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

C S 2 0 0 7 7 1 1 7 9 2

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. Joselito Banaag

(Contact Person)

836-4500

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

0 5 **1 2**

Month *Day*

(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

74

Total No. of Stockholders

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, 2013

(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, 2013**

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 Outstanding	Amount of Debt Outstanding (Unpaid Subscription)
Common Shares	**174,300,000**	**None**

b) Debt securities: Php10 Billion Bonds

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., common shares.

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 based on closing price as of December 31, 2013: **PhP 54.301 billion**

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) 2013 Audited Consolidated Financial Statements of GT Capital Holdings, Inc. and Subsidiaries (incorporated as reference for item 1,7, and 8 of SEC Form 17-A)

    (b) 2013 Audited Consolidated Financial Statements of Metropolitan Bank and Trust Corporation (incorporated as reference for item 1 of SEC Form 17-A)

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PART I.

BUSINESS AND GENERAL INFORMATION

Item 1. **Business**

GT Capital Holdings, Inc. (the "Company" or "GT Capital") 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 59.646% is owned by Grand Titan Capital Holdings, Inc., directors and senior officers of GT Capital, while the balance of 40.354% is publicly owned as of March 31, 2014.

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, real estate development, power generation, automotive assembly, importation and distribution, 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 25.1% interest in Metropolitan Bank & Trust Company ("Metrobank"), a universal bank that offers corporate and commercial banking products and services throughout the Philippines. Metrobank has been listed on the Philippine Stock Exchange since 1981. The Metrobank Group's corporate banking services consists of banking services provided to corporate customers (generally recognized by Metrobank as the top 1,000 Philippine companies, multinational companies, and government-owned and controlled companies). The Metrobank Group's commercial banking services focus on small and medium enterprises.

- Property development – GT Capital conducts its property development business through its 100% interest in fully-consolidated subsidiary Federal Land, Inc. ("Fed Land" or "Federal Land"). 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.

- Power generation – GT Capital conducts its power generation business through its 50.89% direct ownership in holding company Global Business Power Corporation ("GBPC"). GBPC, through its operating subsidiaries, is a leading independent power generation producer in the Visayas region, with a combined gross dependable capacity of 622 megawatts (MW) (480 MW attributable to GBPC, net of minority interests in its subsidiaries).

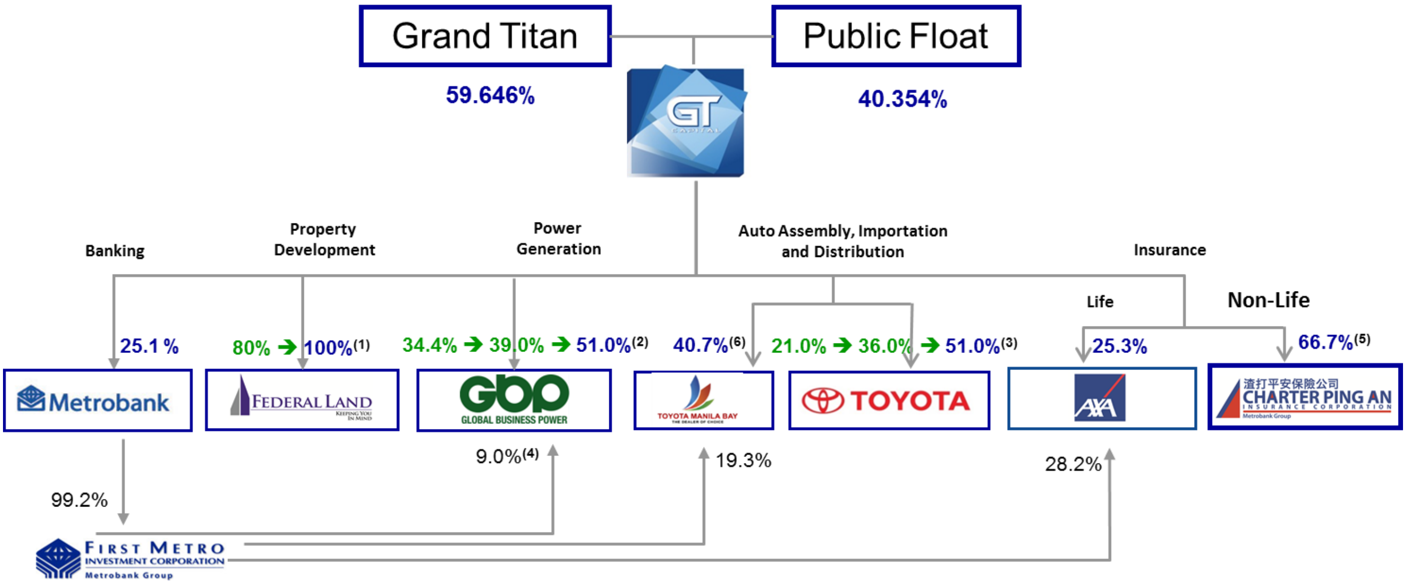
- Automotive – GT Capital conducts its automotive business through its 51% interest in Toyota Motor Philippines ("TMP"). TMP is engaged in the auto assembly, importation, and wholesale distribution of Toyota motor vehicles in the Philippines. It is also engaged in the manufacture and sale of Toyota motor vehicle parts and accessories, for the domestic and export markets. In addition, TMP is involved in the distribution of Lexus motor vehicles in the Philippines.

- 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 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), corporate solutions and direct marketing/telemarketing.

- Non-life Insurance – GT Capital conducts its non-life insurance business through its 66.7% interest in Charter Ping An Insurance Corporation ("Charter Ping An" or "CPA"), which offers insurance products in the Philippines, that include fire/property, marine, motor car, personal accident, bonds, other casualty, and engineering insurance, among others.

- Automotive Distribution – GT Capital conducts its automotive distribution business through its 40.7% interest in Toyota Manila Bay Corporation ("TMBC"). TMBC is engaged in the retail distribution of Toyota motor vehicles in Luzon, particularly in Metro Manila, and is also engaged in the retail sale of motor vehicle parts and accessories, and provides after-sales services to Toyota motor vehicles.

GT Capital's organizational chart as of December 31, 2013 is as follows:



Note:

1 On May 3, 2012, GT Capital executed a Deed of Absolute Sale with various selling shareholders of Fed Land 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%.

2 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%.

3 On December 3, 2012, GT Capital and Metrobank executed a Sale and Purchase Agreement 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 tranche of the Sale and Purchase Agreement 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%.

4 On June 27, 2013, First Metro Investment Corporation concluded with ORIX Corporation of Japan a Sale and Purchase Agreement for a 20% equity stake in Global Business Power Corporation for a consideration of Php7.15 billion.
On October 22, 2013, First Metro Investment Corporation concluded with Meralco PowerGen Corporation a Sale and Purchase Agreement for a 20% equity stake in Global Business Power Corporation for a consideration of Php7.15 billion.

5 On October 10, 2013, GT Capital executed a Deed of Absolute Sale with various shareholders of Charter Ping An to acquire a 66.7% equity stake in the non-life insurance firm for an aggregate consideration of Php1.4 billion.
On January 27, 2014, GT Capital executed another Deed of Absolute Sale with First Metro Investment Corporation to acquire the remaining 33.3% equity stake in the non-life insurance firm for an aggregate consideration of Php712 million.

6 On December 19, 2013, GT Capital executed a Deed of Absolute Sale with various selling shareholders of Toyota Manila Bay Corporation to acquire a 40.7% equity stake in Toyota dealership for an aggregate amount of Php502.25 million.

On March 4, 2014, GT Capital executed another Deed of Absolute Sale with First Metro Investment Corporation of Toyota Manila Bay Corporation to acquire additional 19.3% equity stake in Toyota Manila Bay for an aggregate amount of Php237.26 million.

Direct Services/Customers/Clients

Not applicable as GT Capital is a holding company.

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 go against several other entities in various sectors, some of which 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 and Bank of the Philippine Islands
Property Development	Ayala Land, Inc., Filinvest Land, Inc., Megaworld Corporation, Century Properties, and Robinsons Land Corporation
Power	Kepco Salcon Power Corporation, Salcon Island Power Corporation, Green Core, Unified Leyte Geothermal, and Palm Concepcion Power Corporation
Automotive	Hyundai, Honda, Mitsubishi, Isuzu, Nissan and Ford
Toyota Automotive Dealership	Hyundai Dealers, Honda Dealers, Mitsubishi City Motors
Life Insurance	Philippine American Life Insurance Co., Sun Life of Canada, Insular Life, Pru Life of the U.K. and Manufacturers Life
Non-life Insurance	Prudential Guarantee, Malayan Insurance, BPI/MS, Pioneer Insurance, AIG Philippines

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.

The GT Capital group, in the regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions, capital infusion, leasing agreements, management agreements and dividends received from associates. Transactions with related parties are made on an arm's length basis and are subject to review by the Company's Corporate Governance Committee.

Related party transactions are also 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, 2013, the GT Capital group of companies had a combined 14,855 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	20
MBT	10,353
Federal Land	308
GBP	779
TMP	2,017
AXA	378
CPA	375
TMBC	625
Total	**14,855**

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, 2013, GT Capital had 20 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 Executive Committee (ExCom) and Audit Committee (Audit Com), oversees the Company's risk management activities and approves GT Capital's risk management policies. The ExCom covers specific non-financial risks, such as strategic, operational and regulatory risks, while the Audit Com provides oversight over financial reporting risks.

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 of the Philippine laws, rules and regulations. Monitoring changes in these laws, rules and regulations reduces risks associated with noncompliance. 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 Audit Committee of the Board meets regularly and exercises an oversight role in managing the risks involved in the operations of the Company.

For further details on the Company's financial condition and operations, please refer to the 2013 Audited Financial Statements which are incorporated in the accompanying index to exhibits.

Metropolitan Bank and Trust Company

Services/Customers/Clients

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

The Bank's principal business activities involve deposit-taking and lending, trade finance, remittances, treasury, investment banking and thrift banking. The Bank 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.

