

A M E N D E D B Y - L A W S
O F T H E

LAND BANK OF THE PHILIPPINES

ARTICLE I

GENERAL PROVISIONS

Section 1. 01. Principal Office. - The Land Bank of the Philippines hereinafter referred to as the Bank, shall have its principal office in Greater Manila until otherwise provided by the Board of Directors. (As amended, Nov. 14, 1973).

Section 1.02. Seal. - The seal and emblem of the Bank, as adopted and approved by the Board of Directors shall be kept at its principal office.

Section 1.03. Fiscal Year. - The fiscal year of the Bank shall commence on the first day of January and close of the 31st day of December of the same year. (As amended, November 14, 1973)

ARTICLE II

POWERS

Section 2.01. Powers. - The Bank shall have the power:

- 1) To prescribe, repeal and alter its own By-Laws, to determine its operating policies, and to issue such rules and regulations as may be necessary to achieve the purposes for the creation of the Bank;
- 2) To adopt, alter, and use a corporate seal;
- 3) To acquire, take, own, and hold real and personal property, introduce necessary improvements thereon to enhance and develop their social and economic values, and to sell, exchange, transfer, lease, mortgage or in any manner whatsoever dispose the same;
- 4) To 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 Minister 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. (As amended, Nov. 14, 1973).
- 5) To grant short, medium and long term loans and advances against security of real estate and/or other acceptable assets for the establishment, development, or expansion of agricultural, industrial home building or home financing projects and other productive enterprises. (As amended, Nov. 14, 1973).
- 6) To grant loans to farmers' cooperatives/associations to facilitate production, marketing of crops and acquisition of essential commodities. (As amended, Nov. 14, 1973)

- 7) To finance and/or guarantee the acquisition , under Presidential Decree No. 85 dated December 25, 1972, of farm lots transferred to tenant farmers pursuant to Presidential Decree No. 27, dated October 21, 1972.
- 8) To underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest or reinvest in stocks, bonds, debentures, securities and other evidences of indebtedness of other corporations and of the government or its instrumentalities which are issued for or in connection with any project or enterprises; (As amended, Nov. 14, 1973).
- 9) The provision of any law to the contrary notwithstanding, to guarantee acceptance(s), 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. (As amended, Nov. 14, 1973).
- 10) To borrow from, or rediscount notes, bills of exchange and other commercial papers with the Central Bank. The rate of interest to be charged and the conditions on such obligations and borrowings shall be subject to the rules and regulations of the Monetary Board; (As amended, Nov. 14, 1973).
- 11) To act as trustee, or administer any trust or hold property in trust in accordance with the provisions of law governing trust corporations; (As amended, Nov. 14, 1973).
- 12) Upon recommendation of the Minister of Finance and after consultation with the NEDA and the Monetary Board, and with the approval of the President of the Philippines, to issue bonds, debentures, securities, collaterals and other evidences of indebtedness at such terms, rates and conditions as it may determine up to an aggregate amount not exceeding at any one time, ten times its paid-in capital and surplus; and to prescribe rules and regulations for the registration of the bonds issued by the Bank at the request of holders thereof; (As amended, Nov. 14, 1973).
- 13) To issue, from time to time, preferred shares of stock in such quantities as may be necessary to pay the landowners for landholdings purchased in accordance with the provisions of the Land Reform Code, as amended, and for the acquisition of other assets should the seller elect to accept such payment; (As amended, Nov. 14, 1973).
- 14) Subject to the provisions of the General Banking Act, as amended, to receive demand, savings and time deposits, and to make and maintain deposits of any government and corporate funds and for this purpose, to establish and maintain branches and offices in such areas as may be necessary to service said deposits; (As amended, Nov. 17, 1967, and further amended Nov. 14, 1973).
- 15) To administer as trust funds all agricultural guarantee of funds; (As amended, Nov. 14, 1973).

