GT Capital Holdings, Inc.

SEC Form 17-A

Annual Report
Pursuant to Section 17 of the Securities Regulation Code
and Section 141 of the Corporation Code of the Philippines

COVER SHEET

CS200711792
SEC Registration Number

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

43rd Floor, GT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City

(Business Address: No. Street City/Town/Province)

Atty. Renee Lynn Miciano-Atienza
(Contact Person)

836-4500
(Company Telephone Number)

12	31	17-A	05	11
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Certificate of Permit to Offer Securities for Sale (Order #92)
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings (in PHP billion)

71
Total No. of Stockholders

21.8 bonds
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number CS200711792
File Number ___________

GT CAPITAL HOLDINGS, INC.

(Company's Full Name**)**

43rd Floor, GT Tower International, Ayala Avenue cor H.V. Dela Costa St, Makati City

(Company's Address)

836-4500

(Telephone Number)

December 31

(Fiscal year ending)

17-A

(Form Type)

(Amendment Designation, if applicable)

December 31, 2015

(Period Ended Date)

None

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2015**

2. SEC Identification Number: **CS200711792**

3. BIR Tax Identification Code: **006-806-867**

4. Name of Registrant as specified in its charter: **GT CAPITAL HOLDINGS, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **METRO MANILA, PHILIPPINES**

6. Industry Classification Code: (SEC Use Only)

7. Address of principal office: **43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines**
Postal Code: **1227**

8. Registrant's telephone number, including area code: **(632) 836-4500**

9. Former name, former address, former fiscal year: **Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

a) Shares of Stock

Title of Each Class	Number of Shares of Common Stock Amount of Debt Outstanding
Common Shares	**174,300,000**
Amount of Debt Outstanding	**Php21,820,833,823**

b) Debt securities: Php22 Billion Bonds*

**amount represents only the debt of GT Capital Holdings, Inc. registered with Philippine SEC*

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes [X] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Philippine Stock Exchange, Inc., for common shares and Philippine Dealing & Exchange Corporation for corporate retail bonds.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

13. Aggregate market value of voting stock held by non-affiliates: **Php104.5 billion (**based on closing price and outstanding common shares held by public as of December 31, 2015**); Php0.4 million** (based on offer price of Php0.10 per share as of April 13, 2015 and voting preferred shares held by public as of December 31, 2015)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **Not Applicable**

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

(a) 2015 Audited Consolidated Financial Statements of GT Capital Holdings, Inc. and Subsidiaries (incorporated as reference for items 1,7, and 8 of SEC Form 17-A)

(b) 2015 Audited Consolidated Financial Statements of Metropolitan Bank and Trust Company (incorporated as reference for item 1 of SEC Form 17-A)

(c) Annual Corporate Governance Report of GT Capital Holdings, Inc. (incorporated as reference for item 13 of SEC Form 17-A)

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PART I.

BUSINESS AND GENERAL INFORMATION

Item 1. **Business**

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company" or the "Group") was incorporated in the Republic of the Philippines on July 26, 2007. The Company's registered office address and principal place of business is at the 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines. GT Capital is a listed company, of which 54.6% is owned by Grand Titan Capital Holdings, Inc., directors and senior officers of GT Capital, while the balance of 45.4% is publicly owned as of December 31, 2015.

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, property development, power generation, automotive assembly, importation, distribution, dealership and financing; and life and non-life insurance. The Company is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. GT Capital's business management, investment decisions, and future business development are and will be firmly anchored on its corporate values of integrity, competence, respect, entrepreneurial spirit, and commitment to value creation.

The Company's portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy in general, and from domestic consumption in particular. GT Capital's current portfolio comprises directly-held interests in the following component companies:

- Banking – GT Capital conducts banking services through its 25.2% interest in Metropolitan Bank & Trust company ("MBT" or "Metrobank"). MBT is a universal bank that provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services. Metrobank has been listed on the Philippine Stock Exchange since 1981. As of December 31, 2015, the MBT Group had a total of 945 branches in the Philippines, of which 697 were operated by MBT and 248 were operated by Philippine Savings Bank ("PSBank"); and a total of 2,226 automated teller machines ("ATMs").

- Property development – GT Capital engages in property development business through its 100.0% interest in fully-consolidated subsidiary Federal Land, Inc. ("Fed Land" or "Federal Land") and 22.7% interest in affordable housing subsidiary Property Company of Friends, Inc. ("Pro-Friends" or "PCFI"). Fed Land primarily focuses on the development of high-rise, vertical residential condominium projects, as well as on master-planned communities that offer residential, retail, office, and commercial space. It caters mainly to the upper mid-end market segment with projects in key strategic urban communities. Meanwhile, Pro-Friends focuses on housing developments in key strategic and developing areas. Pro-Friends primarily targets the so-called property development's "sweet spot" that mainly serves the economic and low cost segment of the residential market.

- Power generation – GT Capital conducts its power generation business through its 51.3% direct ownership in holding company Global Business Power Corporation ("GBPC" or "Global Business Power"). GBPC, through its operating subsidiaries, is one of the leading independent power producers in the Visayas region and Mindoro island, with a combined gross dependable capacity of 704 megawatts (MW) as of December 31, 2015.

- Automotive assembly, importation, distribution, dealership and financing – GT Capital primarily conducts its automotive business through its 51.0% interest in Toyota Motor Philippines ("TMP" or "Toyota Motor Philippines"). TMP is engaged in the manufacture, importation, and wholesale distribution of Toyota brand motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and abroad through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. TMP also owns four dealerships, such as Toyota Makati, Toyota San Fernando, Toyota Tarlac and Lexus Manila.

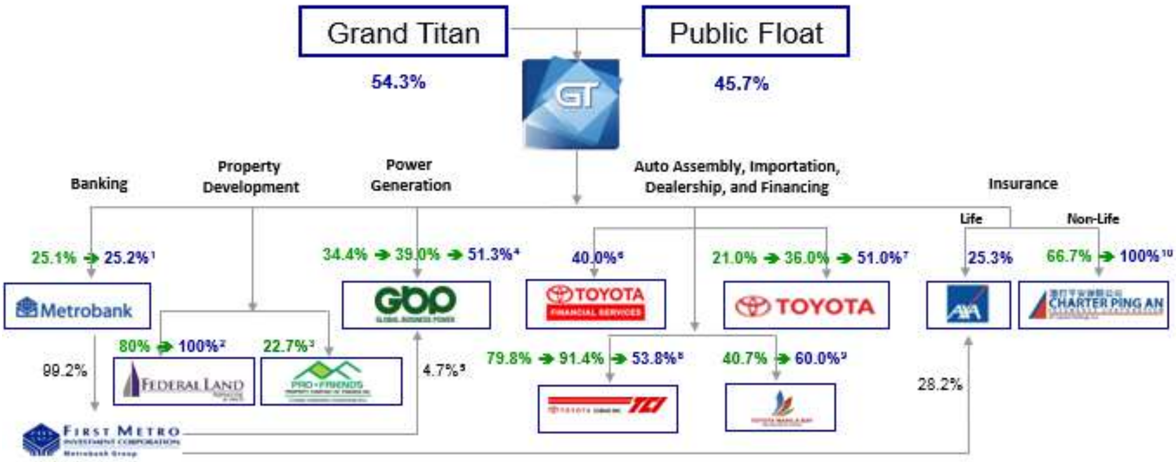
  GT Capital conducts its automotive dealership business through its 60.0% interest in Toyota Manila Bay Corporation ("TMBC" or "Toyota Manila Bay") and 53.8% interest in Toyota Cubao, Inc. ("TCI" or "Toyota Cubao"). TMBC and TCI sell Toyota motor vehicles in Luzon, particularly in Metro Manila. They also offer motor vehicle parts and accessories, and provide after-sales services to Toyota motor vehicles.

  GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.0% interest in Toyota Financial Services Philippines Corporation ("TFSPH"). TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

- Life Insurance – GT Capital conducts its life insurance business through its 25.3% interest in Philippine AXA Life Insurance Corporation ("AXA" or "AXA Philippines"), which offers personal and group life insurance products in the country, including investment-linked insurance products. AXA distributes its products through a multi-channel distribution network comprised of agents, bancassurance (through Metrobank and PSBank) and corporate solutions.

- Non-life Insurance – GT Capital offers non-life insurance products to the local market through its 100.0% interest in Charter Ping An Insurance Corporation ("CPA" or "Charter Ping An"). Through its various products, CPA provides insurance coverage that include fire or property, marine, motor car, personal accident, bonds, other casualty and engineering insurance, among others.

GT Capital's organizational chart as of December 31, 2015 is as follows:



Note:

1. On April 7, 2015, GT Capital participated in the Metrobank Stock Rights Offer to acquire an additional 0.1% equity stake at Php73.5 per share for an aggregate consideration of Php8.3 billion. This effectively increased the direct equity stake of GT Capital in MBT to 25.2%.
2. On May 3, 2012, GT Capital executed a Deed of Absolute Sale (DOAS) with various selling shareholders to acquire the remaining 20% equity stake in Fed Land for an aggregate consideration of Php2.7 billion. The acquisition increased the direct holdings of GT Capital in Fed Land from 80% to 100%.
3. On August 6, 2015, GT Capital and Profriends Group, Inc. executed a Master Subscription Agreement to subscribe 51% Series A Preferred Shares of Property Company of Friends, Inc. (Pro-Friends) over a three-year subscription period.
   On August 20, 2015, after fulfillment of all closing conditions, GT Capital finalized the acquisition of 22.68% equity stake in PCFI for Php7.24 billion. The parties agreed to cede majority control of PCFI to GT Capital
4. On May 2, 2012, the Company exercised its option to acquire an additional 4.6% of GBPC at a fixed price of Php35.00 per share. On September 12, 2012, GT Capital acquired an additional 12% of GBPC at a fixed price of Php35.13 per share. The acquisitions increased GT Capital's direct equity stake in GBPC to 51%.
5. On June 27, 2013, First Metro Investment Corporation ("FMIC") concluded with ORIX Corporation of Japan an SPA for a 20% equity stake in GBPC for a consideration of Php7.15 billion.
   On October 22, 2013, FMIC concluded with Meralco PowerGen Corporation an SPA for a 20% equity stake in GBPC for a consideration of Php7.15 billion.
6. On August 29, 2014, GT Capital executed a DOAS with selling shareholders of Toyota Financial Services Philippines Corporation to acquire a 40% stake in the said company for an aggregate amount of Php2.1 billion.
7. On December 3, 2012, GT Capital and Metrobank executed a Sale and Purchase Agreement (SPA) wherein GT Capital acquired 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 36%.

On January 17, 2013, GT Capital and Metrobank executed the second SPA wherein GT Capital acquired another 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 51%.

8 *On June 23, 2014, GT Capital executed a Deed of Assignment of Sale Shares to sell 40% of the issued and outstanding common shares of Toyota Cubao, Inc., for an aggregate amount of Php298.71 million.*
On June 1, 2015, GT Capital executed a DOAS with Mr. Mel Macaraig to acquire an additional 1.8% equity stake in TCI for a consideration of Php13.5 million.

9 *On December 19, 2013, GT Capital executed a DOAS with various selling shareholders of Toyota Manila Bay Corporation to acquire a 40.7% equity stake in the Toyota dealership for an aggregate amount of Php502.25 million.*
On March 4, 2014, GT Capital executed another DOAS with FMIC to acquire an additional 19.3% equity stake in Toyota Manila Bay for Php237.26 million.

10 *On October 10, 2013, GT Capital executed a DOAS with various shareholders of Charter Ping An to acquire a 66.7%*
equity stake for an aggregate consideration of Php1.4 billion.
On January 27, 2014, GT Capital executed another DOAS with FMIC to acquire the remaining 33.3% equity stake for an aggregate consideration of Php712 million.
On November 5, 2015, GT Capital and AXA Philippines executed a Sale and Purchase Agreement wherein GT Capital agreed to sell its 100% equity stake in Charter Ping An, subject to closing conditions, including the receipt of regulatory approvals.

Competition

Many of GT Capital's activities are done in highly competitive industries. Given the diversity of GT Capital's businesses, GT Capital component companies compete based on product, service and geographic area. While GT Capital is one of the leading conglomerates in the Philippines, its component companies contend with several other entities which may possess greater manufacturing, financial, research and development and market resources.

The table below shows GT Capital's principal competitors in each industry segment where its component companies operate.

Industry Segment	**Principal Competitors**
Banking	Banco de Oro Unibank, Inc. and Bank of the Philippine Islands
Property Development	Ayala Land, Inc., Filinvest Land, Inc., Megaworld Corporation, Century Properties, SM Development Corp., DMCI, Robinsons Land Corporation, Vista Land and Lifescapes, Inc., and 8990 Housing Development
Power Generation	Kepco Salcon Power Corporation, Salcon Island Power Corporation, Green Core, Unified Leyte Geothermal, Palm Concepcion Power Corporation, GN Power, and SMEC Mariveles
Automotive Assembly, Importation and Wholesale Distribution	Mitsubishi, Hyundai, Ford, Isuzu, and Honda
Automotive Dealership	Other Toyota dealers, Mitsubishi dealers, Hyundai dealers, Ford dealers, Isuzu dealers, Honda dealers
Automotive Financing	BDO, BPI Family, PS Bank and East West Bank
Life Insurance	Philippine American Life, Sun Life of Canada, Insular Life, Pru Life Insurance and Manufacturers Life Insurance
Non-life Insurance	Prudential Guarantee, Malayan Insurance, BPI/MS, Pioneer Insurance, and Federal Phoenix

Transaction with Related Parties

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Related party transactions conducted fairly and on an arms' length basis and are discussed in the accompanying financial statements of the Company.

Developmental and Other Activities

As a holding company, GT Capital has no material patent, trademark, or intellectual property right to its products. The Company's operating companies, however, may have these material intellectual property rights, but the dates and terms of their expiration or renewal are not perceived to have a material adverse effect on the Company. The Company complies with all existing government regulations and environmental laws, the costs of which are not material. GT Capital has no material development activities.

Employees

As of December 31, 2015, the GT Capital group of companies had a combined 19,286 full-time employee headcount (excluding contract and temporary employees), broken down by operating company or division as follows:

Operating Company	Number of Employees
GT Capital	24
MBT	12,175
Federal Land	336
Pro-Friends	1,637
GBPC	916
TMP	1,736
AXA Philippines	1,131
CPA	410
TMBC	454
TCI	276
TFSPH	191
Total	**19,286**

GT Capital's management believes that labor relations are generally healthy between management and employees at each of the GT Capital component companies. GT Capital currently has no plans of hiring additional employees, except where necessary to augment its legal and compliance, finance and accounting, investor relations, corporate planning and business development and internal audit divisions. As of December 31, 2015, GT Capital had 24 full-time employees. The Company expects to more or less maintain its number of employees in the next 12 months.

Risk

Risk Management Framework
The Board of Directors ("BOD"), supported by its Risk Oversight Committee ("ROC"), Executive Committee ("ExCom"), and Audit Committee ("Audit Com"), oversees the Company's risk management activities and approves GT Capital's risk management policies. The ROC was formed in May 2015 and has the ultimate oversight role over the Company's risk management activities. The ExCom covers specific non-financial risks, such as strategic, operational and regulatory risks, while the Audit Com provides oversight over financial reporting risks and internal audit.

The Group's financial reporting risks are summarized below:

Credit risk
The Group's credit risk is primarily attributable to its financial assets. To manage credit risk, the Group maintains defined credit policies and monitors, on a continuous basis, its exposure to credit risk. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Liquidity risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Foreign currency risk
Financial assets and financing facilities extended to the Group were mainly denominated in Philippine Pesos. As such, the Group's foreign currency risk is very minimal.

Interest rate risk
The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group's non-financial risks are summarized below:

Strategic risk
The Group established objectives and goals for operations or programs that are aligned with the Group's mission to avoid current and prospective adverse impact on earnings or capital arising from improper implementation of the decision making process, unsuccessful business plan, or adverse business decisions made. Failure to respond to the changes in the business environment can also affect the Group's financial condition and results of operations.

Operational risk
The Group promotes the effective and efficient use of its resources to avoid risks resulting from human error and breakdowns in its internal processes and systems through which it operates.

Regulatory risk
The Group manages regulatory risk by strict compliance with Philippine laws, rules and regulations. Monitoring changes in these laws, rules and regulations reduces risks associated with non-compliance. The developed and sustained ethical business culture of the Group adheres to the expectations and demands of its contracts with stakeholders.

Country risk
Any political instability in the Philippines may adversely affect GT Capital's business, results of operations and financial condition. Acts of terrorism and violent crimes could destabilize the country and could have a material adverse effect on GT Capital's business and financial condition. The sovereign credit ratings of the Philippines may also adversely affect GT Capital's business. Occurrence of natural catastrophes could adversely affect the GT Capital companies' business, financial condition and results of operations.

The ROC and the Chief Risk Officer meet regularly and exercise an oversight role in managing the risks involved in the operations of the Company. The Company has initiated programs designed to strengthen its risk management system as the Company grows and ventures into different industries and market segments. These programs are being overseen by the Audit Committee and Senior Management.

For further details on the Company's financial condition and operations, please refer to the 2015 Audited Financial Statements which are incorporated in the accompanying index to exhibits.

Metropolitan Bank and Trust Company

Metropolitan Bank & Trust Company ("Metrobank" or "MBT" or "the Bank") was incorporated on April 6, 1962 by a group of Filipino businessmen to provide financial services to the Filipino-Chinese community. Since its formation, the Bank has diversified its business, and to date provides a broad range of banking and collateral services to all sectors of the Philippine economy.

MBT's organizational milestones include the following:

- MBT opened its first office in Binondo, Manila on September 5, 1962.
- In 1975, MBT rolled out its first international branch in Taipei, followed by offices in New York, Guam, Hong Kong and Tokyo towards the early 1980s.
- The Philippine Central Bank authorized Metrobank to operate its Foreign Currency Deposit Unit ("FCDU") on April 15, 1977.
- On February 26, 1981, Metrobank's common shares were listed on the Makati Stock Exchange Inc. and the Manila Stock Exchange, (which unified and now The Philippine Stock Exchange, Inc. or PSE) with the trading symbol "MBT".
- On August 21, 1981, Metrobank became one of the first to be granted a universal banking license by the Philippine Central Bank, now Bangko Sentral ng Pilipinas ("BSP"). This license allowed the Bank to engage in "non-allied undertakings", which include automobile manufacturing, travel services and real estate, as well as finance-related businesses such as insurance, savings and retail banking, credit card services and leasing.

Services/Customers/Clients

Metrobank offers a complete range of commercial and investment banking services. MBT's customer base covers a cross section of the top Philippine corporate market. MBT has always been particularly strong in the middle market corporate sector, a significant proportion of which consists of Filipino-Chinese businesses.

MBT's principal business activities involve deposit-taking and lending, trade finance, remittances, treasury, investment banking and thrift banking. MBT is also a major participant in the Philippine foreign exchange market. It is accredited as a Government Securities Eligible Dealer ("GSED") and has played an active role in the development of the domestic capital markets.

MBT provides investment banking services through First Metro Investment Corporation ("FMIC") and retail banking through MBT and its subsidiaries: Philippine Savings Bank ("PSBank") and Metrobank Card Corporation ("MCC").

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 72.2%, 60.7% and 47.6% of the MBT Group's revenue net of interest and finance charges in 2015, 2014 and 2013, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains; net foreign exchange gain; gain on sale of investments in an associates; gain on sale of non-current asset held for sale; leasing income; profit from assets sold; income from trust operations; dividend income; and miscellaneous income) and share in net income of associates and a joint venture account for 27.8%, 39.3% and 52.4% of the MBT Group's revenue net of interest and finance charges in 2015, 2014 and 2013, respectively.

Contribution of Foreign Offices

The percentage contributions of the MBT Group's offices in Asia, the United States and Europe to the MBT Group's revenue, net of interest and finance charges, and external net operating income for the years 2015, 2014 and 2013 are as follows:

Offices in	Year	Percentage Contribution to	
		Revenue, Net	External Net Operating Income
Asia (Other than the Philippines)	2015	2.78	2.76
	2014	2.66	2.62
	2013	2.26	2.48
United States	2015	0.72	0.73
	2014	0.48	0.51
	2013	0.56	0.65
Europe	2015	0.08	0.09
	2014	0.07	0.07
	2013	0.14	0.17

Distribution Methods of Products and Services

To remain strongly positioned and retain its leadership, Metrobank continued to upgrade and expand its distribution channels:

1. Branches

Metrobank ended 2015 with 945 branches as compared to 920 in 2014. Selected branches in Metro Manila and the countryside were relocated to maximize visibility and greater reach to its clients. Branch renovations were made and continued to reflect MBT's customer-centric and sales-oriented focus.

2. Remittance Centers

To further expand the remittance business of MBT and its presence in the international market, remittance alliances were established between MBT and several well-established businesses in the country.

<u>2015 - New International Remittance Tie-Ups</u>

a. AFTAB Currency Exchange, UK
b. ALINMA Bank, KSA
c. AMAN Exchange, Kuwait
d. Day Exchange, UAE
e. I-Remit to the Philippines Ltd., Australia
f. JM Remittance & Travel Ltd., UK
g. Joyalukkas Exchange (Kuwait), UAE
h. Onyx Exchange, UAE
i. Orbit Remit Global Money Transfer Ltd., New Zealand
j. Premier International Exchange, UAE
k. RAPIDA Ltd., Russia
l. Streetcorner Ecommerce Ltd., Hong Kong
m. Tempo Money Transfer, France

<u>2015 - Local Remittance Tie-Ups</u>
<u>*New Collection Partner*</u>

– M. Lhuillier

<u>*New Shipping Tie-ups*</u>

a. Intermodal Shipping (new)

3. ATMs

All of Metrobank's 2,226 ATMs are full-featured and allow a wide array of financial and non-financial transactions for its clients and those of Bancnet member banks. Apart from being the first bank to secure EMV-chip ("Euro MasterCard VISA") certification in the Philippines, it has also started deploying Cash Accept Machines in selected branches to allow clients to make real-time cash deposits to their accounts 24 by 7, thus providing more secure and convenient solutions to meet its clients' banking needs.

4. Metrophone

Metrophone is the Bank's Interactive Voice Response System ("IVRS") banking platform, and one of the first electronic banking channels made available to Metrobank customers. MBT continues to pursue improvements by exploring the development of more features and functionalities that will further enhance the channel's overall user experience.

5. Mobile Banking

Mobile Banking is an electronic banking channel that caters to feature phones that fill up the majority of the mobile market. It now has its own Apple iOS and Android mobile banking applications for use in the increasingly popular smart phones that have flooded the market.

6. Metrobank*direct*

Metrobank*direct* is MBT's internet browser-based banking platform that allows its clients to access their accounts and make financial transactions at their own personal convenience. With more features to enhance a user's experience, such as online enrollment, Metrobank*direct* now makes internet banking a truly online experience for its clients.

7. Tax Direct Facility

Taxdirect is a web-based payment facility of Metrobank that allows both retail and corporate clients to pay their dues on tax returns filed through the Bureau of Internal Revenue's Electronic Filing and Payment System website.

Innovations and Promotions

In 2015, Metrobank launched several campaigns and promotions of its products and services to boost its market presence and to keep up with growing customer demands.

- Metrobank strengthened its loan offerings to its retail clients launching its new Home Loan and Car Loan promos. The new *MetroHome* loan promo, *Dream Loan*, *Dream Home*, entitled borrowers to waived registration fees of up to 1% of the loan amount or Php200,000, whichever is lower; while the *MetroCar* promo *'The Awesome Comeback'* continued the Bank's offering of low auto loan amortization with its free first year insurance and free chattel mortgage fee.
- To provide clients with more incentives to use its debit and prepaid cards, Metrobank offered several promotions throughout the year which included granting discounts and freebies which cardholders could claim from various merchants depending on card usage at online sites and Point-of-sale ("POS") machines.
- For its credit card holders, Metrobank Card Corporation offered premium deals, discounts and freebies through its *M'here* rewards program and tied-up with various merchants for offerings of up to 50% discounts from top restaurants and hotels. Metrobank Cards also introduced the *Yazz* Prepaid Card, a reloadable prepaid card which facilitates cashless transactions with accredited Visa merchants and automated teller machines nationwide. Metrobank Card re-launched its *Metrobank Gold Visa* as well.
- Through a cross-selling arrangement, Metrobank Card and Philippines Savings Bank also introduced *PSBank Credit MasterCard* featuring a perpetually waived annual fee.
- The Bank did a soft launch of a new peso-denominated Unit Investment Trust Fund ("UITF") product the *Metro Aspire Bond Feeder Fund* catering to investors looking at an investment horizon of at least three years with moderate risk appetite and a low minimum initial and additional participation. The funds is expected to be fully launched in 2016.

Competition

The Philippine banking industry can be characterized by competitive price and service offerings. All banks in general have similar product offerings and compete mainly through differentiation in service levels and targeting specific niche markets.

MBT faces competition from both domestic and foreign banks, in part as a result of the liberalization of the banking industry by the Government in 1994 and again in 2014. The 2014 Foreign Bank Liberalization Act now allows foreign banks to own up to 100% voting stock of an existing bank, new subsidiary or a branch, and up to 40% of the banking industry's total assets (previously 30%). Foreign banks have generally focused their operation on the larger corporations for specific products like cash management and trade finance and selected consumer finance products.

As of December 31, 2015, the commercial banking sector consisted of 40 banks, of which 21 were universal banks and 19 were commercial banks. Of the 21 universal banks, 12 were private domestic banks, three were government banks and six were branches of foreign banks. Of the 19 commercial banks, five were private domestic banks, two were subsidiaries of foreign banks and 12 were branches of foreign banks. The BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition as a smaller group of "top tier" banks compete for business. The ten largest commercial banks accounted for approximately 79% of total assets and 81% of total deposits of the commercial banking system based on published statements of condition.

Corporate loan demand remained largely for working capital requirements as some corporations have been able to access the debt capital market for long-term funding. Corporate lending thus remained very competitive resulting in narrower spreads. Most of the recent growth in loans has generally come from the consumer segment, middle corporate market and Small and Medium Enterprises ("SMEs").

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests ("DOSRI") are discussed in Note 31 of the audited financial statements of Metrobank as presented in the accompanying Index to Exhibits.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

MBT's major products and service lines are sold through Metrobank trade names or trademarks, among others:

1. For ATMs: Metrobank Electronic Touch or Metrobank E.T. or Metrobank Debit Card or Metrobank Prepaid Card
2. For credit cards: Metrobank Visa/MasterCard Classic; Visa/MasterCard Gold; Femme Signature Visa/Femme Visa; Platinum MasterCard; World MasterCard; Dollar MasterCard; Metrobank ON Internet MasterCard; M Free MasterCard; M Lite MasterCard; Toyota MasterCard; and Robinsons-Cebu Pacific Classic/Gold MasterCard. Features: Cash2Go; Balance Transfer; Bills2Pay; M Here (Shopping Perks & Privileges); M Swipe (Acquiring); Design My Card; and Rewards.
   Prepaid Card: Yazz card.
3. For phone banking: Metrophone Banking
4. For internet banking: Metrobank*Direct*
5. For mobile banking: Metrobank Mobile Banking
6. For remittance services: Metrobank Superbilis Padala, World Cash Card, MetroRemit, PayStation and Collect Anywhere
7. For consumer lending: MetroHome and MetroCar
8. For special current account: MetroChecking Extra, Account One
9. For special savings account for kids below 18 yrs.: Fun Savers Club
10. For Trust products: Metro Money Market Fund; Metro Max-3 Bond Fund; Metro Wealth Builder Fund; Metro Max-5 Bond Fund; Metro Balanced Fund; Metro Equity Fund; Metro $ Money Market Fund; Metro $ Max-3 Bond Fund; Metro $ Max-5 Bond Fund; Metro High Dividend Yield Fund; and Metro PSEi Tracker Fund. Metro Aspire Balance Fund; Metro Aspire Bond Fund; Metro Aspire Equity Fund and Metro World Equity Feeder Fund.
11. Metrobank and logo (new and old logo)

Corporate licenses include the following:

1. For Metrobank: expanded commercial banking license, FCDU license, license for trust operations, type 2 limited dealer authority, GSED with broker-dealer of securities functions
2. For PSBank: savings bank license, FCDU license, license for trust operations, GSED (non-market maker) as dealer-broker, type 3 limited user authority and quasi-banking license
3. For FMIC: investment house, quasi banking and trust licenses
4. For ORIX Metro: financing company and quasi-banking license
5. For MCC: quasi-banking license and finance company
6. For Metropolitan Bank China Ltd. ("MBCL"): business license to expire on January 13, 2040

All MBT's trademark registrations, except for Metrobank E.T., are valid for 10 years with expiration dates varying from 2017 to 2018. MBT closely monitors the renewal dates of registrations to protect and secure its rights to these trademarks. Corporate licenses issued by different regulatory bodies have no specific expiration dates except for the GSED licenses of Metrobank and PSBank which will expire in December 2016.

Government Approval of Principal Products or Services

The MBT Group regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

Capital Adequacy

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the “unimpaired capital” (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from Philippine Financial Reporting Standards (“PFRS”) in some respects.

Effective January 1, 2014, the MBT Group complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework, particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (“CET1”) ratio of 6.0% and Tier 1 capital ratios of 7.5% and also introduced a capital conservation buffer of 2.5% comprised of CET1 capital. The existing requirement for Total Capital Adequacy Ratio (“CAR”) remains unchanged at 10.0% and these ratios shall be maintained at all times.

Basel III also requires that existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital. In addition, capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), and before the effectivity of BSP Circular No. 781 shall be recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

Qualifying capital and risk-weighted assets (“RWA”) are computed based on BSP regulations.

As of December 31, 2015 and 2014, the MBT Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives and investments in other types of structured products. The MBT Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (“ICAAP”) in 2009 supplements the BSP’s risk-based capital adequacy framework under Circular No. 538. In compliance with this new circular, the MBT Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the MBT Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the MBT Group. The level and structure of capital are assessed and determined in light of the MBT Group’s business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every January 31. Pursuant to MB Resolution No. 84 dated January 14, 2015, the deadline for submission of ICAAP documents was amended from January 31 of each year to March 31 effective 2015 (BSP Circular No. 869 dated January 30, 2015).

On October 29, 2014, the BSP issued Circular No. 856 covering the implementing guidelines on the framework for dealing with domestic systemically important banks (“DSIBs”) in accordance with the Basel III standards. Banks that will be identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement shall be phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The MBT Group has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

Applicable Tax Regulations

Under Philippine tax laws, the RBU of MBT and its domestic subsidiaries are subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (“GRT”) and documentary stamp tax (“DST”). Income taxes include 30.0% regular corporate income tax (“RCIT”) and 20.0% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.0% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the MBT and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue. The regulations also provide for MCIT of 2.0% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the MBT Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.0% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units ("OBUs") is taxed at 7.5%. Income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.0% income tax.

The applicable taxes and tax rates for the foreign branches of MBT are discussed in Note 28 of the audited financial statements of Metrobank as presented in the accompanying Index to Exhibits.

Research and Development Costs

For the last three fiscal years, MBT has not incurred any expenses for research and development.

Employees

Metrobank had 12,175 employees as of December 31, 2015. By year-end 2016, the Bank projects to have 12,741 employees.

	Officers	Rank and File	Total
As of year-end 2015:			
AVPs and up:	353		353
Senior Managers and down:	5,101	6,721	11,822
	5,454	6,721	12,175
By year-end 2016 (projected):			
AVPs and up:	530		530
Senior Managers and down:	5,857	6,354	12,211
	6,387	6,354	12,741

Majority of the MBT's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by a Collective Bargaining Agreement ("CBA") that is effective for three years. MBT continues to ensure that its employees are properly compensated. The latest CBA that is effective for three years beginning January 2016 will end in December 2018. MBT has not experienced any labor strikes and the management of MBT considers its relations with its employees and the Union to be harmonious.

Risk Management

The Metrobank Group has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Detailed discussions and analysis on Risk Management of the Metrobank Group are disclosed in Note 4 of the Audited Financial Statements as presented in Index to Exhibits.

Risk Management Framework

The Board of Directors of MBT ("BOD") has overall responsibility for the oversight of MBT's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective boards of directors. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee ("ROC"), Audit Committee ("AC") and senior management committees through the Executive Committee, Asset and Liability Committee ("ALCO") and Policy Committee.

MBT and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of MBT. To a certain extent, the respective risk management programs and objectives are the same across the MBT Group. Risk management policies adopted by the subsidiaries and affiliates are aligned with MBT's risk policies. As a background, to further promote compliance with PFRS and Basel II and to prepare for Basel III, MBT created a Risk Management Coordinating Council composed of the risk officers of MBT and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the MBT Group if a counterparty to a financial instrument fails to meet its contractual obligations. The MBT Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by IAG and Risk Management Group ("RSK").

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from the MBT Group's inability to meet its obligations when they become due. The MBT Group manages its liquidity risk by analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. Specifically for MBT, it utilizes a diverse range of sources of funds, although short-term deposits made with its network of domestic branches comprise the majority of such funding. To ensure that funding requirements are met, MBT manages its liquidity risk by holding sufficient liquid assets of appropriate quality. It also maintains a balanced loan portfolio that is repriced on a regular basis. Deposits with banks are made on a short-term basis.

In MBT, the Treasury Group uses liquidity forecast models to estimate its cash flow needs based on its actual contractual obligations under normal and extraordinary circumstances. RSK generates Maximum Cumulative Outflow ("MCO") reports on a monthly basis to estimate short- and long-term net cash flows of MBT under business-as-usual and stress parameters. The MBT Group's financial institution subsidiaries (excluding insurance companies) prepare their respective MCO reports. These are reported to MBT's ROC on a monthly basis.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. MBT's market risk originates from its holdings in foreign currencies, debt securities and derivatives transactions. MBT manages market risk by segregating its balance sheet into a trading book and a banking book. ALCO, chaired by MBT's Chairman is the senior review and decision-making body for the management of all related market risks. MBT enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD. The RSK serves under the ROC and performs daily market risk analyses to ensure compliance with MBT's policies. The Treasury Group manages asset/liability risks arising from both banking book and trading operations in financial markets.

Similarly, certain subsidiaries of MBT independently quantify and manage their respective market risk exposures. Each institution has its respective risk management system and processes in place.

As part of its oversight function, MBT regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and ensure consistency of risk management practices. Risk aggregation and consolidation of exposures are part of the ongoing initiatives to provide senior management with a group-wide market risk profile perspective such as Group Trading VaR.

Market Risk - Trading Book

In measuring the potential loss in its trading portfolio, MBT uses Value-at-Risk ("VaR") as a primary tool. The VaR method is a procedure for estimating portfolio losses exceeding some specified proportion based on a statistical analysis of historical market price trends, correlations and volatilities. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period. The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to MBT, even before the VaR limit is hit.

Stress testing is performed by MBT on a quarterly basis, PSBank on monthly basis and FMIC on a daily basis to complement the VaR methodology. The stress testing results of MBT are reported to the ALCO and subsequently to the ROC and the BOD.

Market Risk - Banking Book

To quantify interest rate risk for banking book or accrual portfolios, the MBT Group uses tools or approaches such as Earnings-at-Risk (“EaR”) and Sensitivity analysis. EaR Methodology is used to measure the potential effect of interest rate movements to net interest earnings. The measurement and monitoring of exposures are done monthly.

Interest Rate Risk

EaR is derived by multiplying the repricing gap by the change in interest rate and the time over which the repricing gap is in effect. The repricing/maturity gap is a method that distributes rate-sensitive assets, liabilities, and off-balance sheet positions into predefined time bands. Floating rate positions are distributed based on the time remaining to next repricing dates. On the other hand, fixed rate items are distributed based on the time remaining to respective maturities. There are certain balance sheet items that may require set-up of assumptions as to their distribution to time bands. For MBT, rate-sensitive positions that lack definitive repricing dates or maturity dates (e.g. demand and savings deposit accounts) are assigned to repricing time bands according to judgment, past experience or behavioral patterns. Dynamic assumptions, which consider potential amount of loan pre-payments and time deposit pre-terminations, are based on analysis of historical cash flow levels.

Foreign Currency Risk

Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. The MBT Group takes on exposure to effects of fluctuations in the current foreign currency exchange rates on its financial performance and cash flows. Foreign currency liabilities generally consist of foreign currency deposits in the Metrobank Group’s FCDU account. Foreign currency deposits are generally used to fund the MBT Group’s foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. In addition, the BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU. Outside the FCDU, the MBT Group has additional foreign currency assets and liabilities in its foreign branch network. The Metrobank Group’s policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

Federal Land, Inc.

Fed Land was incorporated on May 28, 1997, primarily to acquire, develop and sell properties of every kind and description including but not limited to real estate and bonds, debentures, promissory notes, shares of capital stock, or other securities or obligations. On the other hand, the main principal activities of the Fed Land Group (i.e. Fed Land and its subsidiaries) are to acquire, develop, lease and sell properties of every kind and description and to act as a marketing agent for and in behalf of any real estate development company or companies. The Fed Land Group is also engaged in the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintains a petroleum service station and engaged in the food and restaurant service.

Fed Land's registered office is at 20th Floor, GT Tower International, Ayala Ave. cor. H.V. Dela Costa Street, Makati City. Fed Land is a wholly-owned subsidiary of GT Capital.

Products and Services/Customers/Clients

Federal Land's primary products and services are residential sales and commercial and office leasing. Below is a listing of types of Fed Land's projects.

Property Development Projects
Fed Land has a diverse portfolio of property development projects that focus on master-planned communities and residential developments. Many of Fed Land's residential development projects are components of Fed Land's master-planned communities. However, Fed Land also develops stand-alone residential projects. Residential properties are developed and sold while commercial and retail properties are generally developed and leased to generate recurring income. Prior to its formation, the Ty family property companies were historically focused on developing stand-alone residential condominiums and commercial properties.

Master-planned Community Developments
Fed Land and its affiliates own substantial tracts of land in prime areas in Metro Manila and its periphery. Fed Land develops these properties into fully master-planned communities consisting of residential condominium towers, supporting amenities and complementing commercial, retail and institutional establishments. Fed Land believes that by creating a core mix of residential and commercial properties, it can create self-sustaining communities that are attractive places in which to live, work, and enjoy recreational activities.

Residential Developments
Fed Land has historically focused on the development of upper-middle and high-end market residential condominiums. Taking into consideration factors such as location, competitive landscape and target market in the areas where a project will be located, Fed Land's current and future planned residential projects focus on three types of residential developments: township condominium, stand-alone condominium, and house and lot subdivision.

Commercial Developments
Fed Land's commercial developments tend to complement Fed Land's residential offerings by providing a commercial element to its master-planned communities.

Commercial Real Estate
Fed Land has a portfolio of commercial buildings and properties that include office properties and retail outlets that Fed Land leases to tenants. Fed Land is also the property manager for these projects. The leases and management fees provide Fed Land with recurring income that enhances its revenues and strengthens its cash flows. Fed Land intends to increase its recurring income with the leasing and management of its ongoing commercial developments once they are completed.