The Bank provides investment banking services through First Metro Investment Corporation (FMIC) and retail banking through 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 47.60%, 51.75% and 58.23% of the Group's revenue net of interest and finance charges in 2013, 2012 and 2011, 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 52.40%, 48.25% and 41.77% of the Group's revenue net of interest and finance charges in 2013, 2012 and 2011, respectively.

Contribution of Foreign Offices

The contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2013, 2012 and 2011 are as follows:

Offices in	Year	Percentage Contribution to	
		Revenue, Net	External Net Operating Income
Asia (other than Philippines)	2013	2.26	2.48
	2012	2.82	3.00
	2011	3.62	3.93
United States	2013	0.56	0.65
	2012	0.64	0.70
	2011	0.81	0.88
Europe	2013	0.14	0.17
	2012	0.25	0.27
	2011	0.40	0.44

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 2013 with 632 branches as compared with 608 in 2012. Selected branches in Metro Manila and the countryside were relocated to maximize visibility and greater reach to its clients. Branch renovations were undertaken and continued to reflect the Bank's customer centric and sales oriented focus to its existing and potential clients.

2. Remittance Centers

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

International Remittance Tie-Ups

FIL-EXPRESS INTERNATIONAL REMITTANCE & DELIVERY SERVICES is a newly formed corporation and is registered with BSP as a remittance agent on December 12, 2012. Its main office is located at Room 604 Annapolis Tower Condominium, 43 Annapolis Street, Greenhills, San Juan City. The remittance arrangement with Fil-Express was implemented on July 16, 2013.

LARI EXCHANGE is a foreign corporation with principal office at P.O. Box 988, Liwa Street, Abu Dhabi, United Arab Emirates. It is licensed by the Central Bank of UAE to provide money remittance services. The remittance arrangement with Lari Exchange officially started on November 2013.

OUR YES CORPORATION is a BSP accredited Remittance Agent which was incorporated in 2004 with the mission to service the remittance needs of the Overseas Filipinos for distribution to their loved ones in the Philippines.

PNG REMITTANCE SERVICES is a sole proprietorship accredited by the Bangko Sentral ng Pilipinas in March 2009 as a Remittance Agent. PNG Remittance Services was established in 2006.

MERCHANTRADE ASIA SDN BHD is a Malaysian based company that was established on November 11, 1996 and was officially permitted by Bank Negara Malaysia to accept money remittances on February 8, 2007.

EZ MONEY EXPRESS SDN BHD was incorporated on August 27, 2007 under the Malaysian Companies Act, 1995 and became an authorized remittance company licensed by Bank Negara Malaysia (the Central Bank of Malaysia) in July 2008.

UAE EXCHANGE MALAYSIA SDN BHD. aka Fast Remit SDN. BHD. is an overseas branch of UAE Exchange, Abu Dhabi. The company was given the Money Service Business License by Bank Negara Malaysia in 2011 and started operations in Malaysia since then.

WELL CHAIN INTERNATIONAL CO. LTD. is a licensed remittance and brokerage company based in Taiwan. It offers manpower and remittance services to Overseas Filipino Workers in Taiwan as well as other nationalities. Well Chain was established in September 1999.

NONGHYUP BANK (NH Bank) is a specialized bank in Korea established under the National Agricultural Cooperative Federation (NACF) Act. It was launched in March 2012 as a result of re-organization of NACF following the Government's decision to carry out the Government's Agricultural financing activities effectively and because of this NH Bank gets an extremely high support from the Korean Government. NACF was established in 1961 to act as the government policy arm to implement its agricultural policy.

DIAMOND LEAF LIMITED (doing business as Moneymet) is a licensed financial service company in New Zealand. It was incorporated with the Registrar of Companies, New Zealand on November 23, 2012.

JC INTERNATIONAL was incorporated and registered with the Registrar of Companies in New Zealand as a money transfer service on November 23, 2010.

PESO EXPRESS was incorporated and registered with the Registrar of Companies in New Zealand as a money transfer service on July 3, 2012.

TINDAHANPNOY MONEY TRANSFER LIMITED was incorporated and registered with the Registrar of Companies in New Zealand as a money transfer service on September 12, 2012.

VALUTRANS SPA is licensed by the Central Bank of Italy to provide person-to-person money remittance services originating in Italy, UK and Portugal. The company was founded in July 2007.

WORLDREMIT LTD. is a private company registered with the Registrar of Trade Marks Intellectual Property Office, UK on September 27, 2010. On June 13, 2012, it was authorized by the Financial Services Authority (FSA) of UK to do money remittance.

Local Remittance Tie-Ups

New Bills Payment Tie-up

WORD FOR THE WORLD CHRISTIAN FELLOWSHIP, INC. is known as a "Filipino ministry" founded by foreign missionaries who began their missionary work among the Filipino people in Manila. Since then, it has grown into an international work reaching thousands in 20 different countries worldwide. It has been sending Filipino missionaries to numerous Filipino communities throughout Asia, Europe, and the United States. After establishing a fellowship for Filipino domestic workers in Hong Kong, WWCF also spread throughout the Middle East, bringing their way of worship.

BLUE CROSS INSURANCE, INC. is a market specialist in medical, travel and accident insurance. It offers medical plans for individuals, families, groups and travel insurance plans. It is based in the Philippines, with sister companies in Thailand, Indonesia, Vietnam and other operating entities in Hong Kong.

APPLEONE PROPERTIES, INC. is a dynamic player in the real estate business based in Cebu City, with almost 20 years of real estate development experience. Its entry into vertical development started with APPLEONE PROPERTIES, INC.'s acquisition of a 1,786 sqm lot located at the prime business corridor of Cebu City, the Cebu Business Park. The company launched its 16-floor mixed-use development last December 2010 known as APPLEONE - EQUICOM TOWER which is located in a very prime area where major establishments, dining and entertainment destinations are established. The Company owns other subsidiary companies such as Venray Construction, Brickwall Construction and Development Corporation, Golden Bee International, Inc., and Money Tree International Finance Corporation, a lending company, which also serves the in-house financing requirements of its buyers.

FIRST METRO ASSET MANAGEMENT, INC. was established by FMIC in partnership with the Catholic Educational Association of the Philippines (CEAP) and Marist Brothers Foundation to engage in the mutual fund business, promote savings mobilization and advocate investment literacy among Filipinos (refer to discussions on significant subsidiaries and associates of FMIC).

HEALTHWAY MEDICAL CLINIC INC. is a trusted and preferred network of mall-based clinics in the Philippines. It offers a unique one-stop-shop setting where minor surgical operations, special medical examinations and preventive healthcare and specialized medical consultations are performed under the administration of reputable and experienced doctors in the country. Healthway Medical is under the umbrella group of GenRx Healthcare, a division of HKR International Limited, a publicly listed company in Hong Kong.

<u>New Payout Partners</u>

ROBINSONS INC. is one of the largest retailers in the Philippines with more than 30 years of retail experience. It operates 35 mall chains strategically located in prime areas within Metro Manila and selected provincial areas. Through Robinsons' Business Centers, it offers various collection and distribution services such as acceptance of payments for utilities and offer foreign exchange and remittance services.

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

CLEENE MARITIME CORPORATION was organized in 1995 for the purpose of engaging in shipping, crewing, and manning business for overseas operations. It provides seafarers for various shipping vessels of foreign principals, particularly for Japanese and Taiwanese principals.

F.A. VINNEN PHILIPPINES, INC. is a multi-national corporation formed in October 2012 to solely provide F.A. Vinnen & Co. technically skilled, reliable and excellent seafarers. F.A. Vinnen & Co. (GmBH & Co. Kg), its principal, is a traditional shipping company operating container vessels worldwide. It is the oldest shipping company in Bremen and the second oldest in Germany.

MICHAELMAR PHILS., INC. was established in 1997. It was formed with the objective of recruiting and providing highly qualified Filipino seafarers to reputable principals and ship owners. Its seafarers serve onboard vessels of various types and sizes, including tankers, bulk carriers, reefers and car carriers.

SKANFIL MARITIME SERVICES INC. is one of the largest manning agents in the Philippines with over 4,000 crewmembers for more than 250 vessels. It provides Filipino crew for Philippine flag vessels owned by a Swedish and Filipino joint venture group. Originally serving traditional reefer fleet, Skanfil steadily attracted more established ship owners which ultimately expanded its fleet to include bulk, container, general cargo, passenger, ro-ro (roll-on, roll-off), chemical, product and oil tankers plus various types of off-shore vessels such as dive support, platform support, survey, seismic multi-purpose supply, cable lay, cable repair and pipe-lay units.

3. ATMs

All of Metrobank's 1,385 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 select 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 IVRS (Interactive Voice Response System) banking platform, and one of the first electronic banking channels made available to Metrobank customers. The Bank 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 the Bank's newest electronic banking channel, while primarily catering to feature phones that fill up the majority of the mobile market, it will soon launch its 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 the Bank's internet browser based banking platform that allows its clients to access their accounts and make financial transactions at their own personal convenience. Re-launched recently with more features to enhance a user's experience, such as online enrolment, Metrobank*direct* now makes internet banking a truly online experience.

7. Tax Direct Facility

Tax Direct, is a tax processing facility that was developed by Metrobank in conjunction with the Bureau of Internal Revenue to allow retail and corporate clients to file their tax returns and pay their taxes directly through the Bank's internet banking facility.

Innovation and Promotion

- The new Metrobank Cash Accept Machine was rolled-out to allow clients to make deposits any time of the day, with real time crediting and to top-up prepaid cards for free. By 2014, the Cash Accept Machines were able to accept deposits of non-ATM passbook accounts and incorporate bills payment functions.

- Metrobank, together with its thrift bank subsidiary PSBank, is the first in the Philippines to have ATMs certified to acquire EMV-chip enabled cards. The EMV is a global standard initiated by Europay, Mastercard and Visa to ensure the security and inter-operability of chip cards at chip-enabled ATMs and merchant terminals, fortifying protection against ATM-related fraudulent activities.

