

AN ACT CREATING A PHILIPPINE AMANAH BANK.

PRESIDENTIAL DECREE NO. 264, August 02, 1973

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/fc8b4ba5482c/>

WHEREAS, it is a declared policy of the Government to promote and accelerate the socio-economic growth and development of Mindanao, particularly, the economically depressed provinces of Cotabato, Lanao del Sur, Lanao del Norte, Zamboanga del Sur, Zamboanga del Norte and Sulu;

WHEREAS, surveys, and studies indicate a pressing need to expand the banking and credit system in the region to make it more responsive to the investments and credit requirements of this development program; and

WHEREAS, it is further recognized that, ultimately sustained economic development will rely heavily on the capabilities of the people in the region to generate investments through institutional savings;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, pursuant to Proclamation No. 1081, dated 21 September 1972, as amended by Proclamation No. 1104, dated 17 January 1973 and General Order No. 1, dated 22 September 1972, as amended, and in order to effect the desired changes and reforms in the social, economic and political structure of our society, do hereby order and decree the creation of a Philippine Amanah Bank.

ESTABLISHMENT AND FUNCTION

SECTION 1. Purposes, Name and Domicile. — To provide credit, commercial, development and savings banking facilities at reasonable terms to the people of the primarily Muslim provinces of Mindanao, principally, the provinces of Cotabato, South Cotabato, Lanao del Sur, Lanao del Norte, Sulu, Basilan, Zamboanga del Norte, Zamboanga del Sur and Palawan for the establishment, acquisition, development and expansion of agricultural, commercial and industrial enterprises, there is hereby created a body corporate to be known as the Philippine Amanah Bank, which shall have its principal place of business at Marawi City and shall exist for fifty years.

SEC. 2. Corporate Power. — The Philippine Amanah Bank shall have the power:

- a) to prescribe its by-laws;
- b) to adopt, alter, and use a corporate seal;
- c) to make contracts, to sue and be sued;
- d) to accept savings and time deposits, and open current or checking accounts;
- e) to borrow money; to own real or personal property and to sell, mortgage or otherwise dispose of the same;
- f) to employ such officers and personnel, preferably from the Muslim population in Mindanao and Palawan as may be necessary to carry on its business;
- g) to establish such branches and agencies in the dominantly Muslim provinces in Mindanao and Palawan and such correspondent Offices in other areas as may be necessary for the proper conduct of its business;
- h) to grant loans for the establishment, acquisition, development and expansion of agricultural, commercial and/or industrial enterprise, including public utilities, mining livestock and poultry and fishing, whether offshore or inland;
- i) to invest equities of allied undertakings as pertinent laws and the Central Bank shall authorize;

- j) to carry on trust business in accordance with the provisions of law governing trust corporations;
- k) to issue bonds, debentures, securities, collaterals and/or the renewal or refinancing of the same with the approval of the Central Bank, to be used by the Bank in its lending operations for industrial and agricultural projects that will promote the economic development of the region;
- l) to exercise powers granted under this Charter and such incidental powers as may be necessary to carry on its business, and to exercise further the general powers mentioned in the Corporation Law and the General Banking Act, as amended, far as they are not inconsistent or incompatible with the provisions of this Charter.

SEC. 3. Authorized Capital Stock — Par Value. — The authorized capital stock of the Amanah Bank shall be one hundred million pesos divided into one million par value shares of one hundred pesos each. The shares shall be divided into four classes, denominated as Series "A," Series "B," Series "C," and Series "D."

- a) Series "A" shall comprise thirty million pesos equivalent to three hundred thousand common shares to be subscribed by the Government of the Republic of the Philippines;
- b) Series "B" shall comprise twenty million pesos equivalent to two hundred thousand preferred shares which shall be subscribed by the Government of the Republic of the Philippines, its agencies or instrumentalities, such shares to be entitled to cumulative dividends of three percent (3%) per annum and with preference as against common stockholders in the distribution of assets in the event of liquidation;
- c) Series "C" shall comprise thirty million pesos equivalent to three hundred thousand common shares to be subscribed solely by the citizens of the Philippines and domestic corporations and entities, seventy percent (70%) of the equity of which is owned by Citizens of the Philippines. Preference in the subscription of this class of shares shall be given to residents of the provinces and cities served or to be served by the Bank;
- d) Series "D" shall comprise twenty million pesos equivalent to two hundred thousand common shares which shall be available for subscription of foreign nationals, their corporations and/or associations.

