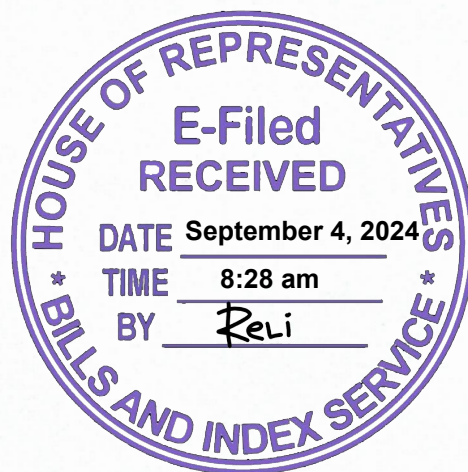




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10859



Introduced by: Congressman Irwin C. Tieng

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

EXPLANATORY NOTE

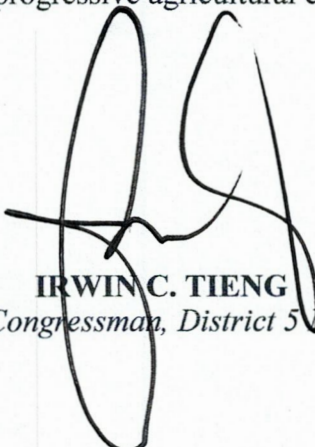
The strengthening and modernization of the Land Bank of the Philippines (LBP) shall improve its operations and functions, especially in advancing the socio-economic development agenda of the national government.

Through Republic Act No. 3844 or the Agricultural Land Reform Code, LBP was established on August 8, 1963. It is a government financial institution that plays a critical role in our country's agricultural and rural development. Its services are focused on broad-based support for small farmers, fisherfolk, micro, small, and medium enterprises, rural financial institutions, government-owned and controlled corporations, and agrarian reform beneficiaries.

The LBP is instrumental in improving the quality of life in communities through its financing interventions on funding infrastructure and social service projects. Their initiatives include the provision of farm-to-market roads, hospitals, schools, and housing developments. The Bank also supports the improvement of communication systems, transportation networks, clean water access, and household electrification.

It is high time that LBP revisits and amends its charter to be able to maximize its role in national development. This bill aims to help and fortify the Land Bank of the Philippines' role in empowering rural communities and being a catalyst of a progressive agricultural economy.

Immediate approval of this bill is earnestly sought.


IRWIN C. TIENG
Congressman, District 5 Manila



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**AN ACT PROVIDING FOR A NEW CHARTER FOR THE LAND BANK OF THE
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION. 1. Short Title. – This Act shall be known as “Land Bank of the Philippines Charter of 2024”.

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

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

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

- a) off-farm/fishery entrepreneurial activities;
- b) agricultural mechanization/ modernization;
- c) agri-tourism;
- d) sustainable projects;
- e) digitalization/automation of farming, fishery, and agri-business activities and processes, including related financial and management information systems;
- f) public rural infrastructure;
- g) home-building or home-financing projects;
- h) programs that shall: (a) promote the health and wellness of farmers, fisherfolk and ARBs, including members of their households, such as water and sanitation projects for rural communities; and/or (b) address the developmental needs of rural communities, such as, but not limited to, projects that promote the livelihood, skills enhancement, financial literacy, including digital financial literacy, and other capacity-building activities of the rural community beneficiaries;
- i) activities identified under the Agro-industry Modernization Credit and Financing Program (AMCFP) under Title I, Chapter 3, Section 23 of R.A. No. 8435, otherwise known as the "Agriculture and Fisheries Modernization Act of 1997, as follows:
 - 1) Agriculture and fisheries production including processing of fisheries and Agri-based products and farm inputs;
 - 2) Acquisition of work animals, farm and fishery equipment and machineries;
 - 3) Acquisition of seeds, fertilizers, poultry, livestock, feeds and other similar items;
 - 4) Procurement of agriculture and fisheries products for storage, trading, processing and distribution;
 - 5) Acquisition of water pumps and installation of tube wells for irrigation;
 - 6) Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries;
 - 7) Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities;
 - 8) Agribusiness activities which support soil and water conservation and ecology-enhancing activities;
 - 9) Privately funded and Local Government Unit (LGU)-funded irrigation systems that are designed to protect the watershed;
 - 10) Working capital for long-gestating projects; and
 - 11) Credit guarantees on uncollateralized loans to farmers and fisherfolk.
- j) industrial development projects; and
- k) other projects on productive enterprises.

