to priority areas,  
15 enhance competition in financial markets and promote financial sector development  
16 leading to capital allocation improvements thereby contributing to macroeconomic  
17 stability.

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

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

25           (a) Accept deposits allowed under existing law and BSP regulations,  
26 including but not limited to demand, savings, and time deposits;

27           (b) Grant loans and other credit accommodations for the establishment,  
28 development or expansion of infrastructure, tourism, energy development and  
29 environmental projects, social services, MSMEs, and agencies of the government,  
30 including local government units (LGU) and government-owned and controlled  
31 corporations (GOCC), among other sectors, and exercise all such powers and  
32 services as may be necessary to carry out the business of a bank under Republic Act

1 No. 8791, otherwise known as "The General Banking Law of 2000," subject to the  
2 existing rules and regulations of the Monetary Board, in order to perform its  
3 mandate under this Act;

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

9 (d) Accept and manage trust funds and properties and carry on the  
10 business of a trust corporation;

11 (e) Adopt, amend, or change its By-laws; to adopt, alter and use a seal;  
12 to lease or own real and personal property and to sell or otherwise dispose of the  
13 same; to enter into contracts; to sue and be sued; and to exercise the general  
14 powers of a corporation mentioned in the R.A. No. 11232, including the power to  
15 acquire or establish subsidiaries registered with the Securities and Exchange  
16 Commission (SEC) with the right to receive dividends from such subsidiaries in  
17 accordance with Section 33 hereof;

18 (f) Obtain from the Government Service Insurance System (GSIS) or  
19 other reputable insurance companies duly accredited by the appropriate regulatory  
20 body, directors, officers and liability insurance coverage, without prejudice to the  
21 right of the Bank, as may be determined by its Board of Directors (the Board), to put  
22 up its own legal insurance fund;

23 (g) Act as administrator and/or lending conduit on behalf of the National  
24 Government, its agencies, including LGUs and GOCCs, multilateral or bilateral  
25 funders;

26 (h) Engage in financial leasing of movable and immovable properties in  
27 connection with government projects;

28 (i) Hold, purchase, acquire and own real and personal property, introduce  
29 necessary improvements thereon to enhance and develop their social and economic  
30 value, and to sell, mortgage or otherwise dispose of the same;

31 (j) Dispose of its acquired assets which shall not be subject to any  
32 injunction or restraining order issued by any court, commission, tribunal or office



1 which shall bar, impede or delay the sale and disposition thereof except on questions  
2 of ownership and national or public interest; and

3 (k) Offer and issue common and preferred shares of stocks in such manner  
4 and in such quantities as approved by the Secretary of Finance upon the  
5 recommendation of the Board and in accordance with applicable laws, rules and  
6 regulations.

7 The holders of preferred shares shall be non-voting. Other features of  
8 preferred shares shall be determined by the Board in accordance with applicable  
9 laws and regulations.

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

13 *Sec. 7. Authorized Capital Stock - Par Value.* The capital stock of the Bank  
14 shall be Three Hundred Billion Pesos (Php300,000,000,000.00) to be divided into  
15 Three Billion (3,000,000,000) shares, with par value of One Hundred Pesos  
16 (Php100.00) per share. The Board shall determine the classification of shares, their  
17 corresponding rights, privileges, or restrictions, if any: Provided, That, the National  
18 Government shall own, at all times, seventy percent (70%) of the total outstanding  
19 capital stock of the Bank.

20 Thirty-Two Billion Pesos (Php32,000,000,000.00) or ten and 67/100 percent  
21 (10.67%) of the authorized capital stock of the Bank, shall be subscribed and fully  
22 paid by the National Government.

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

25 The Secretary of Finance, upon the recommendation of the Board, may  
26 increase the capitalization of the Bank up to such amount as may be necessary to  
27 attain the objectives of this Charter, and may allocate part or all of the Bank's  
28 unrestricted retained earnings towards paying for the increase in capital.

29 *Sec. 8. Investment by Government-Owned or Controlled Corporations and the*  
30 *General Public.* The provisions of their respective charters to the contrary  
31 notwithstanding, all GOCCs, including government financial institutions, are  
32 authorized to invest in shares of stock of the Bank.