Retail Buildings
Fed Land has developed, owns and operates retail properties in Pasay City and Marikina City under the "Blue Wave" brand name. In March 23, 2014, Fed Land opened its new retail property in Pasay City under the "Bluebay Walk" brand name. Further, as part of strategic direction in growing its recurring income Fed Land started construction of its first enclosed mall, the new Bluewave in Macapagal.

Office Buildings
The major office properties that generate lease income for Fed Land are the GT Tower International and the Philippine AXA Life Centre. Both are high rise office buildings located in Metro Manila's Makati central business district. Similar to strategy of growing retail commercial portfolio, the company has started construction of its first BPO building, iMet, during the last quarter of 2014.

Contribution to Sales/Revenues

Net income of Federal Land from January to December 2015 grew by 5% to Php1.6 billion from Php1.5 billion during the previous year. Total revenues amounted to Php10.3 billion, representing a 10% increase from Php9.4 billion in the previous year. There was modest growth of 8% for both real estate sales and rental income.

Competition

The Philippine real estate development industry is highly competitive. With respect to township developments in Metro Manila and high rise condominiums, Fed Land's major competitors are Ayala Land, Inc., Megaworld Corporation, Century Properties Group, Inc., SM Development Corporation and DMCI. Fed Land believes that it is a strong competitor in the mid-high end market due to the quality of its products and the materials used in construction and finishing. Fed Land also believes that its association with the GT Capital group allows it to reach a wider network of potential customers, including the lucrative overseas-based investor market.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

	Name of Contractor	Nature of Works
1	EEI Corporation	General Construction
2	C-E Construction	General Construction
3	Steel Asia	Owner Supplied Rebars
4	Torque Builders	Electrical
5	Millennium Erectors	General Construction
6	Golden Fortune Techno Built	General Construction
7	Aga & Sons Construction	General Construction
8	S & H Electrical	Electrical
9	Irvine Construction	Sanitary/Plumbing
10	Armstrong Plumbing Corp	Sanitary/Plumbing

Transactions with and/or Dependence on Related Parties

Fed Land, in its regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances and reimbursement of expenses, leasing agreements, acquisition of undeveloped land and management agreements.

1) *Land for Development*
   In 2015, Fed Land purchased three parcels of land all located at Macapagal and four parcels of land in the Ortigas area from Hill Realty and Metrobank, respectively, for a total consideration of Php6.7 billion. These parcels of land were acquired at their fair market values at the time of the acquisition.

2) *Management Fees*
   Management fee pertains to the income received from a joint venture of Fed Land with Fed Land Orix Corporation ("FLOC") and Metrobank.

3) *Lease agreements*
   In 2015, Fed Land also leased/renewed leases of its mall and offices to some of its associates and affiliates. The lease terms ranged from 5 to 10 years.

Effect of Existing or Probable Government Regulations
Fed Land ensures compliance with the new and existing government regulations. The effect of government regulations in Fed Land's operations has been taken into consideration in making business decisions.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Fed Land has intellectual property rights on the use of the various trademarks and names for its development projects, including Florida Sun Estates, Tropicana Garden City, Four Season Riviera, Riverview Mansion Where New Beginnings Flow, my HOBS, One Lilac Place, Park West of Hyatt, The Big Apple, CLUB MET, Paseo de Roces, SixSenses Residences, Park East Residences, One Xavier Mansion, Peninsula Garden Midtown Homes, Park West, Central Park West, One Liberty Place, One Bloomberg Place, Bluebay Walk, Federal Land GT Capital Holdings Keeping You In Mind, Bonifacio Landmark Realty Dev't Corp., Veritown, Kew, Rio Tower, Madison Park West, The Grand Midori w/ Device, Marquinton Garden Terraces w/ Device, Metropolitan, The Capital Towers (Your Own Big Space) w/ Device, The Oriental Place Where Everything is Just Around the Corner and Design, Global Finance Center w/ Device, Oriental Garden Residences w/ Device, Oriental Garden Makati w/ Device and Marquinton Residences w/ Device (Oriental Garden Residences, Oriental Gardens Makati, Marquinton Residences, Bay Gardens, Blue Wave at Metropolitan Park and Blue Wave at Marikina City. Santa Monica South, Palm Beach Villas, Park Metro, Tropicana Promenada. Most of Fed Land's projects have been issued a Certificate of Registration by the Intellectual Property Office. Fed Land believes that its trademark and the names of its development projects play a significant role in its effort to create brand recall and strengthen its position in the real estate industry.

Government Approval of Principal Products or Services

As part of the normal course of its business, Fed Land has secured various government approvals such as Board of Investments ("BOI") registrations, development permits, licenses to sell, etc.

Research and Development Costs

Fed Land's research and development activities focus on construction materials, engineering, sales and marketing. Fed Land does not consider the expense for such research and development activities to be material.

Employees

As of December 31, 2015, full-time employees of Fed Land totaled 336. The following table provides a breakdown of Fed Land's employees.

Type of Employee	Number of Employees
Officers	127
Staff	209
Total	**336**

Risks

- Substantially all of Fed Land's business activities are conducted in the Philippines and all of its assets are located in the country, which exposes Fed Land to risks associated with the Philippines, including the performance of the domestic economy.
- Fed Land faces risks relating to its commercial and residential property development businesses, including risks relating to project cost and completion.
- Fed Land faces certain risks related to the cancellation of sales involving its residential projects and if it were to experience a material number of sales cancellations, its historical revenues would be overstated.
- Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Fed Land's and its customers' ability to obtain financing.
- Titles over land owned by Fed Land may be contested by third parties.
- Fed Land's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.
- Independent contractors may not always be available, and once hired by Fed Land, may not be able to meet Fed Land's quality standards or may not complete projects on time and within budget.
- Fed Land operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.
- Environmental laws applicable to Fed Land's projects could have a material adverse effect on its business, financial condition and results of operations.
- A growing portion of the demand for Fed Land's products is expected to come from Overseas Filipino Worker ("OFW"), expatriate Filipinos and former Filipino residents who have returned to the Philippines ("Balikbayans"), which exposes Fed Land to risks relating to the performance of the economies of the countries where these potential customers are based.

- Given the current geographic concentration of Fed Land's real estate sales, its results of operations would suffer if the residential development industry in its current markets were to decline.
- Natural or other catastrophes, including severe weather conditions, may materially disrupt Fed Land's operations, affect its ability to complete projects and result in losses not covered by its existing insurance policies.
- Fed Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, as the customers may not be able to complete their in-house financing payments.
- Property development in the Philippines is capital intensive, and Fed Land may be unable to readily raise the necessary funding.
- Construction defects and other building-related claims may be asserted against Fed Land, and it may be subject to liability for such claims.
- Fed Land has a number of related-party transactions with affiliated companies.
- Fed Land may be unable to attract and retain skilled professionals, such as architects and engineers.
- Fed Land is exposed to risks associated with the operation of its commercial and retail leasing businesses.
- Infringement of Fed Land's intellectual property rights would have a material adverse effect on Fed Land's business.
- Adoption of new accounting rules on revenue recognition on construction of real estate may result in a restatement of Fed Land's financial statements.

Property Company of Friends, Inc.

Property Company of Friends, Inc., more popularly known as Pro-Friends, was incorporated on February 23, 1999 as a real estate development company primarily to own, use, improve, develop subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds. Pro-Friends was founded on a common vision of creating communities and transforming lives by providing quality and affordable homes.

The company's initial projects consisted of small pocket developments catering to the affordable and middle income markets, offering house and lot packages ranging from Php500,000-Php3.0 million. It has since expanded operations to include the construction of medium-rise buildings, as well as the development of larger, master planned estates, complete with lifestyle amenities for the convenience of its residents.

Pro-Friends' registered office is at Pro-Friends Center, 55 Tinio St., Barangay Addition Hills, Mandaluyong City. As of December 31, 2015, Pro-Friends is a 22.7% owned subsidiary of GT Capital.

Products and Services/Customers/Clients

Pro-Friends primary products and services are residential sales, and commercial and office leasing. Below is a listing of types of Pro-Friends projects.

Master-planned Community Developments
Pro-Friends owns land in prime areas in Metro Manila, Cavite, Iloilo and Cagayan de Oro. Pro-Friends develops these properties into full master-planned townships, consisting of residential subdivisions, together with supporting amenities and complementing commercial, retail and institutional establishments.

Residential Developments
Pro-Friends focuses on the development of affordable housing subdivisions for the low to mid-income markets. Taking into consideration factors such as location, competitive landscape and target market in the areas where a project will be located, Pro-Friends' current and future planned residential projects focus on horizontal house and lot developments with master-planned townships.

Commercial Developments
Pro-Friends' commercial developments complement its residential offerings and serve as sources of recurring income.

Pro-Friends owns and operates a 25-hectare commercial-retail project within Lancaster New City in Imus, Cavite called Lancaster Square and Micara Plaza in Tanza, Cavite.

Pro-Friends also owns and leases out office buildings in Suntech iPark, a low-rise building complex located in Lancaster New City in Imus, Cavite.

Contribution to Sales/Revenues

Net income of Pro-Friends from January to December 2015 decreased by 42% to Php2.1 billion from Php3.6 billion during the previous year. Total revenues amounted to Php7.0 billion in 2015, 35% lower than the Php10.7 billion revenues earned last year.

Competition

The Philippine real estate development industry is highly competitive. With respect to townships developments in Cavite, Iloilo and Cagayan de Oro, Pro-Friends major competitors are Ayala Land, Inc. (Bella Vita Land, Inc., Amaia Land, Inc. and Avida Land, Inc.), Vista Land and Lifescapes, Inc. (Lumina Homes and Camella Homes), Megaworld Corporation (Suntrust Properties) and 8990 Housing Development. Pro-Friends believes that it is a strong competitor in the low cost to mid-end market due to the strategic location, design, quality and price of its products. Pro-Friends also believes that its association with the GT Capital group allows it to reach a wider network of potential customers, including the lucrative overseas-based market.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

	Name of Contractor	Nature of Works
1	Ahnex Builders and Readymix Corporation	General Construction and Supplier
2	MV Perdito Construction	General Construction
3	Lombinco Trading and Services	General Construction
4	Somico Steelmill Corp.	Supplier: Deformed Bars
5	Advantage Paints Company	Supplier: Paints
6	Holcim Cement Corp.	Supplier: Ready-mix Concrete/Cement
7	Kareus Enterprises	Supplier: Steel Bars, Doors, Plumbing Fixtures, Roof Framing
8	Ferrotech Paints and Coatings, Inc.	Supplier: Paints
9	Eterton Multi-Resources Corporation	Supplier: Boards

Effect of Existing or Probable Government Regulations

Pro-Friends ensures compliance with new and existing government regulations. The effect of government regulations on Pro-Friends' operations has been taken into consideration in making business decisions.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty

Pro-Friends has intellectual property rights on the use of the various trademarks and names for its development projects, including the following brand names: Ilustrata Residences, Property Company of Friends, Inc., Micara Land, Inc., Montecillo Villas, Parc Regency Residences, and Lancaster New City Cavite.

Pro-Friends has pending applications for intellectual property rights relating to its various developments and projects: Parc Regency Greens, Suntech iPark, Bellefort Estates, Central Greens, Downtown Lancaster and The Square.

Government Approval of Principal Products or Services

As part of the normal course of its business, Pro-Friends has secured various government approvals such as Board of Investments ("BOI") registrations, development permits, licenses to sell, etc.

Research and Development Costs

Pro-Friends research and development activities focus on construction materials, engineering, sales and marketing. Pro-Friends does not consider the expense for such research and development activities to be material.

Employees

As of December 31, 2015, full-time employees of Pro-Friends totaled 1,637. The following table provides a breakdown of Pro-Friends' employees.

Type of Employee	Number of Employees
Executives (AVP and up)	47
Supervisors-Managers	277
Officers	305
Rank and File	1,008
Total	1,637

Risks

- Substantially all of Pro-Friends' business activities are conducted in the Philippines and all of its assets are located in the country, which exposes Pro-Friends to risks associated with the Philippines, including the performance of the domestic economy.

- Pro-Friends faces certain risks related to the cancellation of sales involving its residential projects and if it were to experience a material number of sales cancellations, its historical revenues would be overstated.
- Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Pro-Friends and its customers' ability to obtain financing.
- Pro-Friends operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.
- Environmental and taxation laws applicable to Pro-Friends projects could have a material adverse effect on its business, financial condition and results of operations.
- The loss of certain tax exemptions and incentives may increase the PCFI Group's tax liability and decrease any profits the PCFI Group might have in the future.
- A portion of the demand for Pro-Friends' products is expected to come from OFWs, expatriate Filipinos and former Filipino residents who have returned to the Philippines ("Balikbayans"), which exposes Pro-Friends to risks relating to the performance of the economies of the countries where these potential customers are based.
- Natural or other catastrophes, including severe weather conditions, may materially disrupt Pro-Friends operations, affect its ability to complete projects and result in losses not covered by its existing insurance policies.
- Construction defects and other building-related claims may be asserted against Pro-Friends, and it may be subject to liability for such claims.

Global Business Power Corporation

Company Profile/Products and Services/Customers/Clients

GBPC is a holding company which, through its subsidiaries, is one of the leading independent power producers in the Visayas region and Mindoro island, with a combined gross maximum capacity of 704 MW comprising 696.5 MW of power supplied to the Visayas grid and 7.5 MW of power supplied within Mindoro island.

GBPC owns ten power generation facilities. The largest is the 246 MW clean coal-fired power plant in Toledo City, Cebu, which is operated by Cebu Energy Development Corporation ("CEDC"). CEDC is a joint venture between Global Formosa Power Holdings, Inc. ("GFPHI") and Abovant Holdings, Inc., in which, GFPHI has 56.0% beneficial interest. GBPC, having 93.2% ownership stake in GFPHI, effectively has 52.2% interest in CEDC. This facility is the first commercial clean coal power plant in the Philippines.

The second largest power generation facility is the 164 MW clean coal-fired power plant in Iloilo City, which is operated by Panay Energy Development Corporation ("PEDC"), in which GBPC holds an 89.3% beneficial interest. PEDC is currently undertaking its 150 MW expansion project that will supply the growing needs of Panay and the rest of the Visayas region by second half of 2016.

The CEDC and PEDC projects began commercial operations on February 26 and March 26, 2011, respectively. Both the CEDC and PEDC plants utilize circulating fluidized bed boiler technology that produces very low levels of sulfur dioxide and nitrogen oxide and captures most solid emissions.

GBPC's other power generation facilities consist of a 60 MW coal facility, a 82 MW coal facility and a 40 MW fuel oil facility operated by Toledo Power Company ("TPC"); a 72 MW fuel oil facility, a 20 MW fuel oil facility, a 7.5 MW fuel oil facility and a 5 MW fuel oil facility operated by Panay Power Corporation ("PPC"); and a 7.5 MW fuel oil facility operated by GBH Power Resources Inc. ("GPRI").

Contribution to Sales/Revenues

GBP registered a consolidated net income of Php2.9 billion in 2015 for a year-on-year growth of 28.8%.

Comparative amounts of revenue, net income, assets and stockholders' equity are as follows:

FOR THE YEAR	2014	2015
Net Fees	18,973.4	18,391.5
Net income attributable to equity holders	2,284.4	2,941.8
AT YEAR END		
Total Assets	68,433.4	74,360.8
Total Liabilities	38,657.8	43,945.7
Total Equity	29,775.6	30,415.2

Distribution Methods of Products and Services

GBPC, through its power generation companies, sells electricity through its bilateral power supply agreements or the Wholesale Electricity Spot Market ("WESM").

GBPC enters into bilateral off-take arrangements through Electric Power Purchase Agreements ("EPPA") between its generation subsidiaries and the power-off-takers such as distribution utilities, electric cooperatives and other industrial off-takers. An EPPA provides for a specific amount of capacity to be allocated to each customer, with provisions that allow for the periodic revision of the amounts in the agreement.

GBPC, through its Global Energy Supply Corporation ("GESC") a retail electricity supplier accredited by the ERC, provides power to big-load customers also known as "Contestable Customers". This was made possible through the execution of Retail Supply Contracts.

New Products and Services

Reaffirming its commitment to the Visayas region, GBPC pursued expansion projects to support accelerated growth in Cebu and Iloilo. Through subsidiary TPC, GBPC inaugurated its 82 MW clean coal-fired expansion project in Toledo in September 2014. This Php10.2 billion project will supply the energy requirements of Cebu III Electric Cooperative and its industrial customer, Carmen Copper Corporation.

Another subsidiary, PEDC, broke ground on its 150 MW expansion project in Iloilo City in March 2014. PEDC's Php15.6 billion project is scheduled to come onstream in second half of 2016, in time for the completion of the ongoing property development projects of Megaworld, Ayala Land, Gaisano, and Double Dragon Properties in Iloilo.

Competition

GBPC's power generation facilities are subject to competition from existing and future power generation plants that supply electricity to the Visayas grid. Several of these competitors may have greater financial resources than GBPC, giving them the ability to respond to operating, financial and other challenges more quickly than GBPC. GBPC believes that its experience in designing, building and operating power plant projects in Visayas and Mindoro is stronger than any of its competitors in the region.

The key competitor in the region is the Unified Leyte Geothermal Power Plants, which were operated by the Government through National Power Corporation ("NPC"). These power plants are now privatized. The Leyte plants service both the Luzon and Visayas grids. Geothermal power plants are significant competitors because they can produce power at a relatively lower cost than fossil-fuel and coal-based producers.

GBPC will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as the financing for these activities. Factors such as the performance of the Philippine economy and the possibility of a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth of the Philippines. GBPC has started its Renewables Portfolio with the completion of the engineering design of the 40 MW Biomass in Negros. GBPC is looking at additional renewable projects in the biomass, hydro, and solar sectors.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

GBPC has local and imported long-term Coal Supply Agreements with selected suppliers. GBPC gets majority of local coal supplies from Semirara Mining, while imported coal come from international partners in Indonesia.

Coal Sources	Principal Suppliers
Semirara	Semirara Mining and Power Corporation
Indonesia	PT Adaro Indonesia Samtan Co., Ltd./Kideco Lucent Aminto, Inc.

Coal prices under the agreements are indexed to Global Newcastle Coal prices and are adjusted if the guaranteed coal qualities are not met but within the rejection limits. These coal qualities include calorific value, moisture, sulphur, ash and volatile matter. Coal procurement is handled through GBPC's Fuel Management Group.

In 2015, the Fuel Management Group arranged spot shipments of Russian coal from Sakhalin and Indonesian coal from PT ABK (Anugerah Bara Kaltim) and PT Insani in its effort to find new reliable coal suppliers that will comply with the required coal specification. Trial burns were conducted to observe actual performances which will be the basis for a term Coal Supply Agreement.

Major Customers

Ninety-three percent (93.0%) of GBPC's total electricity sales in 2015 were earned from its contracted power off-taker customers.

A summary of power off-taker customers having EPPAs with the generation subsidiaries as of December 31, 2015 is as follows:

CEDC
Visayan Electric Company, Inc. (VECO)
Philippine Economic Zone Authority –MACTAN Economic Zone (PEZA-MEZ I)

Mactan Electric Company (MECO)
Bohol I Electric Cooperative, Inc. (BOHECO1)
CEBU II Electric Cooperative, Inc. (CEBECO 2)
Balamban Enerzone Corporation (BEZ)
CEBU I Electric Cooperative, Inc. (CEBECO 1)
Global Energy Supply Corp. – Taiheiyo Cement Philippines Corp. (GESC-TCPI)

PEDC
Panay Electric Company, Inc. (PECO)
Aklan Electric Cooperative, Inc. (AKELCO)
Iloilo II Electric Cooperative, Inc. (ILECO 2)
Capiz Electric Cooperative, Inc. (CAPELCO)
Antique Electric Cooperative, Inc. (ANTECO)
Iloilo I Electric Cooperative, Inc. (ILECO 1)
Iloilo III Electric Cooperative, Inc. (ILECO 3)
Philippine Phosphate Fertilizer Corporation
Iloilo Provincial Capitol
Cathay Pacific Steel Corp. (thru GESC)
Taiheiyo Cement Phils, Inc. (thru GESC)

TPC
Carmen Copper Corporation (CCC)
CEBU III Electric Cooperative, Inc. (CEBECO 3)
MERALCO(1)

PPC
PECO(2)
ILECO 1(2)
AKELCO(3)

GPRI
Oriental Mindoro Electric Cooperative, Inc.
Global Energy Supply Corporation
Cathay Pacific Steel Corporation
Taiheiyo Cement Phils., Inc.

Note:

(1) Interim Power Supply Agreement (IPSA) from January 2015 to July 2015. Actual delivery started in March 2015.

(2) EPPA is for peak power only.

(3) IPSA from March 2015 to June 2015

Transactions with and/or Dependence on Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under the common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following are significant transactions entered by GBPC and its subsidiaries with related parties:

a. MBT Loans

- On June 18, 2009, CEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to Php16.0 billion to partially finance the construction of its power plant. Php6 billion was financed by MBT and payable in 12 years.

- On February 26, 2010, PEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to Php14.0 billion to partially finance the on-going construction of the Panay Expansion Project. Php3.2 billion was financed by MBT while Php1 billion was financed by FMIC. Both loans are payable in 12 years.

- On November 6, 2009, PPC entered into a Php300.0 million, 7-year Term Loan Agreement with MBT. Proceeds from the loan were used to settle the BDO loan in 2009. This loan bears interest at the three-month reference rate published in PDST-F plus 2% spread and is covered by a Mortgage Trust Indenture. PPC's power plant is mortgaged for the aforementioned obligations.

- On August 24, 2006, PPC entered into a Php1.2 billion, 10-year Term Loan Agreement with MBT, for its general corporate requirements. This loan is covered by a Mortgage Trust Indenture. In March 2007, Section 1.01 of the 10-year Term Loan Agreement was amended increasing loan facility from Php1.2 billion to Php1.4 billion and changing the reference rate from MART1 rate to PDST-F rate. In Metrobank's letter dated May 7, 2015, PDST-F rate was replaced by PDST-R1.

b. FMIC Loans

- PPC had loan agreements with FMIC consisting of ten-year promissory notes. The proceeds from these peso-denominated loans were used to fund the construction of a power plant. GBPC's power plant is mortgaged for the aforementioned obligations. The loan agreements provide for specific events that constitute an event of default. The terms indicated that if any other obligations of GBPC are not paid when due or a default in the performance or observance of any instrument or agreement, FMIC may consequently declare the commitment to be terminated and declare all unpaid amounts to be due and payable without presentment, demand, protest or further notice of any kind. GBPC is also required to maintain certain financial ratios. Of the Php865.0 million principal loans from FMIC, the payment of Php350.0 million was secured by way of pledge or mortgage of any asset or property of GBPC. The Php515.0 million was secured by a chattel mortgage. On September 30, 2011, the loan rate was amended from a floating to fixed rate equivalent to 6.38% per annum (inclusive of GRT). The loans to FMIC were fully paid in January 2014.

- In August 2007, TPC entered into a Php129.0 million, 7-year Term Loan Agreement with FMIC. The loan bears interest based on a three-month MART1 rate plus 4% spread. The principal is payable in 20 equal quarterly installments, commencing on May 13, 2009. The loan was fully paid last August 2012.

c. Lease Commitment

The GBPC Group as lessee

The GBPC Group is a party to various lease agreements including the lease of premises occupied by the head office and offices in Cebu. Lease terms under these agreements range from 2 to 5 years.

As of December 31, 2015 and 2014, the future minimum rental payments are as follows:

	2015	2014
Within one year	26,789,734.52	16,523,102.36
After one year but not more than five years	40,371,420.20	15,608,077.44
	67,161,154.72	32,131,179.80

d. The GBPC Group has cash and cash equivalents with MBT. Interests earned from these deposits are based on the respective bank deposit rates.

Effect of Existing or Probable Government Regulations on the Business

The following regulations may have significant impact on GBP's business operations:

Wholesale Electricity Spot Market

The WESM provides a venue through which independent power producers may sell power, and at the same time distributors and wholesale consumers can purchase electricity where no bilateral contract exists between the two. In June 2002, the Department of Energy, in cooperation with electric power industry participants, promulgated detailed rules for the WESM thereby allowing the creation of the Philippine Electricity Market Corporation (which will operate the market) and providing a framework for the establishment of the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. The WESM began market operations in 2006 for Luzon and 2010 for Visayas. GBPC's subsidiaries, PEDC, CEDC, PPC and TPC, have been registered participants of the WESM since 2011.

Retail Competition and Open Access

The Electric Power Industry Reform Act ("EPIRA") likewise provides for a system of open access on transmission and distribution wires, under which the National Grid Corporation of the Philippines ("NGCP") is the transmission operator, and the distribution utilities may not refuse the use of their wires for the delivery of electricity by qualified persons, subject to the payment of transmission or distribution wheeling charges. Conditions for the commencement of the Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

In a decision dated June 6, 2011, the ERC declared that all conditions to retail competition and open access had been complied with and stated that open access would start on December 26, 2011 in Luzon. However, certain issues still needed to be resolved, therefore, the Government postponed the implementation of open access and declared December 26, 2012 as the new open access date, with the first six months from the open access date as the transition period. Commercial operations of the retail competition and open access commenced on June 26, 2013.

A wholly-owned subsidiary of GBPC, GESC, holds a retail electricity supplier license ("RES"). Through this special purpose vehicle, GBPC is able to participate in the retail competition open access initiative to directly supply electricity to end users, including major industrial customers.

Reduction of Taxes

To equalize prices between imported and indigenous fuel, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, President Arroyo enacted Executive Order No. 100 on May 3, 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Renewable Energy Act of 2008

The Renewable Energy Act of 2008 (the "RE Law") is a landmark legislation and is considered the most comprehensive renewable energy law in Southeast Asia. The RE Law was signed by President Gloria M. Arroyo on December 16, 2008 and took effect on January 30, 2009.

One of the main objectives of the RE Law is to accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve synergy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy.

The RE Law also offers key fiscal and non-fiscal incentives to developers of renewable energy facilities, including hybrid systems, subject to certification from DOE and in consultation with the Board of Investments

(“BOI”). All fiscal incentives apply to all RE capacities upon the RE Law becoming effective. Key incentives are as follows:

- income tax holiday for the first seven years of operation;
- duty-free importations of RE machinery, equipment and materials, effective within ten years upon issuance of certification, provided that the said machinery, equipment and materials are directly, exclusively and actually used in the RE facilities;
- special realty property tax rates on equipment and machinery not exceeding 1.5% of the net book value;
- net operating loss carry-over for a period of seven years;
- corporate income tax rates of 10% after the income tax holiday;
- accelerated depreciation for the purposes of computing taxable income;
- zero percent value-added tax on the sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of renewable energy facilities;
- cash incentives for renewable energy developers for missionary electrification;
- tax exemption, applicable to both value-added tax and corporate income tax, on carbon emission credits; and
- tax credits on domestic purchases of capital equipment and services.

The non-fiscal incentives or market mechanism include the Renewable Portfolio Standard, which sets a minimum percentage of generation from eligible renewable energy resources; the Feed-in Tariff System, which authorizes a fixed tariff for electricity produced from emerging renewable energy resources; the Renewable Energy Market, which will operate in the WESM to facilitate compliance with the Renewable Portfolio Standard; and the Green Energy Option, which allows end-users to contract their energy requirements directly from renewable energy facilities.

To address the projected growth in power demand across the country, GBPC is reviewing opportunities in renewable energy facilities, such as hydroelectric and geothermal facilities, to complement its existing portfolio and bring down its average cost of generation.

Licenses

Under the EPIRA, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a Certificate of Compliance (“COC”) from the ERC to operate facilities used in the generation of electricity.

The power generation companies of GBPC possess the required COCs.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued “Guidelines for the Financial Standards of Generation Companies,” which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

Upon the introduction of retail competition and open access, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Markets (which are determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, permits, approvals and consents (including environmental licenses) must be obtained from relevant national, provincial and local government authorities relating to site acquisition, construction and operation.

Research and Development Costs

GBPC had no budget spending for research and development in 2015.

Costs and Effects of Compliance with Environmental Laws

The operations of GBPC's power generation facilities are subject to a broad range of safety, health and environmental laws and regulations. These laws and regulations impose controls on air and water discharges, the storage, handling, discharge and disposal of fuel, chemicals and wastes, the employee exposure to hazardous substances and other aspects of the operations. GBPC has incurred operating costs and capital expenditures and will continue to do so to comply with safety, health and environmental laws and regulations.

GBPC has undertaken carbon sink projects and has allocated funds for Energy Regulation No. 1-94 to finance reforestation, watershed management, as well as health and environment enhancement projects.

Environmental Laws

GBPC's power generation operations follow laws, regulations and policies that concern environmental protection and sustainability. Each plant consistently submits periodic Self-Monitoring Report ("SMR"), Compliance Monitoring Report ("CMR") and Compliance Monitoring and Validation Reports ("CMVR") to the Environmental Management Bureau Regional Offices to ensure that its operations, which include but are not limited to water discharges and air emissions, comply with the requirements of R.A. 9275 Clean Water Act and R.A. 8749 Clean Air Act. These monitoring reports are performed in the presence of Multi-Partite Monitoring Team ("MMT"). The MMT is composed of representatives from various government and non-government institutions who are tasked to conduct regular monitoring of potential sources of pollution and help recommend solutions.

Employees

As of December 31, 2015, GBP and its consolidated subsidiaries had 916 employees. The following table provides a breakdown of GBP's full-time employees by subsidiary and function as of December 31, 2015.

	Executive Officers	Operations	Administrative	Total
GBP Headquarters	14	0	98	112
GESC	0	0	6	6
CEDC	1	122	54	177
TPC	3	223	62	288
PEDC	2	102	69	173
PPC	1	64	39	104
PPC AKLAN	0	34	0	34
GPRI	0	22	0	22
Total	**21**	567	328	916

Risks

Financial Risk

a. If the power off-takers experience financial difficulties or regulatory constraints and are unable to meet, or are late in meeting their payment obligations to the generation subsidiaries, GBPC would be materially and adversely affected. Ninety-three percent of GBPC's total electricity sales in 2015 was earned from its contracted power off-taker customers. These off-takers are committed to pay the generation subsidiaries for availability and energy under their respective off-take agreements. GBPC expects to continue to receive the majority of its revenues from these off-takers at least until the expiration of their existing off-take agreements.

Although GBPC's off-takers have historically met their payment obligations, there can be no assurance that they will continue to do so in the future. Any difficulty, inability or delay on the part of the off-takers to meet their payment obligations based on the off-take agreements, including those intended to cover costs for operation and maintenance and debt service, would require each of the Generation Subsidiaries to obtain funds from other sources to meet these obligations. There can be no assurance that such alternative funding would be available, or if available, such would be based on commercially reasonable terms. This could materially and adversely affect GBPC's operations and financial condition.

The failure of the generation subsidiaries to meet their payment obligations to third parties could also lead to the termination of such agreements or constitute an event of default under their loans. This may lead to an acceleration of such loans, which in turn, could also materially and adversely affect GBPC's business.

b. Significant and unpredictable price fluctuations and other market factors beyond GBPC's control could have a material and adverse effect on the future financial performance of GBPC. The operating results of GBPC are expected to fluctuate once GBPC's existing EPPAs expire and GBPC's future power plant projects become operational. Unlike most other commodities, electric power cannot be stored and must be used concurrently with its generation. As a result, power prices are subject to significant volatility from supply and demand imbalances.

Competition Risk

Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts, could have a significant adverse impact on GBPC's future operations and financial performance. In recent years, the Government has sought to implement measures designed to establish a competitive energy market. These measures include the privatization of substantially all NPC-owned power generation facilities and all Government-owned and operated transmission facilities. In addition, renewable energy is provided priority dispatch as well as Government incentives, making such forms of energy a competitor against non-renewable forms of energy such as coal and fuel oil. The move towards a more competitive environment could result in the emergence of new competitors. Some of these competitors may have greater financial resources and have more extensive operational experience than GBPC, giving them the ability to respond to operational, technological, financial and other challenges more quickly than GBPC. These competitors may therefore be more successful than GBPC in acquiring existing power generation facilities or in obtaining financing for and in the construction of new power generation facilities. The varying types of fuel used by GBPC's competitors could allow them to sell electricity at a lower price or, as compared to certain of GBPC's existing or future power generation facilities, produce electricity at a lower cost. The ongoing restructuring of the Philippine power industry may affect GBPC's financial position, results of operations and cash flows. GBPC may not be able to compete effectively against its competitors or maintain its market share and profit margins.

Operational Risk

GBPC's financial performance depends on the successful operation of its power generation facilities, which are subject to various operational risks. For example, the facilities may require unexpected maintenance or replacement, thereby requiring substantial capital expenditure. GBPC is exposed to the risk of malfunctions and interruptions in service resulting from events outside of its control, including accidents, natural disasters, defects or failures in machinery or control systems and transmission related disturbances. Any such events could result in economic losses or an increase in GBPC's cost of operations. Additionally, service interruptions, malfunctions or other significant events such as environmental incident or safety-related accident could result in GBPC being exposed to litigation, which could result in obligations to pay damages.

There is no assurance that GBPC's key equipment or processes will not break down or fail, which may result in the suspension of operations or a shutdown of any of GBPC's facilities. GBPC may experience a breakdown or failure of power generation equipment, pipelines, transmission lines or other equipment or processes and performance below expected levels of output or efficiency.

Some of the equipment that GBPC uses in its operations are sufficiently large and project-specific so that replacement units may not be readily available. Any extended period of time needed to obtain, manufacture or transport replacement units could give rise to delays in replacement beyond that for which GBPC may have purchased insurance coverage for lost revenues. The occurrence or continuance of any of these risks could increase GBPC's cost of operating the facilities, reduce the payments due from its customers under the off-take agreements or otherwise materially and adversely affect GBPC's business and financial condition.

Fuel Supply Risk

Certain generation subsidiaries are reliant upon a small number of suppliers for the supply of coal. Any decrease in the availability, or increase in the cost of coal could materially affect their production output and earnings.

The coal-fired power stations of CEDC, PEDC and TPC's Sangi significantly depend on the availability of coal to generate power. For locally-sourced coal supply, these three generation facilities depend on Semirara Mining and Power Corporation. For internationally-sourced coal supply, CEDC and TPC depends on PT Adaro and the newly-sourced suppliers, PT Anugerah Bara Kaltim (ABK), PT Insani and PT Regent International from Indonesia, while PEDC sources supply from Samtan Co. Ltd. (KIDECO) and Lucent Aminto Inc., also from Indonesia. A new source of coal from Sakhalin, Russia has been recently established for CEDC and PEDC, represented by Samsung C & T Corporation, which fully meets the quality of coal of the boiler manufacturer, particularly the ash content. In the past, coal suppliers of certain generation subsidiaries have not been able to meet all coal requirements. Though coal supply is sufficient at this time, if any of the coal suppliers are unable to provide CEDC, PEDC and TPC with enough supply and the specified quality standards of coal in the future, such generation subsidiaries may encounter delays in securing alternative sources of coal on favorable terms. As a result, such generation subsidiaries may not be able to maximize their production capacity which could materially and adversely affect GBPC's business and financial condition.

Likewise, prices can be volatile as a result of changes in overall supply and demand levels and implementation of new laws or regulations. Such may cause disruption in the supply of raw materials or energy resources and this could temporarily impair the generation subsidiaies' ability to generate power or may require them to pay higher prices from other sources.

Project Risk

GBPC faces risks relating to its future greenfield development projects, including risks relating to technology deployment, design adequacy, project cost, material/manpower cost escalation, completion time frame and development rights. GBPC's future plans for the power generation business involve significant risks distinct from those involved in the ownership and operation of established power generation facilities, including the risk that a greenfield power project may take substantially more time and resources than anticipated. In addition, GBPC may face difficulties obtaining the required government permits and approvals.

The time and costs involved in completing the development and construction of power generation projects can be adversely affected by many factors, including but not limited to, shortages of materials, equipment and labor, such as a limited supply of skilled labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, design deficiency, equipment pre-mature failure, transportation interruption such as port congestion, changes in laws or in government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, GBPC may incur additional costs to remove such occupants and may be required by law to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect GBPC's business.

<u>Toyota Motor Philippines Corporation</u>

Incorporated on August 3, 1988, TMP is the leading and largest automotive company in the Philippines. Established through a joint venture between GT Capital, Toyota Motor Corporation ("TMC"), and Mitsui & Co. Ltd., TMP has been a part of the country's automotive industry for more than 25 years. Through its wide array of vehicle models and enormous span of sales distribution and service network, TMP achieved its 14th consecutive Triple Crown in 2015, topping the industry in overall passenger car and commercial vehicle sales. This includes the record unit sales of the locally-produced Vios and Innova.

Principal Products or Services and their Markets Indicating the Relative Contribution to Sales/Revenues

TMP is authorized to distribute Toyota products that are approved for distribution in the Philippines by TMC and Toyota Motor Asia Pacific ("TMAP") according to their Toyota Distributor Agreement. TMP's products are divided into three categories: (1) vehicle sales, (2) local sales of service parts and (3) export sales of original equipment manufacturer ("OEM") parts and service parts.

Vehicle Sales

Vehicle sales are divided into locally-manufactured vehicles using both imported and locally-manufactured parts and components, as well as Completely Built Units ("CBU") vehicles, which are wholly imported. TMP sells two models of locally-assembled vehicles, or Completely Knocked Down ("CKD") units, the passenger car Vios and the commercial vehicle Innova. All other vehicle models sold by TMP are imported CBU vehicles. In addition to the sub-compact-sized Vios, the other Toyota passenger car models sold in the Philippines are the low-cost Wigo, hatchback Yaris and Prius C, compact-sized Prius and Corolla, the mid-sized Camry and the sport/specialty 86. The Lexus passenger car line-up includes the CT200H, IS 350, IS 350 F Sport, ES 350, GS 350 F Sport, GS 450H, GS F, LS 460, LS 600H, RC 350 and RC-F .

Aside from the Innova, TMP's commercial vehicles include pick-ups, SUVs, multi-purpose vehicles, vans and minibuses such as Hilux, IMV1, RAV4, Fortuner, LC200, Prado, FJ Cruiser, Avanza, Hiace, Alphard, Previa, and Coaster. Lexus sells the LX 570, GX 460, RX 350, RX 450H, NX 200T, NX 200T F Sport, NX 300H.

Local Sales of Service Parts

TMP offers a wide range of after-sales parts consisting of service parts, oils and chemicals and accessories. A substantial portion of the service parts that TMP sells locally are sourced from TMC and TMAP, with the remaining portion manufactured by both TMP and local suppliers.

Export Sales

TMP exports parts manufactured by its local suppliers through TMAP for distribution primarily to Toyota subsidiaries and affiliates within the Asia Pacific region.

