



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2413



Introduced by Representative FELIMON M. ESPARES

**AN ACT
PROVIDING FOR A NEW CHARTER OF
THE LANDBANK OF THE PHILIPPINES**

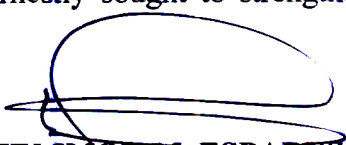
EXPLANATORY NOTE

The Land Bank of the Philippines (Landbank) serves as the official depository bank of the National Government. As a government financial institution, it operates with an unwavering commitment to financial viability, while consistently delivering excellence through its banking services and public-oriented programs. In line with its legal mandate, Landbank also fulfills a vital social mission, which is advancing countryside development and promoting credit accessibility and financial inclusion for rural communities.

Through its commercial operations and developmental initiatives, Landbank continues to strike a careful balance between sustainable profitability and inclusive growth, particularly for the unbanked and underserved across the nation. By 2028, it envisions itself at the forefront of nation-building, championing financial inclusion, digital transformation, and sustainable development for the benefit of all Filipinos.

In view of this, it is imperative to amend the Landbank Charter to ensure that its legal framework is aligned with its vision and operational capabilities. Equally important is the institutionalization of sectoral representation within its Board of Directors, as provided in Section 9 of the proposed Bill, by mandating the inclusion of representatives from agrarian reform beneficiaries, the cooperative sector, and the rural financial sector. This will help ensure that Landbank remains responsive to the unique needs and aspirations of these vital constituencies and partners.

Therefore, the immediate passage of this bill is earnestly sought to strengthen the Landbank and enable it to fully realize its mandate.


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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 Act shall be known as the “*New Landbank of the Philippines Act*”.

Sec. 2. Purpose and Domicile. – The Landbank of the Philippines, hereinafter referred to as the “Bank”, operating under the provisions of Republic Act 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 and rural development and 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). 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 BSP.

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

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

1 This facility will be funded through the operations of the Bank itself and will not require
2 additional government funding.

3
4 All loans extended through this special socialized credit facility shall qualify as part of the
5 Bank's compliance with the Agri-Agra Law.

6
7 Credit under this special socialized credit facility shall be extended through the following
8 conduits:

- 9
10 (a) Farmers' and fisherfolk's cooperatives;
11 (b) Farmers' and fisherfolk's organizations or associations;
12 (c) Nonagricultural cooperatives (credit and multipurpose);
13 (d) Cooperative banks;
14 (e) Rural banks;
15 (f) Thrift banks;
16 (g) Agri-business firms or anchor firms providing credit support to ARBs, and small
17 farmers and fisherfolk; and
18 (h) Duly accredited microfinance nongovernment organizations by the Microfinance NGO
19 Regulatory Council.

20
21 Loans under this special socialized credit facility shall have an interest rate equivalent to not
22 more than seventy-five percent (75%) of the Bank's prevailing rates for loans to cooperatives:
23 *Provided*, That these conduits shall have an interest spread of not more than five (5) percentage
24 points. The interest spread shall exclude crop insurance premiums and guarantee fees:
25 *Provided, further*, That a conduit cannot lend to another conduit.

26
27 Criteria for eligibility under this special socialized credit facility shall be determined by the
28 Bank and shall be reflected in the implementing rules and regulations.