SEC. 4. Loans and investments authorized. — Said Amanah Bank is hereby authorized:

- to purchase or discount promissory notes, drafts and bills of exchange issued or drawn for agricultural, commercial or industrial purposes, with securities required by the Bank, or the proceeds of which have been used or are to be used for such purpose;
- to grant loans on or to discount notes secured by harvested and stored crops: Provided, That no loan on the security of such harvested and stored crops shall exceed eighty percent (80%) of the market value thereof on the date of the loan: Provided, further, That the crops so mortgaged shall be insured by the mortgagor for the benefit of the Amanah Bank for their entire market value: And provided, finally, That if, owing to circumstance whatever, the value of the crops given as security shall diminish, the mortgagor shall obligate himself to furnish further security or refund such part of the loan as the Bank may deem necessary. Such loans shall be granted for a period of not to exceed one year, subject to extension in the discretion of the Bank;
- to grant loans to agriculturists, on installments, for standing crops considered natural products of the Philippines such as rice, copra, sugar, tobacco, corn, etc., not exceeding seventy percent (70%) of the estimated value of such crops; Provided, however, That before granting such loans, the Amanah Bank may impose as a condition that cultivation be under supervision and/or require additional security in the nature of mortgages on real estate duly registered in the name of the debtor, or chattel mortgage, including those upon livestock, machinery and agricultural implements, or personal bonds with sufficient surety or sureties, satisfactory to the Bank;
- to grant loans to the several provincial, city and municipal governments and to any other branch or subdivision of the Republic of the Philippines on promissory notes guaranteed by the National Government, as shown by the endorsement thereon of the Secretary of Finance, approved by the President of the Philippines or to purchase

bonds lawfully issued by such provincial, city and municipal governments and any other branches or subdivision of the Government of the Philippines;

- to grant loans to cooperative associations against the security of acceptable assets of the cooperative association and/or the individual members thereof;

- to grant loans to small farmers, merchants and traders against the security of lands without Torrens title, where the owner of private property can show five years or more of peaceful, continuous and uninterrupted possession in the concept of the owner; or of portions of friar land estates or other lands administered by the Bureau of Lands that are covered by sales contracts and the purchasers have paid at least five years installment thereon, without the necessity of prior approval and consent of the Land Authority or corresponding governmental agency; or of homesteads of free patent lands pending the issuance of titles but already approved, the provisions of any law or regulations to the contrary notwithstanding: Provided, That when the corresponding titles are issued the same shall be delivered to the register of deeds of the province where such lands are situated for the annotation of the encumbrance: Provided, further, That in the case of lands pending homestead or free patent titles, copies of notices for the presentation of the final proof shall also be furnished the Bank and, if the borrower applicants fail to present the final proof within thirty days from the date of notice, the Bank may do so for them at their expense: Provided, finally, That the applicant for homestead or free patent has already made improvements on the land and the loan applied for is to be used for further development of the same or for other productive economic activities;

- to grant loans to employees in the government service or in private industry to acquire stocks in corporations or industries in an amount not exceeding one month's salary for every year of service, against the security of the undertaking of the employee with notice upon the employer for the repayment thereof by monthly payroll deductions within a period of five years;

- to augment and supplement the capital of the Amanah Bank, the Development Bank of the Philippines, the Philippine National Bank and other government financial institutions shall be permitted to extend loans to the Bank from time to time repayable in an amortization period and at interest rates that may be agreed upon against security which may be offered by the Amanah Bank or any stockholders of the Bank that:

- 1) the said government financial institutions are convinced that the resources of the Amanah Bank are inadequate to meet the legitimate credit requirements of the locality wherein the Bank is established;