The table below shows the sales breakdown of TMP (parent company) by vehicle sales, local sales of service parts and export sales, and their respective contribution to total revenue, for each of the last three years:

Category	2013		2014		2015	
	Sales (Php M)	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*
Vehicle Sales						
Locally-Manufactured Vehicles	23,848.7	30%	27,792.3	27%	32,605.8	29%
Imported CBU Vehicles	41,333.6	52%	61,024.7	59%	66,628.1	59%
Local Sales of Service Parts	2,935.3	4%	3,456.1	3%	4,093.0	4%
Export sales of OEM and Service Parts	10,887.8	14%	11,764.3	11%	9,427.4	8%
TOTAL	**79,005.4**	**100%**	**104,037.4**	**100%**	**112,754.3**	**100%**

Distribution Methods of Products and Services

The table below sets out the geographic breakdown of TMP's retail vehicle sales for the periods indicated.

	As of December 31					
	2013		2014		2015	
	Units	*%*	*Units*	*%*	*Units*	*%*
Metro Manila	48,301	64%	63,720	60%	72,364	58%
Outside Metro Manila	27,286	36%	42,390	40%	52,663	42%
TOTAL	**75,587**	**100%**	**106,110**	**100%**	**125,027**	**100%**

As of December 31, 2015, the Toyota and Lexus dealer network in the Philippines consisted of 49 dealers, of which 18 dealers are in Metro Manila. TMP owns direct interests in three dealerships: 100% of Toyota Makati, Inc., 55% of Toyota San Fernando Pampanga, Inc. and 75% of Lexus Manila, Inc. Approximately 58% of TMP's sales in 2015 were in Metro Manila while 42% of total sales in 2015 were made outside of Metro Manila. TMP enters into dealership agreements based on criteria set out in the Toyota Distributor Agreement. TMP provides each Toyota dealer with periodic performance reviews, training and education. In addition, TMP sets individual sales and operational targets for each dealership.

Competition

Industry Trends

Automotive sales in the Philippines can be classified either as sales of locally-assembled or CKD vehicles or imported CBU vehicles. The overall market growth has been reflected in positive absolute trends for both segments, but over the past five years imported CBU vehicles have captured an increasingly larger share of the market. CBU market share was 70.7% in 2015 as compared to 56.0% in 2010 according to Chamber of Automotive Manufacturers in the Philippines, Inc. ("CAMPI") and Association of Vehicle Importers and Distributors ("AVID"). This trend is attributable to increasing number of imported models available versus locally-produced models, which is expected to continue with further tariff reduction in January 2016 on imported Korean and in January 2018 on Chinese CBU vehicles under the ASEAN-Korea and ASEAN-China Free Trade Agreements.

New vehicles have recently accounted for an increasingly larger share of the Philippine automotive market. Rising income levels and changing consumption preferences have contributed to this shift. The regulation is also considered to have supported the trend over recent years, such as the stricter implementation of the prohibition on importation of second-hand vehicles.

Part of industry/geographic area in which the business competes
Please see **Distribution Methods of the Products or Services.**

Principal methods of competition (price, service, warranty or product performance)

Competition has a direct effect on selling price of vehicles. In general, vehicle price setting is based on specification differences. However, upward or downward price adjustments may be made to respond to competitors' pricing strategy and the target market's purchasing behavior. It may sometimes be necessary to maintain the current prices of some vehicle models despite increasing costs in order to narrow the gap with competitors or maintain market share. In an effort to mitigate the effects of competitive pricing, TMP pushes high-profit models or variants and introduces limited or special edition models.

In after-sales, main competitors of Toyota are three-star workshops like Rapide, Goodyear Serviteks and to some extent, gasoline stations. These workshops offer services that are, on the average, 15% to 30% lower than Toyota rates primarily due to the use of non-genuine parts and lower overhead expense.

Compared to other brands, Toyota still offers the lowest service rates, i.e., Php350/hour for Periodic Maintenance and Php400/hour for General Job ("GJ"). These rates are at least 30% lower than the service centers of other brands. In terms of service parts, average prices of Toyota Genuine Parts are 17% lower than other brands, based on 2015 parts price review.

Principal Competitors (including relative size and financial and market strengths of competitors)

Based on industry data compiled by CAMPI and AVID, the top six automotive companies in the Philippines accounted for 83.5% of total vehicles sold in 2015. Toyota remains the leading automotive brand in the Philippines, with a 2015 market share of 38.9%, which is 22.1 percentage points higher than its closest competitor, Mitsubishi with 16.8%. Ford and Isuzu had market shares of 7.9% and 7.0% in 2015, respectively. Aside from Toyota, other multinational automotive companies also have manufacturing and assembly plants in the Philippines, such as Mitsubishi, Isuzu, and Honda. Ford closed its manufacturing and assembly plant in December 2012.

Advantage over competitors

Given the tight competition in the Philippine automotive market, TMP believes that four key factors have contributed to TMP being the most preferred car manufacturer in the Philippines:

- Product: quality, durability and reliability;
- Value for money: affordable vehicles that command high resale values in the market;
- Worry-free ownership: personalized maintenance programs and high standards of customer care; and
- Pioneering technologies: sustainable innovation from a global leader in manufacturing technology.

Raw Materials

Sources and availability of raw materials and dependence on one/limited number of suppliers

The parts and components requirement of TMP are sourced from Japan and ASEAN countries through TMAP and from local suppliers. TMP purchases raw materials, parts, components, equipment and other supplies from TMC, foreign subsidiaries of TMC, affiliates and other foreign and local suppliers authorized by TMC. TMP has full responsibility to ensure compliance of all localized parts and components in accordance with TMC's standards.

The table below shows the sources of parts for each of the last three years:

Source	**2013**	**2014**	**2015**
TMC/TMAP			
Japan-sourced	17%	16%	17%
Multi-sourced	54%	55%	53%
Local Suppliers	29%	28%	30%
TOTAL	**100%**	**100%**	**100%**

TMP established its supply chain based on Toyota standards in terms of supplier capability, cost competitiveness and economies of scale, which are the reasons for single-sourced commodities. Being aware of the supply chain risks in the auto parts manufacturing industry, TMP has put in place supply risk management programs such as a back-up supply database to immediately identify back-up source (local or regional) for each part, financial risk management and labor risk management.

Names of principal suppliers
TOYOTA MOTOR ASIA PACIFIC PTE., LTD.

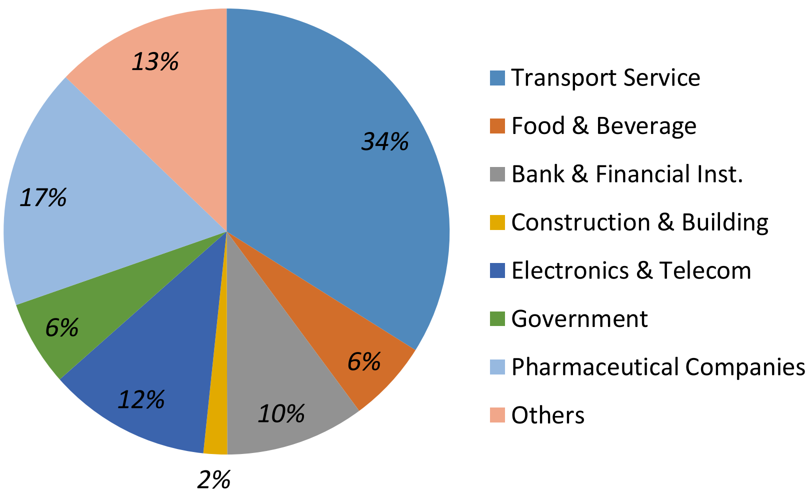
Major existing supply contracts
Overseas OE parts Import Agreements

Customers

In addition to general consumer sales, TMP's products are also sold to fleet accounts such as pharmaceutical companies, taxi companies and government entities. In 2015, 6% of TMP's products were sold to fleet account customers.

The chart below provides a breakdown of TMP's fleet account customers by category for the year ended December 31, 2015:

2015 Fleet per Industry Percentage



Major existing sales contracts
Not applicable

Transactions with and/or Dependence on Related Parties

As a member of the GT Capital Group, TMP continues to benefit from this affiliation in several ways. GT Capital has a 40% interest in TFSPH, which is a joint venture between GT Capital and Toyota Financial Services Corporation of Japan. TFSPH provides financing to both the general public and Toyota dealerships for the purchase of cars and the acquisition of vehicle inventories, respectively. While TMP does not have any ownership interest in TFSPH, TFSPH's financing promotions for retail and wholesale customers help to support sales of TMP's products. MBT's credit card subsidiary, MCC, and TMP have also developed a Toyota Mastercard, a loyalty and credit card in one, where rewards earned on purchases made with the Toyota Mastercard can be used to purchase items at any Toyota dealership. In addition, certain GT Capital companies maintain fleet accounts for the purchase of Toyota cars for their business operations. In terms of management, TMP is also able to draw upon the significant managerial experience of the GT Capital companies to complement its own managerial resources.

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

TMP acquired the rights to use the "Toyota" and "Lexus" brand names through the Toyota Distributor Agreement and Lexus Distributor Agreement, respectively, with TMC and TMAP.

These distributor agreements were last renewed on December 1, 2015 with an expiration date of November 30, 2018. According to the distributor agreements: (i) TMC and TMAP have agreed to grant TMP an exclusive distributorship of Toyota and Lexus products in the Philippines, thereby supplying TMP with Toyota and Lexus vehicles, parts and accessories, non-exclusive rights to use Toyota and Lexus trademarks and service marks, including the use of such trademarks by local Toyota and Lexus dealerships, solely in connection with the distribution, sale and service of Toyota and Lexus products; and (ii) TMP has agreed to continuously purchase Toyota and Lexus products from TMC, TMAP, and/or other such suppliers designated by TMC, and to obtain any governmental approvals or certifications necessary for the import, sales, service, use, registration, and/or homologation of Toyota and Lexus products in the Philippines.

TMP has also entered into a Technical Assistance Agreement with TMC, whereby TMP is licensed to manufacture Toyota vehicles and parts of proper and specified quality and obtain technical assistance from TMC. This agreement will expire on April 30, 2019, subject to renewal. Under this agreement, TMP pays TMC royalties on all licensed products. Under the current Technical Assistance Agreement, TMP possesses licenses for the manufacture of the Innova, Vios, Camry, Corolla and Tamaraw models.

Government Approval of Principal Products or Services

TMP regularly obtains approvals, certifications and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Governmental Regulations on the Business

The Philippine automotive industry is subject to various laws and government regulations. These include: (a) standards and technical regulations that affect vehicle performance such as safety, environment and energy standards; and (b) regulations governing environmental performance of manufacturing companies. The Government also imposes tariffs, taxes and other levies. TMP has incurred, and expects to incur in the future, significant costs in complying with these regulations.

Employees

Number of present employees and projected number of employees for the next 12 months (by type)

The following table provides a breakdown of TMP's employees for the periods indicated.

	As of December 31		
	2013	**2014**	**2015**
Regular			
President's Office	1	1	**1**
Affiliate Operations Support and Audit Group	4	5	**6**
Corporate Affairs Group	33	38	**44**
General Administration	77	80	**83**
Treasury	8	10	**10**
Manufacturing	1,030	1,071	**1,160**
Comptrollership	39	48	**52**
Purchasing*	28	33	**35**
Marketing	218	247	**261**
Production Control and Logistics	69	55	**52**
Vehicle Logistics**	-	17	**32**
Subtotal	**1,507**	**1,605**	**1,736**
Outside Contractors			
Production (on-the job trainees)[1/]	343	343	**489**
Production Contractual[2/]	128	156	**109**
Office Contractual[3/]	39	99	**134**
TOTAL	**2,017**	**2,203**	**2,468**

** Newly created division, previously a department under Comptrollership*
***Newly created division, previously a department under Production Control & Logistics*

Notes:
[1/] Students, typically on a 5-10 month on the job training agreement
[2/] Contracted from a workers' cooperative and hired on a temporary basis
[3/] Contracted from service contractors on a temporary basis

Expiration dates of Collective Bargaining Agreements ("CBA")

TMP has two certified and recognized labor unions, one for rank-and-file employees known as Toyota Motor Philippines Corporation Labor Organization ("TMPCLO") and one for supervisory employees known as Toyota Motor Philippines Corporation Supervisory Union ("TMPCSU").

Negotiations for the 2-year CBA on economic provisions were concluded in December 2014. The CBA with TMPCLO was ratified on December 7, 2014 and the CBA with TMPCSU was ratified on January 17, 2015.

The 5-year CBA for both TMPCLO and TMPCSU shall expire by end of June 2016. The next round of CBA negotiations shall commence in July 2016.

Reasons for employee strike/dispute
Not Applicable.

Supplemental benefits or incentive arrangements

TMP applies a progressive benefit structure with a set of base benefits applicable to all employees and a supplementary, variable scheme where individual employees choose from a menu of benefits appropriate to their individual needs/situational preferences, subject to level of entitlement. TMP has also funded a non-contributory defined benefit retirement plan covering all of its regular employees. The plan is administered by trustees. The benefits are based on the years of service and percentage of final basic salary. TMP's normal retirement age is 55 years. Early retirement is allowed at 50 years of age.

Major Risks

The Philippine automotive industry is highly volatile.
The Philippine automotive market has been subject to considerable volatility in demand and TMP's business is highly sensitive to sales volume. Demand for vehicles depends to a large extent on general, social, political and economic conditions in the Philippines. Demand may also be affected by factors directly impacting vehicle prices or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, and the cost of fuel, exchange rates and governmental regulations (including tariffs, import regulations and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses per vehicle and could materially and adversely affect TMP's business, financial condition and results of operations.

The Philippine automotive market is highly competitive.
The Philippine automotive market is highly competitive. TMP faces strong competition from vehicle manufacturers and importers in the Philippines. TMP's competitors also have relationships with joint venture partners and recognized international auto brands. Factors affecting competition include product quality and features, innovation and development time, production capacity, pricing, reliability, safety, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses and may adversely affect TMP's financial condition and results of operations. Further, under the ASEAN-Korea free trade agreement, tariffs on vehicles from Korea were reduced to 15% from 20% in 2012 and was further reduced to 5% beginning January 2016 leading to greater competition from Korean brands. Competition has a direct effect on selling prices of vehicles. In general, vehicle price setting is based on specification differences. However, upward or downward price adjustments may be made to respond to competitors' pricing strategy and the target market's purchasing behavior. TMP's ability to maintain its competitiveness will be fundamental to its future success in existing and new markets and its market share. In addition, under the terms of the Toyota Distributor Agreement with TMC and TMAP, TMP is required to meet certain business targets including, among others, annual sales plan and market share. Should TMP fail to meet its expected business targets, its right to distribute Toyota brands in the Philippines may be terminated. There can be no assurance that TMP will be able to compete successfully in the future, which could materially and adversely affect TMP's business, financial condition and results of operations.

The Philippine automotive industry is subject to various governmental regulations.
The Philippine automotive industry is subject to various laws and government regulations. These include: (a) standards and technical regulations that affect vehicle performance such as safety, environment and energy standards; and (b) regulations governing environmental performance of manufacturing companies. The Government also imposes tariffs, taxes and other levies. TMP has incurred, and expects to incur in the future, significant costs in complying with these regulations. New legislation or changes in existing legislation may also subject TMP to additional costs in the future and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability to continue offering innovative, new, price-competitive products and services that meet and satisfy customer demand on a timely basis.
Meeting and satisfying customer demand with attractive new vehicles and reducing product development time are critical elements to the success of automotive manufacturers. The timely introduction of new vehicle models at competitive prices and meeting rapidly changing customer preferences and demands are fundamental to TMP's success. There is no assurance that TMP may adequately perceive and identify changing customer preferences and demands with respect to quality, styling, reliability, safety and other features in a timely manner. Even if TMP succeeds in perceiving and identifying customer preferences and demands, there is no assurance that TMP will be capable of manufacturing and introducing new, price-competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity. Further, there is no assurance that TMP will be able to implement capital expenditures at the level and periods planned by management. TMP's inability to develop and offer products that meet customer demand in a timely manner could result in a lower market share and reduced sales volumes and margins, and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability to market and distribute effectively, and to maintain its brand image.
TMP's success in the sale of vehicles depends on its ability to market and effectively distribute based on distribution networks and sales techniques tailored to the needs of its customers, as well as its ability to maintain and further cultivate the Toyota brand image. There is no assurance that TMP will be able to develop sales techniques and distribution networks that effectively adapt to customer preferences or changes in the regulatory environment in the Philippines. Nor is there assurance that TMP will be able to cultivate and protect the Toyota brand image. Toyota's inability to maintain well-developed sales techniques and distribution networks or a positive brand image may result in decreased sales and market share and could materially and adversely affect TMP's business, financial condition and results of operations.

TMP's ongoing success depends on the non-termination and repeated renewal of distributor agreements with TMC and TMAP.
TMP acquired the rights to use the "Toyota" and "Lexus" brand names through the Toyota Distributor Agreement and the Lexus Distributor Agreement, respectively, with TMC and TMAP. These distributor agreements were last renewed on December 1, 2015 with an expiration date of November 30, 2018. According to the distributor agreements: (i) TMC and TMAP have agreed to grant TMP an exclusive distributorship of Toyota and Lexus products in the Philippines, thereby supplying TMP with Toyota and Lexus vehicles, parts and accessories, non-exclusive rights to use Toyota and Lexus trademarks and service marks, including the use of such trademarks by local Toyota and Lexus dealerships, solely in connection with the distribution, sale and service of Toyota and Lexus products; and (ii) TMP has agreed to continuously purchase Toyota and Lexus products from TMC, TMAP, and/or other such suppliers designated by TMC, and to obtain any governmental approvals or certifications necessary for the import, sales, service, use, registration, and/or homologation of Toyota and Lexus products in the Philippines.

The distributor agreements can be terminated at the option of TMC upon the occurrence of various events which include:

- breach of any material provision of the distributor agreement by TMP;
- discontinuation of a material part of the business activities of TMP as a Toyota or Lexus authorized distributor;
- issuance of an order by any relevant government authority for TMP to discontinue, or the cancellation or withdrawal of any license or permission to operate, a material part of TMP's business activities as a Toyota or Lexus authorized distributor;
- the election by TMC to terminate the agreement, after consultation with TMAP, in the event that: (a) TMP fails in any material respect to achieve any of the business targets; and (b) TMP fails to make significant progress in achieving such business targets within six months after TMAP has given guidance or advice to TMP to improve its performance; and (c) TMAP deems that there is no justifiable reason for such failure;
- the election by TMC to terminate a distributor agreement in the event that:
  - (a) TMP has implemented, without prior notification to TMC and TMAP, any of the following significant changes in its organization: (i) merger or acquisition of any company or organization; (ii) assignment or disposition of all or a substantial portion of its assets or business to any third party; (iii) change of its executives or high-ranked employees, such as department/division general managers and above; (iv) relocation, expansion, reduction, or closing down of its head offices or other important facilities; (v) change of its main shareholders or any person or entity which has substantial control over TMP as well as listing all or a part of its shares on any stock exchange; and (vi) any other significant change in its business or organization; or
  - (b) failure by TMP to satisfy the request of TMC and/or TMAP for TMP to suspend such significant changes or to modify the contemplated organization scheme such as to prevent or reduce possible impairment of TMC and/or TMAP's interests or TMP's performance or the ability to perform as a Toyota or Lexus authorized distributor.

If either of the Toyota Distributor Agreement or Lexus Distributor Agreement were to be terminated, TMP shall be required to: (i) immediately and fully settle all of its outstanding liabilities to the other parties in relation to the relevant agreement; (ii) immediately terminate all dealership agreements and any other contracts concluded between TMP and any third party in relation to the relevant agreement; (iii) collect and remove all data, facility signs, signboards, posters, advertising or technical materials and printed matters related to Toyota or Lexus products, software for the sale and service of Toyota or Lexus products, and all tools and implements designed for servicing Toyota or Lexus products located in the facilities of TMP and/or the dealers, and deliver at its own cost and expense to TMC and/or TMAP or dispose of a part or a whole of them in accordance with the instructions of TMC and/or TMAP; (iv) remove from its facilities and cease using the name of TMC and any of the trademarks, service marks, and any mark confusingly similar thereto, cancel the relevant registrations thereof, and cause all dealers to do the same; (v) refrain from conducting itself and cause each dealer to refrain from conducting itself in such manner as would lead a third party to believe that TMP or any dealer is still an authorized distributor or dealer of Toyota or Lexus brand products in the Philippines; (vi) in the event that TMP fails to comply with the above obligations, TMP shall allow TMC and TMAP to enter its premises at any time for the removal and disposal of all items bearing Toyota or Lexus trademarks and any marks confusingly similar thereto, as well as all items that should have been delivered to TMC and/or TMAP or disposed of by TMP, wherein TMP shall reimburse TMC and TMAP for all expenses incurred in exercising such right if so requested by TMC and TMAP; (vii) allow TMC and TMAP to repurchase Toyota or Lexus products which are new, unused, undamaged, and in good and saleable condition or dispose of such products in accordance with instructions of TMC and/or TMAP in the event that the products are not repurchased.

Further, any decreases in product quality, negative allegations or negative events associated to the Toyota group of companies outside of the Philippines could tarnish the image of the brands and may cause consumers to choose other vehicles. Further, there can be no assurance that these brand names will not be adversely affected in the future by events such as actions that are beyond TMP's control and which could materially and adversely affect TMP's business, financial condition and results of operations.

A third party could inappropriately use the trademark and trade name "Toyota" or any of the trademarks and trade names that TMP uses.
TMP has a license to use the "Toyota" name and logo in the Philippines. There is no assurance that the steps taken by TMP or TMC will prevent misappropriation or infringement of the intellectual property rights of TMC. In addition, policing unauthorized use of intellectual property rights is difficult and sometimes practically infeasible. The Philippine automotive industry has experienced unauthorized copies of vehicles and auto parts from time to time. Such misappropriation or infringement could materially and adversely affect TMP's business, financial condition and results of operations.

Product recalls could materially adversely affect TMP's reputation and financial condition.
TMP may recall its products to address performance, compliance, or safety-related issues. While no recalls on TMP manufactured automobiles have occurred in the past, there can be no assurance that such recalls will not occur in the future. The costs TMP would incur in connection with such recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. If the defective part or vehicle is the fault of TMP, it will be responsible for such costs. Otherwise, costs are claimed from TMAP. In addition, if not handled properly by TMP, TMAP and TMC, product recalls can harm TMP's reputation and cause it to lose customers, particularly if those recalls cause consumers to question the safety or reliability of TMP's products. Any costs incurred or lost sales caused by future product recalls could materially and adversely affect TMP's business, financial condition and results of operations. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm TMP's reputation and cause it to lose customers.

Dealer misconduct is difficult to detect and could harm TMP's reputation or lead to litigation costs.
TMP sells its vehicles to a dealer network consisting primarily of third-party dealers over which it has limited direct supervision. Dealer misconduct could result in negative publicity for TMP and the other dealers in the network and result in reputational or financial harm to TMP and the other dealers. Misconduct could include:

- engaging in misrepresentation or fraudulent activities and statements when marketing or selling vehicles, parts or services to customers;
- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; or
- not complying with laws or TMP's control policies or procedures.

TMP cannot always deter or detect dealer misconduct, and the precautions it takes to detect and prevent these activities may not be effective in all cases. There can be no assurance that agent or employee misconduct will not materially and adversely affect TMP's business, financial condition and results of operations.

TMP may be unable to maintain its current distributor network or attract new distributors.
TMP is heavily dependent on its distribution network. The success of TMP's business depends on maintaining good relations with existing distributors as well as attracting new ones. Although TMP believes it has good relations with its existing distributors, there can be no assurance that its distributors will continue to do business with TMP or that TMP will be able to attract new quality distributors. If TMP does not succeed in maintaining its current distribution network or in attracting new distributors to support future growth, TMP's market share may decline and could materially and adversely affect TMP's business, financial condition and results of operations.

The continued competitiveness of TMP may be adversely affected if it fails to successfully reduce its costs.
TMP believes that competition has led to, and will likely continue to lead to, an increase in selling expenses. At the same time, prices of raw materials, including steel, as well as energy costs, are increasing due to high demand. Therefore, despite relatively high levels of consumer demand for vehicles in the Philippines, it has become necessary for automotive manufacturers in the Philippines to reduce costs in order to remain competitive. TMP has taken various measures to reduce costs in connection with its operations. However, the effectiveness of such measures is not assured. If TMP is unable to reduce overall costs, its competitive position may suffer, which in turn could materially and adversely affect TMP's business, financial condition and results of operations. TMP's ability to maintain its competitiveness will be fundamental to its future success in existing and new markets. There can be no assurance that TMP will be able to compete successfully in the future.

Foreign currency rate fluctuations would have an adverse impact upon TMP's financial condition and results of operations.
A significant amount of the components and raw materials used by TMP are imported. The costs of such imported components and raw materials are mainly denominated in Japanese Yen and U.S. dollars. This could

materially and adversely affect TMP's business, financial condition and results of operations, as financing and purchasing raw materials and components will become more expensive for TMP if the values of these other foreign currencies increase against the Peso in the currency markets.

TMP is subject to a number of risks associated with its supply chain.
Any interruption in the supply of raw materials, parts and components from any key suppliers could materially and adversely affect TMP's business, results of operations and financial condition. TMP obtains a significant proportion of its raw materials from a limited number of suppliers in the Philippines and abroad. In addition, inexpensively re-sourced from another supplier due to long lead times and new contractual commitments that may be required by another supplier in order to provide the components or materials.

In 2011, TMP's supply chain was impacted by the earthquake and tsunami that struck Japan in March 2011 as well as the floods in Thailand which occurred during the second half of 2011. Both events impacted TMP's ability to source parts and imported vehicle units, thereby reducing TMP's production and sales figures for 2011. TMP also experienced an increase in costs for its supplies as a result of these two natural disasters. While TMP believes production and sales forecasts have since returned to normal following these two events, there can be no assurance that similar supply chain disruptions following natural disasters will not occur in the future. Any future supply chain disruptions caused by natural disasters could have a material adverse impact on TMP's business, financial condition and results of operations. Increases in prices for raw materials that TMP and its suppliers use in manufacturing their products or parts and components, such as steel and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact TMP's future profitability because TMP may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs. Due to the increasingly competitive market environment, automobile manufacturers may be forced to increase efficiency by further reducing costs of their supply of parts which may result in additional cost and pricing pressure on suppliers. Pricing pressure on suppliers, however, may affect product quality, the decline of which could materially and adversely affect TMP's business, financial condition and results of operations.

The manufacturing activities and operations of TMP could be adversely affected if it fails to obtain raw materials and spare parts in a timely fashion or at a reasonable price.
Raw materials and spare parts used by TMP are, and will continue to be, sourced from suppliers located in the Philippines, Japan and other ASEAN countries, including TMC and TMAP. If TMP's suppliers fail to meet their commitments or to enter into agreements with TMP on commercially reasonable terms, and TMP is unable to locate alternative suppliers in a timely fashion, the manufacturing activities and operations of TMP could be materially adversely affected. This may be the case where TMP is dependent on a sole supplier or a limited number of suppliers for a critical input, and it may find it difficult to replace such supplier in a timely manner and at a reasonable market price.

TMP relies heavily on the technology and processes of TMC which TMP uses under its Toyota Technical Assistance Agreement with TMC.
TMP has acquired the right to use TMP's Toyota Production System ("TPS"), which is based on just-in-time production and quality control processes and feedback mechanisms. Under the Technical Assistance Agreement, which was last renewed on May 1, 2014 and is valid until April 30, 2019, TMP may request assistance for technical know-how on manufacturing, engineering and other know-how and information relating to licensed products. TMC is paid royalties based on the value added by TMP in the manufacture of each vehicle or part. If the Technical Assistance Agreement were to expire, or if TMP or TMC were to terminate the agreement, TMP would no longer be permitted to use TMC's processes or produce the licensed vehicles or parts, which would materially and adversely affect TMP's business, financial condition and results of operations.

TMP's success depends on its ability to attract and retain senior management and key technical personnel.
TMP relies on experienced, capable and talented senior managers and highly-skilled technical personnel to operate its business. TMP expects increased competition for such employees not only from other automotive companies but also from other industries in the Philippines and abroad. TMP's business, results of operations and financial condition could be adversely affected if such experienced and talented senior managers and skilled technical personnel are not retained by TMP.

<u>Philippine AXA Life Insurance Corporation</u>

AXA Philippines is borne out of the formidable synergy among Metrobank, the country's strongest bank (by The Asian Banker) and the best bank in the Philippines (by Euromoney), GT Capital and AXA Group, one of the world's largest financial protection and wealth management companies with 103 million customers in 59 countries.

AXA Philippines is redefining the market by challenging the present and always looking for solutions that better meet the financial needs of its customers or modify services to adjust to their changing preferences. This quest made AXA Philippines the innovator behind the development of bancassurance and behind the introduction of variable-life products into the market.

Currently, AXA Philippines is offering financial security to more than 690,000 individuals through its group and individual life insurance products. As the pioneer in the market, AXA Philippines is offering the second-generation variable-life products that provide clients even better financial security and improved returns.

AXA Philippines has a nationwide coverage through 915 Metrobank and PSBank branches, which are being serviced by 620 financial executives and 32 AXA branch offices that are the home to its growing network of 2,500 exclusive financial advisors.

Global Family
For six consecutive years, AXA has been recognized as the Best Global Insurance Brand by Interbrand (the world’s leading brand consultancy) based on financial performance, the role of the brand and brand strength. The AXA Group’s growing international presence and wide range of quality products and services have established AXA as one of the few successful global brands in the financial services industry.

AXA’s strategic focus is global, aimed at developing a single worldwide brand, being powerful in its markets and developing synergies across the AXA Group. The AXA Group is committed to international expansion and has already established a strong presence in the Asia-Pacific Region, maximizing opportunities for future growth. At present, AXA had over 103 million customers worldwide, 161,000 employees and exclusive distributors, more than 1.0 trillion Euros in assets under management, and 5.1 billion Euros in underlying earnings.

Headquartered in Paris and active across all five continents in 59 countries, AXA is focused on the world’s major markets, in particular Europe, North America and the fast-growing economies in Asia Pacific.

A global leader in Financial Protection, the AXA Group supports its clients, both individuals and businesses, at every stage in their lives by providing products and services to meet their needs, including insurance, personal protection, savings and wealth management.

Domestic Partner
AXA Philippines is an affiliate of the GT Capital Group, one of the country’s biggest conglomerates with diverse interests in the banking, insurance, power generation, real estate and transportation industries among others.

AXA Philippines is a provider of personal and group insurance in the Philippines, including life insurance and investment-linked insurance products.

Life insurance contracts offered by AXA primarily include: (i) traditional whole life participating policies (with and without anticipated endowments) and a wide range of non-participating riders (i.e. accidental death and dismemberment, critical illness, hospital income and term life); (ii) investment-linked products, both regular premium and single premium with non-participating riders, including the only regularly offered principal guaranteed product in the Philippines; (iii) various non-participating products mostly catering to start-up life protection and savings needs; and (iv) U.S. dollar-denominated single-premium products. In addition, AXA offers group yearly renewable term, credit life and personal accident insurance.

Products

Easy and Affordable Plans

Life Exentials is your start-up income protection plan that ensures you and your family is "covered" for life's little surprises. It provides insurance coverage until age 54, with guaranteed Monthly Income Benefit payments for your beneficiaries for up to 5 years in case something happens to you. In the event you become terminally ill, you can also start receiving your Monthly Income Benefit after the 3rd policy year, even without full payment of your plan.

Savings Exentials is your easy and alternative savings plan that allows you to seize your dreams while you secure your future. It is available in 4 Savings Plans with a flexible One Time Income Benefit payment based on a 15 to 20 year maturity period of your choice. In case of total and permanent disability during the first 5 years, your payments are waived and you will receive your One Time Income benefit based on the maturity period you have chosen.

Academic Exentials is your easy education savings plan that helps you secure your child's dreams for the future. It is available in 3 easy and affordable plans: Plan 1500, Plan 3000, and Plan 4500. You may enjoy receiving Annual Education Benefits in cash for 4 years, plus an Achiever's Gift to be given a year after all the Annual Education Benefits have been paid out.

Health eXentials is the country's first and only full-powered health protection plan designed to give you more than P5 Million in benefits for just P59/day. Receive P1 million in cash when diagnosed with any of 35 critical conditions and an additional P1 million in case you are unable to go back to work as a result. You also get hospital allowances for up to 1,000 days, doubled allowances for ICU confinement for up to 120 days, a one-time surgical reimbursement benefit for accidents, cash bonus when you reach age 55, and more.

Personalized Solutions Offerings

Your needs are evolving as your family is growing. With your kids progressing in their education, your small business ready for expansion, or your retirement in the near future, you just can't leave to chance the security of your financial future. You need the help of a professional financial partner who will show you the way to achieving your goals. AXA Philippines gives you what you need through financial solutions as they are customized for you with the use of our proprietary FNA tool by our expert Financial Advisors in our branch offices, or Financial Executives in Metrobank branches.

Investment-linked Life Insurance Products

Life BasiX is a variable investment plan designed to protect your family from loss of income when you suddenly pass away, and at the same time, allows you to set aside money for long-term goals through high-earning potential AXA investment funds.

aXelerator is a variable investment plan that builds up your funds faster and earlier than traditional savings instruments through high-growth potential AXA investment funds to help you reach your long—term goals sooner.

Ambition X is a single-pay product that offers long-term growth through variable returns from professionally-managed funds, to help you achieve your long-term plans.

3G-Xceed is a single-pay product that provides security for your investment through guaranteed capital and returns plus potential for growth through variable upsides from actively-managed funds, to secure your long-term goals.

academiX is a variable investment plan that offers high-growth potential to cover future educational expenses, at the same time, guarantees a contingency fund through a superior rider designed to ensure that education expenses are covered even in the event of an untimely demise.

Traditional Life Insurance Products

Health MaX is a lifetime health plan that provides cash benefits up to age 100 for 18 minor and 56 major critical conditions including stroke, cancer, or heart attack, to ensure that you will have the necessary funds for treatment and recovery. It also gives life insurance coverage so you can be sure that your loved ones will be financially protected when the unexpected happens.

Supplements You Can Add

Increase your life insurance coverage and get enhanced financial protection with supplements and riders that you can add to your basic life insurance plan. With our wide range of supplements and riders, you receive additional benefits for you and your loved ones, at a very minimal cost.

Secure provides for a pre-determined cash benefit for injuries sustained in an accident.

Protector provides additional insurance coverage upon death. Renewable options: 1-year, 5-year, and 10-year terms. This can be converted to a permanent whole life or investment-linked plan without proof of insurability required.

Shield provides a lump sum benefit in the event that the insured is diagnosed with any of the 31 Critical Illnesses in AXA's list.

Care provides daily hospital income (DHI) in the event that the insured is confined to the hospital due to an illness or injury. It provides for twice the DHI benefit in the event that the insured is confined in the intensive care unit (ICU).

Waiver of Premium If the insured becomes totally and permanently disabled prior to the attainment of age 60, all future premiums (except health supplements) will be waived.

Payor's Clause If the Payor passes away or becomes totally and permanently disabled prior to age 60, or prior to the Insured's attainment of age 21 (whichever comes first) all future annual basic premiums will be waived until the Insured reaches age 21.

Wealth Management Solutions

Wealth Management is particularly important to a select group of clients who want the ability to continue to grow their wealth, and at the same time prepare their estate for their loved ones. AXA's Wealth Management portfolio is designed for these particular needs.

Wealth Accumulation

The challenge of growing wealth is finding the right balance within the risk/return spectrum. Realizing the diverse profiles of discerning investment clients, AXA introduces a range of unit-linked life insurance products to match their yield objectives and risk appetites. These include solutions specially designed to provide both guaranteed return and variable upside potential.

Variable life insurance offers for wealth accumulation:

Xelect, a special Ambition X offer, is a single-pay variable life insurance product with guaranteed life insurance coverage, at the same time, provides the flexibility to optimize investment returns from a selection and/or a mix of bond and equity funds. This is available in Peso and US Dollar denominations.
aXcess is an exclusive 3G-Xceed offer that gives you the opportunity to invest in two Icon Funds for a minimum single investment of only PhP1,000,000. Axcess allows you to minimize risk with 80% of your capital being guaranteed from the portion invested in the 3GX Bond funds and to invest in either of the two Icon Funds—the Spanish/American Legacy Fund or the Chinese Tycoon Fund, for the upside potential.

Premium funds available are as follows:

The Icon Funds (available for aXcess and 3G-Xceed)

The Spanish/American Legacy Fund
The portfolio will be mainly invested in blue-chip stocks of companies with Spanish or American lineage belonging to the Philippine Stock Exchange. Majority of these companies are characterized with long corporate history, significant market dominance in their respective industries and have made utilities, telecoms, broadcast media, shipping, beverage and food industries into massive sources of wealth.

The Chinese Tycoon Fund
The portfolio will be mainly invested in blue-chip stocks of companies belonging to the Philippine Stock Exchange owned and/or controlled by Chinese-Filipino Tycoons/families. The Chinese, known for their impeccable business acumen, are also known for their ability to grow businesses which have shown or are showing sustained growth in size and market share and have become dominant players in their respective industries.

Global Advantage Fund (available for dollar aXcess and dollar life basiX)

A first U.S. dollar-denominated equity fund invested in the NASDAQ 100 index that is available in the Philippine life insurance market. The NASDAQ 100 comprises 100 of the largest non-financial companies listed in the NASDAQ.

European Wealth Fund
Invest in world-renowned European brands that have proven their strength through consistent performance. The European Wealth Fund tracks the performance of European companies operating in diverse Eurozone countries such as France, Germany, Italy and the Netherlands, and allows you to tap into these premium equities. Get a chance to benefit from their solid success.

Asia Growth Fund
The Asia Growth Fund allows you to invest in the top-performing companies in the fastest growing economies of the region. The fund will track a basket of equities reflecting the dynamism and growth of companies operating in countries, such as China, South Korea, Singapore, Hong Kong and the Philippines. Discover exciting returns as your investment rides on the progress of these emerging economies.

Phoenix Fund
The Phoenix Fund is a limited-offer fund that invests in a structured note issued by a foreign investment grade bank that provides exposure to both the Philippine and China equity markets. It is only available to DiverXity and matures in either 5 or 7 years.

Wealth Preservation
Wealth preservation is about the preparing for the proper transfer of wealth to loved ones to prevent loss and conflict and ensure that taxes and obligations are met according to the rule of law.

Estate Planning solutions for wealth preservation and distribution:

Assure is a lifetime coverage plan that has guaranteed cash value that accumulates over time as well as possible dividend earnings that you can enjoy during your lifetime.

FlexiProtect is a term-life insurance plan packaged to provide additional coverage for the most common worries like accidents, unexpected illness and hospitalization. All FlexiProtect packages automatically come with a Waiver of Premium for the enjoyment of continuous coverage on term-life insurance in the event of inability to pay due to disability.

Corporate Solutions

Group Yearly Renewable Term Life (GYRT) insurance plan covers eligible members of the institution against loss of life due to illness, accident, or natural causes.

GROUP PERSONAL ACCIDENT

Provides financial support in the event of specified injuries or losses as a result of a single accidental event.

