



House of Representatives

Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 1500

Submitted by the Committee on Banks and Financial Intermediaries on 10 NOV 2011

Re: House Bill No. 5461

Recommending its approval, in substitution of House Bills No. 4621 and 5117

Sponsors: Representatives Sergio A. F. Apostol and Cresente C. Paez

Mr. Speaker :

The Committee on Banks and Financial Intermediaries to which ~~was~~ referred:

House Bill No. 4621, introduced by Cresente C. Paez and Jose R. Ping-ay, entitled: AN ACT EXTENDING THE LIFE OF THE LAND BANK OF THE PHILIPPINES, FURTHER AMENDING REPUBLIC ACT 3844, OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE", AS AMENDED; and

House Bill No. 5117, introduced by Pedro P. Romualdo, entitled: AN ACT EXTENDING THE TERM OF THE LAND BANK OF THE PHILIPPINES (LBP) TO ANOTHER FIFTY (50) YEARS THEREBY AMENDING SECTION 74 OF THE REPUBLIC ACT NO. 3844, AS AMENDED, OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE"

has considered the same and hereby recommends the approval of the attached bill, entitled:

AN ACT EXTENDING THE TERM OF THE LAND BANK OF THE PHILIPPINES FURTHER AMENDING REPUBLIC ACT NO. 3844, OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE", AS AMENDED,

with Representatives Cresente C. Paez, Jose R. Ping-ay, Pedro P. Romualdo, Sergio A. F. Apostol, Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Rollo S. Golez, Julieta R. Cortuna, Isidro Q. Lico, and Philip A. Pichay as authors thereof.

Respectfully submitted,


SERGIO A. F. APOSTOL
Chairman

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

FACT SHEET

House Bill No. 5461
(Substitute bill to HB. No. 4621 and 5117)

AN ACT EXTENDING THE TERM OF THE LAND BANK OF THE PHILIPPINES FURTHER AMENDING REPUBLIC ACT NO. 3844, OTHER WISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE"

*Introduced by: REPRESENTATIVES CRESENTE PAEZ, JOSE R. PING-AY, PEDRO
ROMUALDO, SERGIO A.F. APOSTOL, RUFUS B. RODRIGUEZ, MAXIMO B. RODRIGUEZ,
JULIETA R. CORTUNA, ISIDRO Q. LICO AND PHILIP A. PICHAY*

*Committee Referral: COMMITTEE ON BANKS & FINANCIAL INTERMEDIARIES
Chairperson: REPRESENTATIVE SERGIO A. F. APOSTOL*

OBJECTIVE

To sustain credit assistance to the agricultural and rural sectors in support of the social justice objectives of agrarian reform.

KEY PROVISION

- Extends the corporate life of the Land Bank which ends on August 8, 2013 by another 50 years.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 5461

INTRODUCED BY Representatives Cresente C. Paez, Jose R. Ping-ay, Pedro P. Romualdo, Sergio A. F. Apostol, Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Roilo S. Golez, Julieta R. Cortuna, Isidro Q. Lico, and Philip A. Pichay

AN ACT

EXTENDING THE TERM OF THE LAND BANK OF THE PHILIPPINES, FURTHER AMENDING REPUBLIC ACT NO. 3844, OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE", AS AMENDED,

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. Section 74 of Republic Act No. 3844, as amended is hereby amended to read as follows:

2 " **Section 74. Creation** - To finance the acquisition by the Government of landed estates for division
3 and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from
4 the landowner, there is hereby established a body corporate to be known as the "Land Bank of the
5 Philippines", hereinafter called the "Bank", which shall have its principal place of business in Manila. [The
6 legal existence of the Bank shall be for a period of fifty years counting from the date of the approval hereof.]
7 **THE BANK IS HEREBY GRANTED FROM THE EXPIRATION OF ITS ORIGINAL TERM ON AUGUST 8, 2013,**
8 **ANOTHER PERIOD OF FIFTY (50) YEARS.** The Bank shall be subject to such rules and regulations as the
9 [Central Bank] **BANGKO SENTRAL NG PILIPINAS** may from time to time promulgate."