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

- a) Prescribe, repeal and alter its own by laws, to determine its operating policies, and to issue such rules and regulations as may be necessary;
- b) Adopt, alter and use a corporate seal;
- c) Hold, purchase, acquire and own real and personal property, introduce necessary improvements thereon to enhance and develop their social and economic value, and to sell, mortgage or otherwise dispose of the same;
- d) Sue and be sued, make contracts, negotiate and secure loans from both local and foreign sources. Before undertaking any such credit operation, the Bank, through the Secretary of Finance, shall request the opinion, in writing, of the Monetary Board on the monetary implications of the contemplated action. All loans from foreign sources shall be subject to approval by the President of the Philippines and shall be fully guaranteed by the Philippine Government;

- e) Grant short, medium and long-term loans and advances against security of real estate or other acceptable assets for the establishment, development or expansion of agricultural, industrial, home building or home financing projects and other productive enterprises;
- f) Grant loans to farmers' cooperatives and associations to facilitate farm production, marketing of crops and acquisition of essential commodities;
- g) Underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest or reinvest in stocks, bonds, debentures, securities and other evidences of indebtedness and ownership of other corporations and the government or its instrumentalities which are issued for or in connection with any project or enterprise;
- h) Guarantee acceptances, credits, loans, transactions or obligations of any person, co-partnership, association or corporation in favor of any financing or banking institution, whether foreign or domestic: Provided, That the proceeds of such acceptances, credits, loans, transactions or obligations are utilized or earmarked for the development and/or expansion of agriculture and industry, the provision of any law to the contrary notwithstanding;
- i) Obtain from the Government Service Insurance System (GSIS) or other reputable insurance companies duly accredited by the appropriate regulatory body, directors, officers and liability insurance coverage, without prejudice to the right of the Bank, as may be determined by its Board of Directors, to put up its own legal insurance fund;
- j) Borrow from, or rediscount notes, bills of exchange and other credit instruments with the BSP subject to the provisions of Chapter IV of RA No. 7653, as amended by RA No. 11211, otherwise known as "The New Central Bank Act", and relevant BSP rules and regulations;
- k) Act as a trustee, or administer any trust or hold property in trust in accordance with the provisions of law governing trust corporations;
- l) Act as an official government depository with full authority to maintain deposits of the government, its branches, subdivisions and instrumentalities, and of government owned or -controlled corporations which deposits shall be subject to liquidity floor or reserve requirements as may be imposed by the Monetary Board upon other commercial banks;
- m) Provide continuing assistance through credit and capacity building to farmers and fishers cooperatives, associations and organizations nationwide;
- n) Act as administrator and/or lending conduit on behalf of the National Government, its agencies, including LGUs and GOCCs, multilateral or bilateral funders;
- o) Engage in financial leasing of movable and immovable properties in connection with government projects;
- p) Offer and issue common and preferred shares of stocks in such manner and in such quantities as approved by the Secretary of Finance upon the recommendation of the Board of Directors and in accordance with applicable laws, rules and regulations;

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

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

SEC. 4. Issuance of Bonds. – The Bank shall, upon the approval of the Board of Directors, issue all kinds of bonds, debentures, securities, collaterals and other evidence of indebtedness and/or the renewal or refunding thereof; at such terms, rates and conditions as the Bank may determine, up to an aggregate amount not exceeding, at any one time, ten times its paid-in

capital and surplus, subject to compliance with the provisions of applicable law, and rules and regulations promulgated by the Monetary Board.