- 16) To provide for organization and staff of officers and employees necessary to carry out the functions of the Bank, fix their compensation, and appoint and remove such officers and employees for cause, subject to the rules and regulations issued by the Civil Service Commission and to recommend to the Civil Service Commission rules and regulations for the recruitment, appointment, compensation, administration, conduct, promotions and removal of all Bank officers and employees under a strict merit system and prepare and conduct examinations under the supervision of said Commission. (As amended, Nov. 14, 1973)
- 17) To provide investment, legal and technical counseling and other allied services to landholders whose lands have been acquired by the Bank and other interested parties dealing with the Bank, and for this purpose, to contract for the services of private consultants. (As amended, Nov. 14, 1973)
- 18) To exercise the powers conferred upon it under R.A. No. 4860 as amended by P.D. No. 150 re Foreign Borrowing Act (As amended, Jan. 29, 1974)
- 19) To administer and relend the proceeds from foreign borrowings in accordance with such agreements as may be concluded by the President of the Philippines with foreign creditors. (As amended, Oct. 1, 1974)
- 20) To exercise the general powers mentioned in the Corporation Law (Act 1459, as amended), the General Banking Act (R.A. 337, as amended), and the Investment Houses Act (Presidential Decree No. 129) insofar as they are not inconsistent or incompatible with Presidential Decree No. 251, and (As amended, Oct. 1, 1974)
- 21) To do and perform whatever may be reasonably necessary and proper to carry out the purposes of the Bank

ARTICLE III

THE BOARD OF DIRECTORS

Section 3.01 Compositions and Qualifications. - The affairs and business of the Bank shall be directed, its powers exercised and its properties managed and preserved by the Board of Directors. Such Board shall consist of seven members with the Minister of Finance, as Chairman, the President of the Bank as Vice-Chairman, the Minister of Agrarian Reform, and the Minister of Labor as ex-officio members and TWO members to be elected preferably from the holders of preferred shares depending on the outstanding amount of said shares during its annual stockholders meeting, as follows: (a) Not exceeding P100 MILLION- one member; (b) exceeding P100 MILLION- two members. **THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT ONE (1) MEMBER OF THE BOARD WHO SHALL REPRESENT THE AGRARIAN REFORM BENEFICIARIES.** The President of the Bank shall be chosen and may be removed by the Board of Directors with the advice and consent of the President of the Philippines

"NO PERSON SHALL BE ELECTED OR APPOINTED DIRECTOR OF THE BANK UNLESS HE IS A NATURAL BORN CITIZEN OF THE PHILIPPINES, NOT LESS THAN THIRTY-FIVE (35) YEARS OF AGE, 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, PROVIDED, FURTHER, THAT NO DIRECTOR, SHAREHOLDER OR EMPLOYEE OF ANY OTHER BANK SHALL BE ELIGIBLE FOR ELECTION OR APPOINTMENT AS MEMBER OF THE BOARD OF DIRECTORS OF THE BANK." (As amended, Nov. 14, 1973, Jan. 29, 1974, Oct. 1, 1974, and further amended, Nov. 10, 1978)

Section 3.02. Powers and Responsibilities. - The Board of Directors shall have, among others, the following specific powers and responsibilities:

1. Formulate policies, rules and regulations for the effective operation of the Bank;
2. Choose the President of the Bank and provide for his removal with the advice and consent of the President of the Philippines;
3. Fix the salary of the President of the Bank, with the approval of the President of the Philippines;
4. Make decisions concerning loans as well as fix the rates of interest thereon, guarantees, investments, or borrowings by the Bank, furnishing of technical assistance and other operations of the Bank;
5. Establish such branches and agencies as may be deemed necessary and convenient;
6. Provide for an organizational staff of officers and employees of the Bank;
7. Provide for the appointment and removal and fix the reasonable compensation of such personnel as may be necessary for the expeditious conduct of the business of the Bank and for this purpose, it may also enter into consultancy contracts in the hiring of experts in the field of investments, legal, technical, and other services; and
8. Approve the budget of the Bank.
(As amended, Nov. 14, 1973).

