

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

OFFICE OF THE SECRETARY

24 JUL 30 P7:19

SENATE

S. B. No. 2760

RECEIVED BY



Introduced by Senator FRANCIS G. ESCUDERO

**AN ACT
PROVIDING FOR A NEW CHARTER FOR THE LAND BANK OF THE PHILIPPINES**

EXPLANATORY NOTE

This bill seeks to modernize and strengthen the Land Bank of the Philippines (LBP) through the enactment of a new charter.

Established on 8 August 1963 under Republic Act No. 3844, also known as the Agricultural Land Reform Code, the LBP is a government financial institution dedicated to advancing the socio-economic development agenda of the national government. The bank plays a pivotal role in the nation's agricultural and rural development, focusing on broad-based support for small farmers, fisherfolk, micro, small, and medium enterprises, rural financial institutions, government-owned and controlled corporations, and agrarian reform beneficiaries.

Through financing interventions, the LBP enhances the quality of life in communities by funding infrastructure and social service projects. These initiatives include the provision of farm-to-market roads, hospitals, schools, and housing developments, as well as the improvement of communication systems, transportation networks, clean water access, and household electrification. The proposed expansion of its powers and functions will enable the LBP to provide more comprehensive support for agricultural and industrial initiatives, foster financial inclusion, and support the most vulnerable sectors in the agriculture industry.

This legislative measure is not merely an update but a transformative step toward fortifying the Land Bank of the Philippines as an instrument of national development. It envisions a landscape where the seeds of financial inclusion are sown across the fertile fields of our nation, nurturing a harvest of sustainable growth and prosperity. This bill is crafted with the foresight to empower rural communities and foster a robust agricultural economy, reflecting a vision where financial inclusion and countryside growth are not just ideals but attainable realities.

In view of the foregoing, this bill is filed for Congress' immediate consideration and approval.

Respectfully submitted.



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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 “Land Bank of the Philippines
2 Charter of 2024”.

3 SEC. 2. *Purpose and Domicile.* – The Land Bank of the Philippines, hereinafter referred
4 to as the "Bank", operating under the provisions of Republic Act (RA) No. 3844, as amended,
5 otherwise known as the "Agricultural Land Reform Code", shall henceforth operate under the
6 provisions of this Act as a government financial institution responsible for broad-based
7 agricultural, rural and industrial development while promoting accelerated financial inclusion.
8 It shall provide accessible and innovative solutions to deliver timely and responsive financial
9 and support services to rural financial institutions as well as small farmers, fisherfolk and
10 agrarian reform beneficiaries (ARBs) as well as provide banking services principally to service
11 the medium- and long-term needs of agricultural and industrial enterprises. The Bank shall
12 remain to be a body corporate and shall have perpetual existence. It shall be supervised by
13 the Bangko Sentral ng Pilipinas (BSP), taking into account its mandated roles of spurring
14 countryside development and supporting the country's financial inclusion objectives.

15 The principal office and place of business of the Bank shall be in Metro Manila. It may,
16 however, open and maintain branches, agencies or other offices at such places in the
17 Philippines as its Board of Directors may deem advisable, with the prior approval of the
18 Monetary Board of the BSP.

1 Subject to applicable laws, rules and regulations, the Bank shall provide banking
2 services with a social mission of spurring countryside development by granting loans to finance
3 the agricultural projects and national government's developmental projects, including but not
4 limited to the following:

