

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City  
NINETEENTH CONGRESS  
First Regular Session



HOUSE BILL NO. 7685

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Introduced by HON. GUS S. TAMBUNTING

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**AN ACT MERGING THE DEVELOPMENT BANK OF THE PHILIPPINES  
AND LAND BANK OF THE PHILIPPINES**

**EXPLANATORY NOTE**

This bill proposes the merger of two government-owned banks, the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP), into a single entity, the “One Nation Bank”. The proposed bill seeks to provide the legal framework for the merger and outlining the necessary steps for its execution.

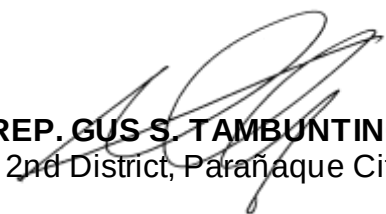
The DBP and LBP were created to fulfill different but complementary mandates, with the former primarily providing banking services for small and medium enterprises (SMEs) in the agricultural and industrial sectors, and the latter financing the acquisition and distribution of agricultural estates and serving as the financial intermediary for the Comprehensive Agrarian Reform Program (CARP). The merger of DBP and LBP is aimed at achieving greater efficiency, synergy, and competitiveness in the delivery of banking services to priority sectors such as agriculture/agrarian reform, SMEs, infrastructure, and public services. By eliminating unnecessary duplication and overlap in functions, the merger will result in a stronger, more efficient, and competitive universal development bank. This will enable the bank to better fulfill its mandate of providing banking services to propel countryside development and contribute to sustainable and inclusive growth. Moreover, the merger will provide better access to quality financial services in unbanked and underserved areas, which will help promote financial inclusion and reduce poverty.

The bill mandates the Governance Commission for GOCCs to implement the merger, in consultation with the Department of Finance and *Bangko Sentral ng Pilipinas*. All other government offices and agencies are also directed to promptly take necessary actions to fully implement the provisions of this bill within one (1) year from its effectivity.

The bill also provides for the reorganization of the merged banks, subject to the principles and standards of the GOCC Governance Act of 2011, and the condition that all employees of the constituent banks who will be retained under the reorganization plan shall not suffer any break in service or tenure, or any diminution of salaries and lawful benefits.

This bill aims to rationalize the operation of government agencies and government financial institutions, strengthen their financial capabilities, and improve the delivery of services. It recognizes the importance of strengthening GFIs in preparation for regional economic integration, encourages sustainable growth and development in capital and credit facilities of GFIs for the benefit and protection of the public, and ensures that the social mandate of providing assistance to priority sectors is continuously fulfilled.

In view of the foregoing, it is hoped that this bill will be favorably considered and enacted into law.



**REP. GUS S. TAMBUNTING**  
2nd District, Parañaque City

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

Section 1. *Short Title.* – This law shall be known as “*The LBP-DBP Merger Act*”.

Section 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote the efficient delivery of banking services and to strengthen the banking system in order to support economic development. To achieve this policy, it is necessary to merge the Land Bank of the Philippines and Development Bank of the Philippines to create a stronger, more efficient, and more responsive financial institution that can better serve the needs of the country and its people. The merged entity shall remain committed to the development of agriculture, industry, and other strategic sectors, and shall be guided by the principles of public accountability, transparency, and good governance.

Section 3. *Merger of Land Bank of the Philippines and Development Bank of the Philippines.* – (a) The Land Bank of the Philippines and Development Bank of the Philippines shall be merged into a single entity, which shall be known as the “One Nation Bank”.

(b) The One Nation Bank shall have the power to exercise all the rights and privileges of the Land Bank of the Philippines and Development Bank of the Philippines, including but not limited to the power to grant loans, receive deposits, and engage in other banking and financial activities as may be allowed by law, the existing charters of constituent entities, and regulatory issuances of the *Bangko Sentral ng Pilipinas* and the Department of Finance. It shall have all the consolidated powers, rights, immunities, privileges, and liabilities of Land Bank of the Philippines and Development Bank of the Philippines. Moreover, it shall have all the powers, rights, immunities, privileges, and liabilities of a universal bank as defined by general laws and regulations on banking.

Section 4. *Assets, Liabilities, and Capital.* – (a) The merger shall be accomplished through the transfer of all assets, liabilities, and capital of the Development Bank of the Philippines and of the Land Bank of the Philippines to the One Nation Bank.