GROUP CREDIT LIFE

Pays the financial institution and/or designated beneficiary cash benefits in case of the borrower's death prior to the full payment of a loan.

GROUP LIFE

Provides financial support to families after the death of the employee due to an illness, accident, or natural causes.

GROUP CRITICAL CONDITION COVER

Provides a lump sum cash benefit to the employee after the first diagnosis of any of the covered critical conditions including Stroke, Heart Attack, Cancer, Kidney Failure, Major Organ Transplant, etc.

GROUP DAILY HOSPITAL INCOME

Provides a fixed and guaranteed benefit to the employee for each day of hospital confinement. Such benefit is doubled in case the confinement is in an Intensive Care Unit (ICU).

Corporate Investment Plan combines the benefits of life insurance and the upside growth potential of an investment.

SME EMPLOYEE PROTEXION
Specially designed for small to medium-sized groups, SME Employee ProteXion is a complete health and protection package with available rates to suit the needs and budget of your growing organization.

Contribution to Sales/Revenues

AXA Philippines posted an Annualized Premium Equivalent of Php4.8 billion and Php4.0 billion for 2015 and 2014, respectively. Net insurance premium amounted to Php22.8 billion and Php18.4 billion for 2015 and 2014, respectively.

Distribution Methods of Products and Services

The distribution network is the starting point of AXA Philippines' relationship with its customers. AXA Philippines' distribution strategy focuses on strengthening traditional channels and developing new ones, such as the internet and strategic partnerships. Staff hiring, retention, market conduct, streamlined sales techniques and presentations, and sales performance metrics are the main initiatives to strengthen distribution channels. AXA Philippines believes the diversification of its distribution channels can help develop new relationships with potential AXA customers.

AXA Philippines distributes its products through four main channels: traditional agency, bancassurance, and corporate solutions that include brokers and in-house distribution channels for corporate accounts.

Competition

AXA Philippines faces competition in the Philippines for its products. Competition in the life insurance industry is based on many factors. AXA Philippines believes the principal competitive factors that affect its business are distribution channels, quality of sales force and advisors, price, investment management performance, historical performance of investment-linked insurance contracts and quality of management. AXA Philippines' major competitors in the Philippines are also affiliated with international insurance companies. Many insurance companies in the Philippines offer products similar to those offered by AXA Philippines, and in some cases, use similar marketing techniques and banking partnership support. AXA Philippines' principal competitors are Philam Life, Sun Life of Canada, Pru Life UK and ManuLife.

Transactions with and/or Dependence on Related Parties

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

On November 5, 2015, GT Capital and AXA Philippines executed a Sale and Purchase Agreement wherein GT Capital agreed to sell its 100% equity stake in Charter Ping An. The transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

Related party transactions consist mainly of the following:

	Terms	Conditions
Entities with joint control over the Company		
MBTC		
Savings, current and time deposits accounts	90 days, 0.10% to 1.25%	Unsecured, no impairment
Interest income	90 days, 0.10% to 1.25%	Unsecured, no impairment
Service fees	0.10% to 0.30% of NAV	Unsecured, no impairment
Commission expense	Interest-free, settlement in cash	Unsecured, no impairment
Pension liability	Interest-free, settlement in cash	Unsecured, no impairment
Trust fees	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	Interest-free, settlement in cash	Unsecured, no impairment
Rent income	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment

Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
FMIC		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
AXA S.A.		
Shared service costs	Interest-free, settlement in cash	Unsecured, no impairment
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Unit-linked funds		
Asset management fees	1.30% to 2.10% of NAV	Unsecured, no impairment
Derivative asset	Php51.62 pre-agreed forward rate	Unsecured, no impairment
Redemptions	Interest-free, settlement in cash	Unsecured, no impairment
(forward)		
Other related parties		
Philippine Savings Bank		
Savings, current and time deposits accounts	90 days, .25 % to 1.75%	Unsecured, no impairment
Interest income	90 days, .25 % to 1.75%	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
Federal Land		
Settlement of receivable	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Charter Ping An Insurance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund		
Orix Metro Leasing and Finance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Toyota Motor Philippines Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
AXA Malaysia		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA HK		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA Paris		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA New York		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Key management personnel		
Compensation and benefits	-	-
Directors' fees	-	-
Due from officers and employees	6% to 12% interest bearing, settlement in cash or salary deduction	Secured, with impairment

Effect of Existing or Probable Government Regulations

Senate Bill 3280 (House Bill 4867) was approved on its third reading last 4 February 2013. The bill seeks to revise Presidential Decree 612 or the Insurance Code by formulating a legal framework to allow the insurance industry to adequately address the various issues and challenges arising from domestic and foreign insurance markets.

The Amendments as embodied in the New Insurance Code (R.A 10607) are as follows:

1. Section 77: No credit extension to a duly licensed intermediary should exceed 90 days from date of issuance of the policy.

2. Section 193: The Certificate of Authority issued by the Commissioner to the Insurance Company shall expire on the last day of December, three (3) years following its date of issuance, and shall be renewable every three (3) years thereafter.

3. Section 194: The capital requirement will increase every three years until 2022. Instead of the Minimum Paid Up Capital, the new basis will be Net Worth defined as paid up capital plus retained earnings plus unimpaired surplus plus revaluation of assets.

   The new code gradually increases the capitalization requirements of insurance companies which would encourage mergers and acquisitions among industry players.

Net Worth Level	Effective Dates
Php250 million	As of June 30, 2013
Additional Php300 million or Php550 million	As of December 31, 2016
Additional Php350 million or Php900 million	As of December 31, 2019
Additional Php400 million or Php1.3 billion	As of December 31, 2022

4. Section 307: It is stated that the License of Insurance Agents and Insurance Brokers shall expire after the thirty – first (31^{st}) day of December of the third year following the date of issuance unless it is renewed.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Under the terms of the joint venture agreement between AXA SA and other shareholders, AXA Philippines has the right to use the 'AXA' name in the Philippines and does not own any intellectual property rights.

Government Approval of Principal Products or Services

The development of new products is organized, managed and coordinated primarily within AXA in the Philippines and with the Regional Office in Hongkong and duly approved by the Insurance commission.

Research and Development Costs

The development of new products is organized, managed and coordinated primarily within AXA in the Philippines.

Employees

As of December 31, 2015, AXA Philippines had a manpower complement of 491 full-time employees, 620 bancassurance employees and 20 corporate solution employees. AXA Philippines has no collective bargaining agreement with its employees and none of its employees belong to a labor union. AXA Philippines believes its relationships with its employees are generally good. Currently, AXA Philippines has no plans for additional hiring except in the ordinary course of business expansion.

Risks

Enumerated below are the risks related to AXA Philippines' business:

- AXA's growth is dependent on its ability to attract and retain individual agents;
- If AXA is unable to develop other distribution channels for its products, its growth may be materially and adversely affected;
- AXA's business and prospects would be materially and adversely affected to the extent its bancassurance activities are impaired;
- Agent and employee misconduct may be difficult to detect and deter and could harm AXA's reputation or lead to regulatory sanctions or litigation costs;
- AXA's inability to properly manage its investment portfolio by matching its assets and liabilities could have an adverse effect on AXA's profitability;

- AXA’s business and prospects may be adversely affected by changes in consumers’ preferences or purchasing power;
- Defaults on AXA’s debt investments may materially and adversely affect its profitability;
- Economic and financial markets may change to affect the relative attractiveness of AXA’s products;
- Economic and financial market volatility may reduce the demand for investment-linked products;
- Fund manager performance may reduce the return on investment-linked products and the demand for such products;
- Future actual claims may not be consistent with the assumptions used in pricing AXA’s products and establishing reserves for its obligations, which could materially and adversely affect its earnings;
- AXA’s risk management and internal reporting systems, policies and procedures may leave it exposed to unidentified or unanticipated risks, which could materially and adversely affect its business or result in losses;
- AXA requires certain regulatory approvals in the ordinary course of its business and the failure to obtain such approvals in a timely manner or at all may adversely affect its business and results of operations;
- AXA may be exposed to various risks as AXA expands its range of products and services;
- AXA’s business is dependent on its ability to attract and retain key personnel, including senior management, underwriting personnel, actuaries, information technology specialists, investment managers and other professionals;
- AXA depends on efficient, uninterrupted and secure operation of its information technology system;
- AXA may need additional capital in the future, and there is no assurance that it will be able to obtain such capital on acceptable terms or at all.

Charter Ping An Insurance Corporation

Charter Ping An Insurance Corporation ("CPA"), formerly known as Philippine Charter Insurance Corporation, was established in 1960 to offer non-life insurance policies to corporate and individual clients in the local market. It currently offers various insurance products that fall under fire or property, motor car, bonds, personal accident, marine cargo and hull, casualty and engineering insurance.

In 2015, CPA ranked 5th and 4th in terms Gross Premiums Written ("GPW") and Net Premium Written ("NPW"), respectively. Fire/property and motor car insurance products accounted for 69% of CPA's GPW.

Products and Services/Customers/Clients

Motor Car Insurance: Charter Ping An's motor car insurance provides comprehensive coverage for vehicles. Coverage for Own Damage (OD)/Theft, Excess Bodily Injury (EBI), Third Party Property Damage (TPPD) is standard while Acts of Nature (AON) and Unnamed Passenger Personal Accident (UPPD) are optional coverage that can be added to the already comprehensive cover provided.

Fire Insurance: Charter Ping An provides coverage for property/ies (building, contents, improvements) against unforeseen losses due to perils. A product that is designed to protect hard-earned investments in the midst of the vulnerability of modern society to natural catastrophes, Fire Insurance provides protection against damage to property, its contents including works of art (optional), such as fire and lightning, weather damage and other insured perils.

Bonds: Bond is a three-party agreement where Charter Ping An (Surety company) assures the performance of an obligation of the Bond Applicant (Principal/Obligor) to a Third Party (Obligee/Bond Beneficiary), by virtue of contract or as required by law.

Charter Ping An offers bonds for construction projects, service agreements, judicial or quasi-judicial proceedings, bank requirements and licensing requirements of different government agencies.

Marine Insurance: Raw materials and goods need to be transported to reach its users. How they are transported needs to be efficient and secure. Charter Ping An offers Marine Cargo Insurance which covers losses or damages of cargo and any transport by which cargo is transferred, acquired or held between the point of origin and final destination.

Marine Cargo Insurance is designed to insure merchandise from the time it leaves the seller's premises until it reaches the buyer. It encompasses all modes of conveyances, be it by land, sea or air.

Personal Accident Insurance: Charter Ping An's Personal Accident provides monetary compensation for death or bodily injury as a result of accidental, violent, external and visible means. It provides financial security in case of unforeseen events or accidents.

Engineering Insurance: This type of insurance provides a comprehensive and adequate protection to contract works/erection works, construction plant and equipment and/or machinery, computer data and equipment. It also covers third party claims for property damage and bodily injury in connection with the construction and erection works.

Casualty Insurance: This type of insurance pays, in behalf of the insured, all sums which the insured shall be legally liable to pay for all reason of liability imposed to the insured by law for compensation due to bodily injury and/or property damage occurring during the period of insurance within the geographical limits as a result of the occurrence and happening in connection with the Insured's business.

Special Products

My Security: My Security provides Personal Accident Insurance for a person and his family depending on the coverage chosen. Coverage includes Murder and Assault, Medical Reimbursement and Accident Burial Expense.

Home Security: It is a comprehensive property insurance for homeowners and renters whose properties' external walls are constructed with concrete or concrete with wood and are exclusively used for residential purposes only. It provides one with property cover against fire and lightning, AON (EQ,TY,FLD) with riot/strike, malicious damage, extended coverage, with added benefits such as rental and relocation expense (for the owner of the building or its tenant), personal accident, and personal liability.

Auto Security: It is a comprehensive motor car insurance package which covers privately used vehicles such as sedans, AUVs, SUVs and pick-ups, no more than six (6) years old, with a minimum Fair Market Value (FMV) of Php300,000.00. Car insurance package may include:

- Third Party Liability Cover
- Loss or Damage Cover
- Alternative Transportation Allowance
- Unnamed Passenger Personal Accident (UPPA)
- 24/7 Charter Ping An Roadside Assistance
- Optional Covers

Condo Security: It is a comprehensive property insurance package which covers contents and improvements of a condominium unit giving unit owners/tenants peace of mind.

It provides one with property cover against fire and lightning, AON (EQ, TY,FLD) with riot/strike, malicious damage, extended coverage, with added benefits such as personal accident, third party liability, burglary/robbery, fire-fighting expense, debris removal, rental income, deterioration of stocks, parking slot, accidental breakage of mirrors, household helpers (personal accident and property damage – due to insured perils).

Business Security: It is a comprehensive insurance package that meets the insurance needs of an entity's or a person's growing business. There is no need to get separate insurances for each risk. Business Security provides coverage from the minimum required Comprehensive General Liability (CGL) of the local government to wrong doing of the employees.

Business Security provides property insurance (fire-fighting expense, debris removal compensation, professional fees, robbery and burglary), Alternative Accommodation, Comprehensive General Liability (fire legal liability, tenant's liability, premises medical payment), Personal Accident Insurance, Money, Securities and Payroll and Fidelity Guarantee. This is applicable to stores, shops, offices, restaurants, clinics, kiosks, beauty salon, water refilling stations and other businesses subject to underwriting approval.

Other Products

BayaningPinoy: Insurance coverage for the modern day hero, the Overseas Filipino Worker ("OFW"). BayaningPinoy provides a personal accident insurance to assist the OFW to be able to recover from an accident. It comes with services that can be availed (emergency medical evacuation, emergency medical repatriation, repatriation of mortal remains and compassionate visit) while deployed in the country of assignment.

Compulsory insurance Coverage for Agency-Hired Migrant Workers
Republic Act of 10022 "aims to provide insurance support to Filipino migrant workers as part of the State Responsibility to afford and ensure the protection and promotion of their fundamental rights and welfare". In response to the requirements of the law, Compulsory Insurance for Agency-Hired Migrant Workers provides all the insurance coverage as mandated by law. The OFW is protected with personal accident insurance and services are available should they need it while deployed abroad.

Bayaning Pinoy Family
Insurance covers Overseas Filipino Workers for Accidental and Natural Deaths, Permanent Disablement and Assistance Benefits of Compassionate Visit, Emergency Medical Evacuation, Emergency Repatriation and Repatriation of Mortal Remains.

This product includes insurance coverage for the family of the OFW residing in the Philippines. The family is covered with Personal Accident, Life Insurance, In Patient Hospital Income Benefit and Emergency Out Patient Benefit.

Value Added Services

Roadside Assistance: In the event that the insured vehicle is immobilized due to accident or mechanical breakdown, Charter Ping An will provide roadside assistance through its approved service provider. The following are the available services:

- Emergency towing of up to the specified limit
- Removal of Vehicle / Crane Services up to the specified limit
- Emergency Minor Roadside Repairs up to the specified limit
- Travelling Expenses
- Referral to Accredited Repair Shop
- Hospital Admission
- Ambulance Assistance
- Legal Assistance

- Emergency Message Relay
- Program Benefits Inquiry
- Directory Assistance
- General Claims Assistance
- LTO Registration Assistance

Travel Assistance: When insured is more than 150 kilometers away from his usual place of residence or in another country that is not their country of residence, the Travel Assistance is activated. Coverage is in effect during all personal, vacation and business travel.

- Medical Consultation, Evaluation and Referral
- Medical Monitoring and Case Management
- Prescription Assistance
- Hospital Admission Assistance
- Emergency Medical Evacuation
- Compassionate Visit
- Care of Minor Children
- Medical Repatriation
- Emergency Message Transmission
- Return of Mortal Remains
- Lost Luggage or Document Assistance
- Pre-Trip Information
- Legal and Interpreter Referrals
- Emergency Cash Coordination

Motor with Life: For a comprehensive motor car insurance entitles policyholder Free Life Insurance based on the following features:

- Life insurance coverage worth P50,000.00 for a period of 12 months effective inception date of the motor car policies
- Death due to natural causes, sickness and accident
- 24/7 coverage whether Insured is in or away from usual place of residence
- Coverage is worldwide and does not have to be using the covered vehicle
- Maximum issue age is 64 as of last birthday
- Policyholders may be covered maximum of 10, equivalent to P500,000 for multiple motor car policies

Contribution to Sales/Revenues

Charter Ping An posted Php4.1 billion and Php4.0 billion Gross Premiums Written in 2015 and 2014, respectively. Net Premiums Earned amounted to Php2.0 billion and Php1.75 billion in 2015 and 2014, respectively.

Distribution Methods of Products and Services

Charter Ping An's initial touch points with the policyholders are through the company's distribution network, sales channels, partners and those with mutual business interests:

Branches
Charter Ping An has 22 branches nationwide, located in Manila, Quezon City, Muntinlupa, Caloocan, Calamba Laguna, Batangas, Naga, Tarlac, Dasmarinas Cavite, Bulacan, San Fernando Pampanga, Cabanatuan Baguio City, Urdaneta Pangasinan, Isabela, Iloilo, Bacolod, Cebu, Cagayan de Oro, Davao and General Santos.

Sales Channels
The company's products and services are sold through its intermediaries, namely, licensed agents, licensed brokers, Metrobank (bancassurance) and synergy among the Metrobank Group.

Partners
Several service providers and partners necessary for product enhancements, including car dealers, accredited repair shops and adjusters for claims.

Innovation and Promotion

In 2015, the Company initiated several drives to elevate awareness and branding:

- Launching of Sales rallies effective the whole year of 2015
- Events to promote the Company such as Binibining Pilipinas and Disney on Ice sponsorships, Million Producers Nights for top producers, sports fests for Intermediaries and other annual intermediary events
- Partnership program with Toyota Motor Philippines for the exclusive Toyota Insure Program across all Car Dealers nationwide
- Earned a global recognition, Best General Insurer for Philippines by World Finance Global Insurance Awards based in London
- New branch openings located in Malolos, Bulacan and Cabanatuan
- Participated in one of the biggest auto show, the Manila International Auto Show to promote further the Company and its products and services

Competition

Based on the Insurance Commission's industry ranking for the last five years, the average industry growth in terms of GPW was 8.9% while Charter Ping An's average growth was 16.6%. In terms of GPW, Charter Ping An maintained its 5th ranking in the GPW, and its 4th ranking in the NPW in terms of 2015 industry performance.

The top ten non-life insurance companies control 64.9% share in the insurance industry in terms of GPW. Charter Ping An's 2015 market share was at 5.9%.

The Philippine insurance industry has generated stable results despite high exposure to natural catastrophes. The government drives a national and natural catastrophe protection schemes.

The issues on capital requirements, regulatory requirements, tax and consolidation remain. There is an increasing consciousness and demand for microinsurance which contributed to the stable growth of the insurance industry.

Primary products sold in the country are the traditional lines. Motor Car insurance, remains to be the main driver in terms of premium volume.

As of December 2015, the Philippine insurance industry is composed of a total of 69 non-life insurance companies and 4 composite life and non-life.

Transactions with and/or dependence on related parties

Charter Ping An, in its usual conduct and course of business, has entered into transactions with its associate and other related parties principally consisting of cross selling activities, service requirements and leasing agreements.

Category	Volume/ Amount	Outstanding Balance	Terms	Condition
MBTC				
Cash in bank	Php-	Php145,370,486	On demand, 0.13% to 0.25%	Unsecured; no impairment
Cash equivalents	-	40,143,800	63 to 91 days, 1% to 1.13%	Unsecured; no impairment
AFS equity securities	-	40,446,259	Common shares	Unsecured; no impairment
Interest income	731,169	-	-	-
Dividend income	510,113	-	-	-
Metrobank Card Corporation (MCC)				
Interest income	1,458,674	-	-	-
FMIC				
AFS debt securities	-	20,601,143	5.25 to 7 years, 5.68% to 5.75%	Unsecured; no impairment
Interest income	1,142,500	-	-	-
(Forward)				

Category	Volume/ Amount	Outstanding Balance	Terms	Condition
PS Bank				
Cash in bank	Php-	Php12,645,965	On demand, 0.25% to 0.50%	Unsecured; no impairment
Cash equivalents	-	317,417,804	28 to 40 days, 0.75% to 1.75%	Unsecured; no impairment
AFS equity securities	-	7,649,388	Common shares	Unsecured; no impairment
AFS debt securities	-	22,646,855	10 years, 5.50% to 5.75%	Unsecured; no impairment
Interest income	3,389,297	-	-	-
Dividend income	281,228	-	-	-
Global Business Power Corporation (GBPC)				
Losses and claims payable	-	224,214	Due and demandable; non-interest bearing	-
Losses paid	494,479,465	-	-	-
GT Capital Holdings				
AFS equity securities	-	6,600,000	Common shares	Unsecured; no impairment
AFS debt securities	-	19,650,710	10 years, 5.10%	Unsecured; no impairment
Interest income	1,018,740	-	-	-
Dividend income	33,540	-	-	-
Key Management Personnel				
Salaries and wages	46,893,982	-	-	-
Directors' fees and allowance	5,565,833	-	-	-
Other employee benefits	3,841,897	-	-	-

Effect of Existing or Probable Government Regulations

In February 4, 2013, the Senate passed on third and final reading Senate Bill 3280, which seeks to amend the 38 year old Insurance Code by formulating a legal framework to allow the insurance industry to pave the way for a stronger insurance sector in preparation for the integration of member economies of the ASEAN by 2015.

The Amendments as embodied in the New Insurance Code (R.A 10607) are as follows:

1. Section 77: No credit extension to a duly licensed intermediary should exceed 90 days from date of issuance of the policy.

2. Section 193: The Certificate of Authority issued by the Commissioner to the Insurance Company shall expire on the last day of December, three (3) years following its date of issuance, and shall be renewable every three (3) years thereafter.

3. Section 194: The capital requirement will increase every three years until 2022. Instead of the Minimum Paid Up Capital, the new basis will be Net Worth defined as paid up capital plus retained earnings plus unimpaired surplus plus revaluation of assets.

   The new code gradually increases the capitalization requirements of insurance companies which would encourage mergers and acquisitions among industry players.

Net Worth Level	Effective Dates
Php250 million	As of June 30, 2013
Additional Php300 million or Php550 million	As of December 31, 2016
Additional Php350 million or Php900 million	As of December 31, 2019
Additional Php400 million or Php1.3 billion	As of December 31, 2022

   As of August 31, 2013, the Company is already in compliance with the capitalization requirement as it has a net worth or stockholders' equity of Php1.3 billion.

4. Section 307: It is stated that the License of Insurance Agents and Insurance Brokers shall expire after the 31st day of December of the third year following the date of issuance unless it is renewed.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

With the acquisition by GT Capital of Charter Ping An, the latter filed for registration of its new trade name and logo with the Intellectual Property Office on July 11, 2014

Government Approval of Principal Products or Services

All products are developed and duly submitted and approved by the Insurance Commission.

Research and Development Costs

Product development and creation of value added services is organized and managed by the company in compliance and approval of any authority based on the nature or requirements of the services.

Employees

As of December 31, 2015, Charter Ping An had a total of 410 employees with 20 Senior Officers (Assistant Vice President-up), 59 Junior Officers (Assistant Managers-Senior Managers), 54 Supervisors, 270 Rank and File, and 7 Consultants. There is no labor union and hence, there is no collective bargaining agreement. Currently, Charter Ping An has no plans of additional hiring except in the ordinary course of business operation and only to fill-up positions vacated due to separation of employees.

Risks

- CPA continues to launch new products to give its clients a comprehensive and cost effective insurance protection for themselves and their properties;
- CPA must compete to secure accounts, even captive markets, i.e. accounts or clients of companies that belong to the group;
- CPA must continuously improve its distribution channel to achieve its desired growth. CPA should have effective control measures to prevent potential fraudulent acts of its agents that would affect the policies and procedures of CPA;
- The prescribed tariff rates imposed by the Insurance Commission can be detrimental to the competitiveness of CPA with regard to the pricing of insurance premiums.
- Based on the new Insurance Code, the penalty for breaching the tariff increased from PhP 500.00 to PhP 25,000.00 per policy/risk;
- CPA must be consistent in submitting reportorial reports as required by the Insurance Commission. Any default would result in a penalty for each day of delay;
- CPA must uphold its assurance to policyholders that any claim will be treated in a professional manner and, when meritorious, settled immediately without undue delay. Since claims payment is one of the key factors in advertising the strength of CPA, any default or wrongdoing would impair the ability of CPA to solicit business;
- CPA must strictly implement policies regarding credit terms. An effective collection unit should be in place since the premium being collected could be used for short term investments that could yield interest income for CPA. It should be noted that insurance companies are following strict rules of the Insurance Commission when investing available funds;
- CPA fund managers must be conservative regarding investments since their decisions could result in heavy losses;
- CPA and other insurance companies are required by the Insurance Commission to protect their policyholders against Catastrophic (CAT) Events. Costs for CAT protection trend upward every year due to climate change;
- CPA operation and reportorial requirements are dependent on the reliability of its Information Technology (IT) system, thus, effectiveness must be reviewed and updated regularly. This IT system must be adaptable to changes in reportorial requirements;
- CPA consistently complies with its tax obligations since any failure to do so would result in heavy penalties or even the revocation of CPA's license to operate;

- CPA is dependent on its key competent personnel, thus, there is a need to enhance retention efforts by improving benefits and compensation packages. Compensation ranges must be aligned with CPA's peers in the insurance industry; and,
- CPA must continuously review its Underwriting Guidelines to eliminate avoidable losses. For unavoidable losses like catastrophic events, CPA should ensure that all payments to policy holders are in accordance with its self-imposed guidelines.

Toyota Manila Bay Corporation

TMBC was incorporated on July 15, 1996 and its registered address is situated in EDSA corner Roxas Boulevard, Pasay City. TMBC also does business under the names Toyota Dasmarinas-Cavite (TDM) and Toyota Abad Santos, Manila (TAS). On June 15, 2012, TMBC became a joint-venture between the Metrobank Group, comprised of Titan Resources Corporation, First Metro Investment Corporation and Toyota Cubao, Inc.; and Mitsui & Co., Ltd., one of Japan's largest general trading companies with the latter acquiring 40% share of the company.

Principal Products or Services and their Markets Indicating the Relative Contribution to Sales/Revenues

TMBC is authorized by TMP to distribute and retail Toyota vehicles in the Philippines. TMBC's business is mainly divided into three categories: (1) vehicle sales, (2) parts sales and (3) after sales services.

Vehicle sales
As of February 10, 2016, TMBC sells a full lineup of Toyota brands. Passenger Cars (PC) consist of sub-compact-sized Vios, Yaris and Wigo, compact-sized Prius and Corolla Altis, mid-sized Camry and sports car 86. Commercial Vehicles (CV) include pick-ups, SUVs, multi-purpose vehicles, vans and minibuses such as Innova, Avanza, Hiace, Previa, Alphard, Coaster, Hilux, Land Cruiser, FJ Cruiser, Fortuner and RAV4.

Parts sales
TMBC offers a wide range of Toyota genuine parts, accessories, oils and chemicals.

After sales services
TMBC's after sales services include general job, preventive maintenance, express maintenance and body work provided to Toyota car owners.

The table below shows the sales breakdown of vehicle sales, parts sales and after sales services, and their respective contribution to total revenue, for each of the last three years:

Category	**2013**		**2014**		**2015**	
	Sales (Php M)	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*
Vehicle sales	8,775	93.0%	10,503	93.2%	11,437	92.8%
Parts sales	410	4.3%	473	4.2%	535	4.3%
After sales Services	256	2.7%	292	2.6%	352	2.9%
TOTAL	**9,441**	**100%**	**11,268**	**100%**	**12,324**	**100.0%**

Distribution Methods of Products and Services

TMBC provides its products and services to customers through the following dealer outlets:
- Toyota Manila Bay – located in Pasay City, Metro Manila
- Toyota Dasmarinas-Cavite – located in Dasmarinas, Cavite
- Toyota Abad Santos, Manila – located in Manila City

The table below sets out the revenue breakdown per outlet for the periods indicated.

Outlet	**2013**		**2014**		**2015**	
	Sales (Php M)	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*
TMB	4,484	47.5%	5,253	46.6%	5,771	46.8%
TDM	2,474	26.2%	3,050	27.1%	3,426	27.8%
TAS	2,483	26.3%	2,965	26.3%	3,127	25.4%
TOTAL	**9,441**	**100%**	**11,268**	**100%**	**12,324**	**100.0%**

Competition

Refer to "**Competition**" under "**Toyota Motor Philippines Corporation**".

In after sales services, main competitors of TMBC are other Toyota dealers and three-star workshops and to some extent, gasoline stations offering after sales service.

Advantage over competitors
TMBC boasts of its financial strength and wide marketing network with bank affiliates cooperating strongly with TCI.

Customers

In addition to general consumer sales, TMBC also sold to fleet accounts such as taxi companies. The chart below shows TMBC outlets' unit sales statistics.

Outlet	2015			
	Sales to Fleet	*% to Total*	*Sales to Individuals*	*% to Total*
TMB	1,303	22.2%	4,573	77.8%
TDM	418	12.9%	2,833	87.1%
TAS	835	25.5%	2,440	74.5%
TOTAL	**2,556**	**20.6%**	**9,846**	**79.4%**

Innovation and Promotion

Most advertisements of vehicles on mass media are conducted by TMP on behalf of the dealerships of Toyota. Also, TMBC independently conducts campaigns such as displays at shopping malls and other commercial areas.

Transactions with and/or Dependence on Related Parties

TMBC has some transactions with the following related parties:

- TMP – vehicles, parts and accessories purchase
- TFSPH – vehicles financing
- Metrobank – cash management services, trust fund management, vehicle financing
- PS Bank - vehicle financing
- Charter Ping An – insurance of motor vehicles
- Fed Land – lease agreements on land usage and maintenance
- MCC – tie up with Toyota Mastercard
- GT Capital - equity

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

TMBC acquired the rights to use the "Toyota" brand names through the Toyota Dealership Agreement with TMP. If TMBC's annual performance can meet TMP's requirements, the dealership agreement is renewed every February of each year.

Effect of Existing or Probable Governmental Regulations on the Business

The Philippines automotive industry is subject to various laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities of TMP. If TMP complies with these regulations by spending more costs, TMBC may be affected indirectly.

Employees

The following table provides a breakdown of TMBC's employees for the periods indicated.

	2014	**2015**
Regular employees	390	420
Officers	21	28
Team members	369	392
Probationary	22	34
Outside contractors	316	342
Agency-contracted	190	205
Fixed term employee	126	137
TOTAL	**728**	**796**

Risks

The Philippine automotive market has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on general, social, political and economic conditions in the Philippines. Demand may also be affected by factors directly impacting vehicle prices or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, and the cost of fuel, exchange rates and governmental regulations (including tariffs, import regulations and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses per vehicle and could materially affect TMBC’s business.

Toyota Cubao Inc.

TCI was incorporated on January 19, 1989 and its registered address is Aurora Blvd, Quezon City. TCI also does business under the name Toyota Marikina Service Station (TMSS). On June 23, 2014, TCI became a joint-venture between the GT Capital Holdings, Inc., holding 52.5% of shares; Mitsui & Co., Ltd., one of Japan's largest general trading companies, holding 40% of shares; and a few individual investors holding the remaining shares. In 2015, GT Capital further increased its majority stake to 53.8%.

Principal Products or Services and their Markets Indicating the Relative Contribution to Sales/Revenues

TCI is authorized by TMP to distribute and retail Toyota products in the Philippines. TCI's business is mainly divided into three categories: (1) vehicle sales, (2) parts sales and (3) after sales services.

As of February 10, 2016, TCI sells a full lineup of Toyota brands. Passenger Cars (PC) consist of sub-compact-sized Vios, Yaris and Wigo, compact-sized Prius and Corolla Altis, mid-sized Camry and sports car 86. Commercial Vehicles (CV) include pick-ups, SUVs, multi-purpose vehicles, vans and minibuses such as Innova, Avanza, Hiace, Previa, Alphard, Coaster, Hilux, Land Cruiser, FJ Cruiser, Fortuner and RAV4.

Parts sales
TCI offers a wide range of Toyota genuine parts, accessories, oils and chemicals.

After sales services
TCI's aftersales services include general job, preventive maintenance, express maintenance and body work provided to Toyota car owners.

The table below shows the sales breakdown of vehicle sales, parts sales and aftersales services, and their respective contribution to total revenue, for each of the last three years:

Category	**2013**		**2014**		**2015**	
	Sales (Php M)	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*
Vehicle sales	3,915	92.0%	4,923	92.8%	5,954	93.4%
Parts sales	252	5.9%	283	5.3%	318	5.0%
After sales Services	87	2.1%	98	1.9%	104	1.6%
TOTAL	**4,254**	**100.0%**	**5,305**	**100.0%**	**6,376**	**100.0%**

Distribution Methods of Products and Services

TCI provides its products and services to customers through the following dealer outlets:
- Toyota Cubao – located in Quezon City
- Toyota Marikina Service Station – located in Marikina City

The table below sets out the revenue breakdown per outlet for the periods indicated.

Outlet	**2013**		**2014**		**2015**	
	Sales (Php M)	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*	*Sales (Php M)*	*% to Total Revenues*
TCI	3,031	71.3%	3,757	70.8%	4,180	65.5%
TMSS	1,223	28.7%	1,548	29.2%	2,196	34.5%
TOTAL	**4,254**	**100.0%**	**5,305**	**100.0%**	**6,376**	**100.0%**

Competition

Refer to "**Competition**" under "**Toyota Motor Philippines Corporation**".

Advantage over competitors
TCI boasts of its financial strength and wide marketing network with bank affiliates cooperating strongly with TMBC.

Customers

In addition to general consumer sales, TCI also sold to fleet accounts such as taxi companies. The chart below shows TCI outlets' unit sales statistics.

Outlet	2015			
	Sales to Fleet	*% to Total*	*Sales to Personal*	*% to Total*
TCI	797	18.9%	3,418	81.1%
TMSS	194	9.6%	1,830	90.4%
TOTAL	**991**	**15.9%**	**5,248**	**84.1%**

Innovation and Promotion

Most advertisements of vehicles on mass media are conducted by TMP on behalf of the dealerships of Toyota. Also TCI independently conducts campaigns such as displays at shopping malls and other commercial areas.

Transactions with and/or Dependence on Related Parties

TCI has some transactions with the following related parties:

- TMP – vehicles, parts and accessories purchase
- TFSPH – vehicles financing
- Metrobank – cash management services, trust fund management, vehicle financing
- PS Bank - vehicle financing
- Charter Ping An – insurance of motor vehicles
- Fed Land – lease agreements on land usage and maintenance
- MCC – tie up with Toyota Mastercard
- GT Capital - equity

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

TCI acquired the rights to use the "Toyota" brand names through the Toyota Dealership Agreement with TMP. If TCI's annual performance can meet TMP's requirements, the dealership agreement is renewed every February of every year.

Effect of Existing or Probable Governmental Regulations on the Business

The Philippines automotive industry is subject to various laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities of TMP. If TMP complies with these regulations by spending more costs, TCI may be affected indirectly.

Employees

The following table provides a breakdown of TCI's employees for the periods indicated.

	2014	**2015**
Regular employees	260	264
Officers	24	21
Team members	236	243
Probationary	14	12
Outside contractors	159	190
Agency-contracted	79	98
Fixed term employee	80	92
TOTAL	**433**	**466**

Risks

The Philippine automotive market has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on general, social, political and economic conditions in the Philippines. Demand may also be affected by factors directly impacting vehicle prices or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, and the cost of fuel, exchange rates and governmental regulations (including tariffs, import regulations and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses per vehicle and could materially affect TCI's business.

Toyota Financial Services Philippines Corporation

Toyota Financial Services Philippines Corporation ("TFSPH") was established on August 16, 2002 and started operations in October 2002. TFSPH became a joint-venture between GT Capital and Toyota Financial Services (TFS) Japan with the former acquiring 40% share of TFSPH from Metrobank and PSBank. Its principal office is located at 32nd Floor GT Tower International, Ayala Avenue Corner H.V. dela Costa Street, Makati City.

Principal Products or Services and their Markets indicating the Relative Contribution to Sales/Revenues

TFSPH primary purpose is to engage in, carry on and undertake the general business of financing by extending credit facilities to (i) customers of Toyota vehicles dealers in the Philippines and (ii) commercial or industrial enterprise, including distributors and dealers, who are engaged in the distribution and sale of Toyota vehicles in the Philippines, through (a) purchasing, discounting, rediscounting or factoring commercial papers, account receivables or negotiable instruments, (b) inventory financing, (c) leasing, (d) sale-back arrangements, (e) hire purchase agreements, (f) direct lending with or without security, as well as to engage in **quasi-banking operations** with prior approval by the Bangko Sentral ng Pilipinas and any other business of financing company that maybe directly or indirectly necessary, or useful for the accomplishment and furtherance of its primary purpose.

Currently, TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

The table below shows the breakdown of the net interest income derived from lending/financing and other operating income (consisting of interest on deposits, service charges, fees, and gain or loss on sale of assets held for sale) and their respective contribution to total revenue for the last three years:

Category	**2013**		**2014**		**2015**	
	Amount (PhP M)	*% to Total Revenues*	*Amount (PhP M)*	*% to Total Revenues*	*Amount (PhP M)*	*% to Total Revenues*
Interest Income (Retail Loans)	581.6	30.0%	604.2	23.4%	584.9	18.5%
Interest Income (Finance Lease)	1,242.9	64.0%	1,824.0	70.6%	2,436.0	76.8%
Other Income	116.2	6.0%	153.6	6.0%	149.7	4.7%

Distribution Methods of Products and Services

The table below sets out the geographic breakdown of units financed by TFSPH for the periods indicated.

Location	**2013**		**2014**		**2015**	
	Units	*%*	*Units*	*%*	*Units*	*%*
Metro Manila	7,105	76.3%	10,741	70.4%	11,657	56.8%
Outside Metro Manila	2,208	23.7%	4,521	29.6%	8,849	43.2%
TOTAL	9,313	100.0%	15,262	100.0%	20,506	100.0%

TFSPH enters into Dealer Financing Agreement which provides for the financing terms and conditions. TFSPH, in collaboration with Toyota distributor, TMP, sets individual and dealer targets on auto sales financing thru TFSPH.

Competition

Geographic area in which the business competes

Please see **Distribution Methods of Products and Services.**

Principal methods of competition

TFSPH offers competitive interest rates and attractive financing products. TFSPH also focuses on efforts to significantly reduce loan processing time to enhance customer service. TFSPH continues to innovate products and services to make Toyota vehicle ownership more affordable to its customers.

Principal Competitors

Based on company data, the top six financing companies accounted for 90.2% of the total financed Toyota vehicles in 2015. TFSPH has the highest market share at 30.4% which is 9 percentage points higher than its closest competitor, PSBank at 21.0%. BDO and East West Bank have market shares of 15.7% and 11.5%, respectively.