- 5 (a) off-farm/fishery entrepreneurial activities;
- 6 (b) agricultural mechanization/ modernization;
- 7 (c) agri-tourism;
- 8 (d) sustainable projects;
- 9 (e) digitalization/automation of farming, fishery, and agri-business activities and
10 processes, including related financial and management information systems;
- 11 (f) public rural infrastructure;
- 12 (g) home-building or home-financing projects;
- 13 (h) programs that shall: (a) promote the health and wellness of farmers,
14 fisherfolk and ARBs, including members of their households, such as water and
15 sanitation projects for rural communities; and/or (b) address the developmental
16 needs of rural communities, such as, but not limited to, projects that promote the
17 livelihood, skills enhancement, financial literacy, including digital financial literacy,
18 and other capacity-building activities of the rural community beneficiaries;
- 19 (i) activities identified under the Agro-Industry Modernization Credit and
20 Financing Program (AMCFP) under Title I, Chapter 3, Section 23 of R.A. No. 8435,
21 otherwise known as the "Agriculture and Fisheries Modernization Act of 1997, as
22 follows:
 - 23 (1) Agriculture and fisheries production including processing of fisheries and
24 agri-based products and farm inputs;
 - 25 (2) Acquisition of work animals, farm and fishery equipment and machineries;
 - 26 (3) Acquisition of seeds, fertilizers, poultry, livestock, feeds and other similar
27 items;
 - 28 (4) Procurement of agriculture and fisheries products for storage, trading,
29 processing and distribution;
 - 30 (5) Acquisition of water pumps and installation of tube wells for irrigation;
 - 31 (6) Construction, acquisition and repair of facilities for production, processing,
32 storage, transportation, communication, marketing and such other facilities
33 in support of agriculture and fisheries;

- 1 (7) Working capital for agriculture and fisheries graduates to enable them to
2 engage in agriculture and fisheries-related economic activities;
3 (8) Agribusiness activities which support soil and water conservation and
4 ecology-enhancing activities;
5 (9) Privately-funded and Local Government Unit (LGU)-funded irrigation systems
6 that are designed to protect the watershed;
7 (10) Working capital for long-gestating projects; and
8 (11) Credit guarantees on uncollateralized loans to farmers and fisherfolk.
9 (j) industrial development projects; and
10 (k) other projects on productive enterprises.

11 SEC. 3. *General Powers.* – The Bank shall have the power to:

- 12 (a) Prescribe, repeal and alter its own by laws, to determine its operating policies, and
13 to issue such rules and regulations as may be necessary;
14 (b) Adopt, alter and use a corporate seal;
15 (c) Hold, purchase, acquire and own real and personal property, introduce necessary
16 improvements thereon to enhance and develop their social and economic value,
17 and to sell, mortgage or otherwise dispose of the same;
18 (d) Sue and be sued, make contracts, negotiate and secure loans from both local and
19 foreign sources. Before undertaking any such credit operation, the Bank, through
20 the Secretary of Finance, shall request the opinion, in writing, of the Monetary
21 Board on the monetary implications of the contemplated action. All loans from
22 foreign sources shall be subject to approval by the President of the Philippines and
23 shall be fully guaranteed by the Philippine Government;
24 (e) Grant short, medium and long-term loans and advances against security of real
25 estate or other acceptable assets for the establishment, development or expansion
26 of agricultural, industrial, home building or home financing projects and other
27 productive enterprises;
28 (f) Grant loans to farmers' cooperatives and associations to facilitate farm production,
29 marketing of crops and acquisition of essential commodities;
30 (g) Underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise
31 invest or reinvest in stocks, bonds, debentures, securities and other evidences of
32 indebtedness and ownership of other corporations and the government or its

1 instrumentalities which are issued for or in connection with any project or
2 enterprise;

3 (h) Guarantee acceptances, credits, loans, transactions or obligations of any person,
4 co-partnership, association or corporation in favor of any financing or banking
5 institution, whether foreign or domestic: *Provided*, That the proceeds of such
6 acceptances, credits, loans, transactions or obligations are utilized or earmarked
7 for the development and/or expansion of agriculture and industry, the provision
8 of any law to the contrary notwithstanding;

9 (i) Obtain from the Government Service Insurance System (GSIS) or other reputable
10 insurance companies duly accredited by the appropriate regulatory body,
11 directors, officers and liability insurance coverage, without prejudice to the right
12 of the Bank, as may be determined by its Board of Directors, to put up its own
13 legal insurance fund;

14 (j) Borrow from, or rediscount notes, bills of exchange and other credit instruments
15 with the BSP subject to the provisions of Chapter IV of RA No. 7653, as amended
16 by RA No. 11211, otherwise known as "The New Central Bank Act", and relevant
17 BSP rules and regulations;

18 (k) Act as a trustee, or administer any trust or hold property in trust in accordance
19 with the provisions of law governing trust corporations;