29
30 **SEC. 3. General Powers.** The Bank shall have the power to:

- 31
32 a. Prescribe, repeal and alter its own by-laws, to determine its operating policies, and to
33 issue such rules and regulations as may be necessary;
34
35 b. Adopt, alter and use a corporate seal;
36
37 c. Hold, purchase, acquire and own real and personal property, introduce necessary
38 improvements thereon to enhance and develop their social and economic value, and to
39 sell, mortgage or otherwise dispose of the same;
40
41 d. Sue and be sued, make contracts, negotiate and secure loans from both local and foreign
42 sources. Before undertaking any such credit operation, the Bank through the Secretary
43 of Finance, shall request the opinion, in writing, of the Monetary Board on the monetary
44 implications of the contemplated action. All loans from foreign sources shall be subject
45 to approval by the President of the Philippines and shall be fully guaranteed by the
46 Philippine Government;
47
48 e. Grant short, medium and long term loans and advances against security of real estate
49 or other acceptable assets for the establishment, development or expansion of

1 agricultural, industrial, home building or home financing projects and other productive
2 enterprises;

3
4 f. Grant loans to farmers' cooperatives and associations to facilitate farm production,
5 marketing of crops and acquisition of essential commodities;

6
7 g. Underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest
8 or reinvest in stocks, bonds, debentures, securities and other evidences of indebtedness
9 of other corporations and the government or its instrumentalities which are issued for
10 or in connection with any project or enterprise;

11
12 h. Guarantee acceptances, credits, loans, transactions or obligations of any person, co-
13 partnership, association or corporation in favor of any financing or banking institution,
14 whether foreign or domestic: *Provided*, That the proceeds of such acceptances, credits,
15 loans, transactions or obligations are utilized or earmarked for the development and/or
16 expansion of agriculture and industry, the provision of any law to the contrary
17 notwithstanding;

18
19 i. Borrow from, or rediscount notes, bills of exchange and other credit instruments with
20 the BSP subject to the provisions of Chapter IV of Republic Act No. 7653, as amended
21 by Republic Act No. 11211, otherwise known as the New Central Bank Act and
22 relevant BSP rules and regulations;

23
24 j. Act as a trustee, or administer any trust or hold property in trust in accordance with the
25 provisions of law governing trust corporations;

26
27 k. Act as an official government depository with full authority to maintain deposits of the
28 government, its branches, subdivisions and instrumentalities, and of government-
29 owned or controlled corporations which deposits shall be subject to liquidity floor or
30 reserve requirements as may be imposed by the Monetary Board upon other commercial
31 banks;

32
33 l. Strengthen the capital base of the Bank, to establish a national marketing federation of
34 farmers and fisheries cooperatives to attract massive capital formation from savings
35 deposits of the cooperative members nationwide;

36
37 m. Offer and issue common and preferred shares of stocks in such manner and in such
38 quantities as approved by the Secretary of Finance upon the recommendation of the
39 Board of Directors and in accordance with applicable laws, rules and regulations:
40 *Provided however*, That the National Government shall maintain, at all times, at least
41 three-fourths (3/4) ownership of the total outstanding capital stock of the Bank.

42
43 With the exception of the National Government, no individual or group, related interest,
44 or conglomerate, whether via voting trust agreement, proxy, or other means, shall vote
45 more than five percent (5%) of the total outstanding capital stock.

46
47 The holders of preferred shares of stock shall be non-voting. Other features of preferred
48 shares shall be determined by the Board of Directors in accordance with applicable laws
49 and regulations; and
50

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

Sec. 4. Issuance of Bonds. The Bank, shall, upon the approval of the Secretary of Finance, 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 shall be exempt from taxation both as to principal and interest, and shall 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 preferred shares of the Bank or accept those shares in exchange for any of their assets or properties under such terms and conditions as shall be agreed upon between the corporations or institutions concerned and the Bank.

Sec. 6. Capital. 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 authorized capital stock.

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

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

3
4 **Sec. 9. The Board of Directors and Membership.** The affairs and business of the Bank shall
5 be directed and its property managed and preserved by a Board of Directors consisting of
6 eleven (11) members to be composed of the Secretary of Finance as Chairperson, the President
7 of the Bank as Vice Chairperson, the Secretary of Agrarian Reform, the Secretary of Labor,
8 the Secretary of the National Economic and Development Authority and the Secretary of
9 Agriculture as *ex-officio* members. The President of the Philippines shall likewise appoint one
10 (1) member of the Board who shall represent the agrarian reform beneficiaries; one (1) member
11 who shall represent the cooperative sector; *Provided*, that the representative shall come from
12 the nominees of the national cooperative federations and/or unions duly registered with the
13 Cooperative Development Authority; one (1) member who shall represented stakeholders from
14 the rural financial sector; and two (2) members who shall represent the private sector in
15 accordance with the appointment process under Republic Act No. 10149, otherwise known as
16 the “*GOCC Governance Act of 2011*”.