(b) The merged entity shall have a minimum authorized capital stock of One Hundred Billion Pesos (PhP100,000,000,000), which shall be subscribed and paid-up by the National Government. The capital stock may be increased from time to time as may be necessary to carry out the objectives of the merged entity.

Section 5. *Management and Organization.* – (a) The One Nation Bank shall have a unified management and organizational structure, and shall operate under the combined charters of the Development Bank of the Philippines and of the Land Bank of the Philippines, subject to such implementing guidelines as may be issued by the Governance Commission for GOCCs.

(b) The merged entity shall be governed by a Board of Directors composed of not more than fifteen (15) members, to be appointed by the President of the Philippines, subject to recommendation of the Department of Finance and the Governance Commission for GOCCs. The Board of Directors shall be responsible for the overall management and direction of the merged entity, and shall be guided by the principles of public accountability, transparency, and good governance.

Section 6. *Personnel and Employees.* – The merged entity shall adopt a rationalization plan for its personnel and employees to ensure the efficient and effective utilization of the merged entity's resources. This plan shall provide for the fair and equitable treatment of all affected personnel and employees, and shall take into account the need to abolish duplicate positions and achieve operational efficiencies.

Section 7. *Operations and Functions.* – (a) The merged entity shall have the power to engage in all activities and functions that are authorized and regulated by law and by the *Bangko Sentral ng Pilipinas*, including but not limited to accepting deposits, granting loans, investing in securities and other financial instruments, and providing other banking and financial services.

(b) The merged entity shall be authorized to conduct all the activities and functions that were previously authorized and conducted by the Land Bank of the Philippines and Development Bank of the Philippines, subject to such rules and regulations as may be promulgated by the *Bangko Sentral ng Pilipinas*.

(c) The merged entity shall be required to comply with all applicable laws, rules, and regulations, including but not limited to banking laws, securities laws, and anti-money laundering laws.

(d) The merged entity shall be required to maintain adequate internal control systems and risk management frameworks, to ensure the safety and soundness of its operations and to protect the interests of its depositors and other stakeholders.

(e) The merged entity shall be required to submit regular reports on its operations, activities, and financial condition, as may be prescribed by the *Bangko Sentral ng Pilipinas* or other regulatory authorities.

(f) The merged entity shall be subject to the supervision and examination of the *Bangko Sentral ng Pilipinas*, and shall cooperate with the latter in the conduct of its supervisory functions.

Section 9. *Transitory Provisions.* – (a) The Board of Directors of the merged entity shall be constituted within sixty (60) days from the effectivity of this Act.

(b) The Board of Directors shall appoint an interim management team that shall oversee the merger process and ensure the efficient and effective integration of the Land Bank of the Philippines and Development Bank of the Philippines, in coordination with the Governance Commission for GOCCs.

(c) The interim management team and Governance Commission for GOCCs shall be responsible for the preparation and implementation of a transition plan that shall guide the merger process and ensure the continuity of operations and services of the Land Bank of the Philippines and Development Bank of the Philippines.

(d) The interim management team and Governance Commission for GOCCs shall have the power to undertake such actions and measures as may be necessary or desirable to effect the merger and ensure the efficient and effective operation of the merged entity.

(e) All agreements, contracts, and obligations entered into by the Land Bank of the Philippines and Development Bank of the Philippines prior to the effectivity of this Act shall be assumed and honored by the merged entity, subject to the terms and conditions of such agreements, contracts, and obligations.

(f) The personnel and employees of the Land Bank of the Philippines and Development Bank of the Philippines shall be deemed to have been transferred to the merged entity, without interruption of their employment, and shall continue to enjoy the same rights and privileges as they previously enjoyed, until the abolition of certain duplicate functions and positions pursuant to the implementation and effectivity of the rationalization plan in Section 6.

(g) All pending legal actions, suits, or proceedings involving the Land Bank of the Philippines and Development Bank of the Philippines shall be continued by or against the merged entity, as the case may be.

(h) The *Bangko Sentral ng Pilipinas* and the Governance Commission for GOCCs, in consultation with the Department of Finance, shall issue such rules and regulations as may be necessary to implement the provisions of this Act, and to ensure the efficient and effective operation of the merged entity.

Section 10. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

Section 11. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

*Approved,*