20 (l) Act as an official government depository with full authority to maintain deposits of
21 the government, its branches, subdivisions and instrumentalities, and of
22 government owned or -controlled corporations which deposits shall be subject to
23 liquidity floor or reserve requirements as may be imposed by the Monetary Board
24 upon other commercial banks;

25 (m) Provide continuing assistance through credit and capacity building to farmers and
26 fishers cooperatives, associations and organizations nationwide;

27 (n) Offer and issue common and preferred shares of stocks in such manner and in
28 such quantities as approved by the Secretary of Finance upon the recommendation
29 of the Board of Directors and in accordance with applicable laws, rules and
30 regulations;

31 The holders of preferred shares of stock shall be nonvoting. Other features of
32 preferred shares shall be determined by the Board of Directors in accordance with
33 applicable laws and regulations; and

1 (o) Exercise the general powers provided for in RA No. 11232, otherwise known as
2 the "Revised Corporation Code of the Philippines", insofar as they are not
3 inconsistent or incompatible with this Charter.

4 SEC. 4. *Issuance of Bonds.* – The Bank shall, upon the approval of the Board of
5 Directors, issue all kinds of bonds, debentures, securities, collaterals and other evidence of
6 indebtedness and/or the renewal or refunding thereof; at such terms, rates and conditions as
7 the Bank may determine, up to an aggregate amount not exceeding, at any one time, ten
8 times its paid-in capital and surplus, subject to compliance with the provisions of applicable
9 law, and rules and regulations promulgated by the Monetary Board.

10 These bonds and other obligations shall be redeemable at the option of the Bank at or
11 before maturity and in such manner as may be stipulated therein and shall bear such rate of
12 interest as may be fixed by the Bank. Such obligations shall be secured by the assets of the
13 Bank including the stocks, bonds, debentures, and other securities underwritten, purchased
14 or held by it under the provisions of this Charter. Such obligations may be issued in payment
15 or replacement of certain assets transferred to the Bank or offered for sale at such price or
16 prices as the Bank may determine, and may, subject to the approval of the President of the
17 Philippines, be fully guaranteed by the Government of the Republic of the Philippines, and
18 such guarantee shall be expressed on the face thereof.

19 These instruments of indebtedness shall be negotiable and may be mortgaged in
20 accordance with established banking procedures and practices with government institutions,
21 their existing charters and existing law to the contrary notwithstanding, to enable the holders
22 of such bonds to make use of them in investments in productive enterprises. The Board of
23 Directors shall have the power to prescribe rules and regulations for the issuance, reissuance,
24 servicing, placement and redemption of the bonds herein authorized to be issued as well as
25 the registration of such bonds at the request of the holders thereof.

26 SEC. 5. *Investment by Government-Owned or -Controlled Corporations.* – The
27 provisions of their respective charters to the contrary notwithstanding, all government owned
28 or controlled corporations, including government financial institutions, are authorized to invest
29 in shares of stock of the Bank.

1 SEC. 6. *Capital.* – The authorized capital stock of the Bank shall be One Trillion pesos
2 (₱1,000,000,000,000.00) to be divided into Ten Billion (10,000,000,000) shares with par value
3 of One Hundred pesos (₱100.00) per share. The Board shall determine the classification of
4 shares, their corresponding rights, privileges, or restrictions: *Provided, That,* the National
5 Government shall own, at all times, seventy percent (70%) of the total outstanding capital
6 stock of the Bank.

7 Two Hundred Billion pesos (₱200,000,000,000.00) or twenty percent (20%) of the
8 authorized capital stock of the Bank shall be subscribed and One Hundred Sixty-Three Billion
9 Seven Hundred Eighty-Seven Million Seven Hundred Eleven Million Three Hundred Eight pesos
10 (₱163,787,711,308.00) or at least eighty one and 89/100 percent (81.89%) of the total
11 subscription shall be paid up by the National Government.

12 When dividends are declared for stockholders, the dividend due to the National
13 Government shall at all times be in proportion to its ownership of the Bank. The Board, upon
14 the recommendation of the Secretary of Finance and with the approval of the President of the
15 Philippines, may increase the capitalization of the Bank up to such an amount as may be
16 necessary to attain the objectives of this Charter, and may allocate part or all of the Bank's
17 unrestricted retained earnings towards paying for the increase in capital.