These bonds and other obligations shall be redeemable at the option of the Bank at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Bank. Such obligations shall be secured by the assets of the Bank including the stocks, bonds, debentures, and other securities underwritten, purchased or held by it under the provisions of this Charter. Such obligations may be issued in payment or replacement of certain assets transferred to the Bank or offered for sale at such price or prices as the Bank may determine, and may, subject to the approval of the President of the

Philippines, be fully guaranteed by the Government of the Republic of the Philippines, and such guarantee shall be expressed on the face thereof.

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

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

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

TWO HUNDRED BILLION PESOS (₱200,000,000,000.00) or twenty percent (20%) of the authorized capital stock of the Bank shall be subscribed and One Hundred Sixty-Three Billion SEVEN HUNDRED EIGHTY-SEVEN MILLION SEVEN HUNDRED ELEVEN MILLION

THREE HUNDRED EIGHT PESOS (₱163,787,711,308.00) or at least eighty one and 89/100 percent (81.89%) of the total subscription shall be paid up by the National Government.

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

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

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

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

- a) Secretary of Finance who shall be the ex-officio Chairperson of the Board, without compensation;
- b) President of the Bank as Vice Chairperson, who shall be appointed by the President of the Philippines from a shortlist prepared by the Governance Commission on GOCCs (GCG) pursuant to RA No. 10149, otherwise known as the “GOCC Governance Act of 2011”;
- c) Secretary of Agriculture as an ex-officio member;
- d) Secretary of Agrarian Reform as an ex-officio member;
- e) Secretary of Labor and Employment as an ex-officio member;
- f) Secretary of the National Economic and Development Authority as an ex-officio member; and
- g) Three (3) independent directors to be appointed by the President of the Philippines with the appointment process under RA No. 10149, wherein one (1) shall represent the agricultural sector and two (2) shall represent the private sector, preferably with expertise in finance, economics, and banking.

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

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

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

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

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

The compensation, per diems, allowances, incentives, and other benefits for Board Members shall be consistent with the relevant regulations of the GCG.

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

- a) Formulate policies, rules and regulations for the effective operation of the Bank and issue such rules and regulations as it may deem necessary to effectively implement the provisions of this Charter;
- b) Decide on matters concerning loans, as well as fix the rates of interest thereon, guarantees, investments, borrowings by the Bank, furnishing of technical assistance and other operations of the Bank;
- c) Establish such branches and agencies as may be deemed necessary and convenient;
- d) Appoint and remove such personnel as may be necessary for the expeditious conduct of the business of the Bank;
- e) To create and establish a “Provident Fund” which shall consist of contributions, made both by the Bank and its officers or employees, to a common fund for the payment of benefits to such officers or employees, or their heirs, under such terms and conditions consistent with the relevant regulations of the GCG;
- f) Notwithstanding any law to the contrary, adopt an organizational structure, staffing pattern and personnel qualification standards of the Bank and to reorganize, rationalize and restructure the same, or realign the various functions in the Bank to ensure effective accomplishment of its mandates and strategic goals, the alignment of its organizational structure and staffing pattern with industry standards, and its responsiveness to regulatory requirements, consistent with the relevant regulations of the GCG;
- g) Design, adopt and revise, as it may deem necessary, an early separation plan for employees of the Bank to ensure the availability of a human resource pool qualified and capable of implementing the Bank's authorities under this Charter in a manner responsive and attuned to market developments, and to provide incentives for those who shall be separated from the service, consistent with the relevant regulations of the GCG;
- h) Approve the budget of the Bank for its operations;
- i) Enter into compromise or release in whole or in part, any claim or liability whatsoever for or against the Bank, including interest, penalties, fees and other charges, under such terms and conditions as the Board may find acceptable and practicable in accordance with standard banking practices, subject to its best business judgment, and the best interest of the corporation; and
- j) Perform other functions, duties and responsibilities necessary, related and incidental to the above-mentioned powers and functions.

