

# [ PRESIDENTIAL DECREE NO. 1461, June 11, 1978 ]

## FURTHER AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 85, AS AMENDED, OTHERWISE KNOWN AS THE DBP CHARTER

**WHEREAS**, the Development Bank of the Philippines is the Government agency entrusted with the task of providing credit facilities for the rehabilitation, development and expansion of the country's agriculture and industry, the reconstruction of property damaged by war, the broadening and diversification of the national economy and the promotion and establishment of private development banks in the provinces and cities; and

**WHEREAS**, there is need to amend the charter of the DBP to update its powers and functions and thus make it more relevant and adaptable to present circumstances and changing times;

**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 the following:

**"SEC. 2. Corporation Powers.**—The Development Bank of the Philippines shall have the power:

- a. To grant loans for home building or home financing projects and for the rehabilitation, the establishment or development of any agricultural and/or industrial enterprise, including public utilities, mining, livestock industry and fishing; whether offshore or inland;
- b. To purchase preferred redeemable shares of stock securities other than shares of stock, and obligations of, and to grant loans to, any agricultural and industrial enterprise mentioned in paragraph (a), to finance their fixed and operating capital requirements. All purchases of preferred redeemable shares, securities and obligations and all loans shall be of such sound value or so secured, as reasonably to assure retirement of such shares, securities or obligations or repayment of the loan; and shall be granted only under such terms, conditions and restrictions as the bank shall determine;
- c. To grant loans to provincial, city and municipal governments for the rehabilitation, construction or reconstruction of public markets, waterworks, toll bridges, slaughterhouses, for cadastral surveys and other self-liquidating or income-producing services, or the purchase and acquisition of municipal electric power plant to agencies and corporations owned or controlled by the Government of the Republic of the Philippines for the production and distribution of electric power, for the purchase and subdivision of rural and urban estates, for housing projects and for immigration and waterworks systems;
- d. To grant loans to cooperative associations to facilitate production, the marketing of crops, and the acquisition of essential commodities;
- e. To grant loans to individual employees in a government-owned or controlled corporation or private corporation engaged in the

development and/or expansion of agriculture or industry, for the purpose of buying shares of stock directly from such corporation for the purpose of enabling them to participate in the ownership and to share in the profits thereof: *Provided*, That the yearly amortization of such loan shall not exceed ten percent of the total annual salary and wages of the borrower; *Provided, Further*, That such loans shall be payable in full within a period of not exceeding ten years; *Provided, Finally*, That if the borrower should sell any share of stock acquired by from the proceeds of such loans, the corporation that issued said share of stock shall have preference to purchase the same;

- f. To underwrite, purchase, own, sell, mortgage or otherwise dispose of stocks, bonds, debentures, securities and other evidence of indebtedness issued for or in connection with any project or enterprise referred to in the preceding paragraphs;
- g. To accept and manage trust funds and properties and carry on the business of a trust corporation. All loans outstanding as of the date of this Decree granted by the Bank at the instance of the government are hereby deemed to have been undertaken as a trust function and the corresponding funds thereof shall be provided by the government;
- h. To organize, establish and operate subsidiary corporations whenever necessary to better achieve the purposes of its creation;
- i. To issue bonds, debentures, securities, collaterals and other obligations and/or the renewal or the refunding of the same upon recommendation of the Secretary of Finance and with the approval of the President, but in no case to exceed at any one time an aggregate amount equivalent to ten times of its paid-in capital and surplus. 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 Act. The Bank shall provide for appropriate reserves for the redemption or retirement of said obligations. Such obligations may be issued and offered for sale at such price or prices at the Bank may determine, and shall be exempt from taxation both as to principal and interest. The said obligations shall be and are hereby fully and unconditionally guaranteed both as to principal and interest by the Government of the Republic of the Philippines and such guaranty shall be expressed on the face thereof;

In the event that the Bank shall be unable to pay debentures, bonds, collaterals, notes or other such obligations issued by it, the Secretary of Finance shall pay the amount thereof, which is hereby appropriated out of any moneys in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, notes, debentures, collaterals, or other obligations.

Subject to the above provisions, the Bank is also authorized to issue

"Rehabilitation and development bonds" in denominations of not less than fifty pesos nor more than one thousand pesos redeemable by the Bank on demand at the option of the holder of said bonds, which may be of the following types: (1) rehabilitation and development bonds at progressive staggered interest and cumulative face value; and (2) rehabilitation and development bonds bearing interest as may be determined by the Board of Governors with the advice and consent of the Secretary of Finance and upon approval by the Monetary Board, said interest to become due and payable semi-annually and payment thereof to be annotated on the back of each bond certificate. Maturity of both types of bond shall be fixed by the Board of Governors but in no case to exceed ten years.

The Board of Governors shall have the power to prescribe rules and regulations for the issuance, reissuance, servicing, placement and redemption of the herein authorized to be issued by the Bank as well as the registration of such bonds at the request of the holders thereof, with the approval of the Monetary Board of the Philippines;

- j. To adopt, alter, and use a corporate seal which shall be judicially noticed; to make contracts; to borrow money; to issue or own real and personal property; and to sell, mortgage, or otherwise dispose of the same; to sue and be sued; to employ such officers and personal as may be necessary to carry out the business of the Bank; and otherwise to do and perform any and all things that may be necessary or proper to carry out the purposes of the Bank;
- k. To subscribe out of its funds to the capital stock of private provincial and city development banks created pursuant to the provisions of Republic Act Numbered Four Thousand Ninety Three;
- l. The provisions of any law to the contrary notwithstanding, to guarantee acceptance credits, loans, transactions, or obligation of any person, co-partnership, association of corporation in favor of any financing or banking institution, whether foreign or domestic: *Provided*, That the proceeds of such acceptance credits, loans transactions or obligations have been utilized or are earmarked for the development and/or expansion of agriculture or industry;
- m. To issue performance bonds or guarantee to secure the performance of contracts funded in foreign currency by international financial institutions, provided such contractors are domestic entities, enterprises or corporations the majority of the capital of which is owned by citizens of the Philippines.

To guarantee or counter-guarantee performance bonds or guarantees issued by Philippine or foreign banking and financial institutions, for approved contracts abroad, or for foreign currency funded domestic contracts, in favor of Philippine contractors, provided such contractors are domestic entities, enterprises or corporations majority of the capital of which is owned by citizens of the Philippines; and

- n. The provision of any law to the contrary notwithstanding the total liabilities of any person, company, corporation or firm, or political subdivision of the government with the exception of money borrowed against obligations of the Central Bank or the Philippine Government, or borrowed with the full guarantee by the