18 SEC. 7. *Preferred Shares.* – All preferred shares of stock issued under this Charter shall
19 be entitled to the income earned by the Bank on its investment and other operations: *Provided,*
20 That the holders of such preferred shares of stock shall not bring derivative suits against the
21 Bank.

22 SEC. 8. *Voting of Shares.* – The voting power of all the common shares of stock of the
23 Bank owned and controlled by the government shall be vested in the President of the
24 Philippines or in any ex officio member of the Board of Directors of the Bank or their respective
25 alternates, as may be designated by the ex officio member.

26 SEC. 9. *The Board of Directors and Membership.* – The powers and functions of the
27 Bank shall be vested in and exercised by a Board of Directors which shall be composed of nine
28 (9) members as follows:

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

- 1 (b) President of the Bank as Vice Chairperson, who shall be appointed by the President
2 of the Philippines from a shortlist prepared by the Governance Commission on
3 GOCCs (GCG) pursuant to RA No. 10149, otherwise known as the "GOCC
4 Governance Act of 2011";
- 5 (c) Secretary of Agriculture as an *ex-officio* member;
- 6 (d) Secretary of Agrarian Reform as an *ex-officio* member;
- 7 (e) Secretary of Labor and Employment as an *ex-officio* member,
- 8 (f) Secretary of the National Economic and Development Authority as an *ex-officio*
9 members; and
- 10 (g) Three (3) independent directors to be appointed by the President of the Philippines
11 with the appointment process under RA No. 10149, wherein one (1) shall represent
12 the agricultural sector and two (2) shall represent the private sector, preferably
13 with expertise in finance, economics, and banking.

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

16 The annual stockholders' meeting shall be held at any date in May, as may be
17 determined by the Board of Directors, unless it falls on a legal holiday, in which case, the
18 meeting shall be held on the next succeeding business day.

19 The appointive members of the Board shall hold a term of office for one (1) year and
20 shall continue to hold office until their successor shall have been qualified and appointed. The
21 Board shall convene as often as necessary to discharge its responsibilities properly, but shall
22 meet at least once every month. The Board may be convoked either by the Chairperson or in
23 one's absence, the Vice Chairperson.

24 The majority of the board members shall constitute a quorum. All decisions of the
25 Board shall require the concurrence of at least the majority of its members.

26 No person shall be elected or appointed director of the Bank unless such person is a
27 Filipino citizen, of good moral character, and has attained proficiency, expertise and
28 recognized competence in one or more of the following: banking, finance, economics, law,
29 agriculture, agrarian reform, business management, governance, sustainability, digital
30 transformation, rural economy, banking, co-operation, small-scale industry, information
31 technology, and information security.

1 The compensation, per diems, allowances, incentives, and other benefits for Board
2 Members shall be subject to the provisions of RA No. 10149.

3 SEC. 10. *Powers and Responsibilities of the Board.* – The Board of Directors shall have
4 the following specific powers and responsibilities:

- 5 (a) Formulate policies, rules and regulations for the effective operation of the Bank
6 and issue such rules and regulations as it may deem necessary to effectively
7 implement the provisions of this Charter;
- 8 (b) Decide on matters concerning loans, as well as fix the rates of interest thereon,
9 guarantees, investments, borrowings by the Bank, furnishing of technical
10 assistance and other operations of the Bank;
- 11 (c) Establish such branches and agencies as may be deemed necessary and
12 convenient;
- 13 (d) Appoint and remove such personnel as may be necessary for the expeditious
14 conduct of the business of the Bank;
- 15 (e) To create and establish a "Provident Fund" which shall consist of contributions,
16 made both by the Bank and its officers or employees, to a common fund for the
17 payment of benefits to such officers or employees, or their heirs, under such terms
18 and conditions consistent with RA No. 10149 and Executive Order (EO) No. 150, s.
19 2021 otherwise known as the Compensation and Position Classification System
20 (CPCS) and Index of Occupational Services, Position Titles, and Job Grades for
21 GOCCs (IOS-G) Framework;
- 22 (f) Notwithstanding any law to the contrary, adopt an organizational structure, staffing
23 pattern and personnel qualification standards of the Bank and to reorganize,
24 rationalize and restructure the same, or realign the various functions in the Bank
25 to ensure effective accomplishment of its mandates and strategic goals, the
26 alignment of its organizational structure and staffing pattern with industry
27 standards, and its responsiveness to regulatory requirements, subject to the
28 provisions of RA No. 10149.
- 29 (g) Design, adopt and revise, as it may deem necessary, an early separation plan for
30 employees of the Bank to ensure the availability of a human resource pool qualified
31 and capable of implementing the Bank's authorities under this Charter in a manner
32 responsive and attuned to market developments, and to provide incentives for