- The Bank launched new debit and prepaid cards. The debit card is a MasterCard-enabled product which provides the convenience of cashless transactions at over 30 million Mastercard-affiliated merchants worldwide, and easy free access to funds through Metrobank, Bancnet, Expressnet and Megalink ATMs nationwide. The prepaid card is a stored value card with the same features as the debit card, but requires no initial deposit and maintaining balance. It provides users an easy and convenient way to transfer funds and to reload using an existing Metrobank account.

- The Bank's internet banking service was further improved in 2013. System enhancements now allow for online enrolment of accounts and third party accounts, transfer of funds to unregistered Metrobank accounts, management of transaction limits, and heightened security features.

- The Wealth Manager Service Portal (WMSP) managed by the Bank's Treasury Group, allows enrolled clients to view Treasury-related offerings and current indicative rates, perform bond-calculation on their own and request a call from an Investment Specialist to expedite their requests;

- ROPA Web is a new search module which facilitates the Bank's ROPA disposition business. Customized to meet the needs of brokers, potential buyers and the general public, this system provides real-time on-line viewing of property profiles and the downloading of lists of real properties and vehicles for sale.

- Internally the Bank improved its SME loan approval process which streamlines end-to-end procedures affecting credit, risk and control groups and reduces turnaround times from application to credit approval and the actual release of proceeds.

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. Mergers, acquisitions and closures reduced the number of players in the industry from a high of 50 to 38 universal and commercial banks in 2009.

The Bank faces competition not only from domestic banks but also from foreign banks, in part, as a result of the liberalization of the banking industry. Since 1994, a number of foreign banks have been granted licenses to operate in the Philippines. These foreign banks have generally focused their operations on the larger corporations and selected consumer finance products, such as credit cards.

As of December 31, 2013, the Philippine banking system was composed of 20 universal banks and 16 commercial banks. Of the universal banks, 11 are local private universal banks, 3 are government banks and 6 are branches/subsidiaries of foreign banks. Among the commercial banks, 6 are private, 2 are subsidiaries of foreign banks and 8 are branches of foreign banks.

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 come from the consumer segment, middle corporate market and SMEs.

OFWs continued to show significant potential and banks have been focusing on this segment. For its part, the Bank is actively cross-selling products other than the typical remittance services to its OFW clientele.

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 the Metrobank as presented in the accompanying index to exhibits.

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

The Bank'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.
2. For credit cards: Metrobank Visa/MasterCard Classic; Visa/MasterCard Gold; Femme Visa; Platinum MasterCard; Platinum Dollar MasterCard; World MasterCard; M Cards; Robinson-Cebu Pacific MasterCard; Toyota MasterCard; Value MasterCard and Metrobank ON. Features: Bills2Pay, Shopping Perks & Privileges, Balance Transfer, Cash2Go/Cash Rush, Design My Card; and Rewards.
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: Metrobank Home Loan; Metrobank Car Loan
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; and Metro $ Max-5 Bond 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, government securities eligible dealer (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 TFSPC: quasi-banking license
7. For MBCL: business license to expire on January 13, 2040

All the Bank's trademark registrations, except for Metrobank E.T., are valid for 10 years with expiration dates varying from 2017 to 2018. Metrobank E.T. Registration is valid for 20 years and will expire in 2015. The Bank 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 2014 and FMIC's investment house license which will expire in November 2014.

Government Approval of Principal Products or Services

The 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 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% for both stand-alone basis (head office and branches) and consolidated basis (the Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). 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. The 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 Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the 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 Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every January 31. The Group has complied with this requirement.

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. The Group is required to comply with this Circular effective on January 1, 2014.

The 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 the Bank 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% 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 the Bank and some of its subsidiaries, 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 the 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 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%. 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 10.00% income tax.

The applicable taxes and tax rates for the foreign branches of the Bank 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, the Bank has not incurred any expenses for research and development.

Employees

Metrobank had 10,353 employees as of December 31, 2013. By year-end 2014, the Bank projects to have 10,706 employees.

	Officers	Rank and File	Total
As of year-end 2013:			
AVPs and up:	306		306
Senior Managers and down:	4,022	6,025	10,047
	4,328	6,025	10,353
By year-end 2014 (projected):			
AVPs and up:	436		436
Senior Managers and down:	4,350	5,893	10,243
	4,813	5,893	10,706

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. Management and the employees' union have signed a new CBA that is effective for three years beginning January 2013 until December 2015. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

The 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 Group are disclosed in Note 4 of the Audited Financial Statements as presented in the accompanying index to exhibit.

Risk Management Framework

The BOD has overall responsibility for the oversight of the Bank's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. 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.

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

Credit Risk
Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The 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 Group's inability to meet its obligations when they become due. The Group manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. Specifically for the Bank, 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, the Bank 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 Metrobank, 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 the bank under business-as-usual and stress parameters. The Group's financial institution subsidiaries (excluding insurance companies) prepare their respective MCO reports. These are reported to the Bank's ALCO and ROC monthly.

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. The Bank's market risk originates from its holdings in foreign currencies, debt securities and derivatives transactions. The Bank manages market risk by segregating its balance sheet into a trading book and a banking book. ALCO, chaired by the Bank's Chairman is the senior review and decision-making body for the management of all related market risks. The Bank 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 RMC and performs daily market risk analyses to ensure compliance with the Bank's policies. The Treasury Group manages asset/liability risks arising from both banking book and trading operations in financial markets.

Market Risk - Trading Book
In measuring the potential loss in its trading portfolio, Metrobank 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 the Bank, even before the VaR limit is hit.

Metrobank and PSBank perform stress testing on a quarterly basis while FMIC performs stress testing daily to complement the VaR methodology. The stress testing results of Metrobank are reported to the ALCO and subsequently to the ROC and the BOD.

Market Risk - Banking Book
The Group uses Earnings-at-Risk Methodology 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 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 the Bank, rate-sensitive positions that lack definitive

repricing dates or maturity dates (e.g. demand and savings deposit accounts) are assigned to repricing time bands based on frequency or pattern of interest rate change. Dynamic assumptions, which considers 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 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 Group's FCDU account. Foreign currency deposits are generally used to fund the 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 30.00% liquidity reserve on all foreign currency liabilities held in the FCDU. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

Federal Land, Inc.

Products and Services/Customers/Clients

Federal Land's primary products and services are residential sales and commercial 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.

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.

Contribution to Sales/Revenues

Fed Land recorded revenues from real estate sales including interest income of Php5.5 billion and Php2.4 billion in 2013 and 2012, respectively. Rent income for 2013 and 2012 amounted to Php632 million and Php233 million, respectively. Net income after tax reached Php1.01 billion or a 49% decrease from last year due to the one-time extraordinary gain from deconsolidation of subsidiary amounting to Php1.4 billion recognized last 2012.

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 2012, Fed Land purchased (a) parcel of land located at the Reclamation Area, Central Business Park 1-A, Pasay City at a total consideration of Php234.66 million from WTCC, (b) parcel of land located at Taguig City for a total consideration of Php785.52 million from MBT, (c) parcel of land located at Pasay City for a total consideration of Php541.35 million from TRC. These parcels of land were acquired at their fair market value at the time of the acquisition.

2) *Long-term loans receivable*
   In 2012, Fed Land entered into a loan agreement with Cathay International Resources Corp. (Borrower). Fed Land agrees to lend to the Borrower a total amount of Php705 million with nominal interest rate of 3.15% annually. This loan will mature on the tenth year anniversary from the date of the execution of the agreement. The outstanding balance of long-term loans receivable as of December 31, 2012 amounted to Php610.78 million.

3) *Option agreement*
   In 2011, Fed Land entered into an option agreement with its various affiliates (Grantor), whereby the Grantor grants and gives Fed Land the exclusive rights, for a period of three years to either (a) purchase the Property, (b) purchase the shares of stock of the Grantor which owns the Property, (c) to develop the property as Developer in joint venture with the Grantor's affiliates or (d) to undertake combination of any of the foregoing, as may be agreed upon the parties. The Group has outstanding deposits amounting to nil and Php2.09 billion with 7.34% interest in 2013 and 2012, respectively.

   In addition, the Grantor will reimburse Fed Land for its interest expense, borrowing cost and related expenses incurred in obtaining the option money. The Group recognized interest income amounting to Php263.85 million and Php257.74 million in 2013 and 2012, respectively.

4) *Management Fees*
   Management fee amounting to Php70.18 million, Php41.14 million and Php36.83 million in 2013, 2012 and 2011, respectively, pertains to the income received from a joint venture of Fed Land with Fed Land Orix Corporation (FLOC) and MBT.

5) *Lease agreements*
   In 2011, Fed Land also leased its mall to some of its associates and affiliates. The lease term ranged from 5 to 10 years. The rental income on these leases amounted to Php10.03 million and Php8.57 million for 2011 and 2010, respectively.

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 trademark and names for its development projects, including Florida Sun Estates; Tropicana Garden City; Four Season Riviera; Embarcadero – The Fiesta Town; One Paris; Riverview Mansion Where New Beginnings Flow; my HOBS; One Lilac Place; Park West of Hyatt; Shanghai Park Towers; Six Senses Resort; The Big Apple; CLUB MET; Paseo de Roces; SixSenses Resort; Park East Residences; One Xavier Mansion; Shanghai Park; Park Metro; Club Le Pav; 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; One Liberty Place). 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.

Fed Land has applications pending for intellectual property rights relating to its various developments and projects. Several applications have already been processed but are awaiting the release of the certificate of registration from the Philippine Intellectual Property Office. Among the project names currently submitted for certification include: The Plaza; Next Wave; Greenhills South; One Wilson; and Le Parc, among others.

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, license to sell, etc.

Research and Development Costs

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

Employees

As of December 31, 2013, full-time employees of Fed Land amounted to 308. The following table provides a breakdown of Fed Land's employees. Operational employees include project managers and designers. Technical employees include engineers and architects. Administrative employees include human resources, accounting and information technology staff.