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

4           Sec. 10. *Issuance of Bonds, Eligible Capital Instruments, and other Securities.*  
5 The Bank may issue all kinds of bonds, notes, debentures, other evidences of  
6 indebtedness, derivatives, commodities, negotiable instruments, eligible capital  
7 instruments and other securities, and the renewal or refunding thereof within and/or  
8 outside the Philippines, at such terms, rates, and conditions as the Board may  
9 determine, subject to compliance with the provisions of applicable laws, and rules  
10 and regulations promulgated by the Monetary Board.

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

14           The Bank shall provide for appropriate reserves, as necessary, for the  
15 redemption or retirement of the foregoing. These bonds and other obligations shall  
16 be redeemable at the option of the Bank at or before maturity and in such manner  
17 as may be stipulated therein and shall bear such rate of interest as may be fixed by  
18 the Bank.

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

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

27           (a)   The Secretary of Finance who shall be the *ex-officio* Chairperson of the  
28 Board, without compensation;

29           (b)   The Secretary of the National Economic and Development Authority, as  
30 an *ex-officio* member;

31           (c)   Four (4) regular directors and three (3) independent directors to be  
32 appointed by the President of the Philippines in accordance with the appointment



1 process under R.A. No. 10149, otherwise known as the "GOCC Governance Act of  
2 2011".

3 The *ex-officio* directors may each designate an alternate, who shall be an  
4 official with a rank not lower than Undersecretary.

5 The Chairperson shall preside over the meetings of the Board.

6 The President of the Bank shall be the Vice-Chairperson of the Board. In case  
7 the Chairperson is absent or incapacitated, the President shall act as Chairperson  
8 and preside over the meetings of the Board. In case of incapacity or absence of both  
9 the Chairperson and the Vice-Chairperson, the Board shall designate a temporary  
10 chairperson from among its members.

11 No person shall be elected or appointed director of the Bank unless such  
12 person is a Filipino citizen, of good moral character, and has attained proficiency,  
13 expertise and recognized competence in one or more of the following: banking,  
14 finance, economics, law, business management, governance, sustainability, digital  
15 transformation, rural economy, banking, co-operation, small-scale industry,  
16 information technology, and information security.

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

20 The President and Chief Executive Officer (CEO) shall be elected annually by  
21 the members of the Board in accordance with Section 13 hereof.

22 The term of office of the President and the other members of the Board of  
23 Directors shall be for a period of one year or until such time that their successors are  
24 appointed and have qualified.

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

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

29 (a) Formulate policies necessary to carry out effectively the provisions of  
30 this Act and to prescribe, amend, and repeal by-laws, rules and regulations for the  
31 effective operation of the Bank, and the manner in which the general business of the  
32 Bank may be conducted, and the powers granted by law to the Bank are exercised;



1 (b) Approve loans, other credit accommodations and guarantees issued or  
2 obtained by the Bank, and prescribe terms and conditions to govern the granting of  
3 the foregoing, and engage in such other financial activities under such terms and  
4 conditions as it as may be deemed necessary, consistent with the provisions of this  
5 Act and the existing banking laws and regulations promulgated by the Monetary  
6 Board: Provided, That, the Board may delegate the authority to approve loans,  
7 other credit accommodations and guarantees to such officers as may be deemed  
8 necessary;

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

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

17 (e) Establish such branches, agencies and other offices which the Board  
18 shall determine to be necessary and convenient in accordance with applicable rules  
19 and regulations of the BSP;

20 (f) Appoint, promote or remove employees and officers of the Bank with  
21 the rank of Vice President, except the Chairperson and the President, Provided, That  
22 promotions, transfers, assignments or reassignments of officers and personnel of the  
23 Bank are personnel actions deemed made in the interest of the service, any  
24 provision of the Civil Service Law to contrary notwithstanding;

25 (g) Notwithstanding any law to the contrary, adopt an organizational  
26 structure, staffing pattern and personnel qualification standards of the Bank and to  
27 reorganize, rationalize and restructure the same, or realign the various functions in  
28 the Bank to ensure effective accomplishment of its mandates and strategic goals,  
29 the alignment of its organizational structure and staffing pattern with industry  
30 standards, and its responsiveness to regulatory requirements, subject to the  
31 provisions of R.A. No. 10149;

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

7 (i) Maintain, manage, and operate the existing "Provident Fund" of the  
8 Bank, which shall consist of contributions, made both by the Bank and its officers or  
9 employees, to a common fund for the payment of benefits to such officers and  
10 employees, or their heirs, under such terms and conditions consistent with R.A. No.  
11 10149 and Executive Order No. 150, s. 2021 otherwise known as the Compensation  
12 and Position Classification System (CPCS) and Index of Occupational Services,  
13 Position Titles, and Job Grades for GOCCs (IOS-G) Framework; and

14 (j) Perform other functions, duties and responsibilities necessary, related  
15 and incidental to the above-mentioned powers and functions.