1 those who shall be separated from the service, subject to the provisions of RA No.
2 10149;

3 (h) Approve the budget of the Bank for its operations;

4 (i) Enter into compromise or release in whole or in part, any claim or liability
5 whatsoever for or against the Bank, including interest, penalties, fees and other
6 charges, under such terms and conditions as the Board may find acceptable and
7 practicable in accordance with standard banking practices, subject to its best
8 business judgment, and the best interest of the corporation; and

9 (j) Perform other functions, duties and responsibilities necessary, related and
10 incidental to the above mentioned powers and functions.

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

14 SEC. 11. *Environmental, Social, and Governance Principles.* – As an integral part of the
15 National Government, the Bank is inherently mandated to be socially responsible, to act and
16 operate as good corporate citizens. The Governing Board of the Bank shall recognize and
17 perform obligations that the Bank has towards the National Government, its majority
18 stockholder, as well as the minority stockholders when existing, together with the employees,
19 suppliers, customers and other stakeholders, and the communities in which it operates.

20 SEC. 12. *Foreclosure of Collaterals and Disposal of Bank Acquired Properties.* – The
21 foreclosure of collaterals and disposal of bank acquired properties shall be governed by the
22 following:

23 (a) Foreclosure of Mortgage Collaterals - Foreclosure of mortgage collaterals to loan
24 may be made either judicially or extrajudicially;

25 (b) Deputization of Legal Staff - The Bank may, with the approval of the court, deputize
26 any member of its legal staff to act as special sheriff in foreclosure cases, in the
27 sale or attachment of debtor's properties and in the enforcement of court writs and
28 processes in cases involving the Bank. The special sheriff of the Bank shall make a
29 report to the proper court after any action has been taken by such special sheriff,
30 which court shall treat such actions as if it were an act of its own sheriffs in all
31 respect;

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

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

7 (d) Exemption from Attachment - The provisions of any law to the contrary
8 notwithstanding, securities on loans and other credit accommodations granted by
9 the Bank shall not be subject to attachment or execution or any other court
10 process, nor shall they be included in the property of insolvent persons or
11 institutions, unless all debts and obligations of the debtors to the Bank have been
12 paid, including accrued interest, penalties, collection expenses, and other charges;
13 and

14 (e) Right of Redemption of Foreclosed Property, Right of Possession During
15 Redemption Period - Within the redemption period provided for in Section 47 of
16 the General Banking Law of 2000, the mortgagor shall have the right to redeem
17 the property by paying all claims of the Bank against such mortgagor on the date
18 of the sale including all the cost and other expenses incurred by reason of the
19 foreclosure sale and custody of the property, as well as charges and accrued
20 interest. The Bank may take possession of the foreclosed property during the
21 redemption period. When the Bank takes possession during such period, it shall be
22 entitled to the fruits of the property with no obligation to account for them, the
23 same being considered compensation for the interest that would otherwise accrue
24 on the account. Neither shall the Bank be obliged to post a bond for the purpose
25 of such possession. Perform other functions, duties and responsibilities necessary,
26 related and incidental to the above mentioned powers and functions

27 SEC. 13. *Compensation of Executive Officers.* – The President of the Bank shall be its
28 Chief Executive Officer whose salary shall be subject to the provisions of RA No. 10149.

29 The President shall be assisted by Vice Presidents and other officials whose
30 appointment and removal for cause shall be approved by the Board of Directors upon
31 recommendation of the President of the Bank. The salary of the Vice President and other
32 officials shall also be subject to the provisions of RA No. 10149. During the absence or
33 temporary incapacity of the President, or in case of vacancy or permanent Incapacity and

1 pending appointment of a new President of the Bank, the Board of Directors shall designate
2 the officer-in-charge of the Bank.