Section 3.03. - Meetings. - Clause 3.03a - **Place of Meetings.**- Unless otherwise determined by the Chairman and stated in the notice of meetings, all meetings of the Board of Directors shall be held at the principal Office of the Bank. The Board may be convoked either by the Chairman, or in his absence, the Vice-Chairman. (As amended, Nov. 14, 1973)

Clause 3.03b. Regular Meetings. - The regular meetings of the Board of Directors shall be held at least once every two weeks, i.e. every 2nd and 4th Fridays each month unless such days shall be legal holidays, and in which case they shall be held on the next business days following. (As amended, Nov. 14, 1973)

Clause 3.03c. Special Meetings.- Special meetings of the Board of Directors may be held upon the call of the Chairman, or by written request of two or more members, upon 48 hours notice, specifying the time and the general purpose of the meeting, given to each Board Member, either personally, by mail or by telegram. (As amended, Nov. 14, 1973)

Clause 3.03d. Quorum.- At any meeting of the Board of Directors, the presence of at least four members shall constitute a quorum for the transaction of any business. All decisions of the Board shall require the concurrence of at least four (4) members; Provided, however, that any matter not included in the agenda for the meeting shall not be considered approved by the Board of Directors unless all the members then qualified unanimously vote for its approval. (As amended, Nov. 14, 1973)

Clause 3.03e. Effectivity of Resolution.- Resolutions adopted by the Board of Directors in any meeting shall take effect UPON APPROVAL, unless otherwise provided by the Board. (As amended, Nov. 8, 1977, as further amended, NOV. 24, 1987)

Section 3.04 Corporate Secretary.- The Board of Directors shall appoint a Corporate Secretary who shall be a citizen and resident of the Philippines and who shall have the following functions:

1. To have custody and care of the Corporate Seal, and the records and minutes of the meetings of the Board of Directors and the meetings of the Stockholders;
2. To attend all Meetings of the Board of Directors and the Stockholders and he shall keep or cause to be kept in a book provided for the purpose a true and complete record of the proceedings of such meetings;
3. To attend to the giving and serving of all notices of meetings of the Board of Directors and the Stockholders;
4. To take charge of all papers and documents pertaining to the meetings and business of the Board of Directors and Stockholders;
5. To fill and countersign all certificates of stock issued; and
6. To perform such other duties as may from time to time be assigned to him by the Board of Directors. (As amended, Nov. 14, 1973).

The Board of Directors may also appoint an Assistant Corporate Secretary who shall assist in the discharge of the foregoing functions.

Section 3.05. Per Diem.- The Chairman and the members of the Board of Directors shall receive a per diem of Two Hundred Fifty Pesos (P250.00) for each meeting of the Board that they attend; Provided, that in no case shall said per diem exceed Two Thousand Pesos a month. (As amended, Nov. 14, 1973).

Section 3.06. Withdrawal of Persons Having Personal Interest.- Whenever any member attending a meeting of the Board has a personal interest of any sort in the discussion or resolution of any given matter, or any of his relatives within the fourth degree of consanguinity or a second degree of affinity has such interest, said member 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 in it shall be made available to the public. The Minutes of the meeting shall note the withdrawal of the member concerned. (As amended, Nov. 14, 1973).

ARTICLE IV

OFFICERS OF THE LAND BANK

Section 4.01. Complement.- The officers of the Bank shall be a President who shall be the Chief Executive Officer of the Bank and one or more Vice-Presidents who shall be chosen by the Board of Directors upon recommendation of the President with the concurrence of the Board to head such organizational divisions as he may from time to time determine. (As amended, Nov. 14, 1973).

Section 4.02. Functions of the President as Chief Executive Officer.- The President of the Bank shall be the Executive Officer of the Bank. He shall have the following functions:

- 1) To attend Meetings of the Board as Vice-Chairman and participate in its deliberations and to act as Chairman in the absence of the regular Chairman;
- 2) To execute the policies, measures, orders, resolutions promulgated by the Board of Directors;
- 3) To supervise and administer the operations of the Bank;
- 4) To act as the legal representative of the Bank and shall make all contracts, open accounts with other Banks, and enter into all necessary obligations in behalf of the Bank;
- 5) Report periodically to the Board of Directors the main facts concerning the operations of the Bank;
- 6) Recommend to the Board of Directors changes of policies which he may deem best;
- 7) Furnish the President of the Philippines when required any information in his possession regarding the operations of the Bank;
- 8) Sign, indorse and deliver all checks, drafts, bills of exchange, promissory notes and orders of payment of sums of money in the name and on behalf of the corporation; and
- 9) Exercise such powers and perform such other duties as the Board of Directors may from time to time fix or delegate. (As amended, Nov. 14, 1973).