10 SECTION 2. Repealing Clause. - All laws, decrees, executive orders, proclamations, rules and
11 regulations and other issuances, or parts thereof which are inconsistent with the provisions of this Act, are
12 hereby repealed, amended or modified.

13 SECTION 3. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its
14 publication in at least two (2) newspapers of general circulation in the Philippines.

15 Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

Fifteenth Congress
First Regular Session

HOUSE BILL NO. 4621

Introduced by Honorable Cresente C. Paez and Honorable Jose R. Ping-ay

EXPLANATORY NOTE

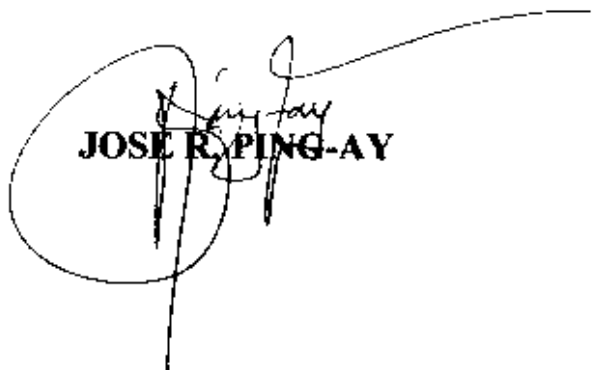
The Land Bank of the Philippines, a Specialized Government Bank with universal banking license, was created under Republic Act No. 3844 also known as the Agricultural Land Reform Code on 08 August 1963 primarily to finance the acquisition and distribution of agricultural estates for division and resale to small landholders as well as the purchase of landholdings by the agricultural lessee as defined under the law. This Body Corporate was granted legal existence for a period of Fifty (50) years counting from the approval of the law. In 1977 the Bank was reorganized to form three major sectors - Agrarian, Banking and Operations to strengthen operations and ensure long-term viability. Several issuances and enactments were later on passed relative to its organizational structure, operations and vested functions. Among which, on 23 February 1995, Republic Act No. 7907 made the LBP as an official government depository.

In its almost forty eight (48) years of corporate existence, LBP was a well renowned government financial institution meritoriously receiving scores of highly acclaimed awards and citations from both local and international award-giving bodies which is a testament to its sound management and profuse growth over the years. As a matter of fact, as of 31 December 2010, LBP reported total assets of 565.72 Billion pesos and total net income after tax of 8.108 Billion pesos translating to an annual growth of 20%.

In the light of LBP's impending corporate life expiration on 2013, this bill seeks to extend the Bank's life for another period of fifty (50) years with an optimistic anticipation that it would continuously replicate with greater dedication and visibility past successes in countryside development and expand further, years of accomplishments in the industry permeating all levels of the Filipino society to provide excellent and responsive services especially to farmers, fisher folks and other priority sectors and stakeholders (its avowed beneficiaries) towards economic prosperity.

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


CRESENTE C. PAEZ


JOSE R. PING-AY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Fifteenth Congress
First Regular Session
HOUSE BILL NO. 4621

Introduced by Honorable Cresente C. Paez and Honorable Jose R. Ping-ay

1 **AN ACT EXTENDING THE LIFE OF THE LAND BANK OF THE**
2 **PHILIPPINES, FURTHER AMENDING REPUBLIC ACT 3844,**
3 **OTHERWISE KNOWN AS THE AGRICULTURAL LAND REFORM**
4 **CODE, AS AMENDED**

5 *Be it enacted by the Senate and House of Representatives of the*
6 *Philippines in Congress assembled:*

7
8 SECTION 1. The Land Bank of the Philippines (LBP) franchise
9 granted under Republic Act No. 3844, also known as the "Agricultural Land
10 Reform Code", is amended to read as follows:

11 (1) Sec. 74. Creation, is hereby amended to read as follows;

