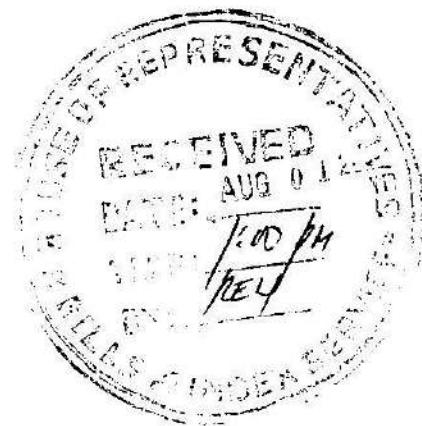


NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



**HOUSE OF REPRESENTATIVES**

**House Bill No. 2838**

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Introduced by Representative Ralph G. Recto

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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**

As the country's government-mandated infrastructure bank, the Development Bank of the Philippines (DBP) expands its role as a stimulus for development, especially as the country continues to march towards progress amidst the COVID-19 pandemic. As the premiere development and universal government bank, it supports the National Government in its shared task of nation-building to achieve its legal mandate to power the country towards sustainable economic growth.

For several decades, DBP has been at the forefront of strengthening our economic growth through its array of relevant, responsive and purposeful development financing programs. Its vital role as a provider of reliable funding for essential public infrastructure projects under the government's Build, Build, Build Program is also noteworthy.

DBP is not just an ordinary universal bank. More importantly, it is a government financial institution and a government-owned and -controlled corporation which intends to live out its developmental government mandate to the fullest while maintaining sound profitability and strong balance sheet required on universal banks under existing banking laws and regulations.

There is a need, however, to further amend the Revised DBP Charter (Executive Order No. 81, Series of 1986, as amended by Republic Act No. 8523) to improve and expand the powers and functions of DBP with a corresponding needed increase in its capitalization. Consequently, this will enhance the Bank's capability to ensure continuity of developmental service to the nation in the delivery of better products and more effectively serve its clients while complying with the risk-based banking laws and regulations.

Among the proposed amendments to the DBP Revised Charter to further strengthen the Bank's capability in fulfilling its government mandate within the context of a financially viable and stable banking institution, are as follows:

- a. Increase in DBP's authorized capital stock in the amount of Three Hundred Billion Pesos (Php300,000,000,000.00) to comply with the risk-based capital ratio and other capital related *Bangko Sentral ng Pilipinas* (BSP) regulations in relation to the risks continually assumed by the Bank in its developmental mandate;
- b. Authorizes DBP to engage in non-traditional banking service, such as financial leasing;
- c. Allows DBP to act as loan or credit facility program administrator on loans granted by the National Government;
- d. Strengthens DBP's primary objective of being a premier universal government developmental bank by specifying the crucial sectors it will service which are vital to the country's economic growth, such as Infrastructure, Tourism Development Projects, Agriculture-based Entrepreneurial Ventures, Education, Health Care, Socialized Housing, Protection of the Environment and the Public Sector;
- e. Grants the Bank the authority to exercise all such powers and services of a universal bank under the General Banking Law (GBL) of 2000 (Republic Act No. 8791), subject to Monetary Board regulations, in order to perform its mandate;
- f. Expands the authority of the Board of Directors, in order to harmonize the DBP Charter with the provisions of R.A. No. 8791, to include the approval

of other credit accommodations, bank guarantees, other financial activities, and investment activities, subject to the BSP regulations. Further, it includes the express power of the Board to continually reorganize the Bank personnel so as to provide DBP with greater operational and organizational flexibility to rationalize the organization and structure of DBP in its universal banking activities, including developmental banking activities, to promote cost-savings and efficiency;

- g. Provides for DBP's perpetual corporate existence consistent with the recent amendments to the Revised Corporation Code (R. A. No. 11232);
- h. Harmonizes the Right of Redemption of Mortgagors under the DBP Charter with that of the GBL of 2000;
- i. Strengthens the provisions on the avoidance of conflict of interest to ensure good corporate governance; and
- j. Increases the sanctions and penalties for specific violations of the Revised Charter to the current values to be at par and consistent with sanctions provided by prevailing laws.