Type of Employee	Number of Employees
Operations	105
Technical	35
Administrative	168
Total	**308**

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's focus on residential property development exposes Fed Land to sector-specific risks.
- Fed Land faces risks relating to its commercial and residential property development business, 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 Fed Land were to experience a material number of sales cancellations, Fed Land's 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 OFWs, 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, Fed Land’s results of operations would suffer if the residential development industry in Fed Land’s 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 insurance.
- Fed Land is exposed to risks associated with its in-house financing activities to its customers, including the risk of customer default, as it may not be able to complete its in-house financing programs.
- Property development in the Philippines is capital intensive, and Fed Land may be unable to readily raise the necessary amounts of funding.
- Construction defects and other building-related claims may be asserted against Fed Land, and Fed Land may be subject to liability for such claims.
- Fed Land has a number of related-party transactions with affiliated companies.
- Fed Land is highly dependent on certain directors and members of senior management.
- 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.

__Global Business Power Corporation__

Products and Services/Customers/Clients

GBPC is a holding company that, through its subsidiaries, is one of the leading independent power producers in the Visayas region and Mindoro island, with a combined gross dependable capacity of 622 MW comprising 614.5 MW of power supplied to the Visayas grid and 7.5 MW of power supplied to Mindoro island.

GBP owns nine power generation facilities. The largest is the 246 MW-rated clean coal-fired power plant in Toledo City, Cebu, which is operated by Cebu Energy Development Corporation (CEDC). CEDC is a joint venture between GBP and the Aboitiz Vivant Group, in which GBP holds a 52.1% beneficial interest. This facility is the first commercial clean coal power plant in the Philippines.

The second largest power generation facility is the 164 MW-rated, clean coal-fired power plant in Iloilo City, Panay, which is operated by Panay Energy Development Corporation (PEDC), in which GBP holds a 89.3% beneficial interest.

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.

GBP's other power generation facilities consist of a 60 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). TPC is an indirectly wholly owned subsidiary of GBP.

Contribution to Sales/Revenues

GBP posted a 12.20% decrease in consolidated net income of Php1.9 billion for its operations in 2013.

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

FOR THE YEAR	2013	2012
Gross Revenues	16,944,068,872	19,180,488,228
Total Expenses	15,009,988,387	16,977,575,098
Net Income	1,934,080,485	2,202,913,130
AT YEAR END		
Total Assets	59,867,830,384	58,217,597,792
Total Liabilities	36,136,515,352	36,517,468,895
Stockholders' Equity	23,731,315,032	21,700,128,897

Distribution Methods of Products and Services

GBP, through its Generation Companies, sell electricity through its bi-lateral power supply agreements or through the Wholesale Electricity Spot Market (WESM).

GBP enters into bilateral off-take arrangements through Electric Power Purchase Agreements (EPPA) between its Generation Subsidiaries and the power-off-takers like distribution utilities, electric cooperatives and other industrial off-takers. The EPPAs provide 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.

New Products and Services

In addition to the ongoing construction of the 82MW expansion project of TPC, an additional 150MW Circulating Fluidized Bed (CFB) expansion project in Iloilo broke ground on March 7, 2014. Construction is projected to start on July 2014.

Competition

GBP'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 GBP, giving them the ability to respond to operating, financial and other challenges more quickly than GBP. GBP 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.

A key competitor in the region is the Unified Leyte Geothermal Power Plant, which is operated by the Government through NAPOCOR. However, this project is undergoing a process of privatization. The Leyte plant services 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.

GBP will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as competition for financing for these activities. Factors such as the performance of the Philippine economy and the potential for 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.

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

The Company 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
Indonesia	PT ADARO INDONESIA COAL ORBIS AG SAMTAN CO., LTD. PT SION ANUGRAH MANDIRI 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 are calorific value, moisture, sulphur, ash and volatile matter. Coal procurement is handled through GBP's fuel management group.

Meanwhile, for its fuel oil requirements, the company has fuel oil supply agreements with Pilipinas Shell Petroleum Corporation and Petron Corporation. The price of the fuel oil is indexed to the Mean of Platt's Singapore with additional charges for premium, duties, taxes and delivery.

Major Customers

Eighty five percent (85%) of GBP's total electricity sales in 2013 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, 2013 are as follows:

CEDC
Visayan Electric Company, Inc. (VECO)
Philippine Economic Zone Authority –MACTAN Economic Zone (PEZA-MEZ I)
Mactan Electric Company (MEC)
Bohol I Electric Cooperative, Inc. (BOHECO)
CEBU III Electric Cooperative, Inc. (CEBECO 3)
CEBU II Electric Cooperative, Inc. (CEBECO 2)
Balamban Enerzone Corporation (BEZ)
CEBU I Electric Cooperative, Inc. (CEBECO 1)

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

TPC
Carmen Copper Corporation (Carmen Copper)
CEBECO 3

PPC
PECO[(1)]
ILECO 1[(1)]
AKELCO

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

Note:

(1) EPPA is for peak power only.

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 GBP and its subsidiaries with related parties:

a. Metropolitan Bank and Trust Company (MBTC) Loans

- On June 18, 2009, CEDC entered into an Omnibus Agreement with various lenders in the aggregate principal amount of up to Php16 billion to partially finance the construction of its power plant. Php6 billion was financed by MBTC 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 billion to partially finance the on-going construction of the Panay Expansion Project. Php3.2 billion was financed by MBTC while Php1 billion was financed by FMIC. Both loans are payable in 12 years.

- On November 6, 2009, PPC entered into a Php300.00 million, 7-Year Term Loan Agreement with MBTC. Proceeds from the loan were used to settle the BDO loan in 2009. This loan bears interest at the 3-month T-bill 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 Php1.20 billion, 10-Year Term Loan Agreement with MBTC, for its general corporate requirements. This loan is covered by a Mortgage Trust Indenture. In March 2007, Section 1.01 of the Php1.20 billion, 10-Year Term Loan Agreement was amended increasing loan facility from Php1.20 billion to Php1.36 billion and changing the reference rate from MART1 rate to PDST-F rate.

b. First Metro Investment Corporation (FMIC) Loans

- In August 2007, TPC obtained a Php129.00 million, 7-year loan from 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. Total interest charged to operations amounted to Php1.91 million and Php4.85 million in 2012 and 2011, respectively.

TPC's power plant is mortgaged as collateral to at least 200% of the fair market value of the loan. The loan was fully paid last August 2012.

c. Lease Agreements

- TPC leases various parcels of land from THC for a period of one year, renewable every year and under such terms and conditions as may be agreed upon by both parties. Rent charged to operations amounted to Php5.60 million and Php6.55 million in 2013 and 2012, respectively. In addition, TPC extended noninterest-bearing advances payable in lump sum at a certain period of time to a third party. In 2002, the third party assigned its rights over certain foreshore leases and sold several parcels of land to THC in settlement of its long-term advances from TPC. Accordingly, THC became indebted to TPC for the value of these foreshore leases and parcels of land determined using the NRV of the third party's advances from TPC.

- Interest earned from the sale of land to THC amounted to Php8.79 million in 2012. In addition, PPC leases back parcels of land from THC for a period of one year commencing on January 1, 2004, renewable every year and under such terms and conditions as may be agreed upon by both parties. Related rent expense charged to operations amounted to Php8.60 million and Php8.60 million in 2013 and 2012, respectively.

- CEDC has a lease agreement with THC for the latter's parcels of land where CEDC's power plant is situated. Rental in 2012 and 2013 amounted to Php3.89 million.

d. The Group has cash and cash equivalents with MBTC, FMIC and ORIX. Interests earned from these deposits are based on the respective bank deposit rates. MBTC is the parent company of FMIC. FMIC owns 9.11% of GBPC. ORIX is a joint venture between MBTC and ORIX Corporation of Japan.

e. The amount of Php378,463,322 due to related parties as of December 31, 2013 represents advances from Abovant, a stockholder of CEDC.

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 Wholesale Electricity Spot Market (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 DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM thereby allowing the creation of the Philippine Electricity Market Corporation to operating the market and provide 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. GBP's subsidiaries, PEDC, CEDC, PPC and TPC, have been registered participants of the WESM since 2011.

Retail Competition and Open Access
The EPIRA likewise provides for a system of open access on transmission and distribution wires, under which the 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 have been complied with and stated that open access would start on December 26, 2011 in Luzon. However, as certain issues still needed to be resolved for a smooth implementation of open access, 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 of December 26, 2012 up to June 25, 2013 as the transition period. Commercial operations of the retail competition and open access commenced on June 26, 2013.

A wholly owned subsidiary of GBP, Global Energy Supply Corporation (GESC) holds a retail electricity supplier license (RES). Through this special purpose vehicle, GBP is able to participate in the retail 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 into law 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 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, GBP 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 generation companies of GBP possess the following COCs:

Title of Document	Issued under the name of:	Power Plant					Date of Issuance
		Type	Location	Capacity	Fuel	Years of Service	
COC No. 11-01-GN 64-17088V	Panay Energy Development Corporation	Coal Fired Thermal	Brgy. Ingore, La Paz, Iloilo City	167.4007 MW	Coal	25	January 24, 2011
COC No. 13-09-GXT 8-0008V	Panay Power Corporation	Diesel	Brgy. Ingore, La Paz, Iloilo City	94.88 MW	Bunker C / Diesel	-	September 02, 2013
		Blackstart		500kW	Diesel		
COC No. 12-08-GN 09-13351V	Panay Power Corporation (Plant 2)	Diesel Engine	Brgy. Ingore, La Paz, Iloilo City	20 MW	Diesel	15	August 28, 2012
		Blackstart		500 kW	Diesel	15	
COC No. 10-09-GN10 13352-13371	Panay Power Corporation (New Washington Diesel Power Plant)	Bunker C Fired	Brgy. Mabilo, New Washington, Aklan	5.00 MW	Bunker C / Diesel	20	September 27, 2010
		Blackstart		483 kW	Diesel	20	
COC No. 10-09-GN11 13353-13372	Panay Power Corporation (Nabas Diesel Power Plant)	Bunker C Fired	Brgy. Unidos, Nabas, Aklan	12.50 MW	Bunker C / Diesel	20	September 27, 2010
		Blackstart		456 kW	Diesel	20	
COC No. 10-02-GN 53-16751	Cebu Energy Development Corporation	Coal-Fired Thermal	Brgy. Daanlungsod, Toledo City, Cebu	251.10 MW	Coal	25	February 22, 2010
		Blackstart		1.50 MW	Diesel	-	
COC No. 09-11-GXT 61-0066	Toledo Power Company	Coal	Sangi, Toledo City, Cebu	66.50 MW	Coal	10	November 16, 2009
		Diesel	Sigpit, Toledo City, Cebu	45.80 MW	Bunker C	10	
		Blackstart	Sigpit, Toledo City, Cebu	0.30 MW	Diesel	10	
COC No. 09-03-GXT 41-0041	GBH Power Resources, Inc.	Diesel	Pinamalayan, Oriental Mindoro	7.50 MW	Diesel / Bunker Fuel	25	March 09, 2009
		Blackstart		456.00 kW	Diesel	-	

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 certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance 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 certificate of compliance. For certificate of compliance 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 certificate of compliance, 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, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental licenses and permits.