Advantage over competitors

Customers

- TFSPH provides customers with differentiated financial services of Toyota
- TFSPH makes branded customer experience accessible to a greater number of clients

Toyota Distributor and Dealership

- TFSPH provides the Toyota distributor and dealerships with tools for sales support, marketing, customer retention and management that would further enhance the brand value of Toyota.

Transactions with and/or dependence on related parties:

- Toyota Dealers (nationwide) – Auto sales financing
- Toyota Motor Philippines Corporation – Auto sales and financing product packages

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Corporate licenses issued by SEC and BSP (Quasi Bank) have no specific expiration date.

Government Approval of Principal Products or Services

TFSPH obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

Capital Adequacy

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the “unimpaired capital” (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00%. Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. RWA consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. TFSPH has complied with all externally imposed capital requirements throughout the year.

In December 2010, the Basel Committee for Banking Supervision published the Basel III framework (revised in June 2011) to strengthen global capital standards, with the aim of promoting a more resilient banking sector. On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.0% and Tier 1 capital ratios of 7.5%. It also introduced a capital conservation buffer of 2.5% comprised of CET1 capital. BSP existing requirement for Total CAR remained unchanged at 10% and these ratios shall be maintained at all times. Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), and before the effectivity of BSP Circular No. 781 shall be recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital. TFSPH is required to comply with this Circular effective on January 1, 2014.

TFSPH has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

Applicable Tax Regulations

Under Philippine tax laws, TFSPH is subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of Entertainment, Amusement and Recreational (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expense, allowed as a deductible expense for a service company like TFSPH, is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against TFSPH's income tax liability and taxable income, respectively, over a three year period from the year of inception.

Research and Development Costs

For the last three fiscal years, TFSPH has not incurred any expenses for research and development.

Employees

The following table provides the breakdown of TFSPH employees for the periods indicated.

	Officers	**Rank and File**	**Outsourced Services**	**Total**
As of December 31, 2014				
AVPs and up:	10			**10**
Senior managers and down:	62	107	100	**269**
Total	**72**	**107**	**100**	**279**
As of December 31, 2015				
AVPs and up:	13			**13**
Senior managers and down:	59	119	111	**289**
Total	**72**	**119**	**111**	**302**

TFSPH continues to ensure that its employees are properly compensated. TFSPH has not experienced any labor strikes and the management of TFSPH considers its relations with its employees to be harmonious.

Risk Management

TFSPH has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks.

Risk Management Framework

The BOD has overall responsibility for the oversight of TFSPH's risk management process. Supporting the BOD in this function are certain Board-level committees such as Corporate Governance Committee (CGC), Audit

Committee (AC) and senior management committees through the Executive Committee, Asset and Liability Committee (ALCO) and Credit Committee (CRECOM).

Credit Risk

Credit risk is the risk of financial loss to TFSPH if a counterparty to a financial instrument fails to meet its contractual obligations. TFSPH manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by Internal Audit Department (IAD) and Risk Management Department (RMD).

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from TFSPH's inability to meet its obligations when they become due. TFSPH manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. To ensure that funding requirements are met, TFSPH manages its liquidity risk by holding sufficient liquid assets of appropriate quality.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market factors. ALCO is a decision-making body for the management of all related market risks. TFSPH enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD.

Item 2. **Properties**

As of December 31, 2015, GT Capital leases its office space at GT Tower International located at 43/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines. Currently, GT Capital has no plans to acquire properties. Descriptions of the properties of each of the GT Capital companies are listed below.

Metrobank

MBT's head office is located at Metrobank Plaza, Sen. Gil J. Puyat Avenue, 1200 Makati City. MBT owns the premises occupied by its head office, including most of its branches. The following table provides a geographic breakdown of MBT's Philippine branch network as of December 31, 2015:

Location	**No. of Branches**
Metro Manila	437
Luzon (excluding Metro Manila)	278
Visayas	132
Mindanao	96
Total	**943**

Federal Land

Land Bank

Fed Land Owned Land	(in hectares)	Location	Condition	Lien/Encumbrance/Restrictions
Macapagal	24.5	Pasay City	Real Estate	Clean Title
Macapagal	1.0	Pasay City	Real Estate	With encumbrance
Fort Boni Taguig	5.3	Taguig	Real Estate	Clean Title; with Floor Area Ratio of 10
Marikina	14.4	Marikina	Real Estate	Clean Title
Mandaluyong	3.5	Mandaluyong	Real Estate	Clean Title
Iloilo	0.3	Iloilo	Real Estate	Clean Title
Paco Manila	0.6	Paco Manila	Real Estate	Clean Title
Makati City	0.4	Makati City	Real Estate	Clean Title
Biñan, Laguna	30.0	Biñan Laguna	Real Estate	Clean Title
Gen. Trias Cavite	18.3	Gen. Trias Cavite	Real Estate	Clean Title
Sta. Rosa Laguna	5.3	Sta. Rosa Laguna	Real Estate	Clean Title
Macapagal	4.0	Pasay City	Real Estate	No title (not fully paid)
Greenhills	0.4	San Juan	Real Estate	Clean Title
Total (in hectares) Owned	**108.0**	**As of December 31, 2015**		

Fed Land's major real properties that generate lease income from lease of commercial and office spaces are the GT International Tower and the Philippine AXA Life Centre (Phil AXA Centre). Fed Land owns eight floors in Phil AXA Centre while in December 2012, Fed Land acquired the whole building of GT International Tower. Both are high-rise office buildings located in Metro Manila's Makati central business district. Fed land also owns Bluebay Walk that generates lease income from lease of retail establishments.

GT International Tower has 41 floors, and 536 parking slots, with an aggregate area of 46,458.21 sq. m. One floor is used as Fed Land's principal headquarters, measuring 1,168 sq.m. The other floor is rented to FMIC, a 99.2% subsidiary of MBT, on an arm's length basis, based on a floor area of 1,247 sq.m.

The office property at Phil AXA Centre measures 7,335 sq. m. of floor area, comprising 25 units. The units are owned by Horizon Land, a wholly-owned subsidiary of Fed Land. Leases at the Phil AXA Centre are typically for periods ranging from three to five years and generally require tenants to supply a three-month security deposit. Rent is paid on a fixed per sq. m. basis. Lease contracts also provide for a pre-agreed annual increase over the term of the lease. As of December 31, 2015, the Phil AXA Centre achieved a 6% increase in occupancy from 94% to 100%, year-on-year. Within 2015, approximately 4% of Fed Land's office leases at Phil AXA Centre are scheduled to expire. Most of these leases are being reviewed for contract renewal, and a majority of the available spaces are currently being negotiated for leases with new tenants.

Bluebay Walk has a total area of 13,687 sq. m. which is being leased out to retail concessionaires, for a period ranging from 3 to 15 years and generally require tenants to supply a three-month security deposit. Rent is paid on a fixed per sq. m. basis and variable rent is based on a certain percentage of sales of the retail concessionaire. Lease contracts also provide for a pre-agreed annual increase over the term of the lease. As of December 31, 2015, the occupancy rate is at 85%.

Pro-Friends

Pro-Friends head office is located at Tinio St., Mandaluyong and has other offices in Haig St., Mandaluyong; Cavite, Iloilo and Cagayan de Oro. Pro-Friends Land Bank as of December 31, 2015 is as follows:

Project (in has.)	**Clean Title**	**Lis Pendens**	**Mortgage**	**Total**
Lancaster New City	644.93	2.43	473.85	1,121.21
Iloilo Estate	102.76	0.17	11.68	114.61
Micara Tanza Estate	26.19		39.58	65.77
Solare Estate	44.34		0.53	44.87
Bellefort	5.20		35.42	40.62
Carmona Estate	7.60		5.93	13.54
Passi	10.00			10.00
Illustrata	1.15			1.15
Shaw Boulevard			0.46	0.46
Total	**842.18**	**2.60**	**567.45**	**1,412.23**

Global Business Power

As of December 31, 2015, GBP Generation Subsidiaries owned power generation facilities, buildings, other land improvements and property and equipment for the operation of their power generation business. The power plant complexes of CEDC, PEDC, TPC and PPC have been mortgaged as security for their long-term debt. All of PEDC's and CEDC's assets are mortgaged under their respective Omnibus Loan Agreements. PPC's assets are mortgaged under a Mortgage Trust Indenture Agreement with Metrobank. For TPC, only its 82MW expansion's assets are mortgaged under its Omnibus Loan Agreement. Total amount of long-term debt as of December 31, 2015 was Php33.4 billion, net of deferred financing cost.

Except for PEDC and GPRI, which own their respective plant sites, the Generation Subsidiaries lease the parcels of land where their power generation facilities are located from Toledo Holdings Corp. (THC). Each of TPC and PPC lease land from THC for a period of one year, renewable every year and under such terms and conditions as may be agreed upon by the respective parties. Both TPC and PPC had contracts of lease with THC for 2014. CEDC has a lease agreement with THC for a period of five years, renewable every end of the lease term under such terms and conditions as may be agreed upon by the respective parties. CEDC's lease with THC will expire on 1 June 2019 and will automatically be renewed for another 5 years unless terminated by CEDC. GBP leases from Fed Land the office space at the 22F GT Tower International, 6813 Ayala Avenue for three years from August 1, 2015 until July 31, 2018. GBP also rents a portion of the 19th floor of the same building from Fed Land for a term of five years from January 1, 2013.

In October 2014, GBP acquired from FMIC a 236 sqm residential unit of Skyland Plaza Condominium located in Makati City, Philippines. GBP also leases a 136 sqm residential unit in the same building on an annual basis from March 1, 2013.

Toyota Motor Philippines

TMP owns the land and buildings occupied by its manufacturing facility located in the TSEZ at Santa Rosa-Tagaytay Highway, Santa Rosa City, Laguna 4026, Philippines. TMP leases its marketing office at 31/F GT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City, Manila 1226, Philippines.

TMP also owns the former manufacturing facility along the South Luzon Expressway in Bicutan, Parañaque City, Philippines. The Parañaque City property is currently leased to Toyota Bicutan. The property also serves as a stockyard for inventory of new vehicles for Toyota Bicutan and Toyota Makati.

AXA Philippines

AXA Philippines' head office is currently under lease at the 2nd, 33rd, 34th and 35th floor of GT Tower International. AXA continues to own the premises occupied by its customer relation and training offices at the ground floor of the Phil AXA Centre in Makati.

AXA owns certain investment properties including office space, seven condominium units and 16 parking slots at the Skyland Plaza in Makati.

Charter Ping An

Charter Ping An's head office is located at Skyland Plaza, Sen. Gil Puyat Ave. corner Tindalo St., Makati City. It owns the premises except for a portion of the Executive Office located at the ground floor which it leases from FMIC and Skyland Plaza Condominium Corporation.

Charter Ping An has 22 branches nationwide: 4 in Metro Manila; 12 in Luzon; 3 in Visayas; and 3 in Mindanao. It owns the premises where its Binondo office is located and the rest of the branches are leased either from Metrobank or from other lessors. The term of the lease ranges from one to three years renewable under mutually-acceptable terms and conditions.

Toyota Manila Bay

The following table provides a breakdown of TMBC outlets' properties as of December 31, 2015.

Outlet	Leases or Owned	Lot Area	Remarks
TMB	Leased	2, 976.8 sqm	Service Parking
		1, 174.0 sqm	Service Parking
		4, 662.0 sqm	Stockyard
		2, 988.0 sqm	Stockyard
		2, 516.0 sqm	Body and Paint Parking
	Owned	5, 000.0 sqm	Showroom and Service
TDM	Owned	8,891.1 sqm	Stockyard and Service
		1,000.0 sqm	Showroom and Service
		1,000.0 sqm	Showroom and Service
		7,954.0 sqm	Brand New Stockyard
TAS	Leased	4,631.28 sqm	Showroom and Service
		1,802.2 sqm	Service and Stockyard
		4,000.0 sqm	Brand New Stockyard

Toyota Cubao

The following table provides a breakdown of TCI outlets' properties as of December 31, 2015.

Outlet	Leases or Owned	Lot Area	Remarks
TCI	Owned	3,542.0 sqm	Showroom and Service
		9,721.5 sqm	Service and Stockyard
TMSS	Leased	2,062.5 sqm	Showroom and Service
		408.0 sqm	Service Parking
		1,812.00 sqm	Brand New Unit Stockyard

TFSPH

As of December 31, 2015, TFSPH leases its office space at GT Tower International located at 32/F and a portion of 42/F GT Tower International, 6813 Ayala Avenue corner H. V. Dela Costa St., Makati City, Metro Manila, Philippines.

TFSPH stockyard which contains repossessed assets is also under a 5-year lease term with Skyland Brokerage, Inc. located at Champaca St., United Paranaque Subdivision 4, West Km, Paranaque City.

Item 3. **Legal Proceedings**

Except as disclosed herein or in the Information Statements of the Company and its subsidiaries and affiliates, there have been no material pending legal proceedings, bankruptcy petitions, convictions by final judgment, orders, judgments or decrees, or violations of a securities or commodities law for the past five years and the preceding years to which GT Capital or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

In any event, below are the legal proceedings involving the Company and its subsidiaries and affiliates that may be significant:

Metrobank

As of December 31, 2015, the MBT Group was a party to various unresolved legal proceedings which arose in the ordinary course of its operations, including several suits and claims relating to the MBT Group's lending operations. In the opinion of MBT's management, if such unresolved legal proceedings are decided adversely, they will not have a material adverse effect on the MBT Group or its consolidated financial condition.

Global Business Power

GBPC is involved in various legal actions arising in the ordinary course of business. GBPC believes that these legal actions or any losses from these matters, if any, would not have a material adverse effect on GBPC's financial position, operating results and cash flows.

PPC is a party to a proceeding before the ERC. On October 2, 2002, consumer protection groups from Iloilo City filed a petition against PPC, NPC and Panay Electric Company, Inc. (PECO) for the refund of Php12.12 million representing a Php0.30/kWh discount due to PECO customers. The petitioners alleged that the power purchased by PPC from NPC, which it sold to PECO (and eventually charged to Iloilo consumers) from June 2001 to July 2002 was subject to the discount. GBPC acquired PPC as part of its acquisition of Mirant's holdings in 2003. The management team at PPC during the period subject of the petition no longer works for GBPC. GBPC maintains policies which ensure that it consistently and accurately bills its customers and supplies power at the agreed-upon price.

The NGCP filed separate petitions with the ERC seeking to acquire the assets of PEDC, CEDC and TPC, particularly their substations, circuit lines and transformers, upon payment of "the amount equivalent to NGCP's valuation of the assets". NGCP alleges that the assets serve as a transmission facility since these are used by various generators to convey power to the loads and distribution utilities connected to it. As such, NGCP argues that PEDC, CEDC and TPC cannot own said facilities as these do not qualify as dedicated point-to-point limited transmission facilities that a generation company is allowed to own. PEDC, CEDC and TPC have opposed the petitions that are now pending with the ERC. It is the position of the companies that these assets are components of a generating company's user system in that their functions relate primarily to the operation and maintenance of a generating plant and do not fall under the general definition of a transmission asset.

Toyota Motor Philippines

In the normal course of business, TMP is subject to labor and customer claims. TMP believes that there are no outstanding claims against it that would have a material adverse effect on TMP's financial position, operating results or cash flows if adversely adjudicated.

Charter Ping An

Currently, there are eight (8) major cases which can materially affect CPA. We believe, however, that CPA has strong legal positions in these cases and the outstanding amount of claims involved is not material relative to the Group's total current assets.

TFSPH

TFSPH is involved in various legal actions arising in the ordinary course of business. TFSPH believes that these legal actions or any losses from these matters, if any, would not have a material adverse effect on TFSPH's financial position, operating results and cash flows.

PCFI

PCFI is subject to various civil lawsuits and legal actions arising in the ordinary course of business. However, the Company does not consider any of these as material as they will not affect the daily operations of its business, nor will they exceed 10% of the current assets of the Company or have any material effect on the Company's financial position.

Fed Land, AXA Philippines, Toyota Manila Bay and Toyota Cubao are not involved in any significant pending legal proceedings.

Item 4. **Submission of Matters to a Vote of Security Holders**

There were no matters submitted during the fourth quarter of the fiscal year to the vote of security holders, through the solicitation of proxies or otherwise. The Annual Meeting of the Stockholders of GT Capital was held on May 11, 2015, and the results thereof were submitted to the Securities and Exchange Commission in the corresponding SEC Form 17-C and disclosed through the Philippine Stock Exchange and the Philippine Dealing and Exchange Corporation.

PART II.

OPERATIONAL AND FINANCIAL INFORMATION

Item 5. **Market for Issuer's Common Equity and Related Stockholder Matters**

Market Information

The Company's common shares have been listed and traded at the PSE since April 20, 2012. The high and low sales prices for each period within the last two calendar years are as follows:

	2014	
1st Quarter (Jan 1 to Mar 31)	850.00	718.00
2nd Quarter (Apr 1 to June 30)	890.00	785.00
3rd Quarter (July 1 to Sept 30)	1,060.00	853.00
4th Quarter (Oct 1 to Dec 31)	1,148.00	1,004.00
	2015	
1st Quarter (Jan 1 to Mar 31)	1,364.00	1,040.00
2nd Quarter (Apr 1 to June 30)	1,455.00	1,218.00
3rd Quarter (July 1 to Sept 30)	1,449.00	1,120.00
4th Quarter (Oct 1 to Dec 31)	1,377.00	1,215.00

Source: Bloomberg

As of December 31, 2015, the closing price of the Company's shares of stock is Php1,320.00 per share.

Holders

As of December 31, 2015, the Company had 71 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino).

The top 20 Stockholders (common shares) as of December 31, 2015:

Common Shares:

NAME OF STOCKHOLDER	NO. OF SHARES *	RATIO (%) TO TOTAL AMOUNT SUBSCRIBED
1. GRAND TITAN CAPITAL HOLDINGS, INC.	94,656,110	54.3064%
2. PCD NOMINEE (NON-FILIPINO)	63,012,073	36.1515%
3. PCD NOMINEE (FILIPINO)	16,018,805	9.1904%
4. TY, GEORGE SIAO KIAN	200,000	00.115%
5. TY, ARTHUR VY	100,000	00.057%
TY, ALFRED VY	100,000	00.057%
6. TY, MARY VY	99,000	00.057%
7. BLOOMINGDALE ENTERPRISES, INC..	30,500	0.0175%
8. DE CASTRO, SALUD D.	20,000	0.0115%
9. CENTURY SAVINGS BANK CORP.	10,000	0.0057%
10. CHAN, ASUNCION C.	6,000	00.003%
11. CHOI, ANITA C.	4,000	0.0023%
12. MAR, PETER OR ANNABELLE C. MAR	3,000	0.0017%
13. BAGUYO, DENNIS G.	2,250	0.0013%
14. CHOI, DAVIS C.	2,000	00.001%
CHOI, DENNIS C.	2,000	00.001%
CHOI, DIANA C.	2,000	00.001%
CROSLO HOLDINGS, CORP.	2,000	00.001%
15. SYCIP, WASHINGTON Z.	1,800	00.001%
15. CHUA, JOSEPHINE TY	1,500	0.0009%

16. ANG, GERRY	1,000	00.001%
BAUTISTA, CARMELO MARIA LUZA	1,000	00.001%
BELMONTE, MIGUEL	1,000	00.001%
BESHOURI, CHRISTOPHER P.	1,000	00.001%
CUA, SOLOMON	1,000	00.001%
PARAS, WILFREDO A.	1,000	00.001%
PUNO, RODERICO	1,000	00.001%
VALENCIA, RENATO C.	1,000	00.001%
17. CHAM, MARGARET T. ITF INIGO	700	0.0004%
CHAM, MARGARET T. ITF MARGARIT	700	0.0004%
CHAM, MARGARET T. ITF PAOLO	700	0.0004%
CHUA, ALEXANDER GABRIEL TY ITF	700	0.0004%
CHUA, ALEXANDER GABRIEL TY ITF	700	0.0004%
CHUA, KENNETH GABRIEL TY ITF	700	0.0004%
CHUA, KENNETH GABRIEL TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
DY BUNCIO, ANJANETTE TY ITF	700	0.0004%
TY, ALESANDRA T. ITF ALEXA	700	0.0004%
TY, ALESANDRA T. ITF	700	0.0004%
TY, ALFRED VY ITF ANDREI	700	0.0004%
TY, ALFRED VY ITF ARYANE	700	0.0004%
TY, ALFRED VY ITF AUGUSTO	700	0.0004%
TY, ARTHUR VY ITF ALISA	700	0.0004%
TY, ARTHUR VY ITF ANDREW RYAN	700	0.0004%
TY, ARTHUR VY ITF ARIC JUSTIN	700	0.0004%
19. MEDIACOM EQUITIES, INC.	640	0.0004%
20. CHUA, JEANNE FRANCES T. ITF	500	0.0003%
ESTEBAN, LINDA S.	500	0.0003%
KAWPENG, CHRISTOPHER C.	500	0.0003%
KAWPENG, DANIEL C.	500	0.0003%
KAWPENG, DAVID C.	500	0.0003%
KAWPENG, EDWIN C.	500	0.0003%
KAWPENG, THOMAS C.	500	0.0003%

Dividends

As a policy, GT Capital has an annual target dividend payout of Php3.00 per share, payable out of its unrestricted retained earnings available. Such declaration will take into consideration factors such as restrictions that may be imposed by current and prospective financial covenants; projected levels of operating results, working capital needs and long-term capital expenditures; and regulatory requirements on dividend payments, among others.

In 2013, 2014 and 2015, the Company paid cash dividends to its stockholders as follows:

Year	Common stock	Total	Voting Preferred Stock	Total	Record Date	Payment Date
2013	Php3.00 per share (regular)	Php522.9 million	-	-	April 8, 2014	May 2, 2014
2014	Php3.00 per share (regular)	Php522.9 million	-	-	April 17, 2015	May 4, 2015
2015	Php3.00 per share (regular)	Php522.9 million	-	-	April 17, 2015	May 4, 2015

On March 10, 2016, the Board of Directors of the Company approved the declaration of cash dividends as follows:

Year	Common stock	Total	Voting Preferred Stock	Total	Record Date	Payment Date
2016	Php3.00 per share	Php522.9 million	3.77% PDST-R2	Php657,111.0	April 8,	May 4, 2016

	(regular) Php3.00 per share (special)	(regular) Php522.9 million (special)	3Y rate as of April 13, 2015 (regular)	(regular)	2016	

Recent Sale of Unregistered or Exempt Securities

On January 10, 2013, GT Capital launched and priced an overnight placement of 23,027,000 common shares (the "Placement") to institutional priced at Php620.00 per share. Grand Titan Holdings, Inc., GT Capital's controlling shareholder, sold existing shares and subsequently subscribed to 16,300,000 new common shares issued by GT Capital, at the same price as the Placement. GT Capital filed a Notice of Exemption with the SEC for the issuance of voting preferred shares under the SRC Subsection 10.1(e): the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.

On March 13, 2015, the BOD of the GT Capital-Parent Company approved the issuance of 174,300,000 voting preferred shares with a par value of ten centavos (Php0.10) per share through a 1:1 Stock Rights Offering, to all stockholders of record as of March 25, 2015, offered to eligible shareholders from April 1 to 8, 2015 and issued on April 13, 2015. This transaction is also exempt under SRC Rule 10.1(e).

Item 6. **Management's Discussion and Analysis or Plan of Operation**

CALENDAR YEAR ENDED DECEMBER 31, 2015 VERSUS YEAR ENDED DECEMBER 31, 2014

GT Capital Consolidated Statement of Income	Audited Year Ended December 31		Increase (Decrease)	
(In Million Pesos, Except for Percentage)	**2015**	2014 (As restated)	**Amount**	**Percentage**
REVENUE				
Automotive operations	**120,802**	108,816	11,986	11%
Net fees	**18,391**	18,973	(582)	(3%)
Real estate sales	**9,000**	5,841	3,159	54%
Interest income on real estate sales	**1,462**	1,157	305	26%
Equity in net income of associates and jointly controlled entities	**5,616**	3,420	2,196	64%
Sale of goods and services	**636**	603	33	5%
Rent income	**841**	765	76	10%
Interest income on deposits and investments	**511**	364	147	40%
Commission income	**194**	80	114	143%
Other income	**1,778**	1,087	691	64%
	159,231	141,106	18,125	13%
COSTS AND EXPENSES				
Cost of goods and services sold	**74,941**	70,597	4,344	6%
Cost of goods manufactured	**27,838**	24,213	3,625	15%
General and administrative expenses	**10,858**	10,392	466	4%
Power plant operation and maintenance expenses	**9,477**	10,328	(851)	(8%)
Cost of real estate sales	**6,487**	4,334	2,153	50%
Interest expense	**3,932**	3,240	692	21%
Cost of rental	**272**	270	2	1%
	133,805	123,374	10,431	8%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**25,426**	17,732	7,694	43%
PROVISION FOR INCOME TAX	**4,517**	2,681	1,836	68%
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	**20,909**	15,051	5,858	39%
INCOME FROM DISPOSAL GROUP, NET OF TAX	**50**	100	(50)	(100%)
NET INCOME	**20,959**	15,151	5,808	38%
Attributable to:				
Equity holders of the Parent Company	**12,119**	9,153	2,966	32%
Non-controlling interest	**8,840**	5,998	2,842	47%
	20,959	15,151	5,808	38%

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 32% from Php9.2 billion in 2014 to Php12.1 billion in 2015. The increase was principally due to the 13% increase in consolidated revenues from Php141.1 billion in 2014 to Php159.2 billion in 2015.

The revenue growth came from the following component companies:

(1) auto sales from Toyota Motor Philippines Corporation ("TMP") and Toyota Cubao, Inc. ("TCI') as combined sales increased from Php108.8 billion to Php120.8 billion accounting for 76% of total revenue;
(2) higher real estate sales and interest income on real estate sales from Federal Land Inc. (Fed Land) and Property Company of Friends, Inc. ("PCFI") which grew by 49% from Php7.0 billion to Php10.5 billion ;
(3) higher equity in net income of associates and jointly-controlled entities (JCEs) which grew by 64% from Php3.4 billion to Php5.6 billion; and
(4) Increase in other income from Php1.1 billion to Php1.8 billion.

Core net income attributable to equity holders of the Parent Company recorded 26% growth from Php9.1 billion to Php11.4 billion after excluding the following:

(1) Php0.4 billion non-recurring income of Global Business Power Corporation ("GBPC") comprising collection of insurance proceeds;
(2) Php0.2 billion gain recognized by Fed Land from its land asset swap, net of tax; and
(3) Php0.1 billion amortization of fair value adjustments arising from business combination.

GT Capital finalized on August 20,2015 the acquisition of an initial 22.68% of PCFI for Php7.24 billion, upon fulfillment of all closing conditions, including execution of an irrevocable proxy covering 51% of the total issued and outstanding capital stock of PCFI (the "Irrevocable Proxy") by Pro Friends Group, Inc. (the selling shareholder) in favor of GT Capital. By virtue of its payment for the 22.68% interest and the Irrevocable Proxy, GT Capital consolidated PCFI's financial statements beginning September 1, 2015.

On November 5, 2015, GT Capital signed a Sale and Purchase Agreement to sell 100% of its direct equity stake in Charter Ping An Insurance Corporation ("CPA") to Philippine AXA Life Insurance Corporation ("AXA Philippines"). The completion of the transaction is subject to closing conditions including receipt of regulatory approvals and is expected to be completed within the first half of 2016. With the impending sale, Philippine Financial Reporting Standards (PFRS) 5 prescribe the presentation of CPA's results of operations separate from the "Income from Continuing Operations", wherein all income, expenses and income taxes of CPA in 2015 are presented under "Income from Disposal Group". For comparability, 2014 and 2013 Consolidated Statements of Income were also restated to show CPA's 2014 and 2013 results of operations separate from the "Income from Continuing Operations".

Fed Land, PCFI, GBPC, TMP and TCI are consolidated in the financial statements of the Company. The other component companies Metropolitan Bank & Trust Company ("Metrobank" or "MBT'), AXA Philippines, Toyota Manila Bay Corporation ("TMBC"), and Toyota Financial Services Philippines Corporation ("TFSPH") are accounted for through equity accounting. As previously discussed, the operations of CPA is presented separately in the income statement under "Income from Disposal Group".

Of the ten (10) component companies, TMP, GBPC, AXA Philippines TFSPH, Fed Land, TMBC and TCI posted growths in their respective net income. Metrobank, PCFI, and CPA reported declines in their respective net income for the year.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 11% from Php108.8 billion to Php120.8 billion principally driven by the 13% increase in wholesales volume from 108,658 units to 122,817 units and continued expansion in the dealer outlets from 45 to 49.

Net fees realized from the power generation companies of GBPC declined by 3% from Php19.0 billion to Php18.4 billion due to lower fuel pass-through costs as coal and oil prices declined in the global market. GBPC's coal fired plants also experienced mandatory preventive maintenance shutdowns and plant downtimes for the year due to operational issues.

Real estate sales and interest income on real estate sales rose by 50% from Php7.0 billion to Php10.5 billion. Fed Land's sales contributed Php7.5 billion in 2015, mostly from its middle-market development projects. PCFI's low cost and economic housing projects contributed Php2.9 billion representing sales from September to December 2015.

Equity in net income of associates and JCEs, increased by 64% from Php3.4 billion to Php5.6 billion due to the following:

(1) Improved core net income of Metrobank from Php10.5 billion to Php18.0 billion;
(2) Growth in net income of AXA Philippines from Php1.2 billion to Php1.4 billion; and
(3) Higher net income of TFSPC from Php397.9 million to Php515.5 million.

Sale of goods and services increased by 5% from Php603.0 million to Php635.8 million primarily due to GBPC's sale of coal to third parties. This account also includes Fed Land's sale of petroleum products, on a wholesale and retail basis, in the Blue Wave malls.

Rent income from the lease of GT Tower International office building, the Blue Wave malls, Blue Bay Walk and Philippine AXA Life Center Condominium grew by 10% from Php764.5 million to Php840.5 million.

Interest income on deposits and investments increased by 40% from Php363.8 million to Php510.9 million due to an increase in cash available for short-term placements by GT Capital and subsidiaries.

Commission income more than doubled from Php79.5 million to Php194.2 million due to increases in the unit sales of Grand Hyatt Residences and Marco Polo Residences Tower 3.

Other income grew by 64% from Php1.1 billion to Php1.8 billion due to the following:

(1) Php787.3 million from Fed Land comprising real estate forfeitures, gain on asset swap, management fees and other income;
(2) Php617.8 million from GBPC consisting of insurance claims, dividend income and other income; and
(3) Php279.6 million from TMP's ancillary income from its majority-owned dealers, gain on sale of fixed assets, dividend income and other income.

Consolidated costs and expenses increased by 8% from Php123.4 billion to Php133.8 billion with the following breakdown:

(1) Php101.0 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
(2) Php14.6 billion from GBPC consisting of power plant operations and maintenance, general and administrative expenses and interest expenses;
(3) Php8.1 billion from Fed Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses;
(4) Php6.4 billion from TCI consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
(5) Php2.0 billion from GT Capital representing interest expenses and general and administrative expenses; and
(6) Php1.7 billion from PCFI comprising cost of real estate sales, general and administrative expenses and interest expenses.

Cost of goods and services sold increased by 6% from Php70.6 billion to Php74.9 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php74.4 billion and the balance of Php0.5 billion from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 15% from Php24.2 billion in 2014 to Php27.8 billion in 2015.

General and administrative expenses rose by 4% from Php10.4 billion to Php10.9 billion. TMP accounted for Php4.6 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. GBPC contributed Php3.4 billion representing salaries, taxes and licenses, other general and administrative expenses, amortization of intangible assets-power purchase agreements, outside services, insurance and provision for impairment losses. Fed Land contributed Php2.0 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. TCI accounted for Php0.4 billion consisting of salaries, advertising and promotions, commission and utilities expenses. PCFI contributed P0.3 billion comprising of salaries, commissions, professional fees, advertising and taxes and licenses. The remaining P0.2 billion came from GT Capital's salaries, professional fees and taxes and licenses.

Power plant operations and maintenance expenses consisting of purchased power and repairs and maintenance from the power generation companies of GBPC declined by 8% from Php10.3 billion to Php9.5 billion mainly due to the decline in fuel cost and purchased power expenses.

Cost of real estate sales increased by 50% from Php4.3 billion to Php6.5 billion arising from the increase in real estate sales. Fed Land contributed Php5.3 billion while PCFI accounted for the remaining Php1.2 billion

Interest expense increased by 21% from Php3.2 billion to Php3.9 billion with GBPC, GT Capital, Fed Land, TMP, PCFI and TCI accounting for Php1.8 billion, Php1.8 billion, Php142.0 million, Php100.4 million, Php99.6 million and Php13.4 million, respectively.

Provision for income tax increased by 68% from Php2.7 billion to Php4.5 billion mainly increases in taxable income from TMP, Fed Land and GBPC.

Income from disposal group amounting to Php50 million represent the after tax-operating income of CPA.

Net income attributable to non-controlling interest grew by 47% from Php6.0 billion to Php8.8 billion due to an increase in the net income of subsidiaries which are not wholly-owned.

Consolidated net income attributable to equity holders of the Parent Company increased by 32% from Php9.2 billion in 2014 to Php12.1 billion in 2015.

GT Capital Consolidated Statement of Financial Position	**Audited December 31**		**Increase (Decrease)**	
(In Million Php, except for percentages)	**2015**	**2014**	**Amount**	**Percentage**
ASSETS				
Current Assets				
Cash and cash equivalents	**37,861**	29,702	8,159	27%
Short-term investments	**1,861**	1,309	552	42%
Receivables	**25,417**	16,223	9,194	57%
Reinsurance assets	**-**	3,879	(3,879)	(100%)
Inventories	**53,248**	31,426	21,822	69%
Due from related parties	**370**	171	199	116%
Prepayments and other current assets	**7,673**	5,468	2,205	40%
Assets of disposal group classified as held for sale	**8,434**	-	8,434	100%
Total Current Assets	**134,864**	88,178	46,686	53%
Noncurrent Assets				
Noncurrent receivables	**9,186**	4,897	4,289	88%
Available-for-sale investments	**3,195**	4,127	(932)	(23%)
Land held for future development	**27,356**	**-**	27,356	100%
Investments in associates and jointly controlled entities	**60,265**	47,451	12,814	27%
Investment properties	**10,797**	8,643	2,154	25%
Property and equipment	**51,972**	44,801	7,171	16%
Goodwill and intangible assets	**17,000**	17,806	(806)	(5%)
Deferred tax asset	**1,772**	1,726	46	3%
Other noncurrent assets	**878**	634	244	38%
Total Noncurrent Assets	**182,421**	**130,085**	52,336	40%
TOTAL ASSETS	**317,285**	**218,263**	99,022	45%

	Audited December 31		Increase (Decrease)	
	2015	**2014**	**Amount**	**Percentage**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**22,407**	19,280	3,127	16%
Insurance contract liabilities	**-**	5,665	(5,665)	(100%)
Short term debt	**7,318**	2,347	4,971	212%
Current portion of long term debt	**6,757**	3,061	3,696	121%
Current portion of liabilities on purchased properties	**636**	783	(147)	(19%)
Customers' deposits	**3,691**	2,549	1,142	45%
Dividends payable	**2,861**	2,034	827	41%
Due to related parties	**174**	176	(2)	(1%)
Income tax payable	**1,013**	476	537	113%
Other current liabilities	**520**	882	(362)	(41%)
Liabilities of disposal group classified as held for sale	**6,444**	-	6,444	100%
Total Current Liabilities	**51,821**	37,253	14,568	39%
Noncurrent Liabilities				
Long term debt	**82,021**	42,118	39,903	95%
Bonds payable	**21,801**	21,775	26	0%
Liabilities on purchased properties	**2,146**	2,729	(583)	(21%)
Pension liability	**2,219**	2,261	(42)	(2%)
Deferred tax liabilities	**10,826**	3,532	7,294	207%
Other noncurrent liabilities	**2,609**	2,653	(44)	(2%)
Total Noncurrent Liabilities	**121,622**	**75,068**	46,554	62%
	173,443	**112,321**	61,122	54%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,760**	1,743	17	1%
Additional paid-in capital	**46,695**	46,695	-	-
Treasury shares	**(6)**	(2)	(4)	200%
Retained earnings				
Unappropriated	**33,267**	24,431	8,836	36%
Appropriated	**8,760**	6,000	2,760	46%
Other comprehensive income	**(918)**	(103)	(815)	791%
Other equity adjustment	**576**	583	(7)	(1%)
	90,134	79,347	10,787	14%
Non-controlling interests	**53,708**	26,595	27,113	102%
Total Equity	**143,842**	105,942	37,900	36%
TOTAL LIABILITIES AND EQUITY	**317,285**	218,263	99,022	45%

The major changes in the balance sheet items of the Company from December 31, 2014 to December 31, 2015 are as follows:

Total assets of the Group increased by 45% or Php99.0 billion from Php218.3 billion as of December 31, 2014 to Php317.3 billion as of December 31, 2015. Total liabilities increased by 54% or Php61.1 billion from Php112.3 billion to Php173.4 billion while total equity rose by 36% or Php37.9 billion from Php105.9 billion to Php143.8 billion.

In August 2015, GT Capital acquired control over PCFI by virtue of the Irrevocable Proxy and the Php7.24 billion payment representing a 22.68% direct equity interest. As a result, GT Capital consolidated PCFI's balance sheet on a line-by-line basis.

In November 2015, GT Capital signed a Sale and Purchase Agreement with AXA Philippines to sell 100% of its direct equity stake in CPA. As a result, Philippine Financial Reporting Standards (PFRS) 5 prescribe a separate presentation of CPA's assets and liabilities under "Assets of disposal group classified as held for sale", and "Liabilities of disposal group classified as held for sale", respectively.

Cash and cash equivalents increased by Php8.2 billion reaching Php37.9 billion with GBPC, TMP, GT Capital, PCFI, Fed Land and TCI accounting for Php14.9 billion, Php13.5 billion, Php6.9 billion, Php1.4 billion, Php1.1 billion and Php69.8 million, respectively.

Short-term investments increased by 42% from Php1.3 billion to Php1.9 billion, with TMP and GBPC contributing Php1.8 billion and Php67.0 million, respectively.

Receivables increased by 57% from Php16.2 billion to Php25.4 billion with PCFI contributing Php9.3 billion comprising of installment contract receivables and other receivables; Fed Land contributing Php6.9 billion, a majority of which were installment contract receivables, rent receivable and other receivables: TMP contributing Php5.1 billion consisting of trade and non-trade receivables; GBPC contributing Php3.4 billion representing outstanding billings for energy fees and passed-through fuel costs arising from the delivery of power and other receivables; and TCI accounting for Php706.5 million representing trade receivables from the sale of automobiles and after-sales maintenance services.

Inventories increased by Php21.8 billion from Php31.4 billion to Php53.2 billion with Fed Land contributing Php34.2 billion comprising land and improvements, condominium units for sale and inventory with construction-in-progress; PCFI contributing Php11.3 billion comprising of landbank, land improvements, materials inventory, ongoing construction of house inventory and condominium units for sale; and TMP contributing Php6.0 billion mostly finished goods. The balance of Php1.8 billion came from GBPC representing coal and spare parts and supplies (Php1.5 billion) and TCI representing automobiles and spare parts (Php182 million).

