



HOUSE OF REPRESENTATIVES

H. No. 10581

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BY REPRESENTATIVES CUA, TIANGCO, LUSOTAN, MACEDA AND ONG (J.), PER COMMITTEE REPORT  
NO. 1371

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

*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 Land Bank of the  
2 Philippines Act”.

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

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

20  
21       In line with its mandate, the Bank shall allocate five percent (5%) of its regular loan  
22 portfolio (net of loans to the BSP, interbank loans and availments from domestic bills purchase  
23 line), for socialized credit to qualified small farmers, fisherfolk and ARBs. This facility shall  
24 solely finance agricultural projects pursuant to the provisions of Section 4 of Republic Act  
25 No. 10000, otherwise known as “The Agri-Agra Reform Credit Act of 2009”.

1 Credits extended to the beneficiaries named therein under this facility shall be based on  
2 the feasibility of the project and their paying capacity, their estimated production, and securities  
3 they can provide as well as assets as may be acquired by them from the proceeds of the loan.  
4

5 This facility will be funded through the operations of the Bank itself and will not require  
6 additional government funding.  
7

8 All loans extended through this special socialized credit facility shall qualify as part of the  
9 Bank's compliance with the Agri-Agra Law.  
10

11 Credit under this special socialized credit facility shall be extended through the following  
12 conduits:  
13

- 14 (a) Farmers' and fisherfolk's cooperatives;
- 15
- 16 (b) Farmers' and fisherfolk's organizations or associations;
- 17
- 18 (c) Nonagricultural cooperatives (credit and multipurpose);
- 19
- 20 (d) Cooperative banks;
- 21
- 22 (e) Rural banks;
- 23
- 24 (f) Thrift banks;
- 25
- 26 (g) Agri-business firms or anchor firms providing credit support to ARBs, and small  
27 farmers and fisherfolk; and
- 28
- 29 (h) Duly accredited microfinance nongovernment organizations by the Microfinance  
30 NGO Regulatory Council.  
31

32 Loans under this special socialized credit facility shall have an interest rate equivalent to  
33 not more than seventy-five percent (75%) of the Bank's prevailing rates for loans to  
34 cooperatives: *Provided*, That these conduits shall have an interest spread of not more than five  
35 (5) percentage points. The interest spread shall exclude crop insurance premiums and guarantee  
36 fees: *Provided, further*, That a conduit cannot lend to another conduit.  
37

38 Criteria for eligibility under this special socialized credit facility shall be determined by  
39 the Bank and shall be reflected in the implementing rules and regulations.  
40

41 **SEC. 3. General Powers.** – The Bank shall have the power to  
42

- 43 (a) Prescribe, repeal and alter its own bylaws, to determine its operating policies, and to  
44 issue such rules and regulations as may be necessary;
- 45
- 46 (b) Adopt, alter and use a corporate seal;
- 47
- 48 (c) Hold, purchase, acquire and own real and personal property, introduce necessary  
49 improvements thereon to enhance and develop their social and economic value, and to sell,  
50 mortgage or otherwise dispose of the same,

1 (d) Sue and be sued, make contracts, negotiate and secure loans from both local and  
2 foreign sources. Before undertaking any such credit operation, the Bank, through the Secretary  
3 of Finance, shall request the opinion, in writing, of the Monetary Board on the monetary  
4 implications of the contemplated action. All loans from foreign sources shall be subject to  
5 approval by the President of the Philippines and shall be fully guaranteed by the Philippine  
6 Government;

7  
8 (e) Grant short, medium and long-term loans and advances against security of real estate  
9 or other acceptable assets for the establishment, development or expansion of agricultural,  
10 industrial, home building or home financing projects and other productive enterprises;

11  
12 (f) Grant loans to farmers' cooperatives and associations to facilitate farm production,  
13 marketing of crops and acquisition of essential commodities,

14  
15 (g) Underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest  
16 or reinvest in stocks, bonds, debentures, securities and other evidences of indebtedness of other  
17 corporations and the government or its instrumentalities which are issued for or in connection  
18 with any project or enterprise;