Research and Development Costs

GBP has no budget spending for research and development in 2013.

Costs and Effects of Compliance with Environmental Laws

The operations of GBP's power generation facilities are subject to broad range of safety, health and environmental laws and regulations. These laws and regulations impose controls on air and water discharges, on the storage, handling, discharge and disposal of fuel, chemicals and wastes, employee exposure to hazardous substances and other aspects of the operations of these facilities and businesses. GBP has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, GBP has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations.

GBP has undertaken carbon sink projects and has allocated funds for Energy Regulation 1-94 to finance reforestation, watershed management, as well as health and environment enhancement projects.

Environmental Laws
GBP's power generation operations follow strict compliance to 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 Regional Offices to ensure that its operations, which include but are not limited to water discharges and air emissions, comply to the requirements of P.D. 984 Pollution Control Law, 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, 2013, GBP and its consolidated subsidiaries had 779 employees. The following table provides a breakdown of GBP's employees by subsidiary and function as of December 31, 2013.

	Executive Officers	Operations	Administrative	Total
GBP Headquarters	13	–	92	105
CEDC	1	48	104	153
PEDC	1	43	95	139
TPC	2	35	192	229
PPC	1	44	88	132
GPRI	–	3	18	21
Total	**18**	**484**	**269**	**779**

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, GBP would be materially and adversely affected. 85% of GBP's total electricity sales in 2013 were 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. GBP 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 GBP's off-takers have historically met their payment obligations under the off-take agreements, there can be no assurance that they will continue to do so in the future or that they will continue to do so in a timely manner. Any difficulty, inability or delay on the part of the off-takers to meet their payment obligations under the off-take agreements, including payments 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 the funding were available, that it would be on commercially reasonable terms. This could materially and adversely affect GBP's business, financial condition and results of operations.

   The failure by the Generation Subsidiaries to meet their payment obligations under their contracts with 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 materially and adversely affect GBP's business, financial condition and results of operations.

b. Significant and unpredictable price fluctuations and other market factors beyond GBP's control could have a material and adverse effect on the future financial performance of GBP. The operating results of GBP are expected to fluctuate once GBP's existing EPPAs expire and GBP'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 GBP'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 planned 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 GBP, giving them the ability to respond to operational, technological, financial and other challenges more quickly than GBP. These competitors may therefore be more successful than GBP in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The varying types of fuel used by GBP's competitors could allow them to sell electricity at a lower price or, as compared to certain of GBP's existing or future power generation facilities, produce electricity at a lower cost. The impact of this ongoing restructuring of the Philippine power industry may affect GBP's financial position, results of operations and cash flows in a variety of ways. GBP may not be able to compete effectively against its competitors or maintain its market share and profit margins. Failure by GBP to maintain its competitive position could materially and adversely affect GBP's business, financial condition and results of operations.

Operational Risk

GBP's financial performance depends on the successful operation of its power generation facilities, which are subject to various operational risks. Both the cost of operations and the operating performance of GBP's power generation facilities may be adversely affected by a variety of operating factors. For example, the facilities may require unexpected maintenance or replacement, thereby requiring substantial capital expenditure. GBP 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 GBP's cost of operations. Additionally, service interruptions, malfunctions or other significant events could result in GBP being exposed to litigation, which could result in obligations to pay damages.

There is no assurance that GBP'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 GBP's facilities. GBP 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 GBP 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 GBP may have purchased insurance coverage for lost revenues. The occurrence or continuance of any of these risks could increase GBP's cost of operating the facilities, reduce the payments due from its customers under the off-take agreements or otherwise materially and adversely affect GBP's business, financial condition and results of operations.

Fuel Supply Risk
Certain Generation Subsidiaries are reliant upon a small number of suppliers for their supply of coal and any decrease in the availability, or increase in the cost, of raw materials could materially affect their production output and earnings.

The operations of the Generation Subsidiaries depend heavily on the availability of various raw materials, particularly coal. The CEDC facilities, PEDC facilities and TPC's Sangi coal facility depend on the availability of coal to fuel the facilities. For locally-sourced coal supply, these three generation facilities depend on Semirara Mining Corporation. For coal supply coming from Indonesia, CEDC depends on PT Adaro Indonesia and Coal Orbis AG while PEDC sources supply from Samtan Co. Ltd., Lucent Aminto Inc. and PT Sion Anugrah Mandiri. Similar with PEDC, TPC also sources out coal supply from PT Sion Anugrah Mandiri. In the past, certain of the Generation Subsidiaries' coal suppliers have not been able to meet all of the Generation Subsidiaries' coal requirements. In the future, if any or all of the coal suppliers are unable to provide CEDC, PEDC and TPC with sufficient amounts of coal and as per specified quality standards, such Generation Subsidiaries may encounter delays in securing or may be unable to secure alternative supplies of coal on favorable terms. As a result, such Generation Subsidiaries may not be able to maximize their production capacity at the CEDC facilities, PEDC facilities and TPC's Sangi plant, which could materially and adversely affect GBP's business, financial condition and results of operations.

The availability of raw materials and energy resources may decrease at a certain point. Raw materials and energy resources prices are likely to be volatile as a result of, among other things, changes in overall supply and demand levels and new laws or regulations. Disruption in the supply of the Generation Subsidiaries' raw materials or energy resources could temporarily impair their ability to generate power or require them to pay higher prices in order to obtain these raw materials or energy resources from other sources. In the event that raw material and energy costs increase and the Generation Subsidiaries are unable to pass on these higher costs to their customers in full or at all, any increase in the prices for raw materials or energy resources could materially increase GBP's costs and therefore lower GBP's earnings.

Project Risk
GBP faces risks relating to its future greenfield development projects, including risks relating to project cost, completion time frame and development rights. GBP'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 GBP may invest significant time and money in a greenfield power project that may take substantially more time and resources than anticipated or construction of the projects may not be completed on schedule or at all and/or within budget. In addition, GBP 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, 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, GBP may have to take steps, and incur additional costs, to remove such occupants and, if 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 GBP's business and financial condition. This may also result in sales and resulting profits from a particular power project not being recognized for the year. GBP cannot provide any assurance that such events will not occur in a manner that could materially and adversely affect GBP's business, financial condition or results of operations.

Toyota Motor Philippines Corporation

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

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

Vehicle Sales
Vehicle sales are divided into locally assembled completely knocked down (CKD) vehicles that use 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, 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 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 IS 350, IS 300-C, ES 350, GS 350, GS 450H, CT 200H, LS 460 and the LS 600H.

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, and RX 450H models.

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 the parts that it manufactures and locally supplies through TMAP, for distribution primarily to Toyota subsidiaries and affiliates in the Asia Pacific region.

The table below shows the sales breakdown 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	**2011**		**2012**		**2013**	
	Sales (Php Mil)	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*
Vehicle Sales						
Locally Manufactured Vehicles	17,243.6	31%	20,301.1	29%	23,848.7	30%
Imported CBU Vehicles	25,762.4	47%	37,288.1	52%	41,333.6	52%
Local Sales of Service Parts	2,247.7	4%	2,583.5	4%	2,935.3	4%
Export sales of OEM and Service Parts	9,751.5	18%	10,837.1	15%	10,887.8	14%
TOTAL	**55,005.2**	**100%**	**71,009.8**	**100%**	**79,005.4**	**100%**

Distribution Methods of Products and Services

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

	As of December 31,					
	2011		**2012**		**2013**	
	Units	*%*	*Units*	*%*	*Units*	*%*
Metro Manila	36,812	67%	44,019	67%	48,301	64%
Outside Metro Manila	17,781	33%	21,377	33%	27,286	36%
TOTAL	**54,593**	**100%**	**65,396**	**100%**	**75,587**	**100%**

As of December 31, 2013, the Toyota and Lexus dealer network in the Philippines consisted of 42 dealers, of which 17 were 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 64% of TMP's sales in 2013 were in Metro Manila while 36% were made outside of Metro Manila. TMP enters into dealership agreements based on a 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 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 62% in 2013 as compared to 51% in 2009 according to Chamber of Auto Manufacturers in the Philippines Inc. (CAMPI) and Association of Vehicle Importers and Distributors, Inc. (AVID). This trend is attributable to increasing number of imported models available versus locally manufactured models, which is expected to continue with further tariff reduction on imported Korean and 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. Certain government regulations are 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 repair and maintenance shops such as; Rapide and Goodyear Serviteks, as well as gasoline service stations. These workshops offer services that, cost on the average, 15% to 30% lower than Toyota rates primarily due to the use of non-genuine parts and lower overhead expenses.

Compared to other vehicle brands, Toyota still offers the lowest service rates, i.e., Php350/hour for periodic maintenance and Php400/hour for general job. These rates are at least 30% lower than the service centers of other vehicle brands. In terms of service parts, average prices of Toyota Genuine Parts are 19% lower than other brands, based on a 2013 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 86.0% of total vehicles sold in 2013. Toyota remains the leading automotive brand in the Philippines, with a 2013 market share of 36.3%, which is 16 percentage points higher than its closest competitor, Mitsubishi. Hyundai and Honda had market shares of 20.7%, 10.6% and 6.4% in 2013, respectively. Aside from Toyota, other multinational automotive companies also have manufacturing and assembly plants in the Philippines, such as Honda, Isuzu, Mitsubishi, and Nissan. 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 value 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 with TMC's standards.