Due from related parties increased by Php199 million from Php171 million to Php370 million primarily due to consolidation of PCFI's due from related parties amounting to Php218 million, which was offset by collections of Php19 million from Fed Land's related parties.

Prepayments and other current assets grew by 40% from Php5.5 billion to Php7.7 billion with Fed Land contributing Php4.0 billion consisting of advances to contractors and suppliers, prepaid expenses, current input tax, deferred input tax and creditable withholding taxes; GBPC contributing Php2.0 billion consisting advances to contractors and suppliers, current input tax, deferred input tax and prepaid expenses; PCFI contributing Php946.0 million comprising of advances to contractors and suppliers, cash advances to agents, and input tax; and TMP contributing Php711.7 million comprising of ad valorem tax deposit and prepaid expenses. The balance of Php82 million came from TCI (Php52 million) and GT Capital (Php30 million).

Assets of disposal group classified as held for sale comprising CPA's current and non-current assets including reinsurance assets, receivables, and Available-for-sale (AFS) investments amounted to Php8.4 billion.

Noncurrent receivables from Fed Land (Php4.1 billion) and PCFI (Php4.7 billion) unit buyers who opted for long-term payment arrangements and various GBPC electric cooperatives (Php0.4 billion) rose by 88% from Php4.9 billion to Php9.2 billion.

Noncurrent inventories consisting of PCFI's undeveloped land amounted to Php27.4 billion.

Available-for-sale investments declined by 23% from Php4.1 billion to Php3.2 billion primarily due to a change in the presentation of CPA's available-for-sale investments to "Assets of Disposal Group Classified as Held-For-Sale", and offset by mark-to-market gain on GBP's AFS investments.

Investments in associates and jointly-controlled entities increased by 27% from Php47.5 billion to Php60.3 billion due to: 1) Php8.3 billion additional investment in Metrobank via stock rights offering; 2) Php0.5 billion investment of Fed Land in a joint venture with Alveo Land Corporation, a wholly-owned subsidiary of Ayala

Land, Inc., through Alveo Federal Land Communities, Inc.; 3) Php5.6 billion share in net income of associates and JCE; 4) (Php1.1 billion) share in other comprehensive loss; and 5) Php0.2 billion effect of intra-group elimination on sale of inventories and land within the group; offset by Php0.7 billion cash dividends received from associates and JCE.

Investment properties-net increased by 25% or Php2.2 billion from Php8.6 billion to Php10.8 billion due to the consolidation of PCFI's investment properties into GT Capital.

Property and equipment increased by 16% or Php7.2 billion from Php44.8 billion to Php52.0 billion mainly due to 1) Php5.7 billion of GBPC's ongoing construction in Panay Energy Unit 3 Plant Expansion, net of depreciation; 2) Php0.9 billion of TMP's ongoing capital expenditure projects, net of depreciation; and 3) Php0.6 billion from PCFI's fixed assets.

Other noncurrent assets reached Php878.1 million, consisting of: (1) Php462.6 million in non-current deposits of PCFI, Fed Land and TMPI; (2) Php342.3 million in non-current input tax of Fed Land, TMP and GBPC; and 3) Php73.2 million noncurrent prepaid expenses, retirement assets other assets.

Accounts and other payables increased by 16% from Php19.3 billion to Php22.4 billion with TMP, GBPC, Fed Land, PCFI, TCI and GT Capital accounting for Php11.4 billion, Php5.0 billion, Php3.7 billion, Php1.8 billion, Php355.4 million and Php186.2 million, respectively.

Short-term debt increased by Php5.0 billion from Php2.3 billion to Php7.3 billion due to the consolidation of PCFI's loans (Php4.5 billion), additional loan availments by Fed Land (Php480.0 million), TMP's dealer subsidiaries (Php1.1 billion) and TCI (Php1.8 billion) offset by loan payments made by TMP's dealer subsidiaries (Php1.0 billion) and TCI (Php1.9 billion).

Current portion of long-term debt more than doubled from Php3.1 billion to Php7.0 billion due the net effect of 1) consolidation of PCFI's current portion of long-term debt (Php1.3 billion), 2) reclassification of Fed Land's debt (Php2.0 billion) and GBPC's debt (Php2.9 billion) from non-current to current offset by payment of GBPC's debt (Php2.5 billion).

Current portion of liabilities on purchased properties declined by 19% from Php783.0 million to Php636.5 million due to principal payment made by Fed Land.

Customers' deposits increased by 45% from Php2.5 billion to Php3.7 billion mainly due to the consolidation of PCFI's customer deposits of Php1.2 billion.

Dividends payable increased by Php0.8 billion due to the net effect of GBPC's set-up of 2015 cash dividends payable in 2016 offset by the payment of 2014 cash dividends in April 2015.

Income tax payable increased by Php537.7 million from Php475.8 million to Php1.0 billion due to an increase in the subsidiaries' taxable income.

Other current liabilities declined by 41% from Php881.7 million to Php520.3 million mainly due to the Php298.8 million settlement of advances to GBPC's stockholders and Php125.1 million reclassification of CPAIC's other current liabilities to "Liabilities of disposal group classified as held for sale".

Liabilities of disposal group classified as held for sale amounted to Php6.4 billion comprising CPAIC's current and non-current liabilities such as Insurance Contract Liabilities.

Pension liabilities declined by 2% from Php2.3 billion to Php2.2 billion with TMP, GBPC, PCFI, Fed Land and TCI contributing Php1.3 billion, Php629.1 million, Php118.6 million, Php116.8 million and Php74.9 million, respectively.

Long-term debt-net of current portion increased by Php39.9 billion from Php42.1 billion to Php82.0 billion due to: 1) Php24.9 billion loan availment of GT Capital, net of Php0.1 billion deferred financing cost, to finance its investment in the Metrobank stock rights offering, investment in the Series B preferred shares of Fed Land and investment in PCFI; 2) Php6.8 billion loan availment of GBPC, net of Php0.2 billion transaction cost to partially finance the construction of GBPC's power plants; 3) Php3.8 billion availment of Fed Land to finance the acquisition of additional land bank and working capital requirements; (4) consolidation of Php9.8 billion long-term loans of PCFI to finance acquisition of land bank and working capital requirements, these were offset by 1) the reclassification of GBPC and Fed Land's debt amounting to Php2.9 billion and Php2.0 billion, respectively from non-current to current and 2) Php0.5 billion amortization of fair valued adjustments in GBPC's long-term debt.

Liabilities on purchased properties, net of current portion, declined by 21% from Php2.7 billion to Php2.1 billion due to Fed Land's scheduled principal payments.

Deferred tax liabilities increased by Php7.3 billion from Php3.5 billion to Php10.8 billion due to the set-up of Php7.3 billion deferred tax liability arising from the fair value increase in the net assets of PCFI as a result of the preliminary purchase price allocation and consolidation of PCFI.

Other noncurrent liabilities reached Php2.6 billion, composed of long-term accrued expenses of TMP, (Php1.4 billion); non-current retention payable and deferred output tax of Fed Land (Php1.0 billion);, asset retirement obligation and decommissioning liability of GBPC (Php0.2 billion).

Capital stock increased by Php17 million due to GT Capital's issuance of voting preferred shares in April 2015.

Treasury shares amounted to Php6 million representing investment in shares of stock by CPAIC in GT Capital common shares of stock.

Unappropriated retained earnings increased by 36% from Php24.4 billion to Php33.3 billion due to: 1) the Php12.1 billion consolidated net income earned in 2015; and 2) Php6.0 billion reversal of 2014 appropriation of retained earnings, offset by Php0.5 billion cash dividends declared in March 2015 and Php8.8 billion appropriation of retained earnings.

Appropriated retained earnings increased by Php2.8 billion due to the Php8.8 billion 2015 appropriation for additional investments in PCFI offset by a Php6.0 billion reversal of 2014 appropriation of investment in Series "B" Fed Land's preferred shares.

Other comprehensive loss increased by Php815.4 million from Php102.5 million to Php917.9 million due to mark-to-market losses recorded on available-for-sale investments of GT Capital's subsidiaries and associates.

Non-controlling interest (NCI) doubled by Php27.1 billion from Php26.6 billion to Php53.7 billion primarily due to: 1) Php24.3 billion set-up of non-controlling interest from the preliminary purchase price allocation of PCFI; 2) Php8.8 billion NCI share in the net income of TMP and GBP; and 3) Php0.3 billion NCI share in other comprehensive income offset by Php6.3 billion NCI share in dividends declared by TMP and GBPC.

Key Performance Indicators

The following are the key performance indicators of the Company for the years ended December 31, 2013, 2014 and 2015.

	In Million Pesos, except for percentages		
Income Statement	**2013**	**2014**	**2015**
Total Revenues**	104,983	141,106	159,231
Net Income attributable to Equity Holders of GT Capital Holdings	8,640	9,153	12,119
Balance Sheet			
Total Assets	192,360	218,263	317,285
Total Liabilities	99,796	112,321	173,443
Equity attributable to GT Capital Holdings, Inc.	70,525	79,347	90,134
Return on Equity *	13.9%	12.2%	14.3%

*Net income attributable to GT Capital divided by the average equity where average equity is the sum of equity attributable to GT Capital at the beginning and end of the year divided by 2.

**As restated

Metrobank

The following are the major performance measures used by Metrobank for 2013, 2014 and 2015.

	In Million Pesos, except for percentages		
	2013	**2014**	**2015**
Net income attributable to equity holders	22,488	20,113	18,625
Average total assets	1,212,606	1,491,555	1,682,616
Average shareholders' equity (attributable to equity holders)	126,310	142,508	171,944
Return on Average Assets	1.9%	1.3%	1.1%
Return on Average Equity	17.8%	14.1%	10.8%
Average shareholders' equity as a percentage of average total assets	10.4%	9.6%	10.2%

	2013	**2014**	**2015**
Dividend Payout Ratio	9.4%	13.6%	14.7%
Cost to average assets	4.8%	3.9%	3.3%
Tier 1 Capital Adequacy ratio	15.0%	12.1%	14.3%
Total Capital Adequacy ratio	16.7%	16.0%	17.8%
Non Performing Loans ratio	1.3%	1.0%	1.0%
Non Performing Loans coverage	164.1%	165.2%	110.7%

Notes:

(1) **Dividend payout ratio is the ratio of cash dividends to net income after tax (excluding non-controlling interest).**
(2) **Cost to average assets is the ratio of operating expenses (including interest expenses but excluding depreciation and amortization) to average total assets.**
(3) **Capital adequacy ratios as of December 31, 2014 and 2015 were computed based on Basel III standards, while capital adequacy ratios as of December 31, 2013 were computed based on Basel II standards. The common equity Tier 1 capital adequacy ratio is not applicable under Basel II standards.**
(4) **Net non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.**
(5) **Non-performing loans coverage is the ratio of allowance for credit loan losses to total non-performing loans.**

Metrobank registered a 7% decline in consolidated net income attributable to equity holders from Php20.1 billion in 2014 to Php18.6 billion in 2015. The decline was attributed to lower other operating income by Php10.7 billion and share in net income of associates and a joint venture by Php0.03 billion offset by higher net interest income by Php3.2 billion and decrease in total operating expenses and provision for income tax by Php4.91 billion and Php1.22 billion, respectively.

Net interest income grew by 7% from Php45.8 billion in 2014 to Php49.0 billion in 2015 due to growth in the middle market, small-and-medium scale enterprises and consumer loans, and trading and investment securities. Non-interest income, however, dropped by 37% from Php29.1 billion in 2014 to Php18.4 billion in 2015 arising from lower profit from the disposal of foreclosed properties, and decrease in trading and securities gains.

Total resources reached a record high of Php1.8 trillion in 2015, a 10% increase from Php1.6 trillion level in the previous year. The improvement came from the issuance of stock rights in April 2015 with total net proceeds of Php31.5 billion, (the 26% increase in bills payable and securities sold under repurchase agreements) and 6% expansion in total deposits to Php1.3 trillion resulting in a 17% growth in net loans and receivables to Php887.2 billion in 2015. Metrobank opened 23 branches to increase its domestic presence to 943 branches. This network is supplemented by 2,226 ATMs nationwide.

Non-performing loans (NPL) ratio improved at a new low or under the 1.0% level in 2015, while NPL coverage decreased from 165.2% in 2014 to 110.7% in 2015.

Metrobank's BASEL III total capital adequacy ratio ("CAR") remained well above the regulatory limit at 17.8% with Common Equity Tier 1 ("CET1") of 14.3%.

Toyota Motor Philippines

The following are the major performance measures used by TMP for 2013, 2014 and 2015.

	In Million Pesos, except for ratios		
	2013	**2014**	**2015**
Sales	80,676.6	104,886.9	114,346.2
Gross Profit	10,256.6	14,628.9	18,355.2
Operating Profit	5,719.1	9,859.1	13,898.9
Net income attributable to Parent	4,219.0	7,210.0	10,193.9
Total Assets	23,750.0	26,706.7	32,290.3
Total Liabilities	14,464.1	14,779.7	17,060.9
Total Equity	9,285.9	11,927.0	15,229.4
Total Liabilities to Equity ratio	1.6x	1.2x	1.1x

TMP exhibited a 9% growth in consolidated sales from Php104.9 billion in 2014 to Php114.3 billion in 2015. Aside from auto assembly and importation, TMP directly owns four (4) dealer outlets namely: Toyota Makati with two (2) branches, Toyota Makati and Toyota Bicutan; Toyota San Fernando in Pampanga with three (3) branches in Toyota San Fernando, Toyota Plaridel Bulacan and Toyota Tarlac all located in Luzon, Lexus Manila, situated in Bonifacio Global City, Taguig City and Toyota Sta. Rosa Laguna Inc.

In 2015, TMP exhibited record retail sales of 125,027 units, an 18% increase from that of previous year. With this feat, TMP earned its 14th Triple Crown award which means Number 1 in passenger car sales, Number 1 in commercial vehicle sales and Number 1 in overall sales. Overall market share grew from 36.3% in 2013 to 39.4% in 2014 and 38.9% in 2015. The sales improvement was attributed to the launching of the all-new Vios in July 2013, new model introductions in 2014 and 2015 for the Corolla Altis, Wigo, Yaris, Hi Lux, and Alphard, volume increments for all models, and aggressive sales and promotions across the dealership network spanning 49 branches nationwide.

The sales volume growth, managed cost efficiencies, favorable foreign exchange rates and models mix resulted in continuous improvements in gross profit margin from 14.0% to 16.0%, operating profit margin from 9.4% to 12.2% and net profit margin from 6.9% to 9.0%, respectively. Consolidated net income attributable to equity holders grew by 41% from Php7.2 billion in 2014 to Php10.2 billion in 2015.

Global Business Power

The following are the major performance measures used by GBPC for 2013, 2014 and 2015.

	In Million Pesos, except for ratios		
	2013	**2014**	**2015**
Net Fees*	16,944.1	18,973.4	18,391.5
Net income attributable to equity holders	1,937.1	2,284.4	2,941.8
Total assets	59,770.3	68,433.4	74,360.8
Total liabilities	36,051.1	38,657.8	43,945.7
Total equity	23,719.2	29,775.6	30,415.2
Current ratio	1.6x	2.0x	1.8x
Total Liabilities to equity ratio	1.5x	1.3x	1.4x

*comprising energy fees realized by the operating companies as stipulated in their respective Power Purchase Agreements with their respective customers, net of adjustments,

GBPC's net fees decreased by 3% from Php19.0 billion in 2014 to Php18.4 billion in 2015 due to lower fuel pass-through costs as oil and coal prices declined in the global market. GBPC's coal fired plants also experienced mandatory preventive maintenance shutdowns and plant downtimes for the year due to operational issues. Kilowatt hour sales, however, increased by 9% from 3.3 billion kilowatt-hours in 2014 to 3.6 billion kilowatt-hours in 2015.

Net income attributable to equity holders of the Parent Company increased by 29% from Php2.3 billion in 2014 to Php2.9 billion in 2015. This included gross insurance recoveries amounting to Php473 million on business interruption brought about by Typhoon Yolanda in November 2013. Excluding gross insurance recovery, net income grew by 14% to Php2.6 billion in 2015.

Panay Energy's Unit 3, a 150MW coal-fired plant in Panay, Iloilo which began construction in June 2014, is expected to be commissioned during the second half of 2016.

Federal Land

The following are the major performance measures used by Fed Land for 2013, 2014 and 2015.

	In Million Pesos, except for ratios		
	2013	2014	2015
Real Estate Sales *	5,451.5	6,997.9	7,534.0
Revenues	7,895.7	9,375.2	10,311.3
Net income attributable to equity holders	1,004.3	1,486.4	1,560.0
Total assets	43,231.1	53,325.6	64,553.2
Total liabilities	24,664.3	25,379.0	29,558.7
Total equity	18,566.8	27,946.6	34,994.5
Current ratio	3.9x	4.7x	4.5x
Total Liabilities to equity ratio	1.3x	0.9x	0.8x

* Includes interest income on real estate sales

Fed Land recorded 10% growth in total revenue from P9.4 billion in 2014 to P10.3 billion in 2015. The revenue improvement came from: (1) real estate sales and interest income on real estate sales which rose by 8% from Php7.0 billion to Php7.5 billion driven by increased sales recognized from ongoing high-end and middle market development projects situated in Pasay, Mandaluyong, Bonifacio Global City, Manila and San Juan; and (2) rent income which grew by 8% from Php769 million to P830 million owing to annual price escalation. As a result of the revenue growth, net income attributable to shareholders increased by 5% from Php1.5 billion to Php1.6 billion in 2015.

For 2015, Fed Land launched three (3) new vertical residential condominium projects namely Paseo de Roces II (Chino Roces, Makati City), Six Senses Resort 5 (Macapagal, Pasay City) and Palm Beach Villa 3 (Macapagal, Pasay City).

Property Company of Friends, Inc.

The following are the major performance measures used by PCFI for 2014 and 2015.

	In Million Pesos, except for ratios	
	2014	2015
Real estate sales *	10,594.8	6,997.6
Revenues	10,741.8	7,046.7
Net income	3,574.3	2,060.4
Total assets	30,789.6	35,881.6
Total liabilities	20,125.2	18,933.7
Total equity	10,664.3	16,947.9
Current ratio	1.6x	2.4x
Debt to equity ratio	1.6x	0.9x

* Includes interest income on real estate sales

On August 20, 2015, GT Capital finalized the acquisition of an initial 22.68% stake in PCFI for Php7.24 billion, with an option to increase its direct shareholding to 51% within the next three years. The Php7.24 billion capital infusion by GT Capital was utilized to pay down debt, accelerate house construction and other general corporate purposes.

Established in 1999, PCFI is one of the country's leading property developers, focusing on the low cost and economic housing segment and retail space and BPO office leasing. PCFI has built and sold over 36,000 affordable homes in the provinces of Cavite and Iloilo. Its flagship and largest project is Lancaster New City (LNC) which spans the areas of Kawit, Imus and General Trias in Cavite province, island of Luzon. Aside from LNC, ongoing projects include the Bellefort Estates in Bacoor and Dasmarinas in Cavite, the Parc Regency Residences in Iloilo province, and the Carmona Estate in Carmona Cavite.

In consideration of GT Capital's initial equity stake and attainment of effective control, PCFI's financial statement was consolidated into GT Capital's financials effective September 1, 2015.

Total revenues, mainly real estate sales, reached P2.95 billion for the last four (4) months of 2015 covering the period of September 1 to December 31, 2015. Cost of sales and expenses, excluding depreciation and interest expenses, amounted to Php1.52 billion. Net income from September 1 to December 31, 2015 amounted to Php1.26 billion.

AXA Philippines

The following are the major performance measures used by AXA Philippines for 2013, 2014 and 2015.

	In Million Pesos		
	2013	**2014**	**2015**
Gross Premiums	18,320.0	18,404.5	22,923.3
Net income after tax	1,184.0	1,223.9	1,383.5
Total Assets	54,951.3	68,007.2	79,978.1

AXA Philippines generated a 21% increase in new business expressed in Annualized Premium Equivalent from Php4.0 billion in 2014 to Php4.8 billion in 2015 due to strong equities market in the first half and sales initiatives launched in the second half. Gross premiums, thus, increased by 24.6% from Php18.4 billion in 2014 to Php22.9 billion in 2015, mainly attributable to the single premium products that grew by 25%. Asset management fees, likewise, rose by 27% from Php785 million in 2014 to Php1.0 billion in 2015, consistent with unit linked Assets under Management. Net income level grew by 13% from Php1.2 billion in 2014 to Php1.4 billion in 2015.

Toyota Financial Services Corporation

The following are the major performance measures used by TFSPH for 2013, 2014 and 2015.

	In Million Pesos		
	2013	**2014**	**2015**
Finance Revenue	1,704.6	2,234.7	2,828.2
Net Operating Profit	901.1	952.1	1,209.3
Net Income	436.7	398.0	515.5
Finance Receivable	20,301.8	28,357.0	33,304.4
Total Assets	29,577.4	39,424.8	44,278.4
Total Equity	2,725.6	3,842.7	4,369.4

TFSPH recorded a 24% growth in gross interest income from Php2.4 billion in 2014 to Php3.0 billion in 2015 as net earning assets increased by 17% from P28.4 billion in 2014 to P33.3 billion in 2015 with a penetration rate of 16% relative to Toyota Motors' annual auto sales. Net income for the year improved by 30% from P398.0 million to P515.5 million, partly due to downward adjustments on provisioning following implementation of new risk-based methodology implemented in March 2015 and increase in taxes and licenses, litigation and credit investigation.

Charter Ping An

The following are the major performance measures used by CPA for 2013, 2014 and 2015.

	In Million Pesos		
	2013	**2014**	**2015**
Gross Premium Written	3,513.9	4,002.5	4,114.1
Net Premium Written	1,823.6	1,912.1	2,158.6
Gross Underwriting Contribution	529.6	478.9	419.2
Net Income	190.0	105.0	42.4

Total Assets	9,211.3	8,493.0	7,872.9

CPA registered a 3% growth in gross premium written from Php4.0 billion in 2014 to Php4.1 billion in 2015. The increase is due to the reallocation of gross premium written from Property to Motor car, with combined share of 70% of total portfolio. Net income, however, decreased by 60% from Php105.0 million in 2014 to Php42.4 million in 2015 due to higher losses on property and motor car lines and property and catastrophic losses.

Toyota Manila Bay

The following are the major performance measures used by TMBC for 2013, 2014 and 2015.

	In Million Pesos		
	2013	**2014**	**2015**
Net Sales	9,440.7	11,268.1	12,324.4
Gross Profit	653.1	651.4	677.7
Net Income	110.3	129.8	142.0
Total Assets	1,934.1	2,370.0	2,509.2
Total Liabilities	1,402.8	1,720.5	1,717.7
Total Equity	531.3	649.5	791.5

TMBC consolidated sales, which comprised of vehicle sales, spare parts and maintenance services grew by 9% from Php11.3 billion in 2014 to Php12.3 billion in 2015, translated into a penetration rate of 10% among Toyota dealers in 2015. Vehicle sales, accounting for 92.8% of TMBC's revenues, increased by 8% from Php10.6 billion to Php11.4 billion as retail sales volume grew by 8% from 11,474 units to 12,402 units. Sales from spare parts and maintenance services, accounting for a combined 7.2% of revenues, increased by 11% and 17%, respectively.

Net income grew by 9% from Php129.8 million in 2014 to Php142.0 million in 2015.

TMBC owns three (3) auto dealer outlets located in Manila Bay, Roxas Boulevard, Pasay City, Jose Abad Santos, Manila and Damarinas, Cavite.

Toyota Cubao, Inc.

The following are the major performance measures used by TCI for 2013, 2014 and 2015.

	In Million Pesos		
	2013*	**2014***	**2015***
Net Sales	4,254,3	5,304.6	6,376.2
Gross Profit	288.8	322.9	432.9
Net Income	171.0**	14.5	29.9
Total Assets	1,096.8	1,337.9	1,348.8
Total Liabilities	885.3	1,079.8	1,069.1
Total Equity	211.5	258.1	279.6

* Parent Company Only
** Includes a Php158.1 million non-recurring gain from sale of TCI's direct equity stake in TMBC to GT Capital in 2013.

TCI consolidated sales, comprising vehicle sales, spare parts and maintenance services grew by 20% from Php5.3 billion in 2014 to Php6.4 billion in 2015 translating to a penetration rate of 5% among Toyota dealers in 2015. Vehicle sales, accounting for 93.3% of TCI's revenues, increased by 21% from Php4.9 billion to Php6.0 billion as retail sales volume grew by 16% from 5,394 units to 6,239 units. Sales from spare parts and maintenance services, accounting for a combined 6.7% of revenues, increased by 11% and 16%, respectively.

Net income more than doubled from Php14.5 million in 2014 to Php29.9 million in 2015 due to higher vehicle sales volume and significant decrease in interest expense.

TCI owns two (2) auto dealer outlets situated in Cubao, Quezon City and Marikina City.

Except for (ii), (iv) and (vii), the Company does not know of:
(i) Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely in the Company's liquidity increasing or decreasing in any material way;
(ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;
(iii) Any material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
(iv) Any material commitments for capital expenditures, their purpose and sources of funds for such expenditures;

The GT Capital Group's 2016 capital expenditures ("capex") budget is presented as follows:

Component Company	2016 Capex (In Billion Pesos)	Nature	Source of Funding
Metrobank	7.00	Branch expansion and ATM network and enhancement of IT systems	Internally generated funds
Fed Land*	2.00	Office / Commercial / Retail	Internally generated funds
GBPC	8.30	Phase II expansion of Panay Energy Unit 3 (Php4 billion); Bio Mass (Php3.4 billion)' Replacement capex (Php0.9 billion)	Debt and Equity
TMP	7.00	Completely Knocked Down upgrades, logistics / stockyard expansion / Computer Accounting System and Building Improvement	Internally generated funds
AXA Philippines	2.50	Charter Ping An acquisition (Php2.3 billion); Replacement capital expenditures and office refurbishments (Php0.2 billion)	Internally generated funds
Charter Ping An	0.03	Enhancement of IT systems and office renovation	Internally generated funds
TMBC-TCI	2.138	New Buildings	Debt and equity
TFSPH	0.10	Enhancement of IT systems	Internally generated funds
PCFI*	5.615	Land Bank, external land development, investment properties and fixed assets	Debt and equity
GT Capital – Parent	10.00	Additional equity infusion in PCFI and working capital	Debt
Total	**44.68**		

- Excluding construction of vertical residential condominium projects and houses

(v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
(vi) Any significant elements of income or loss that did not arise from the Company's continuing operations;
(vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the MD & A; and

(viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company.

CALENDAR YEAR ENDED DECEMBER 31, 2014 VERSUS YEAR ENDED DECEMBER 31, 2013

GT Capital Consolidated Statement of Income	Audited Year Ended December 31		Increase (Decrease)	
(In Million Pesos, Except for Percentage)	**2014**	2013	**Amount**	**Percentage**
REVENUE				
Automotive operations	**108,816**	74,359	34,457	46%
Net fees	**18,973**	16,944	2,029	12%
Real estate sales	**5,841**	4,702	1,139	24%
Interest income on real estate sales	**1,157**	749	408	54%
Equity in net income of associates and joint ventures	**3,420**	3,588	(168)	(5%)
Net premium earned	**1,751**	505	1,246	247%
Sale of goods and services	**603**	657	(54)	(8%)
Rent income	**764**	592	172	29%
Interest income on deposits and investments	**439**	680	(241)	(35%)
Commission income	**213**	188	25	13%
Gain from previously held interest	-	2,046	(2,046)	(100%)
Other income	**1,146**	537	609	113%
	143,123	**105,547**	**37,576**	**36%**
COSTS AND EXPENSES				
Cost of goods and services sold	**70,597**	45,469	25,128	55%
Cost of goods manufactured	**24,213**	19,986	4,227	21%
General and administrative expenses	**11,495**	9,281	2,214	24%
Power plant operation and maintenance expenses	**10,328**	8,945	1,383	15%
Cost of real estate sales	**4,334**	3,667	667	18%
Interest expense	**3,241**	3,462	(221)	(6%)
Net insurance benefits and claims	**784**	290	494	170%
Cost of rental	**270**	113	157	139%
	125,262	**91,213**	**34,049**	**37%**
INCOME BEFORE INCOME TAX	**17,861**	**14,334**	**3,527**	**25%**
PROVISION FOR INCOME TAX	**2,710**	1,803	907	50%
NET INCOME	**15,151**	**12,531**	**2,620**	**21%**
Attributable to:				
Equity holders of the Parent Company	**9,153**	8,640	**513**	**6%**
Non-controlling interest	**5,998**	3,891	2,107	54%
	15,151	**12,531**	**2,620**	**21%**

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 6% from Php8.6 billion in 2013 to Php9.2 billion in 2014. The increase was principally due to the 36% improvement in consolidated revenues from Php105.5 billion in 2013 to Php143.1 billion in 2014.

The revenue growth came from the following component companies: (1) auto sales from TMP and TCI as combined sales increased from Php74.4 billion to Php108.8 billion accounting for 76% of total revenue; (2)) net fees from GBPC which increased from Php16.9 billion to Php19.0 billion accounting for 13% of total revenue; (3) higher real estate sales and interest income on real estate sales from Fed Land which grew by 28% from Php5.5 billion to Php7.0 billion; and (4) net premium earned from CPA which more than tripled from Php505 million to Php1.8 billion.

Core net income attributable to equity holders of the Parent Company grew by 38% from Php6.6 billion to Php9.1 billion after excluding the Php2.0 billion non-recurring income realized from the re-measurement of GT Capital's 36% previously-held interest in TMP following GT Capital's acquisition of control of TMP in 2013.

Fed Land, GBPC, TMP, CPA and TCI are consolidated in the financial statements of the Company. The other component companies MBT, AXA Philippines, TMBC, and TFSPH are accounted for through equity accounting.

Of the nine (9) component companies, TMP, GBPC, Fed Land and TMBC posted double-digit growths in their respective net income, while AXA Philippines reported a single digit growth in net income for the year. Metrobank, CPA, TCI and TFSPH reported declines in their respective net income for the year.

Auto sales rose by 46% from Php74.4 billion to Php108.8 billion due to continued strong demand for the all new Vios, new models mix – Corolla Altis, Wigo, and Yaris, sales volume increments across all other models, aggressive sales and promotions, and continued expansion in the dealer outlets from 42 to 45.

Net fees increased by 12% from Php16.9 billion to Php19.0 billion primarily due to new power purchase contracts with bilateral customers, additional Wholesale Electricity and Spot Market (WESM) compensation collected, and testing / commissioning of Toledo Power's Unit 1A.

Real estate sales and interest income on real estate sales rose by 28% from Php5.5 billion to Php7.0 billion driven by sales contributions from ongoing high-end and middle-market development projects situated in Pasay City, Escolta, Manila, Cebu, Bonifacio Global City, and Marikina City.

Equity in net income of associates and joint ventures, was 5% lower from Php3.6 billion in 2013 to Php3.4 billion in 2014 as the increase in AXA Philippines net income and Metrobank's core net income, excluding gains from the sale of a foreclosed asset to Fed Land and sale of non-financial assets to GT Capital, was offset by a decline in Fed Land's investment in jointly-controlled entities as the turnover for the Grand Midori residential condominium project located in Legaspi Village, Makati City was completed in 2014.

Net premium earned from CPA comprising gross premiums on non-life insurance contracts, net of reinsurer's share, more than tripled from Php0.5 billion to Php1.8 billion due to the full-year consolidation of CPA in 2014.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, at the Blue Wave malls situated in Pasay City and Marikina City, decreased by 8% from Php657 million to Php603 million due to lower fuel sales arising from a series of fuel price increases and decreases during the year.

Rent income from Fed Land grew by 29% from Php592 million to Php764 million due to annual price escalations and the full year impact of Blue Bay Walk retail and commercial operations.

Interest income on deposits and investments declined by 35% from Php680 million to Php439 million due to a decline in placement rates earned on money market investments and termination of Fed Land's option agreement in 2013 which previously allowed Fed Land to earn interest income.

Commission income increased by 13% from Php188 million to Php213 million due to commissions contributed by CPA from its reinsurance business.

Gain from previously-held interest represents non-recurring income earned following GT Capital's acquisition of majority control of TMP in 2013.

Other income grew by 113% from Php537 million to Php1.1 billion with Fed Land contributing Php575 million comprising real estate forfeitures, management fees and other income, TMP contributing Php331 million from ancillary income, gain on sale of fixed assets, dividend income and other income. The remaining balance of Php240 million came from TCI (Php98 million), GBPC (Php85 million) and CPA (Php57 million).

Consolidated costs and expenses increased by 37% from Php91.2 billion to Php125.3 billion. TMP contributed Php95.1 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. GBPC contributed Php15.6 billion comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php7.4 billion consisting of cost of real estate sales, cost of goods sold, general and administrative expenses and interest expenses. TCI contributed Php4.3 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. CPA accounted for Php1.9 billion, which consisted of general and administrative expenses and net insurance benefits and claims. GT Capital Parent Company accounted for Php1.0 billion representing interest expenses and general and administrative expenses.

Cost of goods and services sold increased by 55% from Php45.5 billion to Php70.6 billion with TMP's and TCI's completely built-up units and spare parts accounting for Php70.1 billion and the balance of Php0.5 billion from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 21% from Php20.0 billion in the previous year to Php24 billion.

General and administrative expenses rose by 24% from Php9.3 billion to Php11.5 billion. TMP accounted for Php4.8 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. GBPC contributed Php3.3 billion representing salaries, taxes and licenses, other general and administrative expenses, amortization of intangible assets-power purchase agreements, outside services and provision for impairment losses. Fed Land contributed Php1.8 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. CPA accounted for Php1.1 billion consisting of commissions and salaries. GT Capital contributed Php234 million principally salaries, taxes and licenses. The remaining balance of Php210 million came from TCI's salaries, advertising and promotions, commission and utilities expenses.

Power plant operations and maintenance expenses consisting of purchased power and repairs and maintenance from the power generation companies of GBPC increased by 15% from Php8.9 billion to Php10.3 billion mainly due to the increase in energy sales and purchased power expenses.

Cost of real estate sales increased by 18% from Php3.7 billion to Php4.3 billion arising from the increase in real estate sales.

Interest expense declined by 6% from Php3.5 billion to Php3.2 billion with GBPC, GT Capital, Fed Land, TMP and TCI accounting for Php1.8 billion, Php0.8 billion, Php0.5 billion, Php99 million and Php17 million, respectively.

Net insurance benefits and claims more than doubled from Php290 million to Php784 million, representing benefits and claims paid to policyholders.

Cost of rental more than doubled from Php113 million to Php270 million representing direct costs incurred by Fed Land in its leasing business.

Provision for income tax increased by 50% from Php1.8 billion to Php2.7 billion mainly increases in taxable income from TMP and Fed Land.

Consolidated net income attributable to equity holders of the Parent Company increased by 6% from Php8.6 billion in 2013 to Php9.2 billion in 2014.

GT Capital Consolidated Statement of Financial Position	Audited December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2014	2013	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**29,702**	27,167	2,535	9%
Short-term investments	**1,309**	1,467	(158)	(11%)
Receivables	**16,223**	12,450	3,773	30%
Reinsurance assets	**3,879**	4,966	(1,087)	(22%)
Inventories	**31,426**	20,813	10,613	51%
Due from related parties	**171**	850	(679)	(80%)
Prepayments and other current assets	**5,468**	5,969	(501)	(8%)
Total Current Assets	**88,178**	**73,682**	14,496	20%
Noncurrent Assets				
Noncurrent receivables	**4,897**	4,929	(32)	(1%)
Available-for-sale investments	**4,127**	3,111	1,016	33%
Investments in associates and joint ventures	**47,451**	40,559	6,892	17%
Investment properties	**8,643**	8,329	314	4%
Property and equipment	**44,801**	41,163	3,638	9%
Goodwill and intangible assets	**17,806**	18,275	(469)	(3%)
Deferred tax asset	**1,726**	1,109	617	56%
Other noncurrent assets	**634**	1,203	(569)	(47%)
Total Noncurrent Assets	**130,085**	**118,678**	11,407	10%
TOTAL ASSETS	**218,263**	**192,360**	25,903	13%

	Audited December 31		Increase (Decrease)	
	2014	**2013**	**Amount**	**Percentage**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**19,280**	20,837	(1,557)	(7%)
Insurance contract liabilities	**5,665**	6,684	(1,019)	(15%)
Short term debt	**2,267**	1,744	523	30%
Current portion of long term debt	**3,141**	3,364	(223)	(7%)
Current portion of liabilities on purchased properties	**783**	783	-	-
Customers' deposits	**2,549**	1,844	705	38%
Dividends payable	**2,034**	1,966	68	3%
Due to related parties	**176**	188	(12)	(6%)
Income tax payable	**476**	876	(400)	(46%)
Other current liabilities	**882**	907	(25)	(3%)
Total Current Liabilities	**37,253**	**39,193**	(1,940)	(5%)
Noncurrent Liabilities				
Long term debt	**42,118**	40,584	1,534	4%
Bonds payable	**21,775**	9,883	11,892	120%
Liabilities on purchased properties	**2,729**	3,537	(808)	(23%)
Pension liability	**2,261**	1,704	557	33%
Deferred tax liability	**3,532**	3,252	280	9%
Other noncurrent liabilities	**2,653**	1,643	1,010	61%
Total Noncurrent Liabilities	**75,068**	**60,603**	14,465	24%
	112,321	**99,796**	12,525	13%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,743**	1,743	-	-
Additional paid-in capital	**46,695**	46,695	-	-
Treasury shares	**(2)**	(6)	4	(67%)
Retained earnings	**30,431**	21,802	8,629	40%
Other comprehensive income	**(103)**	(437)	334	76%
Other equity adjustment	**583**	729	(146)	(20%)
	79,347	**70,526**	8,821	13%
Non-controlling interests	**26,595**	**22,038**	4,557	21%
Total Equity	**105,942**	**92,564**	13,378	14%
TOTAL LIABILITIES AND EQUITY	**218,263**	**192,360**	25,903	13%

The major changes in the balance sheet items of the Company from December 31, 2013 to December 31, 2014 are as follows:

Total assets of the Group increased by 13% or Php25.9 billion from Php192.4 billion as of December 31, 2013 to Php218.3 billion as of December 31, 2014. Total liabilities increased by 13% or Php12.5 billion from Php99.8 billion to Php112.3 billion while total equity rose by 14% or Php13.4 billion from Php92.6 billion to Php105.9 billion.

Cash and cash equivalents increased by Php2.5 billion reaching Php29.7 billion with GBPC, TMP, Fed Land, CPA and GT Capital accounting for Php15.6 billion, Php11.3 billion , Php1.7 billion, Php0.6 billion and Php0.5 billion, respectively.

Short-term investments amounted to Php1.3 billion mainly short-term placements of TMP.