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

19 Sec. 13. *President and Chief Executive Officer.* The President of the Bank shall  
20 be the Chief Executive Officer who shall be elected by the Board from among  
21 themselves with the written advice and consent of the President of the Philippines.  
22 No person shall be appointed President of the Bank unless of good moral character  
23 and reputation, with at least ten (10) years of previous experience in banking, and  
24 has a reputed proficiency, expertise and recognized competence in banking or  
25 financial management.

26 The President shall, among other powers and duties, execute, carry out, and  
27 administer the policies, measures, orders and resolutions approved by the Board;  
28 direct and supervise the operation and administration of the Bank; and exercise such  
29 other powers and perform such other function or duty as may be directed or  
30 assigned by law, regulations, executive issuances or by the Board from time to time.

31 The President shall be assisted by Vice Presidents and other officials whose  
32 appointment and removal for cause shall be approved by the Board upon the



1 recommendation of the President of the Bank. The salary of the President, Vice  
2 President, and other officials shall be subject to the provisions of R.A. No. 10149.  
3 During the absence or temporary incapacity of the President, or in case of vacancy  
4 or permanent Incapacity and pending appointment of a new President of the Bank,  
5 the Board shall designate the officer-in-charge of the Bank.

6 The President shall have the powers and duties to:

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

10 (b) Exercise, as Chief Executive Officer of the Bank, the powers of control  
11 and supervision over decisions and actions of subordinate officers, and all other  
12 powers that may be granted by the Board;

13 (c) Report to the Board the main facts concerning the operations of the  
14 Bank and to recommend changes in policies;

15 (d) Appoint, promote or remove employees and officers of the Bank below  
16 the rank of Vice President, Provided, That promotions, transfers, assignments or  
17 reassignments of officers and personnel of the Bank are personnel actions deemed  
18 made in the interest of the service, any provision of the Civil Service Law to contrary  
19 notwithstanding;

20 (e) Submit an annual report to the President of the Philippines on the  
21 result of the operations of the Bank; and

22 (f) As required by circumstances, delegate any of the powers, duties or  
23 functions to any officer or director of the Bank.

24 Sec. 14. *Qualifications of Executive Officers.* No person shall be appointed to  
25 any executive position in the Bank mentioned in the preceding section unless that  
26 person is of good moral character and of unquestionable integrity and responsibility,  
27 and who is of recognized competence in the field of economics, agriculture, industry,  
28 law, banking or finance, information technology, information security, risk  
29 management, building administration, general services and possessed of  
30 demonstrated administrative skill and ability, in accordance with the Civil Service  
31 Law, rules and regulations.



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

7           In appropriate cases, the Bank may also avail of the legal services of external  
8 counsel, subject to the approval of the Board and the Office of the Government  
9 Corporate Counsel (OGCC): Provided, however, That the present Legal Services  
10 Group in the Bank shall serve as its in-house legal counsel.

11           The Bank may, upon the recommendation of its chief legal counsel, deputize  
12 any member of its legal staff to act as special sheriff in foreclosure cases, in the sale  
13 or attachment of the debtor's properties and in the enforcement of court writs and  
14 processes in cases involving the Bank. The special sheriff of the Bank shall make a  
15 report to the proper court after any action taken by him, which shall treat such  
16 action as if it were an act of its own sheriffs in all respects.

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

22           Sec. 16. *Disposal of Real Estate and Other Properties in the Collection of*  
23 *Debt.* Real estate and other properties acquired by the Bank in the collection of  
24 debts or investment by way of foreclosure or other means shall be sold or disposed  
25 of in accordance with law, within five (5) years after their respective dates of  
26 acquisition.

27           For this purpose, the Board shall be the appropriate regulatory authority to  
28 promulgate the necessary implementing rules and regulations.

29           Sec. 17. *Exemption from Attachment.* The provisions of any law to the  
30 contrary notwithstanding, collaterals, securities on loans or other credit  
31 accommodations and guarantees granted by the Bank or its predecessors-in-interest  
32 shall not be subject to attachment, execution, stay order or any other court process,

1 nor shall they be included in the property of insolvent persons or institutions, unless  
2 all debts and obligations of the debtor to the Bank and its predecessors-in-interest  
3 have been previously paid, including accrued interest, penalties, collection expenses,  
4 and other charges.