17
18 The annual stockholders meeting shall be held on the first Tuesday of December.

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

25
26 The majority of the board members shall constitute a quorum. All decisions of the Board shall
27 require the concurrence of at least the majority of its members.

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

34
35 **Sec. 10. Powers and Responsibilities of the Board.** The Board of Directors shall have the
36 following specific powers and responsibilities:

- 37
38 a. Formulate policies, rules and regulations for the effective operation of the Bank and
39 issue such rules and regulations as it may deem necessary to effectively implement the
40 provisions of this Charter;
41
42 b. Decide on matters concerning loans, as well as fix the rates of interest thereon,
43 guarantees, investments, borrowings by the Bank, furnishing of technical assistance and
44 other operations of the Bank;
45
46 c. Establish such branches and agencies as may be deemed necessary and convenient;
47
48 d. Ensure the appointment and removal of such personnel as may be necessary for the
49 expeditious conduct of the business of the Bank, except the President of the Bank, who
50 shall also be exempt from the manner of appointment and removal provided under

1 Section 18 of Republic Act No. 10149: *Provided*, That, the President and CEO of the
2 Bank shall be subject to appointment and removal by the President of the Philippines,
3 upon recommendation by the Secretary of Finance;
4

- 5 e. Notwithstanding any law to the contrary, adopt and review the organizational structure,
6 staffing pattern and personnel qualification standards of the Bank and to reorganize,
7 rationalize and restructure the same, or realign the various functions in the Bank to
8 ensure effective accomplishment of its mandates and strategic goals, the alignment of
9 its organizational structure and staffing pattern with industry standards, and its
10 responsiveness to regulatory requirements;
11
- 12 f. Design, adopt and revise, as it may deem necessary, an early separation plan for
13 employees of the Bank to ensure the availability of a human resource pool qualified
14 and capable of implementing the Bank's authorities under this Charter in a manner
15 responsive and attuned to market developments, and to provide incentives for those
16 who shall be separated from the service. Notwithstanding any law to the contrary, these
17 incentives shall be in addition to all gratuities and benefits the employee is entitled
18 under existing laws;
19
- 20 g. Approve the budget of the Bank for its operations; and
21
- 22 h. Enter into compromise or release in whole or in part, any claim or liability whatsoever
23 for or against the Bank, including interest, penalties, fees and other charges, under such
24 terms and conditions as the board may find acceptable and practicable in accordance
25 with standard banking practices, subject to its best business judgment, and the best
26 interest of the corporation.
27

28 **Sec. 11. Corporate Social Responsibility Principles.** As an integral part of the National
29 Government, the Bank is inherently mandated to be socially responsible, to act and operate as
30 good corporate citizens. The Governing Board of the Bank shall recognize and perform
31 obligations that the Bank has towards the National Government, its majority stockholder, as
32 well as the minority stockholders when existing, together with the employees, suppliers,
33 customers and other stakeholders, and the communities in which it operates.
34

35 **Sec. 12 Foreclosure of Collaterals and Disposal of Bank Acquired Properties.** The
36 foreclosure of collaterals and disposal of bank acquired properties shall be governed by the
37 following:
38

- 39 a. Foreclosure of Mortgage Collaterals – Foreclosure of mortgage collaterals to loan may
40 be made either judicially or extrajudicially: *Provided*, That movable collaterals may be
41 foreclosed in its present condition or following any commercially reasonable
42 preparation in accordance with Republic Act No. 11057, otherwise known as the
43 "*Personal Property Security Act*".
44
- 45 b. Deputization of Legal Staff – The Bank may, with the approval of the court, deputize
46 any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or
47 attachment of debtor's properties and in the enforcement of court writs and processes
48 in cases involving the Bank. The special sheriff of the Bank shall make a report to the
49 proper court after any action has been taken by such special sheriff, which court shall
50 treat such actions as if it were an act of its own sheriffs in all respect.