Receivables increased by 30% from Php12.5 billion to Php16.2 billion with Fed Land, TMP and GBPC contributing Php5.4 billion, Php4.5 billion and Php3.6 billion, respectively, representing installment contract receivables, trade receivables with maximum 30 days credit terms, and outstanding billings for energy fees and pass-through fuel costs arising from the delivery of power. CPA and TCI contributed Php2.1 billion and Php681 million, respectively, representing premiums receivable and trade receivables.

Reinsurance assets representing balances due from reinsurance companies declined by 22% from Php5.0 billion to Php3.9 billion due to settlement of claims reinsured to reinsurers.

Inventories increased by 51% from Php20.8 billion to Php31.4 billion with Fed Land and GBPC contributing Php25.4 billion and Php1.0 billion, respectively, comprising Fed Land's condominium units for sale and land for development and GBPC's coal and spare parts and supplies. TMP and TCI also contributed Php4.8 billion and P0.2 billion consisting of completely-built-up units, completely-knocked down units and spare parts.

Due from related parties decreased by 80% from Php850 million to Php171 million due to collections received from the various subsidiaries of Fed Land.

Prepayments and other current assets decreased by 8% from Php6.0 billion to Php5.5 billion primarily the application of creditable withholding tax against income tax due and the application of input tax against output tax.

Available-for-sale investments increased by 33% from Php3.1 billion to Php4.1 billion comprising mark-to-market gains recognized by GBPC, CPA, and TMP.

Investments in associates and joint ventures increased by 17% from Php40.6 billion to Php47.5 billion due to acquisition of a 40% direct equity in TFSPH amounting to Php2.4 billion, acquisition of additional 19.25% of TMBC for a total purchase price of Php237 million, and share in net income of Php5.5 billion, net of cash dividends received from associates and joint ventures of Php1.2 billion, and share in other comprehensive loss of Php0.5 million.

Property and equipment grew by 9% from Php41.2 billion to Php44.8 billion mainly due to the completion of GBPC's Toledo Power plant expansion.

Deferred tax assets increased by 56% from Php1.1 billion to Php1.7 billion composed of TMP, (Php663 million), representing accrued retirement benefits, provision for claims and assessments and warranty payable; GT Capital, (Php627 million), comprising unrealized gain on sale of properties by Metrobank to Fed Land, and GBPC, (Php383 million), representing provision for retirement benefits and unrealized foreign exchange losses.

Other noncurrent assets decreased by 47% from Php1.2 billion to Php634 million mainly due to application of GBPC's advances to contractors against billings of contractors for Toledo Power's plant expansion.

Accounts and other payables decreased by 7% from Php20.8 billion to Php19.3 billion mainly the settlement of the Group's outstanding payables from previous year.

Insurance contract liabilities representing provisions for claims reported and loss adjustments incurred but not yet reported losses and unearned premiums decreased by 15% from Php6.7 billion to Php5.7 billion due to settlement of claims relating to 2013 catastrophes.

Short-term debt increased by Php523 million from Php1.7 billion to Php2.3 billion due to the inclusion of TCI's short term loans (Php635M), additional loan availments from TMP dealer subsidiaries for working capital requirements (Php577M) and additional loan availments of Fed Land subsidiaries (Php180M) offset by loan payments made by GT Capital and GBPC amounting to Php800 million and Php69 million respectively.

Current portion of long-term debt decreased by 7% from Php3.4 billion to Php3.1 billion due to loan principal payments made by GBPC.

Customers' deposits increased by 38% from Php1.8 billion to Php2.5 billion due to increase in reservation sales from new Fed Land projects.

Due to related parties current declined by 6% from Php188 million to Php176 million due to payments made by Fed Land to Metrobank.

Income tax payable declined by 46% from Php876 million to Php476 million due to income tax payments by GT Capital's subsidiaries.

Pension liability rose by 33% from Php1.7 billion to Php2.3 billion, of which TMP, GBPC, CPA, TCI, and Fed Land accounted for Php1.2 billion, Php771 million, Php111 million, Php98 million and Php77 million, respectively.

Bonds payable more than doubled from Php9.9 billion to Php21.8 billion due to issuance by GT Capital of Php12.0 billion in retail bonds, net of financing expenses.

Liabilities on purchased properties, net of current portion, declined by 23% from Php3.5 billion to Php2.7 billion due to payment by Fed Land.

Deferred tax liability increased by 9% from Php3.3 billion to Php3.5 billion mainly recognition of deferred tax effect of excess of realized gross profit on real estate sales.

Other noncurrent liabilities increased by 61% from Php1.6 billion to Php2.7 billion primarily due to the increase in Fed Land's retention payable to contractors for ongoing projects and the recognition of provisions relating to TMP's claims and assessments, product warranties and corporate social responsibility activities.

Treasury shares declined from Php6 million to Php2 million representing CPA's investment in shares of stock of GT Capital.

Retained earnings increased by 40% from Php21.8 billion to Php30.4 billion due to the Php9.2 billion net income earned for the period, net of Php0.5 billion cash dividends declared.

Other comprehensive income improved by 76% from a deficit of Php437 million to a deficit Php103 million due to mark-to-market gains recognized on AFS investments of subsidiaries and associates.

Other equity adjustments decreased by 20% from Php729 million to Php583 million arising from the following transactions: (1) GT Capital's acquisition of an additional 33.33% direct equity stake in CPA, (negative Php375.67 million); (2) GT Capital's sale of a 40% direct equity stake of TCI to Mitsui, (Php194.0 million); (3) GT Capital's acquisition of an additional 0.26% of TCI by GT Capital, (negative Php0.42 million); (4) GT Capital change in direct ownership in GBPC after FMIC waiver and partial waiver of its pre-emptive rights on its subscription to Panay Energy's equity call, (Php60.52 million); and (5) increase in GT Capital's direct equity stake in TCI after subscription to new primary common shares, (negative Php24.80 million).

Non-controlling interests increased from Php22 billion to Php26.6 billion representing the net effect of: (1) Php6.0 billion net income attributable to non-controlling interest for the year; (2) Php2.2 billion increase in non-controlling interest in GBPC arising from the equity call contribution to the Panay Energy Plant Expansion Project; (3) Php532 million increase in non-controlling interest in Panay Power Holdings arising from the equity call contribution to the Panay Energy Plant Expansion Project; (4) Php427 million other comprehensive income attributable to non-controlling interest; (5) Php105 million additional non-controlling interest relating to the sale of a 40% direct equity stake of TCI to Mitsui; (6) Php4.3 billion representing reversal of non-controlling interest relating to the cash dividends declared by TMP; and (7) Php336 million representing reversal of non-controlling interest arising from GT Capital's acquisition of the remaining 33.33% direct equity stake in CPA.

CALENDAR YEAR ENDED DECEMBER 31, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012

RESULTS OF OPERATIONS

GT Capital Consolidated Income Statement	Audited Year-End December 31		Increase (Decrease)	
(In Million Php, except for percentages)	2013	2012	Amount	Percentage
REVENUE				
Automotive operations	**74,359**	-	74,359	100%
Net fees	**16,944**	12,845	4,099	32%
Real estate sales	**4,702**	2,131	2,571	121%
Interest income on real estate sales	**749**	283	466	165%
Equity in net income of associates and joint venture	**3,588**	3,902	(314)	(8%)
Net premiums earned	**505**	-	505	100%
Gain (loss) on previously held interest	**2,046**	(54)	2,100	3,889%
Gain from loss of control of subsidiary	**-**	1,448	(1,448)	(100%)
Gain on bargain purchase	**-**	428	(428)	(100%)
Interest income on deposits and investments	**680**	583	97	17%
Sale of goods and services	**657**	731	(74)	(10%)
Rent income	**592**	233	359	154%
Commission income	**188**	185	3	2%
Other income	**537**	263	274	104%
	105,547	**22,978**	82,569	359%
COSTS AND EXPENSES				
Cost of goods and services sold	**45,469**	681	44,788	6,577%
Cost of goods manufactured	**19,986**	-	19,986	100%
Cost of real estate sales	**3,667**	1,342	2,325	173%
Power plant operation and maintenance expenses	**8,945**	6,711	2,234	33%
General and administrative expenses	**9,394**	3,559	5,835	164%
Interest expense	**3,462**	1,750	1,712	98%
Net insurance benefits and claims	**290**	-	290	100%
	91,213	**14,043**	**77,170**	550%
INCOME BEFORE INCOME TAX	**14,334**	**8,935**	**5,399**	60%
PROVISION FOR INCOME TAX	**1,803**	288	1,515	526%
NET INCOME	**12,531**	**8,647**	3,884	45%
Attributable to:				
Equity holders of the Parent Company	**8,640**	**6,589**	2,051	31%
Non-controlling interest	**3,891**	2,058	1,833	89%
	12,531	**8,647**	3,884	45%

GT Capital reported a consolidated net income attributable to Equity holders of the Parent Company of Php8.6 billion for the year ended December 31, 2013, representing a 31% growth over the Php6.6 billion recorded in the previous year. The increase was principally due to the 359% improvement in consolidated revenues which grew to Php105.5 billion from Php23.0 billion a year ago.

The major contributors to revenue growth were: (1) consolidation of TMP effective February 1, 2013 as revenue from automotive operations amounted to Php74.4 billion accounting for 70% of total revenue; (2)

consolidation of GBP effective May 1, 2012 as net fees amounted to Php16.9 billion accounting for 16% of total revenue; (3) higher real estate sales and interest income on real estate sales from Fed Land amounting to Php5.5 billion; (4) equity in net income from associates MBT, AXA Philippines and the jointly controlled entities of Fed Land amounting to Php3.6 billion; (5) non-recurring income of Php2.0 billion realized from the consolidation of TMP; and (6) consolidation of CPAIC as net premiums earned amounted to Php0.5 billion.

Excluding TMP's non-recurring income of Php2.0 billion and adding back one-time taxes and other non-recurring expenses of Php669 million, GT Capital's core net income attributable to shareholders amounted to Php7.2 billion, representing a 34% increase from Php5.4 billion of the previous year. The Php2.0 billion TMP non-recurring income was a gain from previously-held interest when GT Capital achieved majority control of TMP effective February 1, 2013 following the acquisition of an additional 15% direct equity stake in TMP thereby increasing its direct equity interest from 36% to 51%.

In 2013, GT Capital invested in two (2) new component companies namely: (1) CPAIC – acquisition of a 66.7% direct equity stake effective October 10; and (2) TMBC – acquisition of a 40.7% direct equity stake effective December 18.

Fed Land, GBP, TMP and CPAIC are consolidated in the financial statements of the Company. The other component companies namely Metrobank, AXA Philippines and TMBC are reflected through equity accounting.

Of the seven (7) component companies, Metrobank, Fed Land, TMP, AXA Philippines, and TMBC posted double digit growth in net income. GBP and CPAIC, on the other hand, reported lower net income performances.

GBP posted a lower net income owing to soft coal and diesel prices which dropped by 15% and 8%, year-on-year, respectively and lower WESM prices, resulting in a 36% decline in WESM margins. Other contributory factors include the impact of Typhoon Yolanda, which affected GBP's bilateral customers thereby resulting in a temporary reduction in power demand as well as contract revisions for some off takers from power purchase agreements to energy conversion agreements. CPAIC, likewise, registered a drop in its net income due to higher than normal claims and losses arising from the series of natural calamities that occurred in the second half of 2013.

Equity in net income of associates and joint ventures amounted to Php3.6 billion in 2013 or 8% lower than the Php3.9 billion recorded in 2012, as the net income growth of AXA Philippines and the jointly-controlled entities of Fed Land was offset by the Php529 million decrease in TMP's net income contribution. This decline was due to GT Capital's additional 15% increase in equity stake in TMP resulting in a line-by-line consolidation in GT Capital effective February 1. In addition, MBT's net income contribution excluded the one-time gain on asset sales, as the sale of MBT's stake in TMP to GT Capital involved a sale of an associate to the parent company, while the disposals by FMIC, which is majority-owned by MBT, of its 40% equity stake in GBP to Orix Corporation of Japan and Meralco PowerGen Corporation did not result in a loss of control by the Parent Company in GBP.

Revenue from automotive operations comprising the sale of locally assembled and imported vehicles contributed Php74.4 billion in revenues.

Net fees from GBP comprising energy fees for the power supplied by the generation companies contributed Php16.9 billion in revenues, representing a 32% increase from Php12.8 billion in 2012.

Real estate sales and interest income on real estate sales more than doubled year-on-year to Php5.5 billion from Php2.4 billion, driven by sales contributions from ongoing high-end and middle-market development projects situated in Pasay City, Quezon City, Escolta, Manila, Cebu, Bonifacio Global City, and Marikina City.

Net premiums earned from CPAIC comprising gross earned premiums on non-life insurance contracts, net of reinsurer's share, contributed Php0.5 billion in revenues.

Gain on revaluation of previously-held interest amounted to Php2.0 billion as GT Capital achieved effective control of TMP effective February 1, 2013 following the purchase of an additional 15% direct equity interest thereby increasing GT Capital's direct equity stake from 36% to 51%.

Rent income, mainly from the GT Tower International office building, the Blue Wave malls, and other Fed Land projects, more than doubled to Php592 million from Php233 million. The GT Tower International office building was close to 100% occupied as of year-end 2013, as it contributed Php360 million to rent income.

Interest income from deposits and investment securities increased by 17% or Php97 million to Php680 million from Php583 million mainly due to the interest income contribution from TMP.

Sale of goods and services, consisting of the sale of petroleum products, on a wholesale and retail basis, at the Blue Wave malls in the Bay Area, Pasay City and Marikina City, declined by 10% or Php74 million to Php657 million from Php731 million due to lower fuel sales arising from the successive price increases and rollbacks implemented throughout the year.

Other income grew by 104% to Php537 million from Php263 million composed of: (1) Php109 million in dividend income, gain on sale of fixed assets and other income from TMP; (2) Php285 million real estate forfeitures, interest income from in-house financing and loans receivable, management fees and other income from Fed Land; (3) Php100 million in dividend income, recovery from insurance, sale of scrap and sludge oil, management fees and other income from GBP; (4) Php18 million consisting of gain on sale of shares of stock and other income from CPAIC and (5) remaining balance of Php25 million principally came from realization to profit and loss of the equity in other comprehensive income from investment in TMP.

Consolidated costs and expenses grew more than six times to Php91.2 billion in 2013 from Php14.0 billion in the previous year. TMP contributed Php69.1 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. GBP contributed Php13.9 billion comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php6.7 billion consisting of cost of real estate sales, cost of goods sold, general and administrative expenses and interest expenses. CPAIC contributed Php525.5 million consisting of net insurance benefits and claims and general and administrative expenses. GT Capital Parent Company accounted for the balance of Php907 million, a major portion of which were interest expenses and general and administrative expenses.

Cost of real estate sales increased by 173% to Php3.7 billion from Php1.3 billion due to an increase in real estate sales.

Cost of goods and services sold increased by 66.8 times to Php45.5 billion from Php681 million with TMP's completely built-up units and spare parts accounting for Php44.8 billion and the balance from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP amounted to Php20.0 billion.

Power plant operations and maintenance expenses from the power generation companies of GBP grew by 33% to Php8.9 billion from Php6.7 billion in 2012.

General and administrative expenses rose 2.6 times to Php9.4 billion from Php3.6 billion composed of: (1) TMP, Php4.3 billion, comprising largely of advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling expenses; (2) GBP, Php2.8 billion, representing salaries, taxes and licenses, amortization of intangible assets, administration and management fees and insurance expenses; (3) Fed Land , Php1.7 billion, composed of salaries and wages, employee benefits, commissions, taxes and licenses and advertising and promotions; (4) GT Capital, Php0.3 billion, principally fees and expenses incurred in the equity private placement and its maiden retail bond issue; and CPAIC, Php0.2 billion, composed of commission expenses and salaries and wages.

Interest expenses increased by 98% or Php1.7 billion to Php3.5 billion from Php1.7 billion with GBP contributing Php2.2 billion, Fed Land with Php621 million, GT Capital with Php600 million and TMP with Php83 million.

Net insurance benefits and claims amounted to Php290 million representing benefits and claims paid to policyholders, including changes in the valuation of insurance contract liabilities and internal and external claims handling costs directly related to the processing and settlement of claims.

Provision for income tax increased 6.3 times to Php1.8 billion from Php288 million with TMP and Fed Land contributing Php1.5 billion and Php0.2 billion, respectively and the remaining balance from GT Capital, GBP and CPAIC.

Consolidated net income attributable to Equity holders of the Parent Company grew by 31% to Php8.6 billion in 2013 from Php6.6 billion in the previous year.

GT Capital Consolidated Statement of Financial Position	**Audited December 31**		**Increase (Decrease)**	
(In Million Php, except for percentages)	**2013**	2012	**Amount**	**Percentage**
ASSETS				
Current Assets				
Cash and cash equivalents	**27,167**	**11,553**	15,614	135%
Short-term investments	**1,467**	**-**	**1,467**	100%
Receivables	**12,450**	**6,505**	5,945	91%
Reinsurance assets	**4,966**	**-**	4,966	100%
Inventories	**20,813**	**12,275**	8,538	70%
Due from related parties	**850**	**489**	361	74%
Prepayments and other current assets	**5,969**	**6,000**	(31)	(1%)
Total Current Assets	**73,682**	**36,822**	**36,860**	100%
Noncurrent Assets				
Noncurrent receivables	**4,929**	**3,159**	1,770	56%
Available-for-sale investments	**3,111**	**1,060**	2,051	193%
Investments and advances	**40,559**	**42,789**	(2,230)	(5%)
Investment properties	**8,329**	**7,816**	513	7%
Property and equipment	**41,163**	**33,661**	7,502	22%
Deposits	**-**	**2,085**	(2,085)	(100%)
Goodwill and intangible assets	**18,275**	**8,715**	9,560	110%
Deferred tax asset	**1,109**	**331**	778	235%
Other noncurrent assets	**1,203**	**547**	656	120%
Total Noncurrent Assets	**118,678**	**100,163**	**18,515**	18%
TOTAL ASSETS	**192,360**	**136,985**	**55,375**	**40%**

	Audited December 31		Increase (Decrease)	
	2013	2012	Amount	Percentage
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**20,837**	**7,377**	13,460	182%
Insurance contract liabilities	**6,684**	**-**	6,684	100%
Current portion of liabilities on purchased properties	**783**	**-**	783	100%
Short-term debt	**1,744**	**9,138**	(7,394)	(81%)
Current portion of long-term debt	**3,364**	**7,427**	(4,063)	(55%)
Customers' deposits	**1,844**	**974**	870	89%
Dividends payable	**1,966**	**1,949**	17	1%
Due to related parties	**188**	**191**	(3)	(2%)
Income tax payable	**876**	**26**	850	3,269%
Other current liabilities	**907**	**1,370**	(463)	(34%)
Total Current Liabilities	**39,193**	**28,452**	**10,741**	38%
Noncurrent Liabilities				
Long-term debt –net of current portion	**40,584**	**39,188**	1,396	4%
Bonds payable	**9,883**	**-**	9,883	100%
Liabilities on purchased properties-noncurrent	**3,537**	**2,581**	956	37%
Pension liability	**1,704**	**532**	1,172	220%
Deferred tax liability	**3,252**	**935**	2,317	248%
Other noncurrent liabilities	**1,643**	**243**	1,400	576%
Total Noncurrent Liabilities	**60,603**	**43,479**	**17,124**	39%
	99,796	**71,931**	**27,865**	39%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,743**	1,580	163	10%
Additional paid-in capital	**46,695**	36,753	9,942	27%
Treasury shares	**(6)**	-	(6)	(100%)
Retained earnings	**21,802**	13,685	8,117	59%
Other comprehensive income	**(437)**	2,423	(2,860)	(118%)
Other equity adjustment	**729**	(681)	1,410	207%
	70,526	53,760	16,766	31%
Non-controlling interests	**22,038**	11,294	10,744	95%
Total Equity	**92,564**	65,054	27,510	42%
TOTAL LIABILITIES AND EQUITY	**192,360**	136,985	55,375	40%

The major changes in the balance sheet items of GT Capital from December 31, 2012 to December 31, 2013 are as follows:

Total assets of the Group increased by 40% or Php55.4 billion from Php137.0 billion as of December 31, 2012 to Php192.4 billion as of December 31, 2013 as TMP was consolidated to GT Capital's financials effective February 1, 2013. Total liabilities increased by 39% or Php27.9 billion from Php71.9 billion to Php99.8 billion while total equity rose by 42% or Php27.5 billion from Php65.1 billion to Php92.6 billion.

Cash and cash equivalents increased by Php15.6 billion reaching Php27.2 billion with TMP, GBP, Fed Land, CPAIC and GT Capital accounting for Php10.3 billion, Php10.2 billion , Php5.7 billion, Php0.8 billion and Php0.2 billion, respectively.

Short-term investments amounted to Php1.5 billion representing short-term placements of TMP (Php1.3 billion) and GBP (Php0.2 billion) with terms of more than 90 days.

Receivables, current portion increased by 91% to Php12.5 billion from Php6.5 billion with TMP and GBP contributing Php3.9 billion and Php3.8 billion, respectively, representing trade receivables with maximum 30 days credit terms, and outstanding billings for energy fees and passed-through fuel costs arising from the delivery of power and Fed Land contributing Php3.1 billion, majority of which are installment contract receivables. CPAIC contributed Php1.7 billion, mostly unpaid premiums receivable from policy holders and intermediaries due within one year.

Reinsurance assets amounted to Php5.0 billion representing balances due from reinsurance companies as a result of ceding CPAIC's insurance risk in the normal course of business.

Inventories increased by 70% or Php8.5 billion to Php20.8 billion from Php12.3 billion in the past year with Fed Land, comprising condominium units for sale and land for development, TMP, mostly finished completely-built-up and completely-knocked down units and GBPC, representing coal and spare parts and supplies accounted for Php16.1 billion, Php3.6 billion, and Php1.1 billion, respectively.

Prepayments and other current assets declined by 1% or Php30.6 million to Php6.0 billion primarily due to the decrease in GBP's input tax arising from higher output tax collection versus input tax claimed during the period and liquidation of advances related to the Toledo, Cebu plant expansion partially offset by deferred acquisition cost from CPAIC amounting to Php231.4 million composed of deferred commissions and other acquisition costs incurred to the extent that they are recoverable out of future margins.

Noncurrent receivables from Fed Land unit buyers who opted for long term payment arrangements, Php4.2 billion, and from various GBP electric cooperatives, Php778 million, rose by 56% or Php1.8 billion to Php4.9 billion from Php3.2 billion.

Available-for-sale investments from CPAIC, Php1.3 billion, GBP, Php1.3 billion, and TMP Php0.5 billion, more than doubled to Php3.1 billion from Php1.1 billion.

Investments in associates and joint ventures declined by 5% or Php2.2 billion to Php40.6 billion due to the consolidation of TMP.

Investment properties rose by 7% or Php513 million to Php8.3 billion from Php7.8 billion with Fed Land and TMP accounting for Php6.1 billion and Php2.2 billion, respectively.

Property and equipment grew by 22% or Php7.5 billion to Php41.2 billion mainly due to the consolidation of the fixed assets of TMP.

Deposits declined by Php2.1 billion due to the termination of the option agreement and returned deposits from Fed Land.

Goodwill and intangible assets increased by Php9.6 billion to Php18.3 billion mainly due to the recognition of Php5.6 billion goodwill from the acquisition of effective control of TMP, Php0.5 billion goodwill from provisional accounting arising from the acquisition of effective control of CPAIC and the recognition of intangible assets from TMP representing customer relationships with its dealers amounting Php3.9 billion partially offset by Php0.4 billion amortization expenses from power purchase agreements of GBP's operating subsidiaries.

Deferred tax assets mostly accrued retirement benefits, provision for claims and assessments and warranty payable from TMP of Php775 million and provision for retirement benefits and unrealized foreign exchange losses from GBP of Php311 million reached Php1.1 billion.

Other noncurrent assets more than doubled to Php1.2 billion primarily owing to the deposit of TMP to purchase land and recognition of non-current input tax.

Accounts and other payables more than doubled to Php20.8 billion from Php7.4 billion with TMP, GBP, Fed Land and CPAIC accounting for Php11.3 billion, Php4.3 billion, Php4.1 billion and Php1.0 billion, respectively.

Accounts payable also include insurance payable amounting to Php296 million representing premium due to reinsurers and ceding companies as a result of CPAIC ceding a portion of its insurance risk to reinsurers.

Accrued expenses amounted to Php3.7 billion. These are composed of TMP dealers incentives, support and promotions (Php1.1 billion); TPC plant expansion and projected related expenses (Php730.0 million); GBP plant related expenses (Php401.2 million); payroll and other employee benefits (Php326.9 million); Utilities and services (Php304.8 million); TMP royalty and technical assistance fees (Php263.1 million); importation costs (Php174.7 million); professional fees (Php78.7 million); regulatory fees (Php77.0 million); freight, handling and transportation (Php63.7 million); and other accrued expenses (Php190.7 million).

Insurance contract liabilities amounted to Php6.7 billion representing provisions for claims reported and loss adjustments incurred but not yet reported losses and unearned premiums.

Current portion of liabilities on purchased properties, from Fed Land amounted to Php0.8 billion representing the portion due in 2014 from the acquisition of GT Tower and three (3) parcels of land located in Macapagal Avenue, Pasay City.

Short-term debt decreased by Php7.4 billion to Php1.7 billion from Php9.1 billion due to loan payments, net of new loan availments.

Current portion of long-term debt decreased by 55% to Php3.4 billion from Php7.4 billion in 2012 due to debt refinancing implemented by GT Capital and Fed Land and scheduled loan payments of GBP and GT Capital.

Customers' deposits increased by 89% or Php870 million to Php1.8 billion due to the increase in reservation sales for new Fed Land projects launched in 2013.

Income tax payable grew by 34 times to Php876 million from Php26 million, of which Php825 million and Php41 million came from TMP and CPAIC and the remaining Php10 million came from GBP and Fed Land.

Other current liabilities declined to Php907 million from Php1.4 billion in 2012, of which Php0.7 billion represented advances from holders of non-controlling interest and uncollected output VAT from energy sales generated from the bilateral customers of GBP while the balance of Php0.2 billion were withholding taxes payable of Fed Land, GBP and TMP. This also includes deferred reinsurance commission amounting to Php36 million, representing commissions related to the unexpired periods of the policies at end of the reporting period.

Long-term debt, net of current portion, increased by Php1.4 billion to Php40.6 billion due to Fed Land's issuance of Php5 billion corporate notes offset by the scheduled loan payments of GBP.

Bonds payable from GT Capital Parent amounted to Php9.9 billion, net of deferred financing cost. The bonds were secured in February 2013 to partially finance the various equity calls of GBP and to refinance the Company's existing long-term and short-term loans.

Liabilities on purchased properties – net of current portion from Fed Land increased by 37% or Php0.9 billion to Php3.5 billion from Php2.6 billion mainly from the acquisition of three (3) parcels of land located in Macapagal Avenue, Pasay City.

Pension liability amounted to Php1.7 billion of which TMP, GBP, CPAIC, Fed Land and GT Capital accounted for Php1.1 billion, Php429 million, Php103 million, Php88 million and Php12 million, respectively.

Deferred tax liability more than tripled to Php3.3 billion from Php0.9 billion due to the recognition of deferred tax liability arising from fair value increase in identifiable assets of TMP from the purchase price allocation.

Other noncurrent liability increased by 6.8x to Php1.6 billion from Php243 million in 2012 representing TMP's provision for claims and assessments, product warranties and corporate social responsibility activities.

Capital stock increased by Php163 million representing new shares issued by the Company from the equity private placement last January 2013.

Additional paid-in capital increased by 27% or Php9.9 billion, representing the equity private placement proceeds received.

Retained earnings increased by 59% or Php8.1 billion principally due to the Php8.6 billion consolidated net income attributable to equity holders of GT Capital realized for the year, net of the Php0.5 billion cash dividends declared in September.

Other equity adjustments increased by 207% or Php1.4 billion to Php729 million from a Php681 million deficit as a result of the sale by FMIC of its 40% equity stake to ORIX Corporation of Japan and Meralco PowerGen. Other equity adjustment is the difference between the consideration and the value of the non-controlling interests sold.

Treasury shares of Php6 million represent shares of stock investment in GT Capital by CPAIC.

Other comprehensive income decreased by 118% or Php2.9 billion to Php0.4 million other comprehensive loss from a gain of Php2.4 billion due to marked-to-market loses recognized on AFS investments amounting to Php2.9 billion and the balance due to loss on re-measurement of retirement liabilities.

Equity before non-controlling interest grew by 31% or Php16.8 billion to Php70.5 billion coming from the increase in capital stock, Php0.2 billion, additional paid-in-capital, Php9.9 billion, net income realized for the period, net of cash dividends declared , Php8.1 billion, and increase in other equity adjustments, Php1.4 billion, partially offset by a decrease in other comprehensive income, Php2.8 billion.

Non-controlling interest increased by Php10.7 billion to Php22.0 billion mainly due to the recognition of the Php6.9 billion non-controlling interest upon consolidation of TMP and Php3.9 billion net income attributable to non-controlling interest for the period.

LIQUIDITY AND CAPITAL RESOURCES

In 2013, 2014 and 2015, GT Capital's principal source of liquidity was cash dividends received from the investee companies and loans. As of December 31, 2015, GT Capital's cash and cash equivalents reached Php36.7 billion.

The following table sets forth selected information from GT Capital's statement of cash flows for the periods indicated.

	In Million Pesos		
	2013	2014	2015
Net cash provided by (used in) operating activities	6,014.6	(4,586.9)	(468.8)
Net cash provided by (used in) investing activities	(2,204.4)	(9,486.1)	(25,509.9)
Net cash provided by (used in) financing activities	11,845.7	16,609.6	35,121.0
Effects of exchange rate changes on cash and cash equivalents	(42.3)	(1.1)	(89.2)
Net increase (decrease) in cash and cash equivalents	15,613.6	2,535.5	9,053.1
Cash and cash equivalents at the beginning of the period	11,553.3	27,166.9	29,702.4
Cash and cash equivalents of disposal group at end of the period	-	-	(894.5)
Cash and cash equivalents of continuing operations at end of the period	27,166.9	29,702.4	37,861.0

Cash flows from operating activities

Cash flow from (used in) operating activities amounted to Php6.0 billion in 2013, (Php4.6 billion) in 2014 and (Php0.5 billion) in 2015. In 2013, operating cash amounting to to Php13.9 billion was used to increase receivables by Php3.6 billion, inventories by Php1.2 billion, short-term investments by Php1.5 billion and reinsurance assets by Php1.3 billion and partially settle other current liabilities by Php558.3 million. In 2014, operating cash amounting to Php19.7 billion was used to increase receivables by Php1.8 billion and real estate inventory by Php12.5 billion and partially settle accounts and other payables by Php0.9 billion, insurance contract liabilities by Php1.0 billion and other current liabilities by Php1.7 billion. In 2015, operating cash amounting to Php26.0 billion was used to increase receivables by Php3.0 billion, inventories by Php9.7 billion, land held for future development by Php2.9 billion and prepayments and other current assets by Php1.0 billion and partially settle insurance contract liabilities by Php0.6 billion and other current liabilities by Php0.2 billion.

Cash flows used in investing activities

Cash flows from (used in) investing activities amounted to (Php2.2 billion) in 2013, (Php9.5 billion) in 2014 and (Php25.7 billion) in 2015. In 2013, cash flows used in investing activities went to increase property and equipment by Php7.0 billion, available-for-sale (AFS) investments by Php690 million and investment in associates and jointly controlled entities by Php502.2 million. In 2014, cash flows used in investing activities went to increase property and equipment by Php6.7 billion and investment in associates and jointly controlled entities by Php3.0 billion. In 2015, cash flows used in investing activities went to increase investment in associates and jointly controlled entities by Php8.8 billion, property and equipment by Php10.0 billion and acquisition of subsidiary-net of cash acquired by Php6.9 billion.

Cash flows from financing activities

Cash flows from financing activities amounted to Php11.8 billion in 2013, Php16.6 billion in 2014 and Php35.3 billion in 2015. In 2013, cash flows from financing activities came from a top up equity private placement of Php10.1 billion, Php9.9 billion in retail bonds and Php7.3 billion in new loans which was used to partially settle Php18.0 billion in outstanding loans. In 2014, cash flows from financing activities came from issuance of bonds payable of Php11.9 billion and loan availments of Php7.7 billion, share of holders of non-controlling interest in the equity calls of Php2.7 billion, offset by loan payments of Php5.8 billion. In 2015, cash flows from financing activities came from loan availments of Php57.8 billion and issuance of voting preferred shares of Php17.4 million which was used to partially settle Php21.9 billion in outstanding loans, Php0.7 billion in liabilities in purchased properties and Php0.2 billion in other non-current liabilities

Item 7. **Financial Statements**

The consolidated financial statements and schedules as listed in the accompanying Index to Exhibits are filed as part of this SEC Form 17-A.

Item 8. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosure.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards ("PFRS") and the Philippine Interpretations of International Financial Reporting Interpretation Committee ("IFRIC") which became effective beginning January 1, 2014.

The Group will also adopt several amended and revised standards and interpretations subsequent to 2014.

Please refer to Note 2 of the attached Company's audited financial statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2014 and new PFRS and IFRIC that will be effective subsequent to 2014.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2013, 2014 and 2015 have been audited by SGV & Co. (a member firm of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, its Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of the Company's policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; (iii) ensure the Company's compliance with acceptable auditing and accounting standards and regulations; and (iv) approve all related fees paid to the independent auditors.

The following table sets out the aggregate fees for audit and audit-related services, inclusive of out-of-pocket expenses and value-added-tax for each of the years ended December 31, 2013, 2014 and 2015 for professional services rendered by SGV & Co. to the Company.

	For the year ended December 31		
	2013	2014	2015
	(in Php million)		
Audit and Audit-Related Services	14.2	9.5	1.8
Non-Audit Services	-	-	-
Total …..	**14.2**	**9.5**	**1.8**

Audit fees for 2013, 2014 and 2015 amounted to P1.7 million, P1.8 million and P1.8 million, respectively. SGV & Co. also rendered audit-related professional services in 2013 and 2014 relating to the Company's Initial

Public Offering and Bond Offering amounting to P12.5 million and P7.7 million, respectively. There were no other professional services rendered by SGV & Co. during the period.

PART III.

CONTROL AND COMPENSATION INFORMATION

Item 9. **Directors and Executive Officers of the Issuer**

(a) The incumbent Directors and Executive Officers of the Company are as follows:

Board of Directors

Office	Name	Age	Citizenship
Group Chairman	Dr. George S.K. Ty	83	Filipino
Chairman	Francisco C. Sebastian	62	Filipino
Co-Vice Chairman	Arthur Vy Ty	49	Filipino
Co-Vice Chairman	Alfred Vy Ty	48	Filipino
Director/President	Carmelo Maria Luza Bautista	58	Filipino
Director	Roderico V. Puno	52	Filipino
Director	David T. Go	62	Filipino
Independent Director	Jaime Miguel G. Belmonte	52	Filipino
Independent Director	Christopher P. Beshouri	53	American
Independent Director	Wilfredo A. Paras	69	Filipino
Independent Director	Peter B. Favila	67	Filipino

Board Advisers

Office	Name	Age	Citizenship
Adviser	Pascual M. Garcia III	62	Filipino
Adviser	Antonio S. Abacan, Jr.	73	Filipino
Adviser	Mary Vy Ty	75	Filipino

The business experience of the members of the Board for the last five (5) years is as follows:

Dr. George S.K. Ty, 83 years old, Filipino, served as GT Capital's Chairman of the Board since its inception in July 2007 until July 11, 2012. He is the current Group Chairman of GT Capital. Dr. Ty is also the founder of Metropolitan Bank & Trust Company (Metrobank), a listed company, and served as its Chairman from 1975 until 2006 when he became Group Chairman of the Metrobank Group of Companies. Dr. Ty graduated from the University of Santo Tomas and received his Doctorate in Humanities, Honoris Causa form the same university. He is concurrently the Chairman of the Board of Trustees of the Metrobank Foundation, Inc. and of the Board of Directors of Toyota Motor Philippines Corporation (TMP).

Francisco C. Sebastian, 62 years old, Filipino, is Chairman of GT Capital since June 2014. He joined the Metrobank Group in 1997. He was initially appointed President of First Metro Investment Corporation, a post he kept for 14 years until he was made Chairman in 2011. Concurrently, he was appointed Vice Chairman of Metrobank in 2006. He also serves as Chairman of Global Business Power Corporation (GBPC) since 2007. Mr. Sebastian has no directorships in other listed companies aside from GT Capital and Metrobank. He earned his AB degree in Economics Honors, Magna Cum Laude, from the Ateneo de Manila University in 1975. He worked in Hong Kong as an investment banker from 1977 to 1984 with Ayala International Finance Limited and Filinvest Finance (HK) Ltd. From 1984 until he joined Metrobank in 1997, he owned and managed his own business and financial advisory firm in Hong Kong, Integrated Financial Services Ltd. He is now the Chairman of First Metro Investment Corporation (FMIC), after having served as its President for 13 years.

Arthur Vy Ty, 49 years old, Filipino, served as the Corporation's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012 up to June 2014. He is currently the Co-Vice Chairman of GT Capital. He was the President of Metrobank, a listed company, from 2006 to 2012 and was appointed as its Chairman in April 2012. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc., Vice Chairman of Philippine Savings Bank (PSBank), a listed company, and FMIC. He earned his Bachelor of

Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York in 1991.

Alfred Vy Ty, 48 years old, Filipino, has been a Co-Vice Chairman of the Corporation since February 14, 2012 and has served as a Director of the Corporation since 2007. He is also a Director of Metrobank, a listed company, and Vice Chairman of TMP. He graduated from the University of Southern California with a degree major in Business Administration in 1989. Some of his other current roles and positions include: Chairman, Lexus Manila, Inc.; Chairman, Federal Land, Inc. (Fed Land); Chairman, Property Company of Friends, Inc. (PCFI); Board of Trustee Member, Metrobank Foundation, Inc.; and Co-Vice Chairman, GBPC.

Carmelo Maria Luza Bautista, 58 years old, Filipino, assumed the role of Director and President of GT Capital in 2011. Mr. Bautista has no directorships in other listed companies aside from GT Capital. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee, he later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 36 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank Manila; Vice President Real Estate Finance Group Citibank N.A. Singapore branch; Vice President Structured Finance Citibank N.A. Singapore Regional Office; Country Manager ABN AMRO Bank Philippines; and President and CEO Philippine Bank of Communications. Mr. Bautista has a Masters in Business Management degree from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree major in Economics from the Ateneo de Manila University.