5 No attachment or execution shall be issued against the Bank or its property  
6 before final judgment in any suit, action or proceeding in any court.

7 Moreover, there shall also be no restraining order, temporary or permanent  
8 injunction, and/or stay order issued by any court, except the Court of Appeals and  
9 the Supreme Court, against the Bank in any action taken to foreclose the collateral  
10 or security for the loan, whether such order is sought by the borrower(s) or any  
11 third party or parties, except after notice and hearing in which it is established by  
12 the borrower and admitted by the Bank that at least twenty percent (20%) of the  
13 total loan obligations have been paid after the filing of foreclosure proceedings.

14 Sec. 18. *Right of Redemption.* Any individual or juridical mortgagor of the  
15 Bank whose real property has been judicially sold at public auction, or any individual  
16 mortgagor of the Bank whose real property has been extra-judicially sold at public  
17 auction shall, within one (1) year counted from the date of registration of the  
18 certificate of foreclosure sale with the applicable Register of Deeds, have the right to  
19 redeem the real property by paying to the Bank all of the latter's claims as  
20 determined by the Bank.

21 Notwithstanding the provisions of Act No. 3135, otherwise known as "An Act  
22 to Regulate the Sale of Property Under Special Powers Inserting In or Annexed to  
23 Real Estate Mortgage," as amended, juridical mortgagors whose real property has  
24 been extrajudicially sold at public auction shall have the right to redeem the property  
25 until, but not after, the registration of the certificate of foreclosure sale with the  
26 applicable Register of Deeds, which registration shall in no case be more than three  
27 (3) months from the date of foreclosure, whichever is earlier.

28 The Bank may take possession of the foreclosed property during the  
29 redemption period. When the Bank takes possession during such period, it shall be  
30 entitled to the fruits of the property with no obligation to account for them, the  
31 same being considered compensation for the interest that would otherwise accrue



1 on the account. Neither shall the Bank be obliged to post a bond for the purpose of  
2 such possession.

3       Sec. 19. *Human Resource.* The Board shall provide for an organization and  
4 staff of officers and employees of the Bank and upon the recommendation of the  
5 President.

6       All positions in the Bank shall be governed by the provisions of R.A. No.  
7 10149.

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

11       No officer or employee of the Bank subject to Civil Service Law shall be  
12 dismissed except as provided by law.

13       Sec. 20. *Environmental, Social, and Governance Principles.* As an integral part  
14 of the National Government, the Bank is inherently mandated to be socially  
15 responsible, to act and operate as good corporate citizen. The Governing Board of  
16 the Bank shall recognize and perform obligations that the Bank has towards the  
17 National Government, its majority stockholder, as well as the minority stockholders  
18 when existing, together with the employees, suppliers, customers and other  
19 stakeholders, and the communities in which it operates.

20       Sec. 21. *Inhibition from Board Meeting of Member with Personal Interest.*  
21 Whenever any member attending a meeting of the Board, or any of his or her  
22 relatives within the second civil degree of consanguinity or affinity has a personal or  
23 pecuniary interest, directly or indirectly, in any matter in the agenda of the Board  
24 meeting or in the discussion or resolution of any given matter, said member shall  
25 disclose said interest to the Board and shall not participate in the discussion or  
26 resolution of the matter and must retire from the meeting during the deliberation  
27 thereon. The members of the Board present in the meeting should still constitute a  
28 quorum despite the inhibition of the subject member in any matter, discussion or  
29 resolution in the same meeting.

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



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

5 *Sec. 22. Prohibition on Persons with Personal/Pecuniary Interest.* No member  
6 of the Board, officer, attorney, agent, or employee of the Bank shall in any manner,  
7 directly or indirectly participate in the deliberation upon or the determination of any  
8 question affecting his or her direct personal interest or that of relatives within the  
9 second civil degree of consanguinity or affinity, or of any corporation, partnership, or  
10 association in which the member, officer, attorney, agent, or employee has a direct  
11 interest. Any person violating the provision of this section shall be removed from  
12 office and shall upon conviction be penalized with a fine of not less than Fifty  
13 Thousand pesos (Php 50,000.00) but not more than Two Million pesos (Php  
14 2,000,000.00) or by imprisonment of not less than two (2) years but not more than  
15 ten (10) years, or both at the discretion of the court.