- 1
2 c. Disposal of Real Estate and Other Properties in the Collection of Debt – Real estate and
3 other properties acquired by the Bank in the collection of debts or investment by way
4 of foreclosure or other means shall be sold or disposed of in accordance with law, within
5 five (5) years after their respective dates of acquisition.
6

7 The Bank is also authorized to sell its acquired real estate and other properties to a
8 Financial Institutions Strategic Transfer Corporation (FISTC), in accordance with the
9 provisions of Republic Act No. 11523 or the “*Financial Institutions Strategic Transfer*
10 *(FIST) Act*”.

11
12 For this purpose, the Board of Directors shall be the appropriate regulatory authority
13 and promulgate the necessary implementing rules and regulations.
14

- 15 d. Exemption from Attachment – The provisions of any law to the contrary
16 notwithstanding, securities on loans and other credit accommodations granted by the
17 Bank shall not be subject to attachment or execution or any other court process, nor
18 shall they be included in the property of insolvent persons or institutions, unless all
19 debts and obligations of the debtors to the bank have been paid, including accrued
20 interest, penalties, collection expenses, and other charges.
21

- 22 e. Right of Redemption of Foreclosed Property, Right of Possession during Redemption
23 Period – Within the redemption period provided for in Sec. 47 of the General Banking
24 Law of 2000, the mortgagor shall have the right to redeem the property by paying all
25 claims of the Bank against such mortgagor on the date of the sale including all the cost
26 and other expenses incurred by reason of the foreclosure sale and custody of the
27 property, as well as charges and accrued interest. The Bank may take possession of the
28 foreclosed property during the redemption period. When the Bank takes possession
29 during such period, it shall be entitled to the fruits of the property with no obligation to
30 account for them, the same being considered compensation for the interest that would
31 otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for
32 the purpose of such possession.
33

34 **Sec. 13. Compensation of Executive Officers.** The President of the Bank shall be its Chief
35 Executive Officer whose salary shall be based on the Compensation and Position Classification
36 System developed by the Governance Commission for Government-Owned or –Controlled
37 Corporations (GCG) and as approved by the President of the Philippines upon recommendation
38 by the Secretary of Finance. The sum total of the salary allowances, benefits and other
39 emoluments of the President of the Bank shall be higher than the compensation package of the
40 next highest ranking executive of the Bank.
41

42 The President shall be assisted by Vice Presidents and other officials whose appointment and
43 removal for cause shall be approved by the Board of Directors upon recommendation of the
44 President of the Bank. The salary of the Vice President and other officials shall be based on the
45 Compensation and Classification System established by the GCG and as approved by the
46 President of the Philippines upon recommendation of the Secretary of Finance. During the
47 absence or temporary incapacity of the President, or in case of vacancy or permanent incapacity
48 and pending election of a new President of the Bank, the Board of Directors shall designate the
49 officer-in-charge of the Bank.
50

1 **Sec. 14. Duties and Powers of the Bank President.** The President of the Bank shall execute
2 the policies, measures, orders and resolutions promulgated by the Board of Directors and
3 supervise and administer the operations of the Bank. The President shall be the legal
4 representative of the Bank and shall make all contracts, enter into all necessary obligations on
5 behalf of the Bank required or permitted by this Charter. The President shall report periodically
6 to the Board of Directors the main facts concerning the operations of the Bank, and
7 recommended changes of policies which may seem best. The President shall furnish, upon the
8 request of the President of the Philippines, any information regarding the operations of the
9 Bank.