Section 4.03 Vice-President.- The Board of Directors shall appoint as Vice-President any person of good moral character, with unquestionable integrity and probity, recognized training and experience in the field of economics, agriculture, industry, banking, finance and law, and possessed of demonstrated administrative skill and ability and at least 35 years of age. The Vice-President(s) shall act as head(s) of such organizational division(s) as may be determined by the President. The Vice-President shall have the following duties and responsibilities:

- 1) To assist the President in directing and coordinating activities relating to the Bank;

- 2) To recommend management and operating policies, programs and procedures to implement the policies laid down by the Board;
- 3) To propose and recommend sound investment policies;
- 4) To maintain harmonious and progressive employee and public relations; and
- 5) To perform other duties as may from time to time be assigned to him by the President.

An Executive Vice-President may be appointed or designated who shall assist the President and act in his stead in case of absence or incapacity (As amended, Nov. 14, 1973; Jan. 29, 1974; and further amended, Oct. 29, 1986)

Section 4.04. Tenure of Office. The President and Vice-Presidents of the Bank shall hold office at the pleasure of the Board. All other officers of the Bank shall be career men and may be removed only by the Board of Directors for cause in accordance with Civil Service rules and regulations (As amended, Nov. 14, 1973)

Section 4.05. Compensation and Salaries. The salary of the President shall be fixed by the Board of Directors with the approval of the President of the Philippines. The salaries of the Vice-Presidents of the Bank shall be fixed by the Board of Directors upon recommendation of the President of the Bank (As amended, Nov. 14, 1973)

ARTICLE V

CAPITAL STOCK AND SHARES

Section 5.01. Capital. The authorized capital stock of the Bank shall be three billion pesos divided into one hundred and eighty million shares with a par value of Ten (P10,000) Pesos each, which shall be fully subscribed by the Government, and one hundred twenty million preferred shares with a par value of Ten (P10,000) Pesos each, which shall be issued in accordance with the provisions of Presidential Decree No. 251 amending certain sections of the Agricultural Land Reform Code (As amended, Nov. 14, 1973).

Section 5.02. Government Shares. All shares of stock in the Bank subscribed or owned by the Government shall not be entitled to participate in the income earned by the Bank from its investments and other operations, whether in the form of cash or stock dividends or otherwise. Amounts expended for the administration of the Bank shall not be deemed as participation of the government in income. Provided, that the Bank may declare all its earnings accumulated prior to the issuance of preferred shares as stock dividends to the government as the sole shareholder of the bank in lieu of dividends, set aside said earnings as contributed surplus to serve as fund for the guaranteed dividend to preferred shareholders. The manner of distributing the surplus shall be determined by the Board of Directors. The voting power of all these shares is vested in the President of the Philippines or in any ex-officio member of the Board of Directors as he may designate. (As amended, Nov. 14, 1973; and further amended Oct. 1, 1974)

Section 5.03 Preferred Shares.- The preferred shares of stock shall be entitled to a guaranteed rate of return of six percentum per annum of the par value. Dividends at the guaranteed rate shall be declared and distributed within three (3) months after the close of each fiscal year. The guaranteed rate of return of these shares shall not preclude the holders thereof from participating at a percentage higher than six percentum of the par value should the earnings of the Bank for the corresponding fiscal period exceed the guaranteed rate of return and provided that such increased rate of return is justified by the Bank's earnings after making reasonable allowance for administration, contingencies and growth. In addition to the foregoing privileges, the redemption of such preferred shares shall be given priority and guaranteed at par value upon liquidation of the Bank. Such preferred shares shall be fully transferable and capital gains derived from the sale or transfer of such shares and all income derived therefrom shall be fully exempt from taxes, except gift and inheritance taxes. The holders of such preferred shares shall not bring derivative suits against the Bank. (As amended, Nov. 14, 1973, and further amended, Jan. 29, 1974).