The top five suppliers accounted for 75%, 78% and 75%, of total material purchases in 2011, 2012 and 2013 respectively. The table below shows the sources of parts for each of the last three years:

Source	2011	2012	2013
TMC/TMAP			
Japan-sourced	17%	19%	17%
Multi-sourced	53%	52%	54%
Local Suppliers	30%	30%	29%
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. 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.

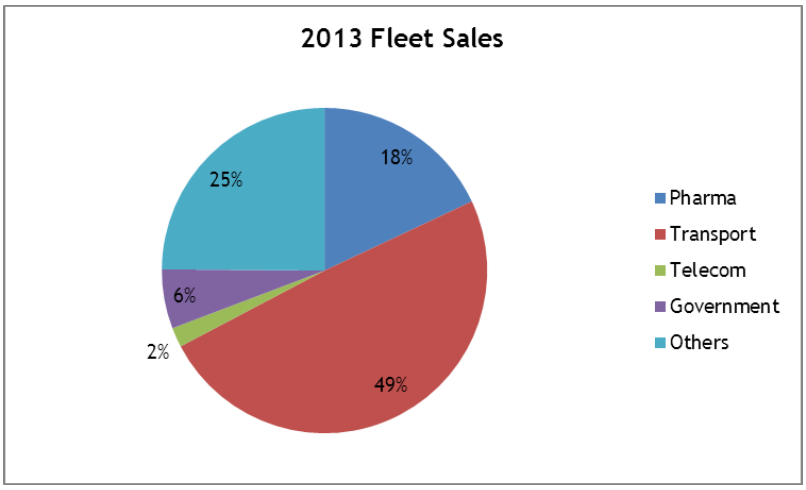
Names of principal suppliers
TOYOTA MOTOR ASIA PACIFIC PTE., LTD.

Major existing supply contracts
Overseas OE parts Import Agreements

Customers

In addition to general consumer retail sales, TMP's products are also sold to fleet accounts such as pharmaceutical companies, taxi companies, and government agencies. In 2013, 20.08% 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, 2013:



Major existing sales contracts
Not applicable

Transactions with and/or Dependence on Related Parties

As a component company of GT Capital, TMP continues to benefit from this affiliation in several ways. Metrobank has a 34% effective interest in Toyota Financial Services Philippines Corporation (TFSPH), which is a joint venture between Metrobank 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. While TMP does not have any ownership interest in TFSPH, its financing promotions for retail and wholesale customers help support sales of TMP's products. Metrobank's credit card subsidiary, Metrobank Card Corporation (MCC), and TMP have also developed a Toyota Mastercard, a loyalty and credit card in one, which 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 to purchase Toyota vehicles for their business operations. In terms of management, TMP is also able to draw upon the significant managerial experience of the GT Capital component 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 with TMC and TMAP, respectively.

These distributor agreements were last renewed on December 1, 2012 with an expiration date of November 30, 2015. 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, 2014; this is expected to be renewed. 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 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 regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities and vehicle performance. The Government also imposes tariffs, taxes and 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,		
	2011	**2012**	**2013**
Regular			
President’s Office	1	1	**1**
Affiliate Operations Support & Audit Group		2	**4**
Corporate Affairs Group /Info Systems Department	26	30	**33**
General Administration	71	76	**77**
Treasury	7	7	**8**
Manufacturing	953	944	**1,030**
Comptrollership	63	59	**39**
Purchasing[1/]	-	-	**28**
Marketing	178	205	**218**
Production Control & Logistics	69	68	**69**
Outside Contractors			
Production (on-the job trainees)[2/]	282	251	**343**
Production Contractual[3/]	138	174	**128**
Office Contractual[4/]	-	54	**39**
TOTAL	**1,788**	**1,871**	**2,017**

Notes:

[1/] Newly created division, previously a department under Comptrollership

[2/] Students, typically on a 5-10 month on the job training agreement

[3/] Contracted from a workers’ cooperative and hired on a temporary basis

[4/] 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"). The new 5-year Collective Bargaining Agreement negotiations with TMPCLO were concluded on December 16, 2011 and with TMPCSU on January 26, 2012.

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 a package of benefits that are appropriate to their individual circumstances, subject to their entitlement. TMP has also funded a non-contributory defined benefit retirement plan covering all of its regular and permanent 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.

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 in 2012 and will be further reduced to 5% beginning 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 regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities and vehicle performance. The Government also imposes tariffs, taxes and 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 expense 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, 2012 with an expiration date of November 30, 2015. 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 are terminable 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. For example, Calamba Steel Center Corp. and Toyota Tsusho Philippines Corp. supplied substantially all of TMP's steel plates that TMP purchased in 2013, representing approximately 0.5%of TMP's total manufacturing costs in 2013. In addition, certain components used in TMP's vehicles are available only from a single supplier and cannot be quickly or 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 of these 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 (TAA), renewed last May 1, 2009 and valid until April 30, 2014, 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.

Philippine AXA Life Insurance Corporation

AXA Philippines is borne out of the formidable synergy between Metrobank, the country's strongest bank (by The Asian Banker) and the best bank in the Philippines (by Euromoney), and AXA Group, one of the world's largest financial protection and wealth management companies with 102 million customers in 57 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 500,000 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 620 Metrobank branches, which are being serviced by 460 financial executives and 28 AXA branch offices that are the home to its growing network of 1,800 exclusive financial advisors.

Global Family
For the past five 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 every one of its markets and developing synergies across the 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 102 million customers worldwide, 160,000 employees and exclusive distributors, 1 trillion Euros in assets under management, and 4.3 billion Euros in underlying earnings.

Headquartered in Paris and active across all five continents in 57 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 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 Metrobank Group, one of the country's biggest conglomerates with diverse interests in the banking, insurance, power generation, real estate and transportation industries among others.

Metrobank Group's flagship company, the Metropolitan Bank & Trust Company (Metrobank), is one of the largest private banks in the Philippines, and is recognized as the strongest bank in the country by The Asian Banker, the Best Domestic Bank in the Philippines by The Asia Money Awards, and Best Bank in the Philippines for three consecutive years (2010 to 2012) by Euromoney.

A recognized leader in the country's banking industry; Metrobank has become regarded as the trusted banking partner, staying true to its brand promise of "You're in Good Hands."

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

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.

Assure Health is a convenient health and insurance plan that allows you to live life in a secure and worry-free way. It continues to provide coverage where HMOs stop. It includes Basic Life Insurance until age 99, Daily Hospital Income and Critical Illness Coverage for 20 years. It also offers an Emergency Health Fund where you can loan up to 85% of your policy’s cash value for any emergency medical needs until age 99.

Assure Max is your ultimate life insurance plan that has exceptional features to protect you and your family from life’s uncertainties. It is available in 3 Assure Max Packages with up to a maximum of 4x more protection on the first 20 years of your policy. It provides family protection against loss of income in case of untimely death with full coverage until you reach age 99 and additional Accident Protection Benefits in case you experience an accident.

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 a simple, all-in-one insurance plan that prepares you for unexpected medical emergencies. Three available packages (Starter, Advance, and Deluxe) cover the policy holder from Day 1 of the policy until age 55. You will also receive a Daily Hospital Income coverage that provides cash allowance if you are confined for a minimum of three days up to a maximum of 1,000 days. The cash allowance is doubled in the event of an ICU confinement for a maximum of 120 days. In addition, you will receive a lump sum amount if you are afflicted with any of the 35 covered conditions through the Critical Care Coverage. These include, but are not limited to, cancer, heart attack, primary pulmonary arterial hypertension, and stroke. If you remain healthy and have no claims when you reach the age of 55, you will receive a guaranteed lump sum amount through the Health Bonus Benefit.

Personalized Solutions Offerings
Your needs are evolving as much as your family is growing. With your kids progressing in their education, your small business being ready for expansion, or your retirement coming soon, you just can’t leave to chance the charge of safe-guarding 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 with 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 provides your family Financial Protection, while at the same time, builds up your long-term investments for future expenses. Because for the first 5 years, around 65% of your premium payments goes to AXA Investment Funds, then on the 6th year and onwards, all your payments will go to investments. And based on your risk preference, you can choose the AXA investment fund that fits your needs.

aXelerator allows you to rev up your goals and take the fast track to your dreams with a plan that is designed to build up investments earlier and faster than regular insurance. Around 65% of your premium payments for the first 3 years goes to the AXA Investment Fund of your choice and as early as the 4th year onwards, all your payments (net of cost of insurance and other charges, if any) go to investments as well.

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, a special offer of aXelerator packaged with Bright Rider Plus, is designed to provide for education expenses through high-earning potential AXA investment funds and guaranteed contingency education fund in case of the parent's untimely demise.

Traditional Life Insurance Products

Health Max provides coverage for an extensive list of 56 major medical conditions. Receive necessary funding for medical expenses, from P1 million and up depending on your premium payments, in case you are diagnosed with a critical condition from Day 1 of the policy effectivity until you reach the age of 100. You will also receive cash benefits that may be used as payment for treatments and recovery, in case of diagnosis of any of the 18 minor critical conditions, including angiography and carcinoma in situ, which are also covered by Health Max.

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, a special 3G-Xceed offer, is a single-pay variable life insurance product with guaranteed life insurance coverage plus capital guarantee and the opportunity to invest in AXA's exceptional equity fund/s to maximize upside potential. This is available in Peso and US Dollar denominations.

Choose from a variety of premium funds:

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.

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 whole life insurance product that provides lifetime protection payable in 5, 10, or 20 years so that the insured can take advantage of his income stream, age, and health. Assure ensures that the right amount of funds needed is available to cover the insured's tax liability when it is due.

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 (GPA) insurance plan provides 24-hour protection against accidental death and permanent disablement.