With these further Charter amendments, DBP will be able to do more and become a more valuable partner for their stakeholders in moving this nation forward amidst the pandemic and other pressing challenges. DBP fully shares this vision which ignites its passion to stay responsive and relevant as a development and infrastructure government bank.

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



**RALPH G. RECTO**

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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 the policy of the State to strengthen the  
4 powers and functions of the Development Bank of the Philippines, hereinafter referred  
5 to as the Bank, as a premier government developmental financial institution that  
6 provides developmental financing and banking services necessary in the achievement  
7 of sustained economic growth. The State recognizes that the Bank plays an important  
8 role in the country’s aspiration to meet the challenges of globalization and the  
9 integration of the Association of South East Asian Nations (ASEAN) by assisting  
10 Philippine industries and other strategic sectors of the economy and enhancing their  
11 capability to compete in the global market.

12       The State shall support the Bank in pursuing corporate citizenship programs  
13 through initiatives that promote the welfare of the Filipino people, particularly the  
14 underprivileged. The Bank shall carry out relevant and meaningful programs through  
15 its flagship initiatives in education, health, environmental preservation and social  
16 outreach programs.

1        *Sec. 3. Name and Corporate Existence.* – The Bank, shall henceforth operate  
2 under the provisions of this Act. The Bank shall continue to exist as a body corporate  
3 and shall have perpetual existence from the date of effectivity of this Act.

4        *Sec. 4. Primary Objective of the Bank.* – As a partner in national development,  
5 the Bank shall support the programs of the government that enable growth and  
6 productivity such as infrastructure programs, information and communication  
7 technology programs, tourism development projects, agriculture-based  
8 entrepreneurial ventures, socially-beneficial programs in education, health care, and  
9 socialized housing, those that support the protection of the environment, and other  
10 public sector programs: *Provided,* That this objective shall be pursued with utmost  
11 consideration of the need and responsibility to preserve and protect the financial  
12 viability of the Bank while ensuring that it remains globally competitive. As a universal  
13 bank, it shall at all times safeguard its financial position in order that it can effectively  
14 participate in the accomplishment of the national goal of attaining meaningful and  
15 inclusive economic growth.

16        *Sec. 5. Corporate Powers.* — In addition to the general powers of a corporation  
17 under Republic Act No. 11232 otherwise known as the "Revised Corporation Code of  
18 the Philippines", the Bank shall have the power to:

- 19        a) Exercise all such powers and services as may be necessary to carry on  
20        the business of a universal bank under Republic Act No. 8791 or "The  
21        General Banking Law of 2000" subject to the existing rules and  
22        regulations of the Monetary Board in order to perform its mandate under  
23        this Act;
- 24        b) Accept and manage trust funds and properties and carry on the business  
25        of a trust corporation;
- 26        c) Act as official government depository with authority to maintain deposits  
27        and deposit substitutes of the national government, its agencies,  
28        bureaus and instrumentalities, and government-owned or -controlled  
29        corporations, and local government units, subject to such rules and  
30        regulations as the Monetary Board may prescribe;
- 31        d) Adopt, amend, or change its by-laws; to adopt, alter and use a seal; to  
32        lease or own real and personal property and to sell or otherwise dispose

1 of the same; to make contracts; to sue and be sued; and to exercise the  
2 general powers of a corporation mentioned in the Revised Corporation  
3 Code of the Philippines, including the power to acquire or establish  
4 subsidiaries registered with the Securities and Exchange Commission  
5 (SEC) and enter into joint venture agreements for purposes of  
6 developing or disposing acquired assets and Bank properties, insofar as  
7 such powers are not inconsistent or incompatible with the provisions of  
8 this Act and banking laws, rules and regulations;

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

14 f) Act as loan or credit facility programs administrator with respect to the  
15 loans granted by the national government;

16 g) Develop and dispose the Bank's owned properties. To add value to,  
17 improve profitability on, and enhance the marketability of bank's owned  
18 property, the bank may further develop or renovate the same either with  
19 its own capital or through a joint venture arrangement with private  
20 companies or individuals, without need of approval by the National  
21 Economic Development Authority (NEDA);

22 h) Dispose of its acquired assets which shall not be subject to any injunction  
23 or restraining order issued by any court, commission, tribunal or office  
24 which shall bar, impede or delay the sale and disposition thereof except  
25 on questions of ownership and national or public interest. For this  
26 purpose, the Board of Directors may adopt programs and policies as may  
27 be necessary to implement this provision; and

28 i) Engage in financial leasing of movable and immovable properties in  
29 connection with government projects.