- 2) there is dearth of private capital in the said locality; and

- 3) it is not possible for the private stockholders to increase the paid-up capital thereof;

- the Bank with the approval of the Monetary Board may rediscount paper with the Central Bank, the Philippine National Bank or other banks and their branches or agencies. The Central Bank shall specify the nature of papers deemed acceptable for rediscounting and the rate to be charged by any such institutions;

- generally, to make advances or discount paper for agricultural, manufacturing, industrial, or commercial purposes: Provided, That seventy-five percent (75%) of the loanable funds of the Bank shall be invested in medium and long-term loans for economic development purposes and in no case shall the Bank invest more than twenty five percent (25%) of its loanable funds in short term loans for miscellaneous purposes: Provided, however, That twenty five (25%) percent of the loanable funds for short term loans may be loaned on securities other than real estate mortgage.

SEC. 5. Lending Limits. — Said Amanah Bank shall observe the following limits in its lending operations:

- the total liabilities of any person, company, corporation or firm, excluding loans or credits prescribed by law or

by the Monetary Board as non-risk assets, shall at no time exceed fifteen percent (15%) of the unimpaired capital and surplus of the Bank.

The total liabilities of any borrower may amount to a further fifteen percent (15%) of the unimpaired capital and surplus of the Bank provided that the additional liabilities are adequately secured by shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable staples which staples must be fully covered by insurance, and must have a market value equal to at least one hundred and twenty-five percent (125%) of" such additional liabilities.

The term liabilities as used herein shall mean the direct liability of the maker or the acceptor of paper discounted with or sold to the Bank and the liability of the indorser, drawer or guarantor who obtains a loan from or discounts paper with or sells papers under the guaranty to the Bank and shall include in the case of the liabilities of a co-partnership or association the liabilities of the several members thereof and shall include in the case of the liabilities of a corporation all liabilities of all subsidiaries thereof in which such corporation owns or controls a majority interest. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed, for the purpose of this Section.

Loan accommodations granted by the Amanah Bank to any other bank licensed to do business in the Philippines, shall be subject to the loan limit to any single borrower as herein prescribed.

- no director or officer of the Bank shall, either directly or indirectly, for himself or as the representative or agent of others, borrow any of the deposits or funds of the Bank, nor shall he become a guarantor, indorser, or surety for loans from the Bank to others, or in any manner to be an obligor for money borrowed from the Bank or loaned by it, except with the written approval of the majority of the directors of the Bank, excluding the director concerned. The credit accommodation to such director or officer of this Bank which the Board of Directors may authorize shall in no case exceed his outstanding deposits or the book value of his paid-in capital in the Bank. Any such approval shall be entered upon the records of the Bank and a copy of such entry shall be transmitted forthwith to the appropriate supervising department of the Central Bank of the Philippines. The office of any director or officer of the Bank who violates the provisions of this Section shall immediately become vacant and the director or officer shall be subject to criminal prosecution and suffer the penalties provided by law;

- the outstanding credit accommodation which the Bank may extend to stockholders, other than the Government of the Republic of the Philippines, its agencies and instrumentalities, owning more than two percent (2%) or more of the subscribed capital stock of the Bank, shall be limited to an amount equivalent to their outstanding deposits and book value of their paid-in capital contribution in the Bank.

OFFICERS AND EMPLOYEES

SEC. 6. Board of Directors. — The affairs and business of the Amanah Bank shall be directed and its property managed and preserved unless otherwise provided in this Act, by a Board of Directors consisting of nine (9) members duly elected as hereinafter provided, who shall for each session of the Board attended by them, be paid a per diem in such amount as the Board of Directors may fix.

