

[PRESIDENTIAL DECREE NO. 2012, January 20, 1986]

CREATING THE ASSETS MANAGEMENT COMPANY, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

WHEREAS, the Development Bank of the Philippines, (DBP), in the pursuit of its objectives, extended financial assistance to various development projects and undertakings which are presently encountering operational and financial difficulties due to factors beyond its control (the "non-performing accounts");

WHEREAS, as a result of the large accumulation of non-performing accounts and the correspondingly low loan collections, the DBP is currently facing severe liquidity problems, thereby weakening its capability to continue financing development projects and maturing obligations;

WHEREAS, the Government is willing to provide the necessary support and assistance in order to enable the DBP to operate viably, including but not limited to absorbing the liabilities of the DEP occasioned by the non-performing accounts, and undertaking the rehabilitation of companies or projects classified as non-performing accounts and/or the disposal of these companies or projects, whether completely rehabilitated or not, as well as other assets presently held by the DBP as a consequence of its having financed the projects;

WHEREAS, there is need to establish a government-owned or controlled entity that will handle, administer, manage and otherwise dispose of the non-performing accounts and assets of the DBP and other government financial institutions to be transferred to the Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Short Title.—This Decree shall be known as the "Charter of the Assets Management Company".

SEC. 2. Creation, Name, Domicile and Term.—There is hereby created a body corporate under the Office of the President to be known as the Assets Management Company, hereinafter referred to as the Company. Its principal place of business shall be in Metropolitan Manila and it may establish such offices, agencies or branches in other places within and outside the Philippines, as may be necessary for the proper conduct of its business. It shall have a corporate existence of twenty-five (25) years from the date of the effectivity of this Decree.

SEC. 3. Statement of Principal Purpose.—The principal purpose of the Company is to act and serve as a vehicle of the National Government to handle, administer, manage or otherwise dispose of the non-performing accounts and other assets of the Development Bank of the Philippines (DBP) and other government financial institutions to be transferred to it pursuant to this Decree.

SEC. 4. Powers and Functions of the Company.—The Company shall have the general corporate powers *provided* in the Corporation Code of the Philippines insofar as they are not inconsistent with this Decree, and such other powers as may be

necessary or proper to enable it to effectively carry out its objectives and perform its powers and functions under this Decree.

It shall have among others, the following powers and functions:

- a. To acquire, hold, administer, manage, mortgage and alienate personal or real property of whatever kind and nature in the Philippines or elsewhere, including property or business covered by permits and licenses granted and/or issued by the Government, the provisions of any law to the contrary notwithstanding;
- b. To receive and collect the interests, dividends, and income arising from real or personal properties, stocks, bonds, debentures, contracts, or obligations, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership of such properties;
- c. To sell, transfer, or otherwise dispose, with or without bidding, for cash or on installment payment basis, real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or association, whether domestic or foreign;
- d. To contract loans and issue bonds and other obligations as security therefor, and for property purchased or acquired by it or for any other object in or about its business; and to secure any bond or other obligation issued or incurred by it;
- e. To enter into contracts, with or without public bidding, with any person or entity, domestic or foreign, or with governments, for the undertaking of rehabilitation of projects, including the acquisition, by way of purchase, lease or other deferred payment arrangements, of equipment and/or raw materials and supplies, as well as for services connected therewith under such terms and conditions as it may deem proper and reasonable;
- f. To sue and be sued;
- g. To adopt and use a corporate seal;
- h. To succeed by its corporate name; and
- i. To perform such other acts and exercise such other functions as may be necessary or proper for the attainment of the primary purpose and objectives herein specified, or as may be directed by the President of the Philippines.

SEC. 5. *Capital Stock.*—The Company shall have an authorized capital stock of One Hundred Billion Pesos (P100,000,000,000.00), divided into one hundred million shares with a par value of One Thousand Pesos (P1,000.00) per share, to be fully subscribed to and paid up by the Republic of the Philippines, or by any of its agencies, instrumentalities and subdivisions, including government-owned or controlled corporations. The Government is hereby authorized to appropriate funds out of the National Treasury for the purpose of paying the subscription of the Republic of the Philippines to the capital stock of the Company.

SEC. 6. *Board of Directors.*—The affairs and business of the Company shall be directed, its powers exercised and its properties managed and preserved by a Board of Directors, hereinafter referred to as the Board, consisting of a Chairman, a Vice-Chairman and seven other members to be appointed by the President of the Philippines who shall serve for a term of three (3) years, unless sooner removed for any cause.

The Board shall convene as frequently as may be necessary to discharge its responsibilities properly, but shall meet at least once every two (2) weeks. The

Board may be convened by the Chairman or, in his absence, by the Vice-Chairman;

The presence of at least five (5) members shall constitute a quorum to do business, and the majority vote of the members present, there being a quorum, shall be necessary for the adoption of any resolution, rule, regulation, decision or any other act of the Board.

The Chairman and other members of the Board shall receive per diem for each Board meeting actually attended, as the Board may determine; *Provided*, that such per diem shall not exceed Two Thousand Pesos (P2,000.00) during any one month for each member. The members shall also be entitled to reimbursable transportation and representation allowances in going to and coming from Board meetings and transacting official business for the Company.

Whenever any member of the Board has a personal interest of any sort on a matter before the Board, or any of his business associates, or any of his relatives within the fourth degree of consanguinity or second degree of affinity has such an interest, said member shall not participate in the discussion or resolution of the matter and must retire from the meeting during deliberations thereon. The subject matter, when resolved and the fact that a member had a personal interest in it, shall be made available to the public and the minutes of the meeting shall note the withdrawal of the member concerned.

SEC. 7. Powers and Responsibilities of the Board.—The Board shall have the following powers and responsibilities:

- a. To define and approve the programs, plans, policies, procedures and guidelines for the Company in accordance with its purposes and objectives, and to control the management, operation and administration of the Company;
- b. To approve the Company's organizational structure, staffing pattern, operating and capital expenditures, and financial budgets, prepared in accordance with the corporate plan of the Company;
- c. To approve salary ranges, benefits, privileges, bonus, and other terms and conditions of service for all officers and employees of the Company, upon recommendation of the President of the Company;
- d. To appoint, transfer, promote, suspend, remove or otherwise discipline any subordinate officer or employee of the Company, upon recommendation of the President of the Company;
- e. To create such committee or committees and appoint the members thereof, as may be necessary or proper for the management of the Company or for the attainment of its purposes and objectives;
- f. To approve the general terms and conditions for the sale, assignment, transfer or disposition of companies, assets and other real or personal properties owned or held by it; *Provided, however*, That the power to approve particular contracts of sale may be delegated to an Executive Committee composed of members of the Board as it may designate and under such guidelines as it may determine;
- g. To compromise, condone or release, in whole or in part, any claim or settled liability to the Company or to an acquired company, regardless of the amount involved, to promote the interest of the Company;
- h. To reorganize or abolish the Company's offices, branches, or any other units within or outside of the Philippines as it may deem necessary or proper;