30 Unless otherwise provided for in this Act, the exercise of the above-mentioned  
31 powers shall be subject to applicable laws, as well as regulations promulgated by the  
32 *Bangko Sentral ng Pilipinas* (BSP) and other applicable prevailing laws, rules and

1 regulations. The Bank shall observe utmost transparency in dispensing loans and  
2 selling of government assets. The Bank must ensure that its resources are not being  
3 unduly taken advantage of by its management to favor certain private interests:  
4 *Provided, That, in any case: (a) no grant of loan or disposition of asset shall be*  
5 *implemented by the Bank unless it undergoes the requisite evaluation and approval*  
6 *process; and (b) the file pertaining to the transaction contains a full disclosure of: (i)*  
7 *how the account originated and endorsed to the approving bodies; and (ii) the*  
8 *deliberation made by the approving bodies on the transaction is faithfully recorded*  
9 *and the record of such deliberation and pertinent account files are kept and made*  
10 *available for audit in the future by authorized officials, subject to prevailing laws, rules*  
11 *and regulations on retention and management of public records.*

12         *Sec. 6. Principal Office, Branches, and other Offices.* – The Bank's principal  
13 office and place of business shall be in Metro Manila. It may open and maintain  
14 branches and agencies in accordance with existing regulations of the BSP.

15         *Sec. 7. Authorized Capital Stock-Par Value.* – The capital stock of the Bank shall  
16 be Three hundred billion pesos (P300,000,000,000.00) to be divided into three billion  
17 (3,000,000,000) common shares with par value of One hundred pesos (P100.00) per  
18 share, which shall be fully subscribed by the national government: *Provided, That the*  
19 *increase in capitalization shall be funded solely from the declared cash dividends of*  
20 *the Bank in favor of the National Government. For this purpose, any and all declared*  
21 *cash dividends of the Bank in favor of the National Government shall be deposited in*  
22 *a special account in the General Fund and earmarked for the payment of the Bank's*  
23 *increase in capitalization. Such payment shall be released and disbursed immediately*  
24 *and shall continue until the increase in capitalization has been fully paid.*

25         The President of the Philippines, may approve the increase of the capitalization  
26 of the Bank to be fully subscribed by the national government, upon the  
27 recommendation of the Board and the concurrence of the Secretary of Finance, up to  
28 such an amount as may be necessary to attain the objectives of this Act.

29         *Sec. 8. Voting of Shares.* — The voting power of all the common shares of stock  
30 of the Bank shall be vested in the President of the Philippines or to the delegated or  
31 authorized representative, subject to prevailing laws, rules and regulations.

1        *Sec. 9. Loans and Other Investments.* — Loans and other investments of the  
2 Bank shall be subject to the same limits and ceilings imposed on universal banks by  
3 the Monetary 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 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 and  
10 regulations promulgated by the Monetary Board.

11        The Bank shall provide for appropriate reserves for the redemption or  
12 retirement of the bonds. These bonds and other obligations shall be redeemable at  
13 the option of the Bank at or before maturity and in such manner as may be stipulated  
14 therein and shall bear such rate of interest as may be fixed by the Bank.

15        Such obligations shall be secured by the assets of the Bank, including the  
16 stocks, bonds, debentures, and other securities purchased or held by it under the  
17 provisions of this Act. These bonds and debentures may be long-term, medium, or  
18 short-term, with fixed interest rate or floating interest rate.