SEC. 7. Election of Board of Directors. — Annually on the first Monday in March, the stockholders shall meet to elect the members of the Board of Directors for the current year, each stockholder or proxy to be entitled to as many votes as he may have shares of stock, registered in his name on the fifteenth of February last preceding and held by him at the time of the election. Immediately after the election, the directorate shall organize as such and elect from amongst themselves a chairman, a vice-chairman who shall assist the chairman and act in his stead in

case of absence or incapacity of the chairman. In case of incapacity or absence of both, the chairman and/or vice-chairman of the Board of Directors shall designate a temporary chairman from among its members, Provided, That no director, shareholder or employee of any other bank shall be eligible as members of the Board of Directors: Provided, further, That no full-time appointive or elective public official shall at the same time serve as officer, director, legal counsel or consultant of the Bank except in cases where such service is in the exercise of the stockholders right of the Government or is incident to financial assistance provided by the Government, its agencies or instrumentalities to the Bank.

SEC. 8. The Board of Directors shall, among other duties, powers, and authority:

- formulate policies necessary to carry out effectively the provisions of this Charter and adopt such by-laws, rules and regulations for the effective operation of the Bank, in conformity with this Act and existing laws; and
- establish, upon previous authority of the Central Bank, branches, agencies or offices in other countries and at such points within the Philippines, as it may deem advisable, which shall perform functions as may be delegated to them by the Board of Directors.

SEC. 9. The Amanah Bank shall have the following officers: a president, one or more vice-presidents, a secretary, a treasurer, an auditor and a legal counsel who shall be chosen by the Board of Directors, their tenure of office and compensation shall be determined by the Board of Directors. In making these appointments, preference shall be given to members of the cultural minorities.

SEC. 10. Duties and Powers of the President. — The President of the Bank shall, among others, execute and administer the policies, measures, orders and resolutions approved by the Board of Directors and direct and supervise the operation and administration of the Bank.

Particularly, he shall have the power and duty:

- to make loans on commercial paper for periods of time not to exceed four months in sums not exceeding fifty thousand pesos to any one person, company, corporation or firm, but he is required to submit a report on each such loan to the Board of Directors at its next succeeding session;
- to make, with the advice and consent of the Board of Directors, all contracts on behalf of the said Bank and to enter into all necessary obligations by this Charter required or permitted;
- to report weekly to the Board of Directors and main facts concerning the operations of the Bank during the preceding week and to suggest changes in the rates of discount, exchange, or of policy which may to him seem best.

SEC. 11. Other Officers and Employees. — All other officers and employees of the Bank shall be appointed and removed by the Board of Directors, on recommendation of the President. In making appointments, members of the cultural minorities shall be given preference. Said officers and employees shall not be subject to the Civil Service Law, and their duties and compensation shall be fixed by the President with the approval of the Board of Directors.

SEC. 12. Fidelity Bond for Officers and Employees. — The Board of Directors may require the officers and employees of the Bank and its branches, before entering upon the performance of their duties, to furnish a fidelity bond for the benefit of the Bank, in the form and amount prescribed by the said Board of Directors.

SEC. 13. Project Development Office. — The Amanah Bank shall have a Project Development Office which shall be responsible for the following:

- conduct periodic economic surveys and studies of the investment climate and opportunities in the Bank's sphere of operations and identify the viable projects which may be sponsored by the people in the region;
- offer technical consultancy services in the preparation of project studies and in meeting other technical credit requirements of the Bank, including the provision of management consultants at rates to be determined by the Board of Directors to projects financially assisted by the Bank;
- evaluate each project proposal for possible financing by the Bank.

SEC. 14. Auditing Office. — The Auditing Office of the Bank shall be headed by a representative of the Auditor General. All the other employees of the Office shall be appointed by the Directors of the Bank. The operating expenses, salaries and travel expenses of the employees of the Office shall be payable by the Bank, and the Board of Directors shall make the necessary appropriations therefor. The representative of the Auditor General shall make a quarterly report on the condition of the Bank to the President of the Philippines through the Secretary of Finance, to the Auditor General and to the Board of Directors of the Bank. The report shall contain among others a statement of the resources and liabilities, including earnings and expenses, the amount of capital stock, dividends paid, surplus reserve, and undivided profits, as well as the losses, bad debts and suspended and overdue paper carried in the Bank's assets as of the day in which the statements are compiled.

MISCELLANEOUS PROVISIONS

SEC. 15. Government Shares.—The voting power of all stocks of the Amanah Bank owned and controlled by the Republic of the Philippines shall be vested in the President of the Philippines, or in such person or persons as he may from time to time duly designate.