12
13 **"Sec. 74. Creation. -** To finance the acquisition by the
14 Government of landed estates for division and resale to small
15 landholders, as well as the purchase of the landholding by the
16 agricultural lessee from the landowner, there is hereby
17 established a body corporate to be known as the "Land Bank of
18 the Philippines", hereinafter called the "Bank", which shall
19 have its principal place of business in Manila. [The legal
20 existence of the Bank shall be for a period of fifty years
21 counting from the date of the approval hereof.]**THE BANK IS**
22 **HEREBY GRANTED FROM THE EXPIRATION OF ITS**
23 **ORIGINAL TERM ON 08 AUGUST 2013, ANOTHER**
24 **PERIOD OF FIFTY (50) YEARS OF LEGAL**
25 **EXISTENCE RENEWABLE FOR ANOTHER FIFTY (50)**
26 **YEARS.** The Bank shall be subject to such rules and

1 regulations as the Central Bank may from time to time
2 promulgate.”
3

4 SEC. 2. *Repealing Clause.* – All laws, presidential decrees, executive
5 orders in whole or in part, including the rules and regulations promulgated
6 thereunder inconsistent with the provisions of this Act, are hereby amended,
7 repealed or modified accordingly.
8

9 SEC. 3. *Effectivity.* – This Act shall take effect fifteen (15) days
10 following its publication in the Official Gazette or in at least two (2)
11 newspapers of general circulation.
12

13 Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 5117

INTRODUCED BY REPRESENTATIVE PEDRO P. ROMUALDO

EXPLANATORY NOTE

The Land Bank of the Philippines (LBP) was created on August 8, 1963 by virtue of Section 74 of Republic Act No. 3844, with an original term of fifty (50) years which will expire on August 8, 2013. This bill proposes to extend the term of the Land Bank of the Philippines to another fifty (50) years to continue its existence and operations.

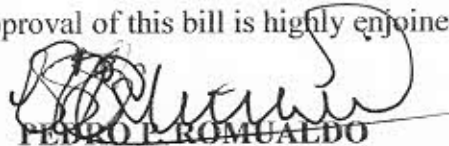
The Land Bank of the Philippines has been very successful in its twin-thrusts as a universal bank by virtue of Presidential Decree No. 251 on July 21, 1973 and as the financial intermediary of the agrarian reform program of the government wherein it was primarily created to provide financial support in all phases of agrarian reform under Section 64 of Republic Act No. 3844.

It was reorganized in 1977 to focus into three areas: Agrarian, Banking and Operations to meet the increasing and diverse needs of its clients and strengthen its long term viability. On February 23, 1995, its charter was amended wherein its authorized capital was increased from its original authorized capital One billion five hundred thousand pesos (P\ 1,500,000.00) to "Nine billion pesos" (P\ 9,000,000.00) and its Board of Trustees was increased from seven (7) to nine (9). It also became the official government depository bank. On August 25, 1998, its authorized capitalization was again increased to "Twenty-five billion pesos" (P\ 25,000,000.00).

Today, Land Bank of the Philippines is one of the top five commercial banks in the country in terms of deposits, assets, loans and capital. It continues to serve the country as: a) the implementing arm of the Comprehensive Agrarian Reform Program which includes land valuation, compensation to owners of agricultural lands, and collection of amortizations from CARP-farmer beneficiaries; b) provision of credit assistance to small farmers and fisherfolks and agrarian reform beneficiaries; c) as official government depository bank; and d) in fulfilling its mandate to spur countryside development.

Let us continue to support "Ang Bangkong May Damdaming Bayan" so it can function well and fulfill its mandate as a top universal and government bank as well as lead partner of our national government in the successful implementation of the Comprehensive Agrarian Reform Program.

With the foregoing, your favorable support and approval of this bill is highly enjoined.