16 *Sec. 23. Borrowing by Directors, Officers and Employees; Restriction and*  
17 *Limitation.* No director or officer or employee of the Bank; or any corporation,  
18 partnership, or company wherein any member of the Bank's Board, officer or  
19 employee, or their relatives within the first civil degree of consanguinity or affinity is  
20 a director, officer or controlling shareholder either directly or indirectly, for his or her  
21 self or as representative or agent of others, borrow any of the deposits of funds from  
22 the Bank, nor shall he or she become a guarantor, or in any manner be an obligor  
23 for money borrowed from the Bank or loaned by it: *Provided*, That this prohibition on  
24 loans to directors, officers and employees shall not include loans allowed in the form  
25 of fringe benefits granted in accordance with rules and regulations as may be  
26 prescribed by the Monetary Board: *Provided, further*, That this prohibition shall not  
27 apply to loans to corporations wherein the director, officer or employee of the Bank  
28 sits on the board of the borrower corporation to represent the interest of the Bank.

29 *Sec. 24. Rules and Regulations on Conflict of Interest.* The Board is hereby  
30 authorized to issue rules and regulations for the purposes of determining and  
31 resolving conflict of interest questions, which rules shall, in particular, include the  
32 requirement on all officers and employees of the Bank to disclose any shareholdings

1 they, or their relatives within the second civil degree of consanguinity or affinity,  
2 may have in any corporation, partnership, or company in excess of two percent  
3 (2%) of the equity of said corporation, partnership, or company or in any related  
4 party transactions defined by the Monetary Board of the BSP and the Board of the  
5 Bank.

6       *Sec. 25. Prohibition on Officers and Employees of the Bank.* Except as  
7 required by law, or upon order of a court of competent jurisdiction, or the express  
8 order of the President of the Philippines or written permission of the client, no officer  
9 or employee of the Bank shall reveal nor allow to be examined, inquired or looked  
10 into, by any third person, government official, bureau or office any information  
11 relative to details of individual accounts or specific banking transactions, condition or  
12 business of any of its clients, or funds or properties in the custody of the Bank  
13 belonging to private individuals: *Provided*, That in respect to deposits or whatever  
14 nature, the provisions of existing law shall apply.

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

18       *Sec. 26. Exaction of Fee, Commission, Gift or Charge.* No unauthorized fee,  
19 commission, gift, or charge of any kind shall be exacted, demanded, or paid, for  
20 obtaining loans from the Bank, and any officer, employee, or agent of the Bank  
21 found guilty of exacting, demanding, or receiving any fee services in obtaining any  
22 service or transaction from the Bank, shall be penalized by a fine of not less than  
23 Fifty Thousand pesos (Php 50,000.00) but not more than Two Million pesos (Php  
24 2,000,000.00), imprisonment for not less than six (6) years and one (1) month but  
25 not more than fifteen (15) years, and perpetual disqualification from public office  
26 and confiscation or forfeiture in favor of the government of any prohibited interest  
27 and unexplained wealth.

28       *Sec. 27. Examination of the Bank.* The Bank shall be subject to supervision  
29 and examination by the appropriate department of the BSP. *Provided*, That in  
30 conducting the said examination, the BSP shall duly consider the Bank's risk-taking  
31 activities in furtherance of its mandate and may warrant relaxation of the regulatory  
32 ratios.



1       Sec. 28. *General Penal Provisions.* Any director, officer or employee of the  
2 Bank who violates, or permits any of the officers, employees or agents of said Bank  
3 or any other person to violate, any of the provision of this Act not specifically  
4 punished in the preceding sections and any person violating any provision of this Act  
5 or aiding and abetting the violation thereof, shall be penalized with a fine not less  
6 than Fifty Thousand pesos (Php 50,000.00) but not more than Two Million pesos  
7 (Php 2,000,000.00) or by imprisonment for not less than two (2) years but not more  
8 than ten (10) years, or both, at the discretion of the court.

9       Sec. 29. *Other Liability of Guilty Officer or Employee.* Any member of the  
10 Board or officer or employee of the Bank who willfully violates any of the provisions  
11 of this Act shall, in addition to the criminal and administrative liability resulting from  
12 such act, be held liable for any loss or injury suffered by the Bank as a result of such  
13 violation.