Section 5.04 Consideration for Preferred Shares Formula.- The first issue of preferred shares shall be at the value of Ten (P10.00) Pesos per share. The issue value for subsequent issues shall be determined by dividing the net asset value of the Bank as of the end of the immediately preceding fiscal year by the number of preferred shares then outstanding. Provided that such issue shall not be less than par. For this purpose, "net asset value" shall mean the net worth minus the capital of the Government and minus the amount of reserves mentioned in Section 7.01 hereof

Section 5.05 Certificate of Preferred Stock.- A certificate of preferred stock shall be issued to each holder, exhibiting the holder's name, the number of shares represented thereby, and the par value of the shares, and shall be signed by the President and countersigned by the Corporate Secretary, who shall affix the seal of the Bank. Certificate of stock of the Bank shall be numbered consecutively, issued in that order and registered as they are issued. All bank certificates shall be bound in a book, the Stock Certificate Book, each certificate having a stub and shall be issued in consecutive order therefrom, and in the stub thereof shall be entered the name of the person owning the shares therein represented, the number of shares and the date of issue. All certificates surrendered to the Bank for transfer of stock or exchange shall be marked with the word "Cancelled", with the date of cancellation affixed and shall immediately be noted upon each corresponding stub in the Stock Certificate Book. All cancelled certificates shall be returned and affixed to its original place in the stock book except as provided hereunder in Section 5.07. (As amended, Nov. 14, 1973)

Section 5.06 Stock and Transfer.- There shall be kept a book to be known as the Stock and Transfer Book, containing the names, alphabetically arranged, of the preferred stockholders of the Bank, showing their places of residence, the number of shares held by them respectively, the time when they respectively became owners thereof, as well as all other entries required by law or by the rules of the Bank. The shares of stock shall be transferable and assignable only on the books of the Bank, by the holder in person or by a duly authorized Attorney-in-fact, upon surrender of the certificate representing the stocks to be transferred. Every power of attorney or authority to transfer stocks shall be in writing, duly executed and filed with the Bank. The books of the Bank shall be closed for transfer twenty (20) days before any stockholders' meeting and twenty (20) days before dividend payments. (As amended, Nov. 14, 1973)

Section 5.07 Lost, Stolen, or Destroyed Stock Certificates.- Lost, stolen or destroyed certificate of stock shall be replaced by the Bank with new certificates upon compliance by the registered owner with the provisions of Republic Act 201, and such other conditions as the Board of Directors may prescribe. (As amended, Nov. 14, 1973).

ARTICLE VI

MEETINGS OF STOCKHOLDERS

Section 6.01. Annual Meeting. Meetings of Stockholders shall be called on the first Tuesday after the first Monday in December of every year. (As amended, Nov. 14, 1973, and further amended, Jan. 29, 1974)

Section 6.02. Place of Business. All meetings of the stockholders shall be held at the principal office of the Bank; unless it is not feasible to hold them therein in which case the meeting shall be held at such place as may be fixed in the notices calling for the meetings. (As amended, Nov. 14, 1973, and further amended, Jan. 29, 1974)

Section 6.03. Notices of Meetings. A notice in writing, stating the place, the day and the hour of any meeting, shall be personally delivered or mailed by the Corporate Secretary for and in behalf of the Chairman of the Board of Directors, to each shareholder of record at his last known post office address at least ten (10) days before the date of the meeting. The Bank's President shall direct the preparation of an official list of all shareholders of record as of the day the transfer books of the Bank are closed as provided in Section 5.06 together with the shareholding of each stockholder and this shall be submitted to the Corporate Secretary at least fifteen (15) days before the date of the stockholders' meeting. (As amended, Jan. 29, 1974)