Group Credit Life (GCL) provides protection to financial institutions by covering the outstanding loan amount in case of the borrower's death prior to the full payment of the loan.

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

SME ProteXion caters to small and medium-sized enterprises with at least 10 employees. It offers health and protection package in one with various benefit options to choose from such as critical care coverage, daily hospitalization income, life insurance coverage and death and disablement coverage. This simple and straightforward product has flexible payment options to suit your business budget.

Contribution to Sales/Revenues

AXA Philippines posted an Annualized Premium Equivalent of Php3.6 billion and Php2.7 billion for 2013 and 2012, respectively. Net insurance premium amounted to Php18.3 billion and Php12.3 billion for 2013 and 2012, respectively.

Distribution Methods of Products and Services

The distribution network is the starting point of AXA's relationship with its customers. AXA's 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 believes the diversification of its distribution channels can help develop new relationships with potential AXA customers.

AXA distributes its products through four main channels: traditional agency, bancassurance, corporate solutions (group insurance) and direct marketing/telemarketing (DMTM) that include brokers and in-house distribution channels for corporate accounts.

Competition

AXA faces competition in the Philippines for its products. Competition in the life insurance industry is based on many factors. AXA 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's 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, and in some cases, use similar marketing techniques and banking partnership support. AXA's 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.

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 2.75%	Unsecured, no impairment
Interest income	90 days, 0.10 % to 2.75%	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
Sale of debt securities	Interest-free, settlement in cash	Unsecured, no impairment
Purchase of debt securities	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, 0.50 % to 4.00%	Unsecured, no impairment
Interest income	90 days, 0.50 % to 4.00%	Unsecured, no impairment
Rent expense	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
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
AXAAPHL		
Various expenses	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
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 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, 2013, AXA had a manpower complement of 385 full-time employees, 460 bancassurance employees and 35 corporate solution employees. AXA has no collective bargaining agreements with its employees and none of its employees belong to a labor union. AXA believes its relationships with its employees are generally good. Currently, AXA has no plans for additional hiring except in the ordinary course of business expansion.

Risks

Enumerated below are the risks related to AXA's 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 (CPAIC), 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 2012, CPAIC ranked 6th and 4th in terms Gross Premiums Written (GPW) and Net Premium Written, respectively. In 2013, fire/property and motor car insurance products accounted for 67% of CPAIC's GPW.

Products & 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 & 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 & burglary), Comprehensive General Liability (fire legal liability, tenant's liability, premises medical payment), Personal Accident Insurance, Money, Securities & Payroll, Fidelity Guarantee, Deleterious Matter in Food and Drinks and an optional coverage of Business Interruption. This is applicable to stores, shops, offices, restaurants, clinics, kiosks, beauty salon, water refilling stations and other businesses subject to underwriting approval.

Other Products

Bayaning Pinoy: Insurance coverage for the modern day hero, the Overseas Filipino Worker (OFW). Bayaning Pinoy 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.

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

Contribution to Sales/Revenues

Charter Ping An posted Php3.25 billion and Php2.34 billion Gross Premiums Written in 2013 and 2012, respectively. Net Premiums Earned amounted to Php1.65 billion and Php1.45 billion in 2013 and 2012, respectively.

Distribution Methods of Products and Services

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

Branches
Charter Ping An has 19 branches nationwide, located in Manila, Quezon City, Muntinlupa, Caloocan, Calamba Laguna, Batangas, Naga, Tarlac, Imus Cavite, San Fernando Pampanga, 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 thru 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 2013, the Company initiated several drives to elevate awareness and branding:

- Payment of insurance premiums may be made thru credit card payment facility. This service is available in the Main Office, Manila, Quezon City, Cebu and Davao branches
- Clients can now easily access Charter Ping An's product and services thru its newly renovated interactive website.
- The Metrobank Referral Program's Account Specialist Plus was implemented in Dumaguete, Palawan and Tuguegarao aimed to exploit untapped productive market.
- Creating Regional Managers for Luzon, Visayas, Mindanao and Metro Manila branches is one major infrastructure in the Sales Division aimed to serve agents' clamour for immediate risk acceptances and claims settlement processes.
- The Human Resource and Information System (HRIS) enabling employees to systematically file and track work activities.
- The Pipeline System provides Sales Units to monitor business accounts.
- Short Message System (SMS) was positioned to keep agents updated of the Company policies and activities.
- Launching of Sales rallies effective the whole year of 2013.
- Events to promote the Company such as Binibining Pilipinas sponsorship, Million Producers Nights for top producers, sports fests for Intermediaries and Corporate Social Responsibility (CSR) projects.

Competition

Based on the Insurance Commission's Industry Ranking for the last five years, the average industry growth in terms of Gross Premiums Written is at 10% while Charter Ping An's average growth is at 20%. In terms of Gross Premiums Written, it is noteworthy that Charter Ping An rose a notch higher – from 7th to 6th place, and equally so with the Net premiums Written - from 5th to 4th place as of December 31, 2012.

The top ten non-life insurance companies control 67% share in the insurance industry in terms of gross Premiums Written. Charter Ping An's 2012 market share is 5%.

The Philippine insurance industry is thriving, growing and competitive as it anticipates the ASEAN Free Trade Agreement which is expected to commence in 2015.The challenge of capital requirements, new regulations including enhancements of several sections in the Insurance Code paves to a number of consolidation of insurance companies and foreign interests. The industry is keen on generating sound catastrophic cover as the country has been faced and shall continuously deal with natural disasters brought by the worldwide climate change.

Tax is an issue as the non-life insurance industry is heavily burdened with several taxes which vary on a per product basis. A number of arguments have been raised on tax issues as majority of neighbouring Asian countries charge minimal and within regional norm tax dues.

Several organizations with banking sectors maximize the insurance business opportunity by cross selling thru bancassurance, governed and regulated by Bangko Sentral ng Pilipinas. This has become a new avenue to raise insurance awareness touching base directly to customers. The Philippine government thru the Insurance Commission, in addition, has been promoting Microinsurance all over the country.

Primary products sold in the country are the traditional lines. Motor Car insurance, is becoming a new driver in terms of premium volume.

As of December 2013, the Philippine insurance industry is composed of a total 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.

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 thirty – first (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

Charter Ping An has registered with the Intellectual Property Office its trade name and logo on 12 February 2012. On 08 November 2012, a Certificate of Registration was issued. Subsequently, the 3rd year Declaration of Actual Use was accepted in a Notice of Acceptance of Declaration of Actual Use dated 09 May 2013.

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 31 December 2013, Charter Ping An has a total of 375 employees with 17 Senior Officers (Assistant Vice President-up), 46 Junior Officers (AM-SM), 50 Supervisors, 256 Rank & File, and 6 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

- CPAIC continues to launch new products to give its clients a comprehensive and cost effective insurance protection for themselves and their properties;
- CPAIC must compete to secure accounts even captive markets i.e. accounts or clients of companies that belongs to the group;
- CPAIC must continuously improve its distribution channel to achieve its desired growth. CPAIC should have effective control measures to prevent potential fraudulent acts of its agents that would impact to the policies and procedures of the CPAIC.
- The prescribed tariff rates imposed by the Insurance Commission can be detrimental to the competitiveness of CPAIC 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;
- CPAIC 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;
- CPAIC 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 CPAIC, any default or wrongdoing would impair the ability of CPAIC to solicit business;
- CPAIC 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 CPAIC. It should be noted that insurance companies are following strict rules of the Insurance Commission when investing available funds.
- CPAIC fund managers must be conservative regarding investments since their decisions could result in heavy losses;
- CPAIC 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 Climate Change;

- CPAIC 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;
- CPAIC consistently complies with its tax obligations since any failure to do so would result in heavy penalties or even the revocation of CPAIC's license to operate;
- CPAIC 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 CPAIC's peers in the insurance industry;
- CPAIC must continuously review its Underwriting Guidelines to eliminate avoidable losses. For unavoidable losses like catastrophic events, CPAIC should ensure that all payments to policy holders are in accordance with its self-imposed guidelines.

Toyota Manila Bay Corporation

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

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. TMBC is authorized by Toyota Motor Philippines (TMP) to distribute and retail Toyota products in the Philippines. TMBC’s business fields are mainly divided into three categories: (1) vehicle sales, (2) parts sales and (3) aftersales services.

Vehicle sales
As of February 28, 2014, TMBC sells a full lineup of Toyota brands. Passenger Cars (PC) consist of sub-compact-sized Vios, Yaris and Prius, 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 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.

Aftersales services
TMBC’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	**2011**		**2012**		**2013**	
	Sales (Php Mil)	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*
Vehicle sales	5,221	91.5%	7,380	92.9%	8,775	93.0%
Parts sales	288	5.0%	347	4.4%	410	4.3%
Aftersales Services	194	3.5%	218	2.7%	255	2.7%
TOTAL	**5,703**	**100%**	**7,945**	**100%**	**9,440**	**100%**

Distribution Methods of Products and Services

TMBC provides its products and services to customers through the following dealer outlets:

- Toyota Manila Bay (TMB) – located in Pasay City, Metro Manila
- Toyota Dasmarinas-Cavite (TDM) – located in Dasmarinas, Cavite
- Toyota Abad Santos, Manila (TAS) – located in Manila City

The table below sets out the geographic breakdown of the number of vehicle sales units for the periods indicated.

