

[EXECUTIVE ORDER NO. 142, June 25, 2021]

APPROVING THE MERGER OF THE LAND BANK OF THE PHILIPPINES (LBP) AND THE UNITED COCONUT PLANTERS BANK(UCPB), AND THE ACQUISITION BY THE LBP OF THE SPECIAL PREFERRED SHARES OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) IN THE UCPB

WHEREAS, Section 2 of Republic Act (RA) No. 11524 or the "Coconut Farmers and Industry Trust Fund Act," declares it a policy of the State to consolidate the benefits due to coconut farmers under various statutes, and expedite the delivery thereof to attain increased incomes for coconut farmers, alleviate poverty, and achieve social equality;

WHEREAS, Section 2 of RA No. 10149 or the "GOCC Governance Act of 2011," provides that it is the policy of the State to actively exercise its ownership rights in government-owned or -controlled corporations (GOCCs) to promote growth by ensuring that operations are consistent with national development policies and programs, and that said operations are rationalized and monitored centrally in order that government assets and resources are used efficiently;

WHEREAS, Section 5(a) of RA No. 10149 empowers the Governance Commission for GOCCs (GCG) to determine whether it is to the best interest of the State that certain GOCCs be merged, based on its evaluation of the performance and relevance of these GOCCs;

WHEREAS, Section 28 of RA No. 10149 provides that any government agency or GOCC seeking to purchase a corporation or acquire controlling interest therein shall submit its proposal to the GCG for review and approval of the President;

WHEREAS, through Presidential Decree (PD) No. 251 (s. 1973), the LBP was granted universal banking powers with expanded activities, including lending to agricultural, industrial, and home financing projects and other productive enterprises;

WHEREAS, the UCPB, a bank originally acquired for the benefit of coconut farmers, remains the subject of rehabilitation pursuant to a Memorandum of Agreement among the Republic of the Philippines, the Presidential Commission on Good Government (PCGG), the PDIC, and the UCPB, involving financial assistance from the PDIC in the amount of P12 Billion in the form of capital notes that were converted into special preferred shares with par value of P12 Billion;

WHEREAS, due in part to their shared objectives and interrelated mandates, the merger of the LBP and the UCPB, with the LBP as surviving entity, was considered and studied; after which, it was found that such merger will significantly strengthen capability to deliver financial services to the coconut industry and the entire agricultural sector, contribute to economic sufficiency, foster countryside