3 SEC. 14. *Duties and Powers of the Bank President.* – The President of the Bank shall
4 execute the policies, measures, orders and resolutions promulgated by the Board of Directors
5 and supervise and administer the operations of the Bank. The President shall be the legal
6 representative of the Bank and shall make all contracts and enter into all necessary obligations
7 on behalf of the Bank as required or permitted by this Charter. The President shall report
8 periodically to the Board of Directors the main facts concerning the operations of the Bank,
9 and recommended changes of policies which may seem best. The President shall furnish, upon
10 the request of the President of the Philippines, any information regarding the operations of
11 the Bank.

12 SEC. 15. *Qualifications of Executive Officers.* – No person shall be appointed to any
13 executive position in the Bank mentioned in the preceding section unless that person is of
14 good moral character and of unquestionable integrity and responsibility, and who is of
15 recognized competence in the field of economics, agriculture, industry, law, banking or
16 finance, information technology, information security, and possessed of demonstrated
17 administrative skill and ability.

18 SEC. 16. *Withdrawal of Persons Having Personal Interest.* – Whenever any member
19 attending a meeting of the Board has a personal interest in the discussion or resolution of any
20 given matter, or any of the relatives within the fourth degree of consanguinity or a second
21 degree of affinity has such interest, said member shall disclose such interest to the Board and
22 shall not participate in the discussion or resolution of the matter and must retire from the
23 meeting during the deliberations thereon. The subject matter, when resolved, and the fact
24 that a member had a personal interest in it, shall be disclosed to the public. The minutes of
25 the meeting shall reflect the disclosure made and the recusal of the member concerned.

26 SEC. 17. *Prohibition on Persons with Personal/Pecuniary Interest.* – No member of the
27 Board, officer, attorney, agent, or employee of the Bank shall in any manner, directly or
28 indirectly participate in the deliberation upon or the determination of any question affecting
29 one's direct personal interest or the personal interests of relatives within the second civil
30 degree of consanguinity or affinity, or of any corporation, partnership, or association in which
31 the member, officer, attorney, agent, or employee has a direct interest.

1 SEC. 18. *Borrowing by Directors, Officers and Employees; Restriction and Limitation.*

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

13 SEC. 19. *Rules and Regulations on Conflict of Interest.* – The Board of Directors is

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

21 SEC. 20. *Prohibition on Officers and Employees of the Bank.* – Except as required by

22 law, or upon order of a court of competent jurisdiction, or the express order of the President
23 of the Philippines or written permission of the client, no officer or employee of the Bank shall
24 reveal nor allow to be examined, inquired or looked into, by any third person, government
25 official, bureau or office any information relative to details of individual accounts or specific
26 banking transactions, condition or business of any of its clients, or funds or properties in the
27 custody of the Bank belonging to private individuals: *Provided,* That in respect to deposits or
28 whatever nature, the provisions of existing law shall apply.

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

1 SEC. 21. *Exaction of Fee, Commission, Gift or Charge.* – No unauthorized fee,
2 commission, gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining
3 loans from the Bank, and any officer, employee, or agent of the Bank found guilty of exacting,
4 demanding, or receiving any fee services in obtaining any service or transaction from the
5 Bank, shall be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more
6 than Two million pesos (P2,000,000), imprisonment for not less than six (6) years and one
7 (1) month nor more than fifteen (15) years, and perpetual disqualification from public office
8 and confiscation or forfeiture in favor of the government of any prohibited interest and
9 unexplained wealth.

10 SEC. 22. *Personnel.* – The Board of Directors shall provide for an organization and staff
11 of officers and employees of the Bank and upon recommendation of the President of the Bank,
12 appoint and remove such officers and employees: *Provided,* That the Board shall have
13 exclusive and final authority to promote, transfer, assign or reassign personnel of the Bank,
14 any provisions of existing law to the contrary notwithstanding.

15 All positions in the Bank shall be governed by the provisions of RA No. 10149 .

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

18 No officer or employee of the Bank, subject to civil service law and regulations, shall
19 be removed or suspended except for cause as provided for by law and after due process of
20 law.