19        *Sec. 11. Board of Directors, Composition, Tenure and Per Diems.* — The affairs  
20 and business of the Bank shall be directed, and its properties managed and preserved,  
21 by a Board of Directors consisting of nine (9) members. The other members of the  
22 board shall be appointed by the President of the Philippines from a shortlist prepared  
23 by the Governance Commission for Government –Owned and –Controlled Corporations  
24 (GCG) subject to prior vetting from the BSP and its rules on disqualification, watchlist  
25 files and the fit and proper rule, in accordance with the procedure laid down in R.A.  
26 No. 10149 otherwise known as the "GOCC Governance Act of 2011": *Provided,*  
27 *however,* That, the position of Chairperson of the Board and President of the Bank  
28 shall not be held by the same person.

29        The directors must always meet the fit and proper requirements under R.A. No.  
30 8791 and the guidelines of the BSP and the GCG.

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

1 The President of the Bank shall be the Vice-Chairperson of the Board. In case  
2 the Chairperson is absent or incapacitated, the President shall act as Chairperson. In  
3 case of incapacity or absence of both the Chairperson and the Vice-Chairperson, the  
4 Board shall designate a temporary chairperson from among its members.

5 No person shall be appointed director of the Bank unless that person is a  
6 natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of  
7 good moral character and has attained proficiency, expertise and recognized  
8 competence in one or more of the following: banking, finance, accounting, information  
9 technology, information security, economics, law, agriculture, business management,  
10 public utility or government administration.

11 At least four (4) of the members of the Board shall come from the private  
12 sector. Except for the Chairperson and the President, no incumbent officer or  
13 employee of the Bank may be appointed as a member of the Board; nor shall any  
14 incumbent director, officer, or employee of any other bank be eligible as a member of  
15 the Board.

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

18 The term of office of the President and the members of the Board shall be for  
19 a period of one (1) year or until such time as their successors are appointed.

20 The members of the Board, including the President and CEO, shall receive per  
21 diems for every meeting actually attended, and receive such other allowances,  
22 incentives and emoluments, including reasonable transportation and representation  
23 allowances and performance-based incentives, comparable to those received by  
24 directors in private banks of the universal bank category, subject, however, to existing  
25 laws and regulations.

26 *Sec. 12. Powers and Duties of the Board of Directors.* — The Board shall have  
27 the following duties, powers, and authority:

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

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

8           c) To approve investment activities with terms and conditions beneficial to  
9 the Bank and subject to the regulations promulgated by the Monetary Board;

10          d) To adopt an annual budget for the effective operation and administration  
11 of the Bank;

12          e) To create and establish a "Provident Fund" which shall consist of  
13 contributions, made both by the Bank and its officers or employees, to a common fund  
14 for the payment of benefits to such officers or employees, or their heirs, under such  
15 terms and conditions as the Board may fix;

16          f) To compromise or release, in whole or in part, any claim or settled  
17 liability to the Bank regardless of the amount involved, under such terms and  
18 conditions it may impose to protect the interests of the Bank. This authority to  
19 compromise shall extend to claims against the Bank;

20          g) To appoint, promote or remove officers from the rank of Vice President  
21 or its equivalent, and other more senior officer positions, excluding the Chairperson  
22 and the Vice Chairperson: *Provided, That no person shall be appointed to any*  
23 *executive position in the Bank mentioned in the preceding section unless one is of*  
24 *good moral character, of unquestionable integrity and responsibility, who is of*  
25 *recognized competence in the field of one or more of the following: economics,*  
26 *agriculture, industry, law, banking or finance, accounting, information technology,*  
27 *information security, and possesses demonstrated administrative skill and ability;*

28          h) To establish such branches, agencies and other offices which the Board  
29 shall determine to be necessary and convenient in accordance with existing rules and  
30 regulations of the BSP;

31          i) To establish a human resource management system which shall govern  
32 the selection, hiring, appointment, transfer, promotion or dismissal of all personnel,

1 and determination of compensation and benefits of all employees, subject to existing  
2 laws and regulations such as R.A. No. 10149. Such system shall aim to establish  
3 professionalism and excellence at all levels of the Bank in accordance with sound  
4 principles of management;