14       Sec. 30. *Liability of Directors, Officers or Partners of Offending Corporation or*  
15 *Partnership.* If the violation of the provisions of this Act is committed by a  
16 corporation or partnership, the liability imposed on the juridical person shall be  
17 without prejudice to the criminal liability of the responsible officer who committed  
18 the prohibited acts or other offenses under this Act.

19       Sec. 31. *Applicability of Banking Laws.* The provisions of Republic Act No.  
20 7653, otherwise known as the "New Central Bank Act," as amended by R.A. No.  
21 11211, R.A. No. 8791, and other applicable banking laws, insofar as they are not in  
22 conflict with any provision of this Act, shall apply to the Bank.

23       The penal provisions of Section 66 R.A. No. 8791, in relation to Sections 34,  
24 35, 36 and 37 of R.A. No. 7653, as amended by R.A. No. 11211 shall be applicable  
25 to directors, officers, employees and borrowers of the Bank.

26       Sec. 32. *Transitory Provision.* Nothing in this Act shall operate to abolish the  
27 Bank and affect the validity or legality of any right, duty, or obligation created by or  
28 in respect of the Bank prior to the effectivity this Act.

29       Within one hundred eighty (180) days after the effectivity of this Act, the  
30 Bank is authorized to reorganize and/or rationalize the Bank's organizational  
31 structure to attract fresh and critical talents to join the Bank's workforce in response  
32 to dynamic industry trends, incentivize early separation of tenured employees and



1 those with medical conditions who will be considered for retirement before the  
2 optional retirement age of sixty (60) years old, and improve headcount management  
3 and succession planning.

4 All those who shall retire from the service or are separated therefrom on  
5 account of the reorganization of the Bank under the provisions of this Charter shall  
6 be entitled to all gratuities and benefits provided for under existing laws and/or  
7 supplementary retirement plans adopted by and effective in the Bank.

8 *Sec. 33. Control Over Subsidiaries and Dividends from Subsidiaries.* - Pursuant  
9 to Section 6(e) of this Act and notwithstanding any law, rule, regulation or practice  
10 to the contrary, the Bank, thru its President and CEO, shall have control over its  
11 subsidiaries and shall appoint the members of its board of directors based on the  
12 number of shares of stock standing in the Bank's own name in the stock books of  
13 the subsidiaries: Provided, That the Bank may temporarily appoint directors in cases  
14 where urgent action is needed from the subsidiaries' board but the present number  
15 of directors does not constitute a quorum. Every subsidiary shall declare and remit  
16 at least fifty percent (50%) of its annual net earnings as cash, stock or property  
17 dividends, without impairing its viability and the purposes for which it has been  
18 established, to the Bank as the parent corporation: Provided, further, That the  
19 percentage of annual net earnings that shall be declared by such subsidiary may be  
20 adjusted by the President and CEO.

21 *Sec. 34. Transfer of Assets and Liabilities of the Development Bank of the*  
22 *Philippines.* The Bank shall transfer to the National Government its assets and  
23 liabilities as may be necessary to commence its operations under this Act on a viable  
24 basis, as determined by the appropriate authorities. Such assets to include, but  
25 need not be limited to its acquired assets and non-performing accounts, and such  
26 liabilities, to include real as well as contingent liabilities. The National Government is  
27 hereby authorized to accept the same under terms and conditions as may be  
28 mutually acceptable to the Bank and the National Government, and shall be subject  
29 to applicable laws, rules and regulations.

30 *Sec. 35. Maintenance, Care and Preservation of Assets Transferred to the*  
31 *National Government.* The Bank is hereby authorized to enter into an agreement  
32 with the National Government as transferee of assets from the Bank as herein

1 provided, either as an interim arrangement or otherwise and under such terms and  
2 conditions as may be necessary to preserve, maintain and/or to dispose of such  
3 assets transferred to the National Government.

4       Sec. 36. *Separability Clause.* In the event that any provision of this Act or the  
5 applicability of such provisions to any person or circumstances is declared invalid,  
6 the remainder of the Act or the application of said provision to other persons or  
7 circumstances shall not be affected by such declaration.

8       Sec. 37. *Repealing Clause.* Executive Order No. 81, as amended, and Republic  
9 Act No. 8523 are hereby repealed. and Any other laws, rules and regulations which  
10 may be inconsistent with any of the provisions of this Act, are hereby amended  
11 accordingly.

12       Sec. 38. *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.

15       Approved,