

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

PRESIDENTIAL DECREE NO. 2012, January 20, 1986

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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 DBP 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:

- 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;
- 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;
- 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;
- 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;
- 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;
- To sue and be sued;
- To adopt and use a corporate seal;
- To succeed by its corporate name; and
- 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:

- 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;
- 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;
- 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;
- 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;
- 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;
- 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;
- 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;
- 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;
- To adopt, amend or modify the By Laws for the regulation of the Company's proceedings, prescribing the duties of officers and employees of the Company; delegating to the President the conduct of any business of the Board of Directors; fixing the salaries, fees or other remuneration to be paid to the Directors; and generally, for the conduct and management of its activities;
- To promulgate such rules and regulations as may be necessary or proper to implement this Decree, and to modify, amend or repeal the same from time to time; and
- To exercise such other powers and functions and perform other acts as may be necessary, proper or incidental to the attainment of the purpose and objectives of the Company, or as may be directed by the President of the

Philippines.

SEC. 8. Executive Officers; Compensation.—The Chief Executive of the Company shall be the President, who shall be chosen and may be removed by the Board with the shall be assisted by such officers as may be required whose approval of the President of the Philippines. The President shall be assisted by such officers as may be required whose appointment and removal shall be approved and whose salaries shall be fixed by the Board.

SEC. 9. Duties and Powers of the President.—The President of the Company shall be a member of the Board, and shall, among others, execute the policies, measures orders and resolutions promulgated by the Board, and supervise and administer the operations of the Company. He shall be the representative of the Company and shall enter into contracts and other obligations on behalf of the Company required or permitted by this Decree. He shall report periodically to the Board the main facts concerning the operations of the Company, and shall recommend policies or changes in policies which may to him seem best. He shall furnish upon request of the President of the Philippines any information in his possession regarding the operations of the Company.

SEC. 10. Personnel.—All officers and employees of the Company shall be subject to the Civil Service Law, rules and regulations, except those whose positions may, upon recommendation of the Board, be declared by the President of the Philippines as policy-determining, primarily confidential or highly technical in nature.

SEC. 11. Legal- Counsel.—The Government Corporate Counsel shall be the Legal Counsel of the Company; Provided, That the Company may establish its own Legal Department under the control and supervision of the Government Corporate Counsel to handle the day-to-day legal matters affecting the affairs of the Company. For the performance of his duties and the services of the Legal Staff of the Office of the Government Corporate Counsel, the Board shall appropriate, and the President shall remit, such amount as shall be determined by the Government Corporate Counsel.

SEC. 12. Auditor.—The Commission on Audit shall appoint a representative who shall be the auditor of the Company, and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries and expenses in maintaining the auditor's office shall be paid by the Company. The auditor and the personnel under him may be removed only by the Commission on Audit.

SEC. 13. Transfer of Non-Performing Accounts and Assets, Including Acquired Assets of the Development Bank of the Philippines to the Company.—As of the effectivity of this Decree, all the non-performing accounts, assets, including acquired assets of the Development Bank of the Philippines as hereinbelow defined, which are in the books of the Development Bank of the Philippines as of are hereby transferred to the Company, which shall exercise the powers and succeed to all the rights and interest of the Development Bank of the Philippines in respect of such non-performing accounts,- assets, and acquired assets thus transferred.

As used in this Decree, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

- "Non-Performing Accounts"—DBP accounts including but not limited to loans, contract mortgage receivables, equities, bond investment, advances, guarantees and accounts receivable which have been classified thus by the Development Bank of the Philippines.

- "Assets"—All property of every kind and nature which is, or may be made available for the payment of the debts of an obligor classified as non-performing account, including but not be limited to, all tangible and intangible assets of that obligor assigned, mortgaged or otherwise alienated in favor of the Development Bank of the Philippines or which may be attached/garnished by the Development Bank of the Philippines in an appropriate action.

- "Acquired Assets"—shall also refer to all tangible and intangible property presently owned by registered in the name of the Development Bank of the Philippines which were acquired as a consequence of its lending operations and which are no longer used, or are not presently needed by the Development Bank of the Philippines.

SEC. 14. Assumption of Liabilities of the Transferred Non-Performing Accounts of DBP by the National Government.—As of the effectivity of this Decree, all the corresponding liabilities, debts, obligations or responsibilities, whether absolute or contingent, direct or indirect, arising from or in connection with the transferred non-performing Accounts for which the Development Bank of the Philippines is or may be held liable, are hereby transferred to and shall be assumed by, the National Government, which shall create an office or unit under the Office of the National Treasurer that will service the assumed liabilities.

SEC. 15. Procedure of Transfer.—The Development Bank of the Philippines, the Company created under this Decree and the representative (s) designated by the Office of the President shall formulate the necessary procedures to expedite the transfers calls for by the two immediately preceding Sections.

SEC. 16. Displaced DBP Personnel.—In the hiring of the personnel of the Company or the personnel of the office to be created under Section 14 hereof, priority shall be given to qualified DBP personnel whose services may be dispensed with by the DBP as a result of the transfers mentioned in Sections 13 and 14 of this Decree.

SEC. 17. Tax Exemption.—The Company shall be exempt from all national, provincial, municipal and city taxes and assessments now enforced or hereinafter established.

The exemption authorized in the preceding paragraph of this Section shall apply to all properties of the Company, to the resources, receipts, expenditures, profits and income of the Company, as well as to all contracts, deeds, documents and transactions related to the conduct of the business of the Company; Provided, however, That said exemptions shall apply only to such taxes and assessment for which the Company would otherwise be liable and shall not apply to taxes and assessments payable by persons or other entities doing business with the Company.

SEC. 18. Appropriations.—The annual budget of the National Government shall include appropriation for the yearly funding requirement for the operations of the Company. For the initial funding requirements of the Company, the sum of ONE HUNDRED SEVENTY-TWO MILLION FORTY-FOUR THOUSAND PESOS (P172,044,000.00) is hereby set aside and appropriated from the general funds not otherwise appropriated.

SEC. 19. Exemption from Attachment.—All assets of the Company, including securities of non-performing accounts transferred to the Company by the Development Bank of the Philippines shall not be subject to attachment and execution.

SEC. 20. Reports. The Company shall, within three (3) months after the end of every fiscal year, submit its annual report to the President of the Philippines, together with its recommendations. It shall likewise submit such other periodic or other reports and recommendations as may be required from time to time.

SEC. 21. Separability Clause. Should any provision of this Decree be held unconstitutional, the remaining provisions hereof shall be valid and effective; Provided, That such provisions can stand alone and be enforced in their entirety.

SEC. 22. Repealing Clause. All laws, decrees, executive orders, administrative orders, rules and regulations, inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 23. Effectivity.—This Decree shall take effect immediately.

Done in the City of Manila, this 20th day of January, in the year of our Lord, nineteen hundred and eighty-six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JOAQUIN T. VENUS, JR.
Deputy Presidential Executive Assistant

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