Section 6.04. Quorum. At any meeting of the stockholders, the holders of a majority of all the shares of the Bank issued and outstanding, present in person or represented by proxy, shall be necessary to constitute a quorum for the election of the representatives to the Board of Directors or the transaction of other business, but if at any meeting such a majority shall not be present, the shareholders who are present may adjourn the meeting from day to day, until holders of the amount of the stock necessary to constitute quorum shall attend in person or by proxy, and at any such adjourned meeting at which a quorum shall be present there may be transacted any business which might have been transacted at the meeting as originally called. Provided, however, that after a maximum of two adjournments, of the Board of Directors shall designate a date for a special meeting of stockholders to be held not later than thirty days after the last adjournment. The affirmative vote of the majority of the quorum shall be necessary for the election of representatives to the Board as well as to approve all other business presented before the meeting. (As amended, Nov. 14, 1973 and further amended, Jan. 29, 1974).

Section 6.05. Presiding Officer. The Chairman of the Board of Directors shall preside at all meetings of the stockholders. In his absence, the President of the Bank may call the meeting to order. (As amended, Nov. 14, 1973, and further amended, Jan. 29, 1974)

Section 6.06. HOLIDOVER AND TERM OF OFFICE OF APPOINTIVE MEMBER. If for any reason, the annual meeting of stockholders for the election of representatives to the Board is not held on the day appointed, or is adjourned for lack of quorum, or where there is failure to elect such representatives, the representatives to the Board of Directors then in office shall continue to serve until his or their successors shall have been elected and qualified. THE APPOINTIVE MEMBER OF THE BOARD SHALL HOLD A TERM OF OFFICE FOR ONE (1) YEAR AND SHALL CONTINUE TO HOLD OFFICE UNTIL HIS SUCCESSOR SHALL HAVE BEEN APPOINTED AND QUALIFIED (As amended, Nov. 14, 1973, Jan. 29, 1974, and further amended, Nov. 10, 1978).

Section 6.07. Vacancies.- Whenever a permanent vacancy, other than from the expiration of his term, occurs in the position of Member of the Board of Directors elected by the stockholders, his/their successor/successors may be chosen within 30 days through an election by the stockholders either at a regular meeting or a special meeting called for the purpose; Provided, however, that in lieu of such special election, the Board of Directors may conduct an election by mail, Provided, further, that in any case the person so elected shall serve only for the expired term. (As amended, Nov 14, 1973; and further amended, Jan. 29, 1974)

ARTICLE VII

DISTRIBUTION OF NET PROFITS AND ESTABLISHMENT OF RESERVES

Section 7.01. The net profits of the Bank for each fiscal year shall be disposed of as follows:

1. **For Reserves.-** A portion of the profits to serve as allowance for administration, contingencies and growth shall be credited to a "Reserve for Administration, Contingencies and Growth" account Subject to the approval of the Board of Directors, the amount to be credited to this account shall be determined each year by a committee composed of a Chairman of the Board of Directors, as Chairman, and the President of the Bank and an officer of the Bank thereafter to be designated as members. (As amended, Nov. 14, 1973)

2. **For Dividends.-** After deducting the reserves herein provided, the remaining net profits shall be used to pay dividends on preferred shares at the guaranteed rate of 6%. In the event that the remaining net profits are not sufficient to cover the guaranteed dividend rate of 6%, the deficiency shall be charged to and collected from the Government. In the event that the remaining net profits exceed the amount necessary to pay the guaranteed dividend of 6%, the rate of dividend on the preferred shares shall be increased by a multiple of 1% up to such extent that the additional dividends can be covered by the excess net profits (As amended, Nov. 14, 1973).

3. **For Surplus Account.-** The remainder of the net profits, if any, after making provisions for the reserves and dividends on preferred shares, shall be closed to "Surplus" account which shall thereafter be declared also as soon as its amount reaches a multiple of 1% of the preferred shares outstanding.