19  
20 (h) Guarantee acceptances, credits, loans, transactions or obligations of any person,  
21 co-partnership, association or corporation in favor of any financing or banking institution,  
22 whether foreign or domestic: *Provided*, That the proceeds of such acceptances, credits, loans,  
23 transactions or obligations are utilized or earmarked for the development and/or expansion of  
24 agriculture and industry, the provision of any law to the contrary notwithstanding;

25  
26 (i) Borrow from, or rediscount notes, bills of exchange and other credit instruments with  
27 the BSP subject to the provisions of Chapter IV of Republic Act No. 7653, as amended by  
28 Republic Act No. 11211, otherwise known as "The New Central Bank Act", and relevant BSP  
29 rules and regulations;

30  
31 (j) Act as a trustee, or administer any trust or hold property in trust in accordance with  
32 the provisions of law governing trust corporations;

33  
34 (k) Act as an official government depository with full authority to maintain deposits of  
35 the government, its branches, subdivisions and instrumentalities, and of government-  
36 owned or -controlled corporations which deposits shall be subject to liquidity floor or reserve  
37 requirements as may be imposed by the Monetary Board upon other commercial banks;

38  
39 (l) Strengthen the capital base of the Bank, to establish a national marketing federation  
40 of farmers and fisheries cooperatives to attract massive capital formation from savings deposits  
41 of the cooperative members nationwide;

42  
43 (m) Offer and issue common and preferred shares of stocks in such manner and in such  
44 quantities as approved by the Secretary of Finance upon the recommendation of the Board of  
45 Directors and in accordance with applicable laws, rules and regulations: *Provided, however*, That  
46 the National Government shall maintain, at all times, at least three-fourths (3/4) ownership of the  
47 total outstanding capital stock of the Bank.

48  
49 The holders of preferred shares of stock shall be nonvoting. Other features of preferred  
50 shares shall be determined by the Board of Directors in accordance with applicable laws and  
51 regulations; and

1 (n) Exercise the general powers provided for in Republic Act No. 11232, otherwise known  
2 as the "Revised Corporation Code of the Philippines", and the universal banking powers under  
3 Republic Act No. 8791, otherwise known as "The General Banking Law of 2000", insofar as they  
4 are not inconsistent or incompatible with this Charter.

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

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

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

29  
30 SEC. 5. *Investment by Government-Owned or -Controlled Corporations.* – The  
31 provisions of their respective charters to the contrary notwithstanding, all government-owned or  
32 -controlled corporations, including government financial institutions, are authorized to invest in  
33 preferred shares of the Bank or accept those shares in exchange for any of their assets or  
34 properties under such terms and conditions as shall be agreed upon between the corporations  
35 or institutions concerned and the Bank.

36  
37 SEC. 6. *Capital.* – The Board, upon the recommendation of the Secretary of Finance and  
38 with the approval of the President of the Philippines, may increase the capitalization of the Bank  
39 up to such an amount as may be necessary to attain the objectives of this Charter, and may  
40 allocate part or all of the Bank's unrestricted retained earnings towards paying for the increase  
41 in authorized capital stock.

42  
43 SEC. 7. *Preferred Shares.* – All preferred shares of stock issued under this Charter shall  
44 be entitled to the income earned by the Bank on its investment and other operations: *Provided,*  
45 That the holders of such preferred shares of stock shall not bring derivative suits against  
46 the Bank.

47  
48 SEC. 8. *Voting of Shares.* – The voting power of all the common shares of stock of the  
49 Bank owned and controlled by the government shall be vested in the President of the Philippines

1 or in any *ex officio* member of the Board of Directors of the Bank or their respective alternates,  
2 as may be designated by the *ex officio* member.