5 j) To reorganize the bank personnel as the Board may deem necessary;  
6 and to rationalize the organization and structure of the Bank to promote cost-savings  
7 and efficiency. The Board is authorized to design and adopt an early retirement or  
8 separation incentive plan for the purpose of providing a financial package of benefits,  
9 apart from that granted under the GSIS law, due to retrenchment, reorganization,  
10 streamlining of its organization, merger with another bank or a similar occurrence to  
11 enable its personnel who may or may not yet be qualified for optional retirement under  
12 existing retirement laws to retire or be separated from the service with additional  
13 financial benefits: *Provided*, That the provisions of the Civil Service Law and its  
14 implementing rules shall, at all times, be observed: *Provided, further*, That any  
15 separation benefit and incentive which may be granted by the Bank equivalent to at  
16 least two (2) months basic salary for every year of service, in addition to those  
17 provided under existing laws, for those personnel referred to in this section shall be  
18 sourced from the corporate funds of the Bank. This provision shall be subject to  
19 applicable existing laws, rules and regulations;

20 k) To promote and sponsor the local or foreign training or study of officers  
21 and employees in the related fields such as banking, finance, treasury, money market,  
22 risk management, information technology and law. Toward this end, the Bank is  
23 authorized to defray the costs of such training or study. The Board shall provide rules  
24 and regulations to govern the training or study programs of the Bank, subject to  
25 applicable existing regulations on training and study, as well as accounting and  
26 auditing rules; and

27 l) To obtain from GSIS or other reputable insurance companies, duly  
28 accredited by the appropriate regulatory body, directors, officers and liability insurance  
29 coverage, without prejudice to the right of the Bank, as may be determined by the  
30 Board, to put up its own legal insurance fund, subject to the regulations issued by the  
31 GCG.

1       The Board shall exercise its powers in a manner consistent with the principles  
2 of transparency, fairness and accountability.

3       Sec. 13. *President and Chief Executive Officer.* — The President of the Bank  
4 shall be the Chief Executive Officer who shall be elected by the Board from among  
5 themselves with the written advice and consent of the President of the Philippines. No  
6 person shall be appointed President of the Bank unless one is at least forty (40) years  
7 of age, of good moral character and reputation, with at least ten (10) years of previous  
8 experience in banking, and has a reputed proficiency, expertise and recognized  
9 competence in banking or financial management.

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

15       The President shall have the following powers and duties:

- 16       a) To sign and execute all contracts concluded by the Bank and enter into  
17       all necessary obligations required or permitted by this Act, upon proper  
18       authorization by the Board; and sign all notes, securities certificates, and  
19       other major documents of the Bank;
- 20       b) To exercise, as Chief Executive Officer of the Bank, the powers of control  
21       and supervision over decisions and actions of subordinate officers and  
22       all other powers that may be granted by the Board;
- 23       c) To report to the Board the main facts concerning the operations of the  
24       Bank and to recommend changes in policies which one may deem  
25       advisable;
- 26       d) To submit an annual report to the President of the Philippines on the  
27       result of the operations of the Bank;
- 28       e) To recommend to the Board the appointment, promotion, or removal of  
29       all officers of the Bank, with the rank of at least vice-president or its  
30       equivalent;
- 31       f) To appoint, promote or remove employees and officers below the rank  
32       of vice-president or its equivalent: *Provided, That* promotions, transfers,

1 assignments or reassignments of officers and personnel of the Bank are  
2 personnel actions deemed made in the interest of the service and not  
3 disciplinary, any provision of the Civil Service Law to contrary  
4 notwithstanding; and

- 5 g) As required by circumstances, to delegate any of the powers, duties or  
6 functions to any officer or director of the Bank, with the approval of the  
7 Board.

8 *Sec. 14. Legal Matters and Cases.* — The Bank shall have its own chief legal  
9 counsel as head of the legal department, who shall be appointed by the Board of the  
10 Bank upon recommendation of its President. The other members of the legal  
11 department shall be appointed in accordance with the Bank's policies on hiring and  
12 promotion.

13 In appropriate cases, the Bank may avail also of the legal services of any  
14 government legal office authorized to render such services to government-owned or  
15 controlled corporations.