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

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

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

- a) Foreclosure of Mortgage Collaterals - Foreclosure of mortgage collaterals to loan may be made either judicially or extrajudicially;
- b) Deputization of Legal Staff - The Bank may, with the approval of the court, deputize any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of debtor's properties and in the enforcement of court writs and processes in cases involving the Bank. The special sheriff of the Bank shall make a report to the proper court after any action has been taken by such special sheriff, which court shall treat such actions as if it were an act of its own sheriffs in all respect;
- c) Disposal of Real Estate and Other Properties in the Collection of Debt - Real estate and other properties acquired by the Bank in the collection of debts or investment by way of foreclosure or other means shall be sold or disposed of in accordance with law, within five (5) years after their respective dates of acquisition.

No court or any tribunal, except the Supreme Court, shall issue any temporary restraining order or preliminary injunction which shall restrain, prohibit or delay the sale and disposition of the said acquired assets of the Bank.

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

- d) Exemption from Attachment - The provisions of any law to the contrary notwithstanding, securities on loans and other credit accommodations granted by the Bank shall not be subject to attachment or execution or any other court process, nor shall they be included in the property of insolvent persons or institutions, unless all debts and obligations of the debtors to the Bank have been paid, including accrued interest, penalties, collection expenses, and other charges; and
- e) Right of Redemption of Foreclosed Property, Right of Possession During Redemption Period - Within the redemption period provided for in Section 47 of the General Banking Law of 2000, the mortgagor shall have the right to redeem the property by paying all claims of the Bank against such mortgagor on the date of the sale including all the cost and other expenses incurred by reason of the foreclosure sale and custody of the property, as well as charges and accrued interest. The Bank may take possession of the foreclosed property during the redemption period. When the Bank takes possession during such period, it shall be entitled to the fruits of the property with no obligation to account for them, the same being considered compensation for the interest that would otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for the purpose of such possession. Perform other functions, duties and responsibilities necessary, related and incidental to the above-mentioned powers and functions

SEC. 13. Compensation of Executive Officers. – The President of the Bank shall be its Chief Executive Officer whose salary shall be consistent with the relevant regulations of the GCG.

The President shall be assisted by Vice Presidents and other officials whose appointment and removal for cause shall be approved by the Board of Directors upon recommendation of the President of the Bank. The salary of the Vice President and other officials shall also be consistent with the relevant regulations of the GCG. During the absence or temporary incapacity of the President, or in case of vacancy or permanent Incapacity and pending appointment of a new President of the Bank, the Board of Directors shall designate the officer-in-charge of the Bank

SEC. 14. Duties and Powers of the Bank President. – The President of the Bank shall execute the policies, measures, orders and resolutions promulgated by the Board of Directors and supervise and administer the operations of the Bank. The President shall be the legal representative of the Bank and shall make all contracts and enter into all necessary obligations on behalf of the Bank as required or permitted by this Charter. The President shall report periodically to the Board of Directors the main facts concerning the operations of the Bank, and recommended changes of policies which may seem best. The President shall appoint, promote or remove employees and officers of the Bank below the rank of Vice President, Provided, That promotions, transfers, assignments or reassignments of officers and personnel of the Bank are personnel actions deemed made in the interest of the service, any provision of the Civil Service Law to contrary notwithstanding. The President shall furnish, upon the request of the President of the Philippines, any information regarding the operations of the Bank.