21 SEC. 23. *Legal Counsel.* – Any provision of existing law or executive order to the
22 contrary notwithstanding, the Bank shall have its own Legal Department which shall have the
23 power to represent the Bank in cases filed before courts, tribunals, and quasi-judicial bodies,
24 render opinions, prepare and review contracts/agreements. The Head and members of the
25 Legal Department shall be appointed by the Board of Directors.

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

1 The hiring of any external private counsel may be authorized by the President, upon
2 the recommendation of the chief legal counsel and the approval of the Board and the OGCC.

3 *SEC. 24. Penalty for Violation of the Provisions of this Charter.* – Any director, officer,
4 employee or agent of the Bank who violates or permits the violation of any of the provisions
5 of this Charter, or any person aiding or abetting the violation of any of the provisions of this
6 Charter, shall be punished by a fine of not to exceed Five hundred thousand pesos
7 (P500,000.00) or by Imprisonment of not more than five (5) years, or both such fine and
8 Imprisonment.

9 *SEC. 25. Other Liability of Guilty Officer or Employee.* – Any member of the Board of
10 Directors or officer or employee of the Bank who willfully violates any of the provisions of this
11 Act shall, in addition to the criminal and administrative liability resulting from such act, be held
12 liable for any loss or injury suffered by the Bank as a result of such violation.

13 *SEC. 26. Liability of Directors, Officers or Partners of Offending Corporation or*
14 *Partnership.* – If the violation of the provisions of this Act is committed by a corporation or
15 partnership, the directors, officers or partners hereof who participated in the violation shall be
16 criminally liable for such violation.

17 *SEC. 27. Applicability of Banking Laws.* – The provisions of R.A. No. 7653, otherwise
18 known as the New Central Bank Act, as amended by R.A. No. 11211, R.A. No. 8791, and other
19 applicable banking laws, insofar as they are not in conflict with any provision of this Act, shall
20 apply to the Bank.

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

24 *SEC. 28. Control Over Subsidiaries and Dividends from Subsidiaries.* – Pursuant to
25 Section 3(a) of this Act and notwithstanding any law, rule, regulation or practice to the
26 contrary, the Bank, thru its President and CEO, shall have control over its subsidiaries and
27 shall appoint the members of its board of directors based on the number of shares of stock
28 standing in the Bank's own name in the stock books of the subsidiaries: *Provided*, That the
29 Bank may temporarily appoint directors to its subsidiaries in cases where urgent action is
30 needed from the subsidiaries' board and the present number of directors does not constitute
31 a quorum. Every subsidiary shall declare and remit at least fifty percent (50%) of its annual

1 net earnings as cash, stock or property dividends, without impairing its viability and the
2 purposes for which it has been established, to the Bank as the parent corporation: *Provided*,
3 That the percentage of annual net earnings that shall be declared by such subsidiary may be
4 adjusted by the President and CEO.

5 SEC. 29. *Transitory Provision.* – Nothing in this Act shall operate to abolish the Bank
6 and affect the validity or legality of any right, duty, or obligation created by or in respect of
7 the Bank prior to the effectivity this Act.

8 Within one hundred eighty (180) days after the effectivity of this Act, the Bank is
9 hereby authorized to reorganize and/or rationalize the Bank's organizational structure to
10 attract fresh and critical talents to join the Bank's workforce in response to dynamic Industry
11 trends, incentivize early separation of tenured employees and those with medical conditions
12 who will be considered for retirement before the optional retirement age of sixty (60) years
13 old, and improve headcount management and succession planning.

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

18 SEC. 30. *Separability Clause.* – If any provision of this Act is subsequently declared
19 invalid or unconstitutional, the other provisions hereof which are not affected thereby shall
20 remain in full force and effect.

21 SEC. 31. *Repealing Clause.* – Sections 74 to 100 of RA No. 3844, otherwise known as
22 the Agricultural Land Reform Code, as amended, are hereby repealed. All laws, executive
23 orders, rules and regulations, or parts thereof inconsistent with any provision hereof are
24 hereby repealed or modified accordingly.

25 SEC. 32. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
26 in the Official Gazette or in a newspaper of general circulation.

Approved,