16 Notwithstanding Section 10 of Chapter 3, Title III, Book IV of Executive Order  
17 292, otherwise known as the "Administrative Code of 1987", the Legal Department  
18 can also act as the principal law office of the Bank duly authorized to appear in its  
19 behalf in any court or quasi-judicial body. The hiring of any external private counsel  
20 may be authorized by the Board, upon the recommendation of the chief legal counsel,  
21 without need of securing the approval of the Office of the Government Corporate  
22 Counsel (OGCC) and the Commission on Audit (COA), any provision of a general or  
23 special law to the contrary notwithstanding.

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

30 The sale of mortgaged properties under the provisions of existing laws or of  
31 this Act shall be conducted under the direction of the sheriff of the province or any  
32 special sheriff of the Bank, or of a municipal judge or notary public of the city or

1 municipality where the sale is to be made, who shall be entitled to collect the fees  
2 provided for in the Rules of Court with respect to sale of properties under execution.

3       Sec. 15. *Foreclosure by the Bank.* — Unless warranted by the circumstances as  
4 may be determined by the Board or otherwise directed by the President of the Bank  
5 or his duly authorized representative for justifiable reasons, the Bank, after the lapse  
6 of sixty (60) days from the date the account became past due as defined under the  
7 rules and regulations of the BSP, shall immediately foreclose the collaterals and/or  
8 securities for any loan, credit, accommodation, and/or guarantees granted by the Bank  
9 whenever the arrearages on such account, including accrued interest and other  
10 charges, amount to at least twenty percent (20%) of the total outstanding obligations,  
11 including interest and other charges, as appearing in the books of account and/or  
12 related records of the Bank.

13       Upon application of foreclosure of the collateral of delinquent borrowers,  
14 whether judicially or extra-judicially, by the Bank, the court and/or officials concerned  
15 shall immediately act and give priority to the same and schedule the publication  
16 thereof within five (5) days from receipt of the application, the auction sale to be held  
17 not later than ten (10) days from date of the last publication. The certificate of sale  
18 must be issued on the date of sale and the same must be registered by the Register  
19 of Deeds concerned not later than five (5) days after submission of the certificate of  
20 sale.

21       As a result of foreclosure or any other legal proceedings wherein the properties  
22 of the debtor which are foreclosed, attached, or levied upon in satisfaction of a  
23 judgment are sold to the Bank, the said properties shall be placed in the possession  
24 and control of the Bank, with the assistance of the Philippine National Police whenever  
25 necessary. The petition for writ of possession shall be acted upon by the court within  
26 fifteen (15) days from the date of filing.

27       The Bank is hereby directed to report to the Office of the President of the  
28 Philippines any official who delays the proceedings as provided herein or who violates  
29 any of the provisions of this section.

30       This provision is without prejudice to the right of the Bank to enter into a  
31 compromise agreement pursuant to Section 12(f) of this Act.

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

8        Notwithstanding the provisions of Act No. 3135 entitled "An Act to Regulate the  
9 Sale of Property Under Special Powers Inserting In or Annexed to Real Estate  
10 Mortgage", as amended, juridical mortgagors whose real property has been extra-  
11 judicially sold at public auction shall have the right to redeem the property until, but  
12 not after the registration of the certificate of foreclosure sale with the applicable  
13 Register of Deeds, which registration shall in no case be more than three (3) months  
14 from the date of foreclosure, whichever is earlier.

15        The Bank may take possession of the foreclosed property during the  
16 redemption period. When the Bank takes possession during such period, it shall be  
17 entitled to the fruits of the property with no obligation to account for them, the same  
18 being considered compensation for the interest that would otherwise accrue on the  
19 account. Neither shall the Bank be obliged to post a bond for the purpose of such  
20 possession.

21        *Sec. 17. Exemption from Attachment.* — The provisions of any law to the  
22 contrary notwithstanding, collaterals, securities on loans or other credit  
23 accommodation and guarantees granted by the Bank or its predecessors-in-interest  
24 shall not be subject to attachment, execution or any other court process, nor shall  
25 they be included in the property of insolvent persons or institutions, unless all debts  
26 and obligations of the debtor to the Bank and its predecessors-in-interest have been  
27 previously paid, including accrued interest, penalties, collection expenses, and other  
28 charges.

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

31        *Sec. 18. Personnel.* — The Board shall provide for an organization and staff of  
32 officers and employees of the Bank and establish a bank personnel management

1 system which shall govern the selection, hiring, appointment, transfer, promotion, or  
2 dismissal of all bank personnel, including the continuous reorganization thereof.