Dr. David T. Go, 62 years old, Filipino, has been a Director of GT Capital since May 2014. He acquired his Doctor of Philosophy Degree (International Relations) from New York University in 1982. He currently serves as Director, Senior Executive Vice President, and Treasurer of TMP. He is also the Vice Chairman of Toyota Autoparts Phils., Inc.; Board Adviser and Treasurer of Toyota Financial Services Philippines Corporation. (TFSPH) Corporation; President of Toyota Motor Philippines Foundation, Inc.; Trustee of Toyota Savings and Loan Association; Chairman of Toyota San Fernando, Inc., Toyota Makati, Inc., Toyota Manila Bay Corporation. (TMBC), and Toyota Sta. Rosa Inc.; Director and Chairman of the Executive Committee of Toyota Cubao, Inc. (TCI); Director of Lexus Manila, Inc.; and President of Toyota Motor Phils. School of Technology, Inc. Dr. Go has no directorships in other listed companies aside from GT Capital.

Roderico V. Puno, 52 years old, Filipino, has been a director of the Corporation since August 5, 2011 and is a Senior Partner of Puno & Puno Law Offices. He earned his Bachelor of Arts Major in Political Science from the Ateneo de Manila University in 1985, his Bachelor of Laws degree from the same University in 1989, and his Masters of Law from Northwestern University in Chicago. He is a widely recognized expert in energy law and also specializes in general corporate law, banking and project finance, real estate, utilities regulation, securities, and infrastructure. He is currently Corporate Secretary of Atlas Consolidated and Mining and Development Corporation, First Philippine Industrial Park, and Rustan Supercenters, Inc. He served as Vice-President- Head of Legal, General Counsel, and Corporate Secretary for First Generation Corporation and Vice President Legal for First Philippine Holdings Corporation, concurrently. Atty. Puno has no directorships in other listed companies aside from GT Capital.

Jaime Miguel G. Belmonte*, 52 years old, Filipino, was elected as Independent Director of GT Capital on 11 July 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of Business World (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM-Pang Masa (since 2003); and President of Pilipino Star Printing Company (since 1994). Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004), Vice Chairman of Stargate Media Corporation (Director since 2000), Publisher of People Asia Magazine, and member of the Board of Advisers of Manila Tytana College (since 2008). Mr. Belmonte has no directorships in other listed companies aside from GT Capital. He earned his undergraduate degree from the University of the Philippines-Diliman.

Peter B. Favila*, 67 years old, Filipino, was elected as Independent Director on May 12, 2015. Prior to this, he served as GT Capital's Board Advisor since October 23, 2014. He is presently a Consultant to the Bangko Sentral ng Pilipinas (BSP) after completing his fixed term as Member of the Monetary Board. Likewise, Mr. Favila is a member of the Supervisory Committee of the (ABF) Philippines Index Bond Fund and of the Advisory Council of the Asian Bankers Association. He is a member of the Board of Trustees of the Ramos for Peace and Development Foundation, Inc. (RPDev) and Trustee of the Alay sa Kawal Foundation, Inc. With more than 40 years of experience in the field of banking and finance, he held various executive positions in both the public and private sector. In 2005, he was appointed Secretary of the Department of Trade and Industry (DTI) where in concurrent capacity he chaired several attached agencies to DTI until the end of his term in 2010. Mr. Favila, in the private sector, had served as Senior Vice President of Metropolitan Bank and Trust Co., President/CEO of Security Banking Corporation, Vice-

Chairman/President/CEO of Philippine National Bank, and President/CEO of Allied Banking Corporation. Prior to his stint in government service, he was elected as Chairman of the Philippine Stock Exchange (PSE). Mr. Favila has no directorships in other listed companies aside from GT Capital. Mr. Favila is a recipient of various recognitions and awards prominent of which are the Republic of the Philippine's Order of Lakandula with the rank of Bayani conferred by President Gloria Macapagal-Arroyo; the Gran Cruz Orden de Isabel la Catolica conferred by King Juan Carlos I of Spain; the Order of the Rising Sun, Gold and Silver Star conferred by His Majesty Emperor Akihito of Japan. Mr. Favila earned his Bachelor of Science degree in Commerce from the Santo Tomas University and completed his Advance Management Program at the Wharton School, University of Pennsylvania. He is an adopted member of Class 1982 of the Philippine Military Academy.

Christopher P. Beshouri*, 53 years old, American, was elected as Independent Director of GT Capital on 14 May 2013. He is Group President and COO of VICSAL Development Corporation, a diversified conglomerate owned and led by the Gaisano Family, with holdings in Retail (Metro Retail stores), Property (Taft, HT Land), and Financial Services (banking, investment banking, brokerage, and trust). Mr. Beshouri has no directorships in other listed companies aside from GT Capital. Prior to joining VICSAL, Chris was with McKinsey and Company for more than 15 years, where he held 3 distinct roles: President / CEO of Philippines (2005-2013), Chief of Staff of Asia (2004-2005), and Associate Principal (1997-2004). Mr. Beshouri also worked as a Senior Financial Economist and Director at the United States Treasury from 1989 to 1997, where he focused on financial markets and banking regulation. In addition, Mr. Beshouri was an Adjunct Professor of Georgetown University, College of Business from 1996-1997, a Consultant for the West Africa Country Operations of the World Bank in 1988, a Financial Auditor of the Catholic Relief Services from 1987 to 1988, and an Analyst and Research Assistant for the Federal Reserve Bank of Atlanta from 1984 to 1986. Mr. Beshouri holds a Bachelor of Arts Degree (Dual Major in Economics and Public Policy) from the Michigan State University, and a degree in Master of Public Affairs from Princeton University.

Wilfredo A. Paras*, 69 years old, Filipino, was elected as Independent Director of GT Capital on 14 May 2013. He currently holds various positions in Philippine Corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Director of Oil Mills Goup of CIIF- Granexport Manufacturing Corporation, Cagayan de Oro Oil Mills Corporation, Iligan Coconut Oil Mills Corporation (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; and was also the President of Union Carbide Philippines, the President/Director of Union Carbide-Indonesia, Managing Director of Union Carbide Singapore and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a degree in Bachelor of Science (BS) Industrial Pharmacy from the University of the Philippines and a Master in Business Administration (MBA) from the De la Salle University Graduate School of Business. He finished a Management Program of the University of Michigan, Ann Arbor, Michigan, USA.

** Independent director – The Corporation has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The Corporation's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule. The Corporation's By-laws were amended for this purpose and such amendment was approved by the SEC on January 13, 2012. A discussion on the guidelines and procedures for Nomination and Election of Independent Directors is set forth in Annex "A" of this Information Statement.*

The business experience of the Board Advisers for the last five (5) years is as follows:

Dr. Antonio S. Abacan Jr., 73 years old, Filipino, was elected as one of the Advisers to the Board of Directors of GT Capital Holdings, Inc. on 12 May 2014. Concurrently, he is the Vice Chairman of Metrobank Group of Companies. He also chairs companies within the group such as TFSPH, Sumisho Motor Finance Corporation, Manila Medical Services Inc., Manila Tytana Colleges, and Circa 2000 Homes, Inc. He also holds other significant positions such as: Senior Adviser of Metropolitan Bank and Trust Company; Vice Chairman and Executive Director of GBPC; and Vice Chairman and Director of Panay Energy Development Corporation. He concurrently serves as Director in other companies such as: Cebu Energy Development Corporation; Panay Power Corporation; Panay Power Holdings; ARB Power Ventures, Inc.; GBH Power Resources Inc.; Global Formosa Power Holdings Inc.; Global Energy Supply Corporation; Vivant Corporation; Cebu Holding, Inc.; and Taal Land, Inc. He is the Honorary Chairman of ORIX Metro Leasing and Finance Corporation and also serves as a member of the Advisory board of Federal Land, Inc. and TMBC Group. He is Trustee and Treasurer of the Philippine Business Center; Director for Banking, Finance, and Taxation of the Philippine Chamber of Commerce and Industry; member of the Board of Governors of Makati Commercial Estate Association (MACEA); President of DARE Philippines Association Inc., and Senior Adviser of the Metrobank Foundation. He is also a member of the Board of Trustees of GT Metro Foundation. He is also a member of the Stanford University Alumni Association. For his personal accomplishments, he was awarded The Outstanding Filipino Award (TOFIL) for Banking by the Philippine Jaycee Senate in 2008 and Huwarang Anak ng Bulakan/Outstanding Bulakeno Achievers by Club Bulakeno, Inc. in 2011. He was also awarded Outstanding Alumnus by the following institutions: Mapua Institute of Technology in 1987; Meycauayan College in 1988; and the Far Eastern University in 2007. He was an Ulirang Ama Awardee by the National Father's Day & Mother's Day Foundation; a Communications and Leadership Awardee by Toastmaster International in 2006; a CEO Excel Awardee by the International Association of Business Communicators (IABC); and Dangal ng Lipi Awardee in 1999 by Outstanding Bulakenos. Dr. Abacan holds a Bachelor of Science degree in Business Administration, Major in Banking and Finance from the Mapua Institute of Technology and Major in Accounting from the Far Eastern University. He completed the Executive Program of the Stanford University Graduate School of Business. He received his Doctorate in Business Administration (Honoris Causa) from the Philippine Women's University.

Pascual M. Garcia III, 62 years old, Filipino, was appointed as Board Advisor in May 2013. He is currently the President of Fed Land. He also holds several other positions in other companies among which are Vice Chairman of PCFI; Vice Chairman of Cathay International Resources Corp.; President of Horizon Land; President of Omni Orient Management Corp.; Chairman of Metropolitan Park Association; Director for Fed Brent Inc.; Chairman of Central Realty; Director for TFSPH; Director for Sumisho Finance Corporation; President of Federal Land Orix Corporation; and Co-Vice Chairman for Cathay International Resources Corporation. Prior to joining Fed Land, he served as the President and Director of PSBank from 2001 up to 2013. Mr. Garcia earned his Bachelor's degree in Commerce Major in Management from the Ateneo de Zamboanga University.

Mary Vy Ty, 75 years old, Filipino, was appointed as Board Advisor of GT Capital in June 2014. Prior to this, she served as the Corporation's Treasurer since its incorporation in 2007. Mrs. Ty has more than 50 years of experience in banking and general business. She currently holds the following positions: Assistant to the Group Chairman, Metrobank; Adviser, Metrobank Foundation, Inc.; Vice Chairman, Manila Medical Services, Inc.; Adviser, Manila Tytana Colleges; Advisor, GBPC; Director, Grand Titan; and Chairman, Philippine Securities Corporation. Previously, Mrs. Ty held the position of Director for FMIC. She earned her collegiate degree from the University of Santo Tomas.

Period of Directorship

Name	Date First Elected
Dr. George S.K. Ty	June 3, 2011
Francisco C. Sebastian	May 12, 2014
Arthur V. Ty	June 3, 2011
Alfred V. Ty	February 14, 2012
Carmelo Maria Luza Bautista	August 5, 2011
Roderico V. Puno	August 5, 2011
David T. Go	May 12, 2014
Jaime Miguel G. Belmonte	December 2, 2011
Christopher P. Beshouri	May 14, 2013
Wilfredo A. Paras	May 14, 2013
Peter B. Favila	May 11, 2015

Executive Officers

Name	Office	Age	Citizenship
Carmelo Maria Luza Bautista	President	58	Filipino
Francisco H. Suarez, Jr.	EVP/Chief Financial Officer	56	Filipino
Anjanette T. Dy Buncio	Treasurer	47	Filipino
Alesandra T. Ty	Assistant Treasurer	36	Filipino
Antonio V. Viray	Corporate Secretary	76	Filipino
Jeanne Frances T. Chua	Assistant Corporate Secretary	50	Filipino
Jocelyn Y. Kho	Assistant Corporate Secretary	61	Filipino
Winston Andrew L. Peckson	FVP/Chief Risk Officer	64	Filipino
Jose B. Crisol, Jr.	FVP/Head, Investor Relations and Corporate Communications	49	Filipino
Susan E. Cornelio	VP/Head, Human Resources and Administration	44	Filipino
Richel D. Mendoza	VP/Chief Audit Executive	44	Filipino
Reyna Rose P. Manon-Og	VP/Controller and Head, Accounting and Financial Control	34	Filipino
Elsie D. Paras	VP/Deputy CFO	43	Filipino
Renee Lynn Miciano-Atienza	AVP*/Officer-In-Charge,	33	Filipino

Legal and Compliance

*Effective April 1, 2016

Francisco H. Suarez, Jr., 56 years old, Filipino, has served as GT Capital's Executive Vice President and Chief Financial Officer since February 16, 2012. He brings to the Corporation over 30 years of experience in the fields of investment banking and corporate finance. He served as Chief Financial Officer of ATR KimEng Capital Partners, Inc., PSi Technologies, Inc., and SPi Technologies; and assumed various positions in Asian Alliance Investment Corp., Metrobank, International Corporate Bank, Far East Bank and Trust Company, and National Economic Development Authority. He earned his Bachelor of Arts in Applied Economics from De La Salle University in 1981; and is a candidate for a Masters in Business Administration degree at the Ateneo Graduate School of Business.

Antonio V. Viray, 76 years old, Filipino, joined the Corporation as Assistant Corporate Secretary and became Corporate Secretary in 2009. Concurrently, he is the Corporate Secretary of Metropolitan Bank & Trust Company (Metrobank) and Property Company of Friends, Inc. He was formerly the Senior Vice-President, General Counsel and Assistant Corporate Secretary of Metrobank. He was also a Senior Vice-President & General Counsel of Philippine Savings Bank and Director of Solidbank. At present, he is also the Corporate Secretary of Global Treasure Holdings, Inc. and Grand Titan Holdings, Inc. He is also Chairman and President of AVIR Development Corporation and Of Counsel of Feria Tantoco Daos Law Office. He obtained his Bachelor of Laws from the University of Sto. Tomas and Master of Laws from Northwestern University in Chicago, U.S.A.

Jeanne Frances T. Chua, 50 years old, Filipino, was appointed as Assistant Corporate Secretary on 12 May 2015. She concurrently serves as Director of Philippine Savings Bank (PSBank) and Vice President of Legaspi Import & Export Corporation. Prior to this, she was Senior Vice President and Corporate Secretary of Century Savings Bank. She holds a Bachelor of Science degree in Finance from Santa Clara University.

Jocelyn Y. Kho, 61 years old, Filipino, has served as the Corporation's Assistant Corporate Secretary since June 2011 and formerly Controller until 2010. She concurrently serves as Controller and Assistant Corporate Secretary of Grand Titan Capital Holdings, Inc. and Global Treasure Holdings, Inc.; Director and Treasurer of Global Business Holdings, Inc.; Senior Vice President/ Corporate Secretary of Federal Homes, Inc.; Director/ Corporate Secretary of Crown Central Realty Corporation; Director/Member of the Board and formerly Corporate Secretary of Cathay International Resources, Inc.; Excom Member, formerly Senior Vice President/Comptroller/ Assistant Corporate Secretary of Federal Land, Inc.; Chairman and President of MBT-Management Consultancy, Inc. She served as Vice President under the Office of the Assistant to the Group Chairman of MBT from 1978 to 2009. She earned her Bachelor of Science degree in Commerce with a major in Accounting from the University of Santo Tomas in 1975, and is a candidate for Master of Science in Taxation from MLQ University.

Anjanette Ty Dy Buncio, 47 years old, Filipino, was appointed as GT Capital's Treasurer in May 2015. Prior to this, she has served as the Corporation's Assistant Treasurer since 2007. She holds several other positions in other companies among which are as Vice Chairman and Director of Metrobank Card Corporation; Director and Senior Vice President of Federal Land, Inc.; and Senior Vice President of Global Business Power Corporation. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Science degree in Economics.

Alesandra T. Ty, 36 years old, Filipino, was appointed Assistant Treasurer of GT Capital Holdings on 14 February 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Masters in Business Administration at the China Europe International Business School in Shanghai, China. She is currently Director and Treasurer of AXA Philippines; Director of ORIX Metro Leasing and Finance Corporation, Federal Homes, Inc., and Sumisho Motorcycle Finance Corp.; the Corporate Treasurer of Metrobank Card Corporation; Corporate Secretary of Metrobank Foundation, Inc.; and Executive Vice President of Grand Titan Holdings, Inc.

Winston Andrew L. Peckson, 64 years old, Filipino, serves as First Vice President and Chief Risk Officer of GT Capital. He was appointed to the position in February 2016. Mr. Peckson brings to the Corporation over 40 years of experience in banking. Concurrent to his position, he is a Director of the First Metro ETF Fund, and a Fellow of the Institute of Corporate Directors. Before joining GT Capital, he served as a Consultant for the Treasury and Investment Banking Group of First Metro Investment Corporation (FMIC). Prior to his stint with FMIC, he was the Head of Treasury Marketing of Philippine National Bank (PNB). Before this, he was also Vice President and General Manager of ABN AMRO Bank NV's Manila Offshore Branch, a position he held for 10 years. Other previous positions held were: Vice President and Corporate Treasury Advisor of Bank of America – Manila Branch, CEO and Director of Danamon Finance Company (HK) Ltd. (DFCL), Manager for Corporate Banking of Lloyds Bank PLC – Hong Kong Branch, Vice President for Commercial Banking of Lloyds Bank PLC – Manila Offshore Branch, and Branch Banking Head of Far East Bank & Trust Company. He obtained his Bachelor of Arts Degree, Major in Psychology and Minor in Business Administration from the Ateneo De Manila University and earned his Masters Degree in Business Management from the Asian Institute of Management.

Jose B. Crisol, Jr., 49 years old, Filipino, serves as First Vice President and Head of the Investor Relations and Corporate Communications Division of GT Capital. He was appointed to the position on July 26, 2012. Before joining the Corporation, he was the Assistant Vice President for Investor Relations of SM Investments Corporation (SM). Prior to working with SM, he was a Director at the Department of Trade and Industry (DTI), heading its Trade and Industry Information Center. He also served for a time, on a concurrent basis, as Head of DTI's Office of Operational Planning. His other past employment includes occupying various positions at The Philippine American Life Insurance Company and Merrill Lynch Philippines, Inc., among others. He holds a Bachelor of Science degree in Economics from the University of the Philippines in Diliman, and completed his primary and secondary education at the Ateneo De Manila University.

Susan E. Cornelio, 44 years old, Filipino, joined the Corporation on July 4, 2012 as the Head of the Human Resources Division. Prior to this, she served as Vice President and Head of the Compensation and Benefits Department of Sterling Bank of Asia. Before this, she was Assistant Vice President and Head of the Compensation and Benefits Department of United Coconut Planters Bank. Her other past employments include: Metropolitan Bank & Trust Company (Metrobank), ABN AMRO, Solidbank, and Citytrust, among others. She holds a degree of Bachelor of Science major in Accounting from the Sta. Isabel College and a Master Certificate in Human Resources from Cornell University's School of Industrial and Labor Relations.

Richel D. Mendoza, 44 years old, Filipino, joined the Corporation on October 1, 2013 as its Chief Audit Executive. She served as Board Director of the Institute of Internal Auditors (IIA) Philippines from 2004-2012 prior to her appointment as its Chief Operating Officer in 2012. Richel is a seasoned internal audit practitioner with 17 years of experience from listed company Roxas Holdings, Inc., serving as Senior Auditor in one of its subsidiaries until she became the Group Internal Audit Head. She gained her audit background from SGV and Co. Richel has a Masters in Business Administration degree from De La Salle University Graduate School of Business and a Bachelor of Science degree in Business Administration Major in Accounting from University of the East, Magna Cum Laude. Richel is a Certified Public Accountant, a Certified Internal Auditor (CIA), and an IIA accredited Quality Assurance Validator, Trainer and CIA Reviewer. She completed the Diploma Program in Corporate Finance at the Ateneo De Manila Professional Schools.

Reyna Rose P. Manon-og, 34 years old, Filipino, was appointed the Corporation's controller in October 2011. Prior to joining the Corporation, she spent seven years at SGV & Co. wherein she held various positions including Director; and another two years in United Coconut Planters Bank as Assistant Vice President and Head of its Financial Accounting Department. She is a Certified Public Accountant and a cum laude graduate of Bicol University.

Elsie D. Paras, 43 years old, Filipino, serves as GT Capital's Vice President for Corporate Planning and Business Development and Deputy Chief Finance Officer. She was appointed to the position on January 5, 2015. Prior to joining the Corporation, she served as Finance Manager and Deputy CFO of SIA Engineering Philippines, a joint venture of Cebu Air and SIA Engineering of Singapore. Before this, she was a Manager for Strategic Consulting for Jones Lang La Salle MENA in Dubai. Her other employments include: Business Development Manager for Commercial Centers of Robinsons Land Corporation and Project Development Manager at Ayala Land, Inc. for middle income housing among others. She attained her Masters in Business Management, Major in Finance from the Asian Institute of Management in 2001. She was also a participant in the International Exchange Student Program of HEC School of Management of France. Prior to her MBM, she worked for six years in equity research and investment banking. She graduated with honors from the University of the Philippines with a Bachelor of Science degree in Business Economics.

Renee Lynn Miciano-Atienza, 33 years old, Filipino, is GT Capital's Officer-In-Charge of the Legal & Compliance Division. She has been with GT Capital since 2012, serving as Senior Legal & Compliance Officer. Prior to joining the Corporation, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation (CMIC). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the Philippine Stock Exchange. She was also the Legal Counsel of the Office of Senator Miguel Zubiri, and prior to entering law school, a Trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo De Manila University and finished her Juris Doctor degree in the same university.

Directorships in Other Reporting Companies and Subsidiaries

The following are directorships held by Directors and Executive Officers in other reporting (listed) companies and subsidiaries of the Corporation during the last five years:

Name of Corporation	**Position**
George S.K. Ty	
Toyota Motor Philippines Corporation	Chairman/Director
Francisco C. Sebastian	
Global Business Power Corporation	Chairman/Director
Metropolitan Bank & Trust Company	Vice Chairman/Director
Federal Land, Inc.	Director
Arthur Vy Ty	
Metropolitan Bank & Trust Company	Chairman/Director
Philippine Savings Bank	Vice Chairman/Director
Alfred Vy Ty	
Toyota Motor Philippines Corporation	Vice-Chairman/Director
Federal Land, Inc.	Chairman/Director
Metropolitan Bank & Trust Company	Director
Global Business Power Corporation	Vice-Chairman/Director
Property Company of Friends, Inc.	Chairman
Philippine Long Distance Telephone Company	Director
Carmelo Maria Luza Bautista	
Toyota Motor Philippines Corporation	Director
Global Business Power Corporation	Director
Federal Land, Inc.	Director
Charter Ping An Insurance Corporation	Director
Property Company of Friends, Inc.	Director
Roderico V. Puno	
Global Business Power Corporation	Director
David T. Go	
Toyota Manila Bay, Inc.	Chairman/Director
Toyota Cubao, Inc.	Chairman/Director
Toyota Motor Philippines Corporation	Director / Senior Executive Vice President and Treasurer
Wilfredo A. Paras	
Philex Mining Corporation	Independent Director
Antonio V. Viray	
Metropolitan Bank & Trust Corporation	Director
Jeanne Frances T. Chua	
Philippine Savings Bank	Director
Anjanette Ty Dy Buncio	
Federal Land, Inc.	Director / Senior Vice President
Alesandra T. Ty	
Philippine AXA Life Insurance Corporation	Director / Treasurer

Period of

Officership

Name	**Office**	**Period Held**
Carmelo Maria Luza Bautista	President	2011-Present

Francisco H. Suarez, Jr.	EVP/Chief Financial Officer	2012-Present
Anjanette T. Dy Buncio	Treasurer	2007-Present
Alesandra T. Ty	Assistant Treasurer	2012-Present
Antonio V. Viray	Corporate Secretary	2009-Present
Jeanne Frances T. Chua	Assistant Corporate Secretary	2015-Present
Jocelyn Y. Kho	Assistant Corporate Secretary	2011-Present
Winston Andew L. Peckson	FVP/Chief Risk Officer	2016-Present
Jose B. Crisol, Jr.	FVP/Head, Investor Relations and Corporate Communications	2012-Present
Susan E. Cornelio	VP/Head, Human Resources	2012-Present
Richel D. Mendoza	VP/Chief Audit Executive	2013-Present
Reyna Rose P. Manon-Og	VP/Controller and Head, Accounting and Financial Control	2011-Present
Elsie D. Paras	VP/Deputy Chief Financial Officer	2015-Present
Renee Lynn Miciano-Atienza	AVP*/Officer-In-Charge, Legal and Compliance	Nov 2015-Present

*Effective April 1, 2016

The Directors of the Corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming regular annual stockholders' meeting. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations as well as the Corporation's By-laws.

Review of qualifications of candidates nominated as Independent Directors shall be conducted by the Nominations Committee prior to the stockholders' meeting. The Nominations Committee shall prepare a Final List of Candidates of those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nominations Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

(b) Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Board Committees:

The members of the Executive Committee are:

Arthur Vy Ty	- Chairman
Alfred Vy Ty	- Vice-Chairman
Carmelo Maria Luza Bautista	- Member
Francisco C. Sebastian	- Member
Mary V. Ty	- Adviser

The members of the Audit Committee are:

Wilfredo A. Paras	- Chairman
Christopher C. Beshouri	- Member
David T. Go	- Member
Peter B. Favila	- Member

The members of the Risk Oversight Committee are:

Peter B. Favila	- Chairman

Wilfredo A. Paras	- Member
Christopher P. Beshouri	- Member
Roderico V. Puno	- Member

The members of the Compensation Committee are:

Jaime Miguel G. Belmonte	- Chairman
Roderico V. Puno	- Member
Alfred V. Ty	- Member

The members of the Nominations Committee are:

Wilfredo A. Paras	- Chairman
Jaime Miguel G. Belmonte	- Member
Peter B. Favila	- Member

The members of the Corporate Governance Committee are:

Christopher P. Beshouri	- Chairman
Wilfredo A. Paras	- Member
Jaime Miguel G. Belmonte	- Member

The Nomination Committee created by the Board under its Corporate Governance Manual nominated the following for re-election to the Board of Directors at the forthcoming Annual Stockholders' Meeting:

Dr. George S. K. Ty
Francisco C. Sebastian
Arthur Vy Ty
Alfred Vy Ty
Carmelo Maria Luza Bautista
Roderico V. Puno
David T. Go

The following were also nominated for inclusion in the Final List of Candidates for Independent Director:

Jaime Miguel G. Belmonte
Christopher P. Beshouri
Wilfredo A. Paras
Peter B. Favila

Jaime Miguel G. Belmonte, Christopher P. Beshouri, Wilfredo A. Paras and Peter B. Favila are not related either by consanguinity or affinity, nor do they have any other professional/business dealings with each other.

The Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The same provision has been incorporated in the Amended By-Laws of the Company.

The Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming regular annual stockholders' meeting.

The following will be nominated as officers at the Organizational meeting of the Board of Directors:

Office	Name
Group Chairman	Dr. George S. K. Ty
Chairman	Arthur V. Ty
Co-Vice Chairman	Alfred V. Ty
Co-Vice Chairman	Francisco C. Sebastian
Director and President	Carmelo Maria Luza Bautista
Treasurer	Anjanette T. Dy Buncio

Assistant Treasurer	Alesandra T. Ty
Corporate Secretary	Antonio V. Viray
Assistant Corporate Secretary	Jeanne Frances T. Chua
Assistant Corporate Secretary	Jocelyn Y. Kho
Chief Financial Officer	Francisco H. Suarez, Jr.
Head, Investor Relations & Corporate Communications	Jose B. Crisol, Jr.
Chief Risk Officer	Winston Andrew L. Peckson
Head, Human Resources & Administration	Susan E. Cornelio
Chief Audit Executive	Richel D. Mendoza
Controller and Head, Accounting and Financial Control	Reyna Rose P. Manon-Og
Deputy Chief Financial Officer	Elsie D. Paras
Head, Legal and Compliance	Renee Lynn Miciano-Atienza

The following will be nominated as advisers to the Board at the Organizational meeting:

Adviser	Pascual M. Garcia III
Adviser	Antonio S. Abacan
Adviser	Mary Vy Ty

(c) Family Relationships

Mary Vy Ty is the wife of Dr. George SK Ty. Arthur Vy Ty, Alfred Vy Ty, Anjanette T. Dy Buncio and Alesandra T. Ty are the children of Dr. George SK Ty and Mary Vy Ty. Jeanne Frances T. Chua is the niece of Dr. George SK Ty. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the registrant other than the ones disclosed herein.

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 27 (Related Party Transactions) of the Notes to the Consolidated Financial Statements. Related Party Transactions are made on an arm's length basis.

(e) Involvement in Legal Proceedings

The Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

(1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated; and

(5) a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 10. **Executive Compensation**

Executive Compensation of GT Capital Holdings

Summary compensation table

The following table identifies the Company's President and four most highly-compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2014, 2015 and 2016. The amounts (in Php millions) set forth in the table below have been prepared based on what the Company paid its executive officers in 2014 and 2015, and what the Company expects to pay in 2016.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Named Executive Officers*	2014	22.345	14.455	-
	2015	27.565	13.803	-
	2016**	29.288	13.084	-
All other Officers as a Group	2014	13.940	4.470	-
	2015	17.559	3.106	-
	2016**	18.787	3.324	-

** Named executive officers include: Carmelo Maria Luza Bautista (President), Francisco H. Suarez, Jr. (Chief Financial Officer), Joselito V. Banaag (Head, Legal and Compliance)***, Jose B. Crisol (Head, Investor Relations and Corporate Communications), and Susan E. Cornelio (Head, Human Resources).*

*** Figures for the year 2016 are estimates.*

**** Resigned effective November 8, 2015*

Employment contracts between the Company and named executive officers

The Company has no special employment contracts with the named executive officers.

Warrants and options outstanding

There are no outstanding warrants or options held by the CEO, the named executive officers, and all officers and directors as a group.

Stock option plan

The Company has no employee stock option plan.

Item 11. **Security Ownership of Certain Beneficial Owners and Management**

As of December 31, 2015, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (%)
Common	Grand Titan Capital Holdings, Inc. 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City	Same as the Record Owner **Arthur Vy Ty** is authorized to vote the shares held by Grand Titan Capital Holdings, Inc.	Filipino	94,656,110	54.31%
Common	PCD Nominee Corp. (Non-Filipino)	Various Clients[1]	Foreign	63,012,073	36.15%
Common	PCD Nominee Corp. (Filipino)	Various Clients[1]	Filipino	16,018,805	9.19%

(1) The number of shares held by PCD Nominee Corp. (Filipino and Non-Filipino) is comprised of various clients who are the beneficial owners of GT Capital Shares which are lodged with the Philippine Depository & Trust Corp.

Security Ownership of Management as of December 31, 2015

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct/(I) indirect	Citizenship	Percent of Class
Common	Dr. George S. K. Ty	200,000 (D)	Filipino	0.1147%
Common	Arthur V. Ty	100,000 (D) 2,100 (I)	Filipino	0.0574% 0.001%
Common	Alfred V. Ty	100,000 (D) 2,100 (I)	Filipino	0.0574% 0.001%
Common	Anjanette T. Dy Buncio	40,000 (D) 2,100 (I)	Filipino	0.0229% 0.001%
Common	Carmelo Maria Luza Bautista	1,000 (D) 10,000 (I)	Filipino	0.0006% 0.0057%
Common	Francisco H. Suarez, Jr.	5,000 (I)	Filipino	0.0029%
Common	Jocelyn Y. Kho	2,200 (I)	Filipino	0.0012%
Common	Alesandra T. Ty	1,400 (I)	Filipino	0.0008%
Common	Roderico V. Puno	1,000 (D)	Filipino	0.0006%
Common	Jaime Miguel G. Belmonte	1,000 (D)	Filipino	0.0006%
Common	Wilfredo A. Paras	1,000 (D)	Filipino	0.0006%
Common	Christopher P. Beshouri	1,000(D)	American	0.0006%
Common	Jeanne Frances T. Chua	200 (D) 500 (I)	Filipino	0.0001% 0.0002%
Common	Peter B. Favila	200 (D)	Filipino	0.0001%
Common	Francisco C. Sebastian	100 (D)	Filipino	0.0000%
Common	David T. Go	100 (D)	Filipino	0.0000%
Common	Antonio V. Viray	0	Filipino	0.0000%
Common	Susan E. Cornelio	0	Filipino	0.0000%
Common	Jose B. Crisol	0	Filipino	0.0000%
Common	Richel D. Mendoza	0	Filipino	0.0000%
Common	Reyna Rose P. Manon-Og	0	Filipino	0.0000%
Common	Elsie D. Paras	0	Filipino	0.0000%
Total		**445,600 (D)** **25,400(I)** **471,000 (D) and (I)**		**0.2702%**

Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of December 31, 2015.

Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements which may result in a change in control of the Company.

Item 12. **Certain Relationships and Related Transactions**

There are no known related party transactions other than those described in Note 27 (Related Party Transactions) of the Notes to the Consolidated Financial Statements. Related Party Transactions are made on an arm's length basis.

Transactions with Promoters

There are no transactions with promoters within the past five (5) years.

Events after the Reporting Period

For detailed discussion, please refer to Note 37 of the Consolidated Financial Statements for December 31, 2015 which forms part of the Annex of this SEC17A report.

PART IV.

CORPORATE GOVERNANCE

Item 13. **Corporate Governance**

Please refer to the attached ACGR.

PART V.

EXHIBITS AND SCHEDULES

Item 14. **Exhibits and Reports on SEC Form 17-C**

(a) Exhibits – see accompanying Index to Exhibits

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C were filed during the period covered by this report and are listed below:

	Date	Particulars
1.	January 9, 2015	Approval by GT Capital Holdings, Inc.'s ("GT Capital") stockholders of proposed amendment to the Articles of Incorporation creating a new class of shares (Voting Preferred Shares)
2.	February 18, 2015	Approval by the Securities and Exchange Commission ("SEC") of Amended Articles of Incorporation of GT Capital creating a new class of shares (Voting Preferred Shares)
3.	March 13, 2015	Declaration of Regular Cash Dividends for Common Stockholders at Three Pesos (PhP3.00) per share
4.	March 13, 2015	Promotion of the following senior officers of GT Capital effective April 1, 2015: 1. Francisco H. Suarez, Jr. (Chief Finance Officer)– from Senior Vice President to Executive Vice President; 2. Joselito V. Banaag (Head of Legal and Compliance) – from Vice President to First Vice President; and 3. Jose B. Crisol, Jr. (Head of Investor Relations and Corporate Communications) – from Vice President to First Vice President
5.	March 13, 2015	Notice of Annual Stockholders' Meeting to be held on May 11, 2015
6.	March 13, 2015	Approval by the Board of Directors of the amendment of Article SEVENTH of GT Capital's Amended Articles of Incorporation creating a new class of shares (Perpetual Preferred Shares)
7.	March 13, 2015	Approval by the Board of Directors of the issuance of 174,300,000 Voting Preferred Shares with a par value of Ten Centavos (Php0.10) per share through a 1:1 Stock Rights Offering
8.	March 26, 2015	Press release: GT Capital reported that its January to December 2014 core net income grew 38% to Php9.1 billion from Php6.6 billion in the

		same period in 2013.
9.	April 10, 2015	Press release: Panay Energy Development Corporation, a wholly owned subsidiary of Global Business Power Corporation ("GBP:), has raised Php11B from a 12-year syndicated loan facility to fund the ongoing construction of its 150 MW clean coal-fired power plant expansion project in Iloilo City.
10.	April 10, 2015	Addition of Mr. Peter B. Favila as a Nominee for the position of Independent Director following Mr. Solomon S. Cua's withdrawal of his candidacy
11.	April 13, 2015	Press release: Members of the Panay-Guimaras Power Supply Consortium (PPSC) signed a 25-year Electric Power Purchase Agreement (EPPA) with PEDC, a wholly owned subsidiary of GBP, for an aggregate power supply of 24 MW at the rate of Php5.05 per kwH.
12.	May 11, 2015	Stockholders' approval of the amendment of Article SEVENTH of GT Capital's Amended Articles of Incorporation creating a new class of shares (Perpetual Preferred Shares)
13.	May 11, 2015	Election of Directors and Appointment of Officers during the May 11, 2015 Annual Stockholders' Meeting of GT Capital
14.	May 12, 2015	Press release: Roxas Holdings, Inc. and GBPC have commissioned Pöyry Energy, Inc. for the Front-End Engineering Design of its 40-megawatt cogeneration facility in Negros Occidental
15.	May 13, 2015	Press release: GT Capital First Quarter 2015 Net Income Up 61% to Php2.8 Billion
16.	June 8, 2015	Approval by the SEC of Amended Articles of Incorporation of GT Capital creating a new class of shares (Perpetual Preferred Shares)
17.	August 3, 2015	Appointment of Francisco H. Suarez, Jr. as Chief Risk Officer of GT Capital effective August 1, 2015
18.	August 6, 2015	Press release: GT Capital has signed an agreement to acquire 22.68% of Property Company of Friends, Inc. ("PCFI") for Php7.24 billion, subject to closing conditions, with an option to increase its direct shareholding to 51% within the next three years.
19.	August 24, 2015	Press release: Finalization of GT Capital's acquisition of 22.68% of PCFI
20.	September 28, 2015	Confirmation with clarification of BusinessWorld Online news article entitled "GBPC, Roxas JV to invest $100M in 40 megawatt biomass plant"
21.	September 30, 2015	Confirmation with clarification of philSTAR.com news article entitled "GBPC mulls first Luzon power project"
22.	November 4, 2015	Resignation of Joselito V. Banaag, Head of Legal and Compliance Division of GT Capital, effective November 8, 2015

23.	November 5, 2015	Press release: Execution of Sale and Purchase Agreement for the disposition, subject to closing conditions, of GT Capital's 100% stake in Charter Ping An to Philippine AXA Life Insurance Corporation ("AXA Philippines")
24.	November 13, 2015	Press release: GT Capital January to September 2015 net income rises 32% to Php8.4 billion
25.	December 7, 2015	Confirmation of philSTAR news article entitled "GT Capital eyes creation of new property holding firm"

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 13th, 2016.

GT Capital Holdings, Inc.

By:

Francisco C. Sebastian Chairman	**Carmelo Maria Luza Bautista** President
Francisco H. Suarez, Jr. Chief Financial Officer	**Atty. Antonio V. Viray** Corporate Secretary
Reyna Rose P. Manon-og Comptroller	**Atty. Renee Lynn Miciano-Atienza** Officer-In-Charge, Legal and Compliance

APR 13 2016

SUBSCRIBED AND SWORN to before me this _____ day of April 2016 affiant(s) exhibiting to me the following:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Francisco C. Sebastian	EB9047722	September 3, 2013	Manila
Carmelo Maria L. Bautista	EC0813466	April 11, 2014	DFA NCR South
Francisco H. Suarez, Jr.	EB6058232	July 31, 2012	Manila
Antonio V. Viray	EB8044627	May 7, 2013	Manila
Reyna Rose P. Manon-og	EB6020710	July 25, 2012	Legazpi
Renee Lynn Miciano-Atienza	EC6658919	February 2, 2016	Manila

Doc No. 242;
Page No. 49;
Book No. 8;
Series of 2016.

Notary Public

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2016
ROLL NO. 41389 / APPOINTMENT NO. M-249
IBP NO. 0983825 / PTR. NO. 4775329
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY

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