ARTICLE VIII

SINKING FUND

Section 8.01. Sinking Fund.- A sinking fund for the retirement of bonds and other long-term obligations of the Bank shall be established and maintained by means of annual payments to the fund so arranged that, together with the accrued earnings thereon when invested, they shall aggregate an amount equal to the amount of the bond issue or the long term obligation when the same shall become due. The investment of the sinking fund shall be made in such manner as the Board of Directors may approve. The earnings of the sinking fund shall accrue to said fund (As amended, Nov 14, 1973).

ARTICLE IX

AUTHORITY TO SIGN

Section 9.01. Signature on Instruments.- All checks, drafts, notes, acceptances, letters of credit, letters of delegations, bills of exchange, orders for the payment of money, and all instruments obligating the Bank for the payment of money shall be signed by the President of the Bank, and countersigned by an officer of the Bank. The authority herein granted may be delegated, subject to the approval of the Board of Directors.

Section 9.02. Signature of Contracts and Other Documents.- All contracts, agreements, and other documents authorized by the Board of Directors shall, unless otherwise provided by the Board, be signed by the President.

ARTICLE X

TRUST DEPARTMENT OF THE BANK

Section 10.01. Organization.- Plan and Structure of the Department.

The trust and other fiduciary business of the Bank shall be coursed out through the Trust Department of the Bank pursuant to Sec. 406 of Monetary Board Res. No. 1065 dated October 8, 1990, subject to the following guidelines:

1. The Trust and other fiduciary business of the Bank shall be coursed out through the Trust Department which shall be organizationally, operationally, administratively, and functionally separate and distinct from the other departments and/or businesses of the Bank.
2. The Trust Department, Trust Officer and other subordinate officers of the Trust Department shall only be directly responsible to the Bank's Trust Committee which shall in turn be only directly responsible to the Bank's Board of Directors
3. No director, officer or employee taking part in the management of trust and other fiduciary accounts shall perform duties in other departments or the audit committee of the Bank and vice versa
4. The organization structure and definition of duties and responsibilities of the Trust Committee, officers and employees of the Trust Department shall reflect adherence to the minimum internal control standards prescribed by the Central Bank.

Section 10.02. Composition of the Trust Committee.

1. The Trust Committee shall be composed of five (5) members:
 - a) Three (3) Directors who are appointed by the Board of Directors on a regular or rotation basis and who are not operating officers of the Bank.
 - b) The President
 - c) The Trust Officer

No member of the Audit Committee, if the Bank has any, shall be concurrently designated as a member of the Trust Committee. The Board of Directors shall duly note in the minutes the Committee members and designate the Chairman who shall be one of the three (3) Directors referred to in item "1" above.

Section 10.03. Qualifications of Committee Members/ Officers and Staff. - The Trust Department shall be staffed by persons of competence, integrity and honesty. Directors, Committee Members, and officers charged with the administration of trust and other fiduciary activities shall, in addition to meeting the qualification standards prescribed for directors and officers of financial institution, possess the necessary technical expertise in such business. Provided, that Trust Officers who shall be appointed after October 16, 1990 shall have at least two (2) years of actual experience or training in trust operations.

Section 10.04. Responsibilities of Administration.

a. **Board of Directors.** The Board of Directors is responsible for the proper administration and management of trust and other fiduciary business. Funds and properties held in trust or in any fiduciary capacity shall be administered with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims.

The responsibilities of the Board of Directors shall include but not be limited to the following:

1. It shall determine and formulate general policies and guidelines on the: (a) acceptance, termination, or closure of trust and other fiduciary accounts; (b) proper administration and management of each trust and fiduciary accounts; and (c) investment, reinvestment and disposition of funds or property held in its capacity as trustee or fiduciary.
2. It shall direct and review the actions of the trust committee and all officers and employees designated to manage the trust and other fiduciary accounts, especially in the absence of specific agreements on investments, or in case of discretionary accounts;
3. It shall approve or confirm the acceptance, termination or closure of all trust and other fiduciary accounts and shall record such in its minutes;
4. Upon the acceptance of an account, it shall immediately review all non-cash assets received for management. Likewise, it shall make a review of trust and/or fiduciary assets at least once every twelve (12) months to determine the advisability of retaining or disposing such assets;
5. It shall be responsible for taking appropriate action on the examination reports of supervisory agencies, internal and/or external auditors on the Bank's trust and other fiduciary business and recording such actions thereon in the minutes;
6. It shall designate the members of the Trust Committee, the Trust Officer and subordinate officers of the Trust Department and shall be responsible for requiring reports from said committee and officers recording its actions thereon in the minutes; and