3 The appointments in the Bank, except those which are policy-determining,  
4 primarily confidential or highly technical in nature, shall be made only according to the  
5 Civil Service Law and regulations: *Provided*, That no qualification or eligibility  
6 requirements for positions in the Bank shall be imposed other than those set by the  
7 Board: *Provided, further*, That the Monetary Board shall prescribe, pass upon and  
8 review the qualifications of individuals appointed as officers and disqualify those found  
9 unfit: *Provided, finally*, That the Board or the President in accordance with Sections  
10 12 and 13 of this Act, respectively, may without need of obtaining prior approval from  
11 any other government agency, appoint its contractual personnel whose services are  
12 deemed necessary in order not to unduly disrupt the operations of the Bank except in  
13 the conduct of business involving bank deposits.

14 All positions in the bank shall be governed by the compensation and position  
15 classification system (CPCS) and qualification standards subject to the approval of the  
16 President of the Philippines based on a comprehensive job analysis of actual duties  
17 and responsibilities and the compensation plan shall be comparable with the prevailing  
18 compensation plans of universal banks in the private sector. The Board shall fix the  
19 total compensation package and other remunerations and emoluments of bank  
20 personnel, including the President and Chief Executive Officer. The total compensation  
21 package shall include reasonable allowances, incentives, bonuses, privileges and other  
22 benefits, comparable to those given in private banks of the universal bank category,  
23 as may be necessary or proper for the effective management, operation and  
24 administration of the Bank.

25 The Bank's CPCS shall be subject to periodic review by the Board once every  
26 two (2) years, without prejudice to yearly merit or increases based on the bank's  
27 productivity and profitability. The Bank shall be exempt from all existing laws, rules,  
28 and regulations on compensation, position classification and qualification standards.

29 The foregoing actions of the Board in the immediately preceding three (3)  
30 paragraphs of this section shall be subject to existing laws and regulations, such as  
31 R.A. No. 10149.

1 No officer or employee of the Bank subject to the Civil Service Law shall be  
2 dismissed except for cause as provided by law.

3 *Sec. 19. Inhibition from Board Meeting of Member with Personal Interest. —*  
4 Whenever any member attending a meeting of the Board of Directors, or any of one's  
5 relatives within the fourth civil degree of consanguinity or affinity has a personal or  
6 pecuniary interest, directly or indirectly, in any matter in the agenda of the board  
7 meeting or in the discussion or resolution of any given matter, said member shall  
8 disclose said interest to the Board and shall not participate in the discussion or  
9 resolution of the matter and must retire from the meeting during the deliberation  
10 thereon. The members of the Board of Directors present in the meeting should still  
11 constitute a quorum despite the inhibition of the member with personal or pecuniary  
12 interest in any matter, discussion or resolution in the same meeting.

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

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

20 *Sec. 20. Prohibition on Persons with Personal/Pecuniary Interest. —* No member  
21 of the Board, officer, attorney, agent, or employee of the Bank shall in any manner,  
22 directly participate in the deliberation upon or the determination of any question  
23 affecting one's direct personal interest or the personal interests of relatives within the  
24 fourth civil degree of consanguinity or affinity, or of any corporation, partnership, or  
25 association in which the member has a direct interest. Any person violating the  
26 provisions of this section shall be removed from office and shall upon conviction be  
27 punished with a fine of not less than Fifty thousand pesos (P50,000) nor more than  
28 Two million pesos (P2,000,000) or by imprisonment of not less than two (2) years nor  
29 more than ten (10) years, or by both fine and imprisonment at the discretion of the  
30 court.