3  
4 **SEC. 9. *The Board of Directors and Membership.*** – The affairs and business of the Bank  
5 shall be directed and its property managed and preserved by a Board of Directors consisting of  
6 eleven (11) members to be composed of the Secretary of Finance as Chairperson, the President  
7 of the Bank as Vice Chairperson, the Secretary of Agrarian Reform, the Secretary of Labor,  
8 the Secretary of the National Economic and Development Authority and the Secretary of  
9 Agriculture as *ex officio* members. The President of the Philippines shall appoint two (2)  
10 members of the Board who shall represent the ARBs and three (3) members who shall represent  
11 the private sector in accordance with the appointment process under Republic Act No. 10149,  
12 otherwise known as the “GOCC Governance Act of 2011”.

13  
14 The annual stockholders meeting shall be held on the first Tuesday of December.

15  
16 The appointive members of the Board shall hold a term of office for one (1) year and shall  
17 continue to hold office until their successor shall have been qualified and appointed. The Board  
18 shall convene as often as necessary to discharge its responsibilities properly, but shall meet at  
19 least once every two (2) weeks. The Board may be convoked either by the Chairperson or in  
20 one’s absence, the Vice Chairperson.

21  
22 The majority of the board members shall constitute a quorum. All decisions of the Board  
23 shall require the concurrence of at least the majority of its members.

24  
25 No person shall be elected or appointed director of the Bank unless such person is a natural  
26 born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral  
27 character, and has attained proficiency, expertise and recognized competence in one or more  
28 of the following: banking, finance, economics, law, agriculture, agrarian reform, business  
29 management.

30  
31 **SEC. 10. *Powers and Responsibilities of the Board.*** – The Board of Directors shall have  
32 the following specific powers and responsibilities:

33  
34 (a) Formulate policies, rules and regulations for the effective operation of the Bank and  
35 issue such rules and regulations as it may deem necessary to effectively implement the provisions  
36 of this Charter;

37  
38 (b) Decide on matters concerning loans, as well as fix the rates of interest thereon,  
39 guarantees, investments, borrowings by the Bank, furnishing of technical assistance and other  
40 operations of the Bank;

41  
42 (c) Establish such branches and agencies as may be deemed necessary and convenient;

43  
44 (d) Ensure the appointment and removal of such personnel as may be necessary for the  
45 expeditious conduct of the business of the Bank, except the President of the Bank, who shall also  
46 be exempt from the manner of appointment and removal provided under Section 18 of Republic  
47 Act No. 10149: *Provided*, That the President and CEO of the Bank shall be subject to appointment  
48 and removal by the President of the Philippines, upon recommendation by the Secretary  
49 of Finance;

1 (e) Notwithstanding any law to the contrary, adopt and review the organizational structure,  
2 staffing pattern and personnel qualification standards of the Bank and to reorganize, rationalize  
3 and restructure the same, or realign the various functions in the Bank to ensure effective  
4 accomplishment of its mandates and strategic goals, the alignment of its organizational structure  
5 and staffing pattern with industry standards, and its responsiveness to regulatory requirements;  
6

7 (f) Design, adopt and revise, as it may deem necessary, an early separation plan for  
8 employees of the Bank to ensure the availability of a human resource pool qualified and capable  
9 of implementing the Bank's authorities under this Charter in a manner responsive and attuned to  
10 market developments, and to provide incentives for those who shall be separated from the service.  
11 Notwithstanding any law to the contrary, these incentives shall be in addition to all gratuities and  
12 benefits the employee is entitled under existing laws;

13  
14 (g) Approve the budget of the Bank for its operations; and  
15

16 (h) Enter into compromise or release in whole or in part, any claim or liability whatsoever  
17 for or against the Bank, including interest, penalties, fees and other charges, under such terms and  
18 conditions as the Board may find acceptable and practicable in accordance with standard banking  
19 practices, subject to its best business judgment, and the best interest of the corporation.  
20

21 **SEC. 11. *Corporate Social Responsibility Principles.*** – As an integral part of the National  
22 Government, the Bank is inherently mandated to be socially responsible, to act and operate as  
23 good corporate citizens. The Governing Board of the Bank shall recognize and perform  
24 obligations that the Bank has towards the National Government, its majority stockholder, as  
25 well as the minority stockholders when existing, together with the employees, suppliers,  
26 customers and other stakeholders, and the communities in which it operates.  
27