10
11 **Sec. 15. Qualifications of Executive Officers.** No person shall be appointed to any executive
12 position in the Bank mentioned in the preceding section unless that person is of good moral
13 character and of unquestionable integrity and responsibility, and who is of recognized
14 competence in the field of economics, agriculture, industry, law, banking or finance, and
15 possessed of demonstrated administrative skill and ability.

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

27
28 **Sec. 17. Personnel.** The Board of Directors shall provide for an organization and staff of
29 officers and employees of the Bank and upon recommendation of the President of the Bank,
30 appoint and remove such officers and employees: *Provided*, That the Board shall have
31 exclusive and final authority to promote, transfer, assign or reassign personnel of the Bank, any
32 provisions of existing law the contrary notwithstanding.

33
34 All positions in the Bank shall be governed by Compensation and Classification System
35 established by the GCG and as approved by the President of the Philippines upon
36 recommendation by the Secretary of Finance.

37
38 The Bank officers and employees, including all members of the Board, shall not engage directly
39 or indirectly in partisan political activities or take part in any election except to vote.

40
41 No officer or employee of the Bank subject to civil service law and regulations shall be
42 removed or suspended except for cause as provided for by law and after due process of law.

43
44 **Sec. 18. Legal Counsel.** Any provision of existing law or executive order to the contrary
45 notwithstanding, the Bank shall have its own Legal Department which shall have the power to
46 represent the Bank in cases filed before courts, tribunals, and quasi-judicial bodies, render
47 opinions, prepare and review contracts/agreements. The Head and members of the Legal
48 Department shall be appointed by the Board of Directors.

1 In appropriate cases, the Bank may also avail of the legal services of the Office of the
2 Government Corporate Counsel: *Provided*, however, That the present Legal Services Group in
3 the Bank shall serve as its in-house legal counsel.
4

5 TRANSITORY PROVISIONS

6
7 **Sec. 19. Reorganization of the Bank.** – Within one hundred eighty (180) days after the
8 effectivity of this Act, and whenever necessary thereafter, the Bank is hereby authorized to
9 reorganize and/or rationalize the Bank’s organizational structure to attract fresh and critical
10 talents to join the Bank’s workforce in response to dynamic industry trends, incentivize early
11 separation of tenured employees and those with medical conditions who will be considered for
12 retirement before the optional retirement age of sixty (60) years old, and improve headcount
13 management and succession planning.
14

15 All those who shall retire from the service or are separated therefrom on account of the
16 reorganization of the Bank under the provisions of this Charter shall be entitled to all gratuities
17 and benefits provided for under existing laws and/or supplementary retirement plans adopted
18 by and effective in the Bank.
19

20 **Sec. 20. Penalty for Violation of the Provisions of this Charter.** Any director, officer,
21 employee or agent of the Bank who violates or permits the violation of any of the provisions
22 of this Charter or any person aiding or abetting the violation of any of the provisions of this
23 Charter, shall be punished by a fine of not to exceed Five hundred thousand pesos (P
24 500,000.00) or by imprisonment of not more than five (5) years, or both, such fine and
25 imprisonment at the discretion of the Court.
26

27 **Sec. 21. Separability Clause.** If any provision of this Act is subsequently declared invalid or
28 unconstitutional, the other provisions hereof which are not affected thereby shall remain in full
29 force and effect.

30 **Sec. 22. Repealing Clause.** Sections 74 to 100 of Republic Act No. 3844, otherwise known as
31 the “*Agricultural Land Reform Code*”, as amended, are hereby repealed. All laws, executive
32 orders, rules and regulations, or parts thereof inconsistent with any provisions hereof are hereby
33 repealed or modified accordingly.

34 **Sec. 23. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the
35 *Official Gazette* or in a newspaper of general circulation.

36 Approved.