PEDRO P. ROMUALDO

Congressman, Lone District, Camiguin

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 5117

INTRODUCED BY REPRESENTATIVE PEDRO P. ROMUALDO

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

AN ACT

EXTENDING THE TERM OF THE LAND BANK OF THE PHILIPPINES (LBP) TO ANOTHER FIFTY (50) YEARS THEREBY AMENDING SECTION 74 OF THE REPUBLIC ACT NO. 3844, AS AMENDED, OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE"

SECTION 1. Section 74 of Republic Act No. 3844, as amended is hereby amended to read as follows:

" **Section 74. Creation** - To finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner, there is hereby established a body corporate to be known as the "Land Bank of the Philippines", hereinafter called the "Bank", which shall have its principal place of business in Manila. [The legal existence of the Bank shall be for a period of fifty years counting from the date of the approval hereof.] **THE BANK IS HEREBY GRANTED FROM THE EXPIRATION OF ITS ORIGINAL TERM ON AUGUST 8, 2013, ANOTHER PERIOD OF FIFTY (50) YEARS.** The Bank shall be subject to such rules and regulations as the [Central Bank] **BANGKO SENTRAL NG PILIPINAS** may from time to time promulgate.

SECTION 2. Repealing Clause. - All laws, decrees, executive orders, proclamations, rules and regulations and other issuances, or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified.

SECTION 3. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its publication, upon its initiative, in at least two (2) newspapers of general circulation in the Philippines.

Approved,



House of Representatives

Quezon City, Metro Manila

MINUTES OF THE 22nd AUGUST 2011 MEETING

Conference Room 1, Ramon V. Mitra Jr. Bldg.
Batasan Pambansa Complex, Quezon City

Honorable Sergio Apostol, Chairman, presiding.

Resource Persons:

Mr. Eric Pama – President, Rural Bankers Association of the Philippines
Mr. Tomas Gomez – Past President, Rural Bankers Association of the Philippines
Mr. Vicente Mendoza – Executive Director, Rural Bankers Association of the Philippines
Ms. Gilda Pico – President, Land Bank of the Philippines
Mr. Francisco Del Rosario Jr. – President, Development Bank of the Philippines
Atty. Prudence Kasala - Supervision and Examination Sector, Bangko Sentral ng Pilipinas
Atty. Loretta Conlu - Supervision and Examination Sector, Bangko Sentral ng Pilipinas

Call to Order

The meeting was called to order at 9:45 am. On motion, the calling of the roll was dispensed with.

Consideration of HB 4805, HB 4854 and HB 4519 (Allowing foreign equity in rural banks)

Representative Pedro Romualdo, author of HB 4854, said that the rural bank industry has a pivotal role in meeting and sustaining the needs of various sectors of the local economy such as the business sector, agriculture and fishery sector, micro-enterprises and small to medium enterprises and the service industries. He proposed that, with the increase in the minimum capital requirement for rural banks, fresh capital from interested foreign investors or non-Filipino citizens be allowed in order to sustain the growth of the industry.

Atty Prudence Kasala of the Supervision and Examination Sector of the Bangko Sentral ng Pilipinas said that the BSP does not interpose any objection to allowing foreign equity in rural banks. She suggested that the foreign equity be limited to 40% of voting stock as provided in HB 4805 and HB 4854, instead of 60% as provided in HB 4519. This is to avoid issues on foreclosure of property, specifically on the qualification to acquire land, which existing laws limit to Philippine citizens. Atty Kasala said that if foreign equity is more than 40% of voting stock, the rural bank will no longer be qualified to hold land and therefore could not take title to the land. Atty Kasala also proposed the adoption of section 11 of the General Banking Law on the determination of the nationality of the corporate stockholder.

Mr. Eric Pama, President of the Rural Bankers Association of the Philippines (RBAP), endorsed the proposal allowing foreign equity in rural banks of up to 40% of voting stock.

Congressman Rufus Rodriguez, author of HB 4519, manifested that he is supporting the proposal to limit foreign equity in rural banks to 40% of voting stock.

Approval of HB 4805 and HB 4854

On motion, the committee voted to approve the bills allowing foreign equity in rural banks of up to 40% of voting stock.

Approval of HB 4621 and HB 5117

On motion, the committee voted to approve HB 4621 and HB 5517 extending the term of Land Bank by another 50 years.

Consideration of HB 135 and HB 3731 (LBP-DBP merger)

The committee deferred discussion of the bills. Instead, it created a technical working group headed by Representative Golez to study the proposals and to submit its recommendations to the committee.

Adjournment

The meeting was adjourned at 11:45 am.

Certified correct:



RAMON R. FEDERIZON
Committee Secretary