28 **SEC. 12. *Foreclosure of Collaterals and Disposal of Bank Acquired Properties.*** – The  
29 foreclosure of collaterals and disposal of bank acquired properties shall be governed by the  
30 following:  
31

32 (a) **Foreclosure of Mortgage Collaterals** – Foreclosure of mortgage collaterals to loan may  
33 be made either judicially or extrajudicially. *Provided,* That movable collaterals may be foreclosed  
34 in its present condition or following any commercially reasonable manner in accordance with  
35 Republic Act No. 11057, otherwise known as the "Personal Property Security Act";  
36

37 (b) **Deputization of Legal Staff** – The Bank may, with the approval of the court, deputize  
38 any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment  
39 of debtor's properties and in the enforcement of court writs and processes in cases involving the  
40 Bank. The special sheriff of the Bank shall make a report to the proper court after any action has  
41 been taken by such special sheriff, which court shall treat such actions as if it were an act of its  
42 own sheriffs in all respect;  
43

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

1 The Bank is also authorized to sell its acquired real estate and other properties to a Financial  
2 Institutions Strategic Transfer Corporation (FISTC), in accordance with the provisions of Republic  
3 Act No. 11523 or the "Financial Institutions Strategic Transfer (FIST) Act".

4  
5 For this purpose, the Board of Directors shall be the appropriate regulatory authority  
6 and promulgate the necessary implementing rules and regulations;

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

14  
15 (e) Right of Redemption of Foreclosed Property, Right of Possession During Redemption  
16 Period – Within the redemption period provided for in Section 47 of the General Banking Law of  
17 2000, the mortgagor shall have the right to redeem the property by paying all claims of the Bank  
18 against such mortgagor on the date of the sale including all the cost and other expenses incurred  
19 by reason of the 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 redemption period.  
21 When the Bank takes possession during such period, it shall be entitled to the fruits of the property  
22 with no obligation to account for them, the same being considered compensation for the interest  
23 that would otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for  
24 the purpose of such possession.

25  
26 SEC. 13. *Compensation of Executive Officers.* – The President of the Bank shall be its  
27 Chief Executive Officer whose salary shall be based on the Compensation and Position  
28 Classification System developed by the Governance Commission for Government-Owned or  
29 -Controlled Corporations (GCG) and as approved by the President of the Philippines upon  
30 recommendation by the Secretary of Finance. The sum total of the salary allowances, benefits  
31 and other emoluments of the President of the Bank shall be higher than the compensation  
32 package of the next highest ranking executive of the Bank.

33  
34 The President shall be assisted by Vice Presidents and other officials whose appointment  
35 and removal for cause shall be approved by the Board of Directors upon recommendation of the  
36 President of the Bank. The salary of the Vice President and other officials shall be based on the  
37 Compensation and Classification System established by the GCG and as approved by the  
38 President of the Philippines upon recommendation of the Secretary of Finance. During the  
39 absence or temporary incapacity of the President, or in case of vacancy or permanent incapacity  
40 and pending appointment of a new President of the Bank, the Board of Directors shall designate  
41 the officer-in-charge of the Bank.

42  
43 SEC. 14 *Duties and Powers of the Bank President.* – The President of the Bank shall  
44 execute the policies, measures, orders and resolutions promulgated by the Board of Directors  
45 and supervise and administer the operations of the Bank. The President shall be the legal  
46 representative of the Bank and shall make all contracts and enter into all necessary obligations  
47 on behalf of the Bank as required or permitted by this Charter. The President shall report  
48 periodically to the Board of Directors the main facts concerning the operations of the Bank, and  
49 recommended changes of policies which may seem best. The President shall furnish, upon

1 the request of the President of the Philippines, any information regarding the operations of  
2 the Bank.

3  
4 SEC. 15. *Qualifications of Executive Officers.* – No person shall be appointed to any  
5 executive position in the Bank mentioned in the preceding section unless that person is of good  
6 moral character and of unquestionable integrity and responsibility, and who is of recognized  
7 competence in the field of economics, agriculture, industry, law, banking or finance, and  
8 possessed of demonstrated administrative skill and ability.