- 7 It shall establish an appropriate staffing pattern and adopt operating budgets that shall enable the trust department to effectively carry out its functions. It shall likewise be responsible for providing the officers and staff of the institution with appropriate training programs in the administration and operations of all phases of trust and other fiduciary business.

The Board of Directors may, by action duly entered in minutes, delegate its authority for the acceptance, termination, closure or management of trust and other fiduciary accounts to the trust committee or to the trust officer subject to certain guidelines approved by the Board.

b. Trust Committee.- The Trust Committee duly constituted and authorized by the Board of Directors shall act within the sphere of authority which may be provided in the by-laws and/or as may be delegated by the Board, such as but not limited to the following:

1. The acceptance and closing of trust and other fiduciary accounts;
2. The initial review of assets placed under the trustee's or fiduciary's custody;
3. The investment, reinvestment and disposition of funds or property;
4. The review and approval of transactions between trust and/or fiduciary accounts; and
5. The review of trust and other fiduciary accounts of at least once every twelve (12) months to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

For this purpose, the Trust Committee shall meet whenever necessary and keep minutes of its actions and make periodic reports thereon to the Board.

c. Trust Officer.- The Trust Officer designated by the Board of Directors as head of the Trust Department shall act and represent the institution in all trust and other fiduciary matters within the sphere of authority as may be provided in the by-laws or as may be delegated by the Board. His responsibilities shall include, but need not be limited to the following:

1. The administration of trust and other fiduciary accounts;
2. The implementation of policies and instructions of the Board of Directors and the Trust Committee
3. The submission of reports on matters which require the attention of the Trust Committee and the Board of Directors;
4. The maintenance of adequate books, records and files for each trust or other fiduciary account; and
5. The maintenance of necessary controls and measures to protect assets under his custody and held in trust or other fiduciary capacity, (As amended entirely incorporating Article X thereof on May 9, 1991 pursuant to the Monetary Board Res. No. 1065 dated October 8, 1990).

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 11.01. Amendments. Except as otherwise provided herein, these By-Laws may be amended, altered, or repealed by the affirmative vote of at least four (4) members of the Board of Directors at any regular or special meeting called for the purpose.

Section 11.02. Effectivity. These By-Laws shall take effect upon their adoption by the Board of Directors.

Adopted, December 16, 1965, per Res No 12 (FY 1965-66)
Amended, November 17, 1967, per Res No 12 (FY 1967-68)
As Further Amended, November 14, 1973, per Res No 22 (1973-74)
As Further Amended, January 29, 1974, per Res No 19 (FY 1974)
As Further Amended, October 1, 1974, per Res No. 243 (FY 1974)
As Further Amended, November 8, 1977, per Res No. 344 (CY 1977)
As Further Amended, November 10, 1978, per Res. No. 268 (CY 1978)
As Further Amended, October 29, 1986, per Res No 196 (CY 1986)
As Further Amended, November 24, 1987, per Res No. 266 (CY 1987)
As Further Amended, May 9, 1991, per Res No. 092
(CY 1991 pursuant to Sec. 1406 of the CB Manual of Regulations, Book 1, as amended)

WE, representing the majority of the entire membership of the LBP Board, do hereby certify that the foregoing LBP By-Laws is a true copy of the LBP By-Laws, as amended by the Board in the meeting of May 9, 1991, at the Conference Room of the LBP Chairman, 5th Floor, Central Bank Building, Manila, Metro Manila.

JESUS P. ESTANISLAO
Chairman

DEOGRACIAS N. VISTAN
Vice-Chairman

MANUEL P. TIAOQUI
Member

JUAN O. SANGRERO
Member