31 *Sec. 21. Borrowing by Directors, Officers and Employees; Restriction and*  
32 *Limitation. —* No (1) director, officer or employee of the Bank; or (2) any corporation,

1 partnership, or company wherein any member of the Bank's Board of Directors, officer  
2 or employee, or their relatives within the first civil degree of consanguinity or affinity  
3 is a director, officer or controlling shareholder either directly or indirectly, for one's  
4 self or as representative or agent of others, borrow any of the deposits of funds from  
5 the Bank, nor shall become a guarantor, or in any manner be an obligor for money  
6 borrowed from the Bank or loaned by it: *Provided*, That this prohibition on loans to  
7 directors, officers and employees shall not include loans allowed in the form of fringe  
8 benefits granted in accordance with rules and regulations as may be prescribed by the  
9 Monetary Board: *Provided, further*, That this prohibition shall not apply to loans to  
10 corporations wherein the director, officer or employee of the Bank sits on the board  
11 of the borrower corporation to represent the interest of the Bank.

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

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

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

1        *Sec. 24. 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  
3        obtaining loans from the Bank, and any officer, employee, or agent of the Bank found  
4        guilty of exacting, demanding, or receiving any fee services in obtaining any service  
5        or transaction from the Bank, shall be punished by a fine of not less than Fifty  
6        thousand pesos (P50,000) nor more than Two million pesos (P2,000,000),  
7        imprisonment for not less than six (6) years and one (1) month nor more than fifteen  
8        (15) years, and perpetual disqualification from public office and confiscation or  
9        forfeiture in favor of the government of any prohibited interest and unexplained  
10       wealth.

11       *Sec. 25. Examination of the Bank.* — The Bank shall be subject to supervision  
12       and examination by the appropriate department of the BSP, and audit by the COA.

13       *Sec. 26. General Penal Provisions.* — Any director, officer or employee of the  
14       Bank who violates, or permits any of the officers, employees or agents of said Bank  
15       or any other person to violate, any of the provisions of this Act not specifically punished  
16       in the preceding sections and any person violating any provision of this Act or aiding  
17       and abetting the violation thereof, shall be punished with a fine not less than Fifty  
18       thousand pesos (P50,000) nor more than Two million pesos (P2,000,000) or by  
19       imprisonment for not less than two (2) years nor more than ten (10) years, or both,  
20       at the discretion of the court.

21       *Sec. 27. Other Liability of Guilty Officer or Employee.* — Any member of the  
22       Board of Directors or officer or employee of the Bank who willfully violates any of the  
23       provisions of this Act shall, in addition to the criminal and administrative liability  
24       resulting from such act, be held liable for any loss or injury suffered by the Bank as a  
25       result of such violation.

26       *Sec. 28. Liability of Directors, Officers or Partners of Offending Corporation or*  
27       *Partnership.* — If the violation of the provisions of this Act is committed by a  
28       corporation or partnership, the directors, officers or partners hereof who participated  
29       in the violation shall be criminally liable for such violation.

30       *Sec. 29. Applicability of Banking Laws.* — The provisions of R.A. No. 7653,  
31       otherwise known as the New Central Bank Act, as amended by R.A. No. 11211, R.A.

1 No. 8791, and other applicable banking laws, insofar as they are not in conflict with  
2 any provision of this Act, shall apply to the Bank.

3 The penal provisions of Section 66 R.A. No. 8791, in relation to Sections 34,  
4 35, 36 and 37 of R.A. No. 7653, as amended by R.A. No. 11211 shall be applicable to  
5 directors, officers, employees and borrowers of the Bank.

6 Sec. 30. *Separability Clause*. — In the event that any provision of this Act or  
7 the applicability of such provisions to any person or circumstances is declared invalid,  
8 the remainder of the Act or the application of said provision to other persons or  
9 circumstances shall not be affected by such declaration.

10 Sec. 31. *Repealing Clause*. — The provisions of Presidential Decree No. 985,  
11 Presidential Decree No. 1597, R.A. No. 6758, as amended, Joint Resolution No. 4, the  
12 provisions of any other law, special charters, executive orders, administrative orders,  
13 proclamations, rules and regulations issued pursuant to Executive Order No. 81, as  
14 amended, or parts thereof, or any other laws, rules and regulations which may be  
15 inconsistent with any of the provisions of this Act, are hereby amended accordingly.

16 Executive Order No. 81, as amended, is hereby repealed.

17 Sec. 32. *Effectivity*. — This Act shall take effect fifteen (15) days after its  
18 publication in the *Official Gazette* or in a newspaper of general circulation in the  
19 Philippines.

Approved,