The stockholdings of the Government in common or preferred shares with the Amanah Bank, or any part thereof, may be sold at par value at any time to citizens of the Philippines who are registered stockholders of the Amanah Bank in proportion to their respective holdings. They shall have a period of one year from the date of the offer to sell by the Government within which to exercise this right. In the absence of such buyers, preference shall be given to Philippine citizens who are residents of the provinces served by the Bank before the shares of stock may be publicly offered by listing in the stocks at any stock exchange.

All profits assigned as dividends to the shares of the Government shall first be applied in payment to the unpaid subscriptions of the Government. Upon full payment of such subscriptions, the dividends shall thereafter be paid into the Treasury of the Philippines for the general funds thereof.

SEC. 16. Government Assistance on Documentation and Registration. — Any city or municipal judge in his capacity as notary public ex officio shall administer oath to or act upon the instruments of the Amanah Bank, its borrowers or mortgagors, free from all charges, fees, and documentary stamp tax, collectible under existing laws, relative to any loan or transaction not exceeding five thousand pesos.

Any Register of Deeds shall accept from the Amanah Bank and its borrowers or mortgagors for registration free from all charges, fees, and documentary stamp collectible under existing laws, any instrument, whether voluntary or involuntary, relating to loans or transactions extended by the Bank in an amount not exceeding five thousand pesos : Provided, however, That charges, if any, shall only be collectible on the amount in excess of five thousand pesos; and that in instruments related to assignments of several mortgages consolidated in a single deed, charges or fees, if any, shall be levied only on the amount in excess of five thousand pesos of the consideration in the assignment of each mortgage.

SEC. 17. Prohibition. — No member of the Board of Directors, officer, attorney, agent or employee of the Bank

shall in any manner, directly or indirectly, participate in the deliberations upon the determination of any question affecting his personal interest, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. Any person violating the provisions of this Section shall be summarily removed from office.

No fee, commission, guilt or charge of any kind shall be exacted, demanded or paid to any director, employee or agent of the Bank for obtaining loans from the Bank, and any director, officer, employee or agent of the Bank exacting, demanding or receiving any fee for services in obtaining a loan shall be summarily removed from office.

SEC. 18. Supervision by the Central Bank. — The Amanah Bank shall be subject to examination and supervision of the Central Bank pursuant to applicable laws, and shall contribute to the Central Bank an annual fee to help defray the cost of maintaining the appropriate supervising department within the Central Bank in an amount to be determined by the Monetary Board but in no case to exceed one twentieth of one percent (1/20 of 1%) of its total assets during the preceding year, as shown on its end-of-month balance sheets, after deducting its cash on hand and amounts due banks, including the Central Bank.

SEC. 19. Confidential Information. — The Governor, Central Bank, officers of the Central Bank and other officials as may be designated by law or regulations of the Monetary Board to examine the books for the Amanah Bank shall not reveal the results of any examination conducted by them to any person, government official, bureau or office other than the Monetary Board and the Board of Directors of the Amanah Bank. The reports and other papers relative to such examination shall not be opened to the public except only insofar as such publicity is necessary for the prosecution of violation in connection with the business of the Amanah Bank or is incidental to proceedings upon insolvency or persistent violation of law and regulations.

SEC. 20. Secrecy of Deposits. — All deposits of whatever nature with the Amanah Bank, including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office except upon written permission of the depositor, or in case of impeachment, or upon order of a competent court in cases where the money deposited or invested is the subject matter of the litigation.

It shall be unlawful for any official or employee of the Amanah Bank to disclose to any person other than those mentioned above any information concerning said deposits.

SEC. 21. Repealing Clause. — Any law or part of law inconsistent with the provisions of this Charter is hereby repealed.

SEC. 22. This Decree shall take effect immediately.

Done in the City of Manila, this 2nd day of August, in the year of Our Lord, nineteen hundred and seventy-three.

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

By the President:

(Sgd.) ROBERTO V. REYES

Assistant Executive Secretary

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.