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

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

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

SEC. 18. Borrowing by Directors, Officers and Employees; Restriction and Limitation. – No (1) director or officer or employee of the Bank; or (2) any corporation, partnership, or company wherein any member of the Bank's Board of Directors, officer or employee, or their relatives within the first civil degree of consanguinity or affinity is a director, officer or controlling shareholder either directly or indirectly, for one's self or as representative or agent of others, shall borrow any of the deposits of funds from the Bank, nor shall he become a guarantor, or in any manner be an obligor for money borrowed from the Bank or loaned by it: Provided, that this prohibition on loans to directors, officers and employees shall not include loans allowed in the form of fringe benefits granted in accordance with rules and regulations as may be prescribed by the Monetary Board: Provided, further, that this prohibition shall not apply to loans to corporations wherein the director, officer or employee of the Bank sits on the board of the borrower corporation to represent the interest of the Bank.

SEC. 19. Rules and Regulations on Conflict of Interest. – The Board of Directors is hereby authorized to issue rules and regulations for the purposes of determining and resolving conflict of interest questions, which rules shall, in particular, include the requirement on all

officers and employees of the Bank to disclose any shareholdings they, or their relatives within the second civil degree of consanguinity or affinity, may have in any corporation, partnership, or company in excess of two percent (2%) of the equity of said corporation, partnership, or company or in any related party transactions defined by the Monetary Board of the BSP and the Board of Directors of the Bank.

SEC. 20. Prohibition on Officers and Employees of the Bank. – Except as required by law, or upon order of a court of competent jurisdiction, or the express order of the President of the Philippines or written permission of the client, no officer or employee of the Bank shall reveal nor allow to be examined, inquired or looked into, by any third person, government official, bureau or office any information relative to details of individual accounts or specific banking transactions, condition or business of any of its clients, or funds or properties in the custody of the Bank belonging to private individuals: Provided, That in respect to deposits or whatever nature, the provisions of existing law shall apply.

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

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

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

All positions in the Bank shall be consistent with the relevant regulations of the GCG.

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

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

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

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

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

SEC. 24. Penalty for Violation of the Provisions of this Charter. – Any director, officer, employee or agent of the Bank who violates or permits the violation of any of the provisions of this Charter, or any person aiding or abetting the violation of any of the provisions of this Charter, shall be punished by a fine of not to exceed FIVE HUNDRED THOUSAND PESOS (P500,000.00) or by Imprisonment of not more than five (5) years, or both such fine and Imprisonment.

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

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

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

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

SEC. 28. Examination of the Bank. The Bank shall be subject to supervision and examination by the appropriate department of the BSP. Provided, that in conducting the said examination, the BSP shall duly consider the Bank's risk-taking activities in furtherance of its mandate and may warrant relaxation of the regulatory ratios.

SEC. 29. Control Over Subsidiaries and Dividends from Subsidiaries. – Pursuant to Section 3(a) of this Act and notwithstanding any law, rule, regulation or practice to the contrary, the Bank, thru its President and CEO, shall have control over its subsidiaries and shall appoint the members of its board of directors based on the number of shares of stock standing in the Bank's own name in the stock books of the subsidiaries: Provided, That the Bank may temporarily appoint directors to its subsidiaries in cases where urgent action is needed from the subsidiaries' board and the present number of directors does not constitute a quorum. Every subsidiary shall declare and remit at least fifty percent (50%) of its annual net earnings as cash, stock or property dividends, without impairing its viability and the purposes for which it has been established, to the Bank as the parent corporation: Provided, That the percentage of annual net earnings that shall be declared by such subsidiary may be adjusted by the President and CEO.

SEC. 30. Transitory Provision. – Nothing in this Act shall operate to abolish the Bank and affect the validity or legality of any right, duty, or obligation created by or in respect of the Bank prior to the effectivity this Act.

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

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

SEC. 31. Separability Clause. – If any provision of this Act is subsequently declared invalid or unconstitutional, the other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 32. Repealing Clause. – Sections 74 to 100 of RA No. 3844, otherwise known as the Agricultural Land Reform Code, as amended, are hereby repealed. All laws, executive orders, rules and regulations, or parts thereof inconsistent with any provision hereof are hereby repealed or modified accordingly.

SEC. 33. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,