



HOUSE OF REPRESENTATIVES

H. No. 5755

BY REPRESENTATIVES COLLANTES, OAMINAL, GUANLAO, CORTUNA, LEE,
ALMONTE, BATOCABE, RODRIGUEZ (R.), TAMBUNTING, TEJADA, TINIO,
LOBREGAT AND CHIPECO, PER COMMITTEE REPORT NO. 720

AN ACT AUTHORIZING THE MERGER OF THE DEVELOPMENT
BANK OF THE PHILIPPINES AND THE LAND BANK OF THE
PHILIPPINES, WITH THE LAND BANK OF THE PHILIPPINES AS
THE SURVIVING ENTITY

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

1 SECTION 1. *Declaration of Policy.* – There is a need to rationalize the
2 operations of government agencies and government financial institutions to
3 strengthen their financial capabilities, improve the delivery of services, and
4 achieve economic efficiency, thereby supporting the development thrust of the
5 government. Towards this end, the State shall therefore:

6 (1) Recognize the importance of strengthening government banks and
7 enhance their competitive edge over other banks not only in the domestic but
8 in the global market;

9 (2) Encourage sustainable growth and development in capital and
10 credit facilities in government banks, thereby achieving a sound, stable and
11 efficient government banking facility for the protection of the public; and

1 (3) Ensure that the social mandate of providing assistance to priority
2 sectors are continuously fulfilled, and investments are amply protected.

3 SEC. 2. *Merger of the Development Bank of the Philippines and the*
4 *Land Bank of the Philippines.* – The Development Bank of the Philippines
5 (DBP) and the Land Bank of the Philippines (LBP) are hereby merged, with
6 the LBP as the surviving entity.

7 The LBP as the surviving entity shall exercise, in addition to its powers
8 under Republic Act No. 3844, as amended, all the powers and privileges of the
9 DBP under its 1986 Revised Charter (Executive Order No. 81, s. 1986, as
10 amended by Republic Act No. 8523) and other applicable laws or regulations.

11 All assets and liabilities of the DBP are hereby transferred to the LBP.

12 SEC. 3. *Board Composition of the Land Bank of the Philippines.* –
13 The affairs and business of the LBP shall be directed, and its property managed
14 and preserved by a board of directors consisting of fifteen (15) members, with
15 the Secretary of Finance as chairperson, and the Secretary of Agrarian Reform,
16 the Secretary of Labor, and the Secretary of Agriculture, as *ex officio* directors.
17 The four (4) *ex officio* directors may designate their respective alternates who
18 shall be the officials next-in-rank to them and whose acts shall be considered
19 the acts of their principals pursuant to the policies and regulations of the
20 Governance Commission for Government-Owned or -Controlled Corporations
21 (GCG).

22 The other eleven (11) directors shall be appointed by the President of
23 the Philippines from a shortlist prepared by the GCG in accordance with
24 Republic Act No. 10149, also known as the “GOCC Governance Act of 2011”.
25 Three (3) members shall represent the agrarian reform beneficiaries, farmers,
26 and the cooperatives sectors. The appointive directors must meet the Fit and
27 Proper Rule of Republic Act No. 8791, otherwise known as “The General
28 Banking Law of 2000”.

1 The term of office of the appointive directors shall be three (3) years.
2 Of the members first appointed, five (5) directors shall have a term of three (3)
3 years, three (3) directors a term of two (2) years, and the last three (3)
4 directors a term of one (1) year.

5 The president and chief executive officer (CEO), who shall be the vice-
6 chairperson of the Board, shall be elected annually by the members of the
7 Board from among its ranks, and shall be subject to the disciplinary powers of
8 the Board.

9 SEC. 4. *Implementation of the Merger.* – The GCG shall implement
10 the merger and continue to exercise all regulatory powers under Republic Act
11 No. 10149 in overseeing the LBP as the surviving entity. It shall approve a
12 reorganization plan and a Compensation and Position Classification System
13 (CPCS) for the bank, subject to the principles and standards under Republic
14 Act No. 10149.

15 All other government offices and agencies concerned are hereby
16 directed to promptly take such actions as may be necessary to fully implement
17 the provisions of this Act within one (1) year from its effectivity.

18 SEC. 5. *Retirement and Separation Benefit Program.* – The merger
19 shall provide for a retirement and separation benefit program for affected
20 personnel or those who opt to retire or be separated from the service, subject to
21 the approval of the GCG.

22 SEC. 6. *Statutory Construction.* – In case of conflict between the laws
23 and regulations applicable by reason of government ownership, and that of
24 banking laws and regulations, the latter shall be given supremacy in the
25 resolution of issues arising from operations as a bank.

26 SEC. 7. *Repealing Clause.* – Section 86 of Republic Act No. 3844
27 and Executive Order No. 81, s. 1986 (Revised Charter of the DBP) are hereby

1 repealed. All laws, decrees, issuances, rules and regulations inconsistent with
2 the provisions of this Act are hereby amended or repealed accordingly.

3 **SEC. 8. *Effectivity.*** – This Act shall take effect fifteen (15) days
4 following its publication in the *Official Gazette* or in at least two (2)
5 newspapers of general circulation.

Approved,

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