9  
10 SEC. 16. *Withdrawal of Persons Having Personal Interest.* – In addition to the  
11 requirements of Republic Act No. 6713, otherwise known as the “Code of Conduct and Ethical  
12 Standards for Public Officials and Employees”, whenever any member attending a meeting of  
13 the Board has a personal interest in the discussion or resolution of any given matter, or any of  
14 the relatives within the fourth degree of consanguinity or a second degree of affinity has such  
15 interest, said member shall disclose such interest to the Board and shall not participate in the  
16 discussion or resolution of the matter and must retire from the meeting during the deliberations  
17 thereon. The subject matter, when resolved, and the fact that a member had a personal interest in  
18 it, shall be disclosed to the public. The minutes of the meeting shall reflect the disclosure made  
19 and the recusal of the member concerned.

20  
21 SEC. 17. *Personnel.* – The Board of Directors shall provide for an organization and staff  
22 of officers and employees of the Bank and upon recommendation of the President of the Bank,  
23 appoint and remove such officers and employees: *Provided,* That the Board shall have  
24 exclusive and final authority to promote, transfer, assign or reassign personnel of the Bank, any  
25 provisions of existing law to the contrary notwithstanding

26  
27 All positions in the Bank shall be governed by the Compensation and Classification System  
28 established by the GCG and as approved by the President of the Philippines upon  
29 recommendation by the Secretary of Finance.

30  
31 The Bank officers and employees, including all members of the Board, shall not engage  
32 directly or indirectly in partisan political activities or take part in any election except to vote.

33  
34 No officer or employee of the Bank, subject to civil service law and regulations, shall be  
35 removed or suspended except for cause as provided for by law and after due process of law.

36  
37 SEC. 18. *Legal Counsel.* – Any provision of existing law or executive order to the contrary  
38 notwithstanding, the Bank shall have its own Legal Department which shall have the power to  
39 represent the Bank in cases filed before courts, tribunals, and quasi-judicial bodies, render  
40 opinions, prepare and review contracts/agreements. The Head and members of the Legal  
41 Department shall be appointed by the Board of Directors.

42  
43 In appropriate cases, the Bank may also avail of the legal services of the Office of the  
44 Government Corporate Counsel. *Provided, however,* That the present Legal Services Group in  
45 the Bank shall serve as its in-house legal counsel.

#### 46 TRANSITORY PROVISIONS

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48  
49 SEC. 19. *Reorganization of the Bank.* – Within one hundred eighty (180) days after the  
50 effectivity of this Act, and whenever necessary thereafter, the Bank is hereby authorized to  
51 reorganize and/or rationalize the Bank’s organizational structure to attract fresh and critical



1 talents to join the Bank's workforce in response to dynamic industry trends, incentivize early  
2 separation of tenured employees and those with medical conditions who will be considered for  
3 retirement before the optional retirement age of sixty (60) years old, and improve headcount  
4 management and succession planning.

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

10  
11 **SEC. 20. *Penalty for Violation of the Provisions of this Charter.*** – Any director, officer,  
12 employee or agent of the Bank who violates or permits the violation of any of the provisions  
13 of this Charter, or any person aiding or abetting the violation of any of the provisions of this  
14 Charter, shall be punished by a fine of not to exceed Five hundred thousand pesos  
15 (P500,000.00) or by imprisonment of not more than five (5) years, or both such fine and  
16 imprisonment at the discretion of the court.

17  
18 **SEC. 21. *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  
22 **SEC. 22. *Repealing Clause.*** – Sections 74 to 100 of Republic Act No. 3844, otherwise  
23 known as the Agricultural Land Reform Code, as amended, are hereby repealed. All laws,  
24 executive orders, rules and regulations, or parts thereof inconsistent with any provision hereof  
25 are hereby repealed or modified accordingly.

26  
27 **SEC. 23. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in  
28 the *Official Gazette* or in a newspaper of general circulation.

Approved,