Outlet	**2011**		**2012**		**2013**	
	Sales (Php Mil)	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*	*Sales (Php Mil)*	*% to Total Revenues*
TMB	3,304	57.9%	3,872	48.7%	4,490	47.6%
TDM	1,469	25.8%	1,959	24.7%	2,467	26.1%
TAS	930	16.3%	2,114	26.6%	2,484	26.3%
TOTAL	**5,703**	**100%**	**7,945**	**100%**	**9,441**	**100%**

Competition

Market Trends
The Philippine automotive market is highly competitive. According to the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and the Truck Manufacturers Association Inc. (TMA), the vehicle market in the Philippines increased by 14.1% to 25,715 units in 2013 due to the positive sales performance of both PC and CV. The higher industry sales were driven largely by the strong demand for PC which recorded a strong 18.8% increased to 75,946 units in 2013 from 63,907 units in 2012. Also, CV helped boost the overall sales performance of the industry, growing by 11.5% percent to 132,548 units in 2013 compared to 118,872

units in 2012. Toyota Motor Philippines generated 75,587 units sold – equivalent to 15.6% versus its sales performance in 2012 outpacing the industry growth of only 14.1% in 2013. 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 TMBC's financial condition and results of operations. Further, under the ASEAN-Korea free trade agreement, tariffs on vehicles from Korea is gradually being reduced, 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. Based on industry data compiled by CAMPI and AVID, the top five automotive brands in the Philippines accounted for 79.6% of total vehicles sold in 2013. Toyota remained the leading automotive brand in the Philippines, with a 2013 market share of 36.3%, which is 15 percentage points higher than its closest competitor, Mitsubishi. Hyundai, Honda and Isuzu had market shares of 10.6%, 6.4% and 5.7% in 2013, respectively. In addition to other brands, the dealerships of Toyota are also TMBC's competitors. A total of 10 new Toyota dealer outlets have opened in 2013.

In aftersales 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
Given the tight competition in the Philippine automotive market, TMBC sold new vehicles the most among Toyota dealers in 2013. TMBC boasts of its financial strength and wide marketing network with bank affiliates.

Customers

In addition to general consumer sales, TMBC also sold to fleet accounts such as taxi companies. The chart below shows TMBC outlet's customer statistics respectively.

Outlet	2013			
	Sales to fleet (Php Mil)	*% to Total Revenues*	*Sales to personal*	*% to Total Revenues*
TMB	548	12.9%	3,687	87.1%
TDM	248	10.8%	2,053	89.2%
TAS	246	10.2%	2,167	89.8%
TOTAL	**1,042**	**11.6%**	**7,907**	**88.4%**

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:

- Toyota Motor Philippines – vehicles, parts and accessories purchase
- Toyota Financial Services – vehicles financing
- Metropolitan Bank and Trust Corporation – cash management services, trust fund management, vehicle financing
- PS Bank - vehicle financing
- Charter Ping An Insurance Corp – insurance of motor vehicles
- Federal Land – lease agreements on land usage and maintenance
- Metrobank Card – 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 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, TMBC may be affected indirectly.

Employees

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

	2012	**2013**
	total	total
Regular employees	308	363
Officers	18	19
Team members	290	344
Probationary	3	7
Outside contractors	254	255
Agency-contracted	165	135
Fixed term employee	89	120
TOTAL	**565**	**625**

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.

Item 2. **Properties**

As of December 31, 2013, 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 the Philippine branch network owned by MBT as of December 31, 2013:

Location	Number of Owned Branches
Metro Manila	113
Countryside	169

MBT holds clean titles to these properties except for one branch. MBT also lease premises occupied by the rest of its branches. Generally, lease contracts are for periods ranging from one year to 25 years and are renewable under certain terms and conditions. The following table provides a geographic breakdown of the Philippine branches that occupy leased premises:

Location	Number of Leased Branches
Metro Manila	165
Countryside	185

Federal Land

Land Bank

Fed Land Owned Land	(in hectares)	Location	Condition	Lien/Encumbrance/Restrictions
Macapagal	13.5	Pasay City	Real Estate	Clean Title
Macapagal	1.0	Pasay City	Real Estate	With encumbrance
Fort Boni Taguig....................................	4.0	Taguig	Real Estate	Clean Title; with Floor Area Ratio of 10
Marikina..	15.4	Marikina	Real Estate	Clean Title
Mandaluyong	2.1	Mandaluyong	Real Estate	Clean Title
Paco Manila..............................	2.2	Paco Manila	Real Estate	Clean Title
Ermita, Manila	0.6	Ermita, Manila	Real Estate	Clean Title
Binondo, Manila........................	0.9	Binondo, Manila	Real Estate	Clean Title
Makati City	0.5	Makati City	Real Estate	Clean Title
Quezon City	0.2	Quezon City	Real Estate	With encumbrance
Biñ an Laguna....................................	43.5	Biñ an Laguna	Real Estate	Clean Title
General Trias Cavite	18.3	General 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............	**111.9**	**As of December 31, 2013**		

Fed Land's major real properties that generate lease income from lease of commercial and office space are the GT International Tower and the Philippine AXA Life Centre (Phil AXA). Fed Land owns eight floors in Phil AXA 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.

GT International Tower has 41 floors, and five hundred thirty six 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 98.1% subsidiary of MBT, on an arm's length basis, based on a floor area of 1,247 sq.m.

The office property at Philippine AXA Life Centre measures 7,479 sq. m. of floor area, comprising 26 units. The units are owned by Horizon Land, a wholly owned subsidiary of Fed Land. Leases at the Philippine AXA Life 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, 2013, the Philippine AXA Life Center achieved a 5% increase in occupancy from 89% to 94%, year-on-year. Within 2014, approximately 14% of Fed Land's office leases at the Philippine AXA Life 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.

Global Business Power

As of December 31, 2013, GBP Generation Subsidiaries owned power generation facilities, buildings, other land improvements and property and equipment for the operation of its power generation business. The power plant complexes of CEDC, PEDC and PPC have been mortgaged and/or pledged as security for their long-term debt. All of PEDC 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 TPC 1A's assets are mortgaged under the Omnibus Loan Agreement. Total amount of long-term debt as of December 31, 2013 is Php24.7 billion.

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 leases 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 2013. CEDC and PEDC each have lease agreements with THC for a period of five years, renewable every end of the lease term and under such terms and conditions as may be agreed upon by the respective parties. CEDC's lease agreement with THC will expire on May 31, 2014, while PEDC's lease agreement, which has an option to purchase on the part of the lessee, has been converted to a deed of sale after PEDC exercised its option on March 26, 2011.

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/FGT 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 used by the Toyota Bicutan and Toyota Makati dealerships as stockyard for inventory of new vehicles.

AXA Philippines

AXA's head office is currently at the 33rd, 34th and 35th floor of GT Tower. AXA continues to own the premises occupied by its customer relation and training offices at the ground floor of the Philippine AXA Life Centre in Makati. AXA leases additional space in the Philippine AXA Life Centre from PSBank and Unionseal Plastic, Inc.

AXA owns certain investment properties including office space, seven condominium units and 16 parking slots at the Skyland Plaza in Makati. AXA also owns 24 adjacent lots in Don Enrique Heights Subdivision, Antipolo Rizal and a house and lot at Royale Tagaytay Estates, Buck Estate, Alfonso, Cavite.

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 First Metro Investment Corporation and Skyland Plaza Condominium Corporation.

Charter Ping An has 19 branches nationwide: 4 in Metro Manila; 9 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 outlet's properties respectively as of December 31, 2013.

Outlet	Under Lease or Owned	Lot Area	Remarks
TMB	Lease Owned	5,205sqm 5,264sqm 5,000sqm	Parking Stockyard
TDM	Owned	8,891.11sqm	
TAS	Lease Sublease (MBT)	4,631.28sqm 1,802.20sqm 178sqm	Showroom and Service Stockyard Right beside showroom area

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

In September 2008, the Bank filed petitions for rehabilitation against two Philippine subsidiaries of Lehman Brothers Holdings, Inc. ("Lehman") in connection with a combined Php2.4 billion loan exposure. These came as a result of the declaration of bankruptcy filed by Lehman, a surety under the loan agreements. The rehabilitation plans were duly approved by the Rehabilitation Court ("RC"). A management committee was created for each of the two Lehman subsidiaries and these management committees oversaw and managed the company assets until their abolition in July 2012. In lieu of the management committees, the RC appointed a Comptroller who was nominated by the Bank. Earlier, in April 2012, the RC resolved to recognize the new equity holder in Philippine Investment One (SPV-AMC), Inc. ("PI One") and Philippine Investment Two (SPV-AMC), Inc. ("PI Two"). On October 31, 2012, the Bank and PI One and PI Two (through the new equity holder) entered into a universal compromise agreement to settle the issues among the parties. The compromise bears the conformity of the Rehabilitation Receiver. On August 30, 2013, the RC issued an Order excluding another creditor bank as a creditor of PI Two entitled to payments under the approved Rehabilitation Plan. The Court of Appeals, however, issued a Temporary Restraining Order enjoining the RC from enforcing such Order upon a petition filed before it by this creditor bank. In November 2013, the Court of Appeals issued a resolution denying this creditor bank's application for the issuance of a writ of preliminary injunction and accordingly, upheld the RC's order excluding it as creditor of PI Two.

On October 17, 2011, a consortium of eight banks (including the Bank) filed a Petition for Certiorari, Prohibition and/or Mandamus (with Urgent Application for a Temporary Restraining Order ("TRO") and/or Writ of preliminary Injunction) with the Supreme Court ("SC") against the Government, the BIR and its Commissioner, the Department of Finance and its Secretary, the Bureau of Treasury and the National Treasurer (the "Respondents"), asking the SC to annul BIR Ruling No. 370-2011 which imposes a 20% final withholding tax on the 10-year Zero-Coupon Government Bonds (also known as the PEACe bonds) that matured on October 18, 2011 and command the respondents to pay the full amount of the face value of the PEACe Bonds. On October 18, 2011, the SC issued the TRO enjoining the implementation of the said BIR ruling on the condition that the 20% final withholding tax be withheld by the petitioner banks and placed in escrow pending resolution of the Petition. However, to date, the respondents have not complied with the said TRO, i.e., they have not credited the banks' escrow accounts with the amount corresponding to the questioned 20% final tax. The case is still pending resolution with the SC.

As of December 31, 2013, the Bank was a party to various unresolved legal proceedings which arose in the ordinary course of its operations, including several suits and claims related to the Bank's lending operations. In the opinion of the Bank's management if such unresolved legal proceedings are decided adversely, they will not have a material adverse effect on the Bank or its consolidated financial position.

Global Business Power

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

Panay Power Corporation (PPC) is a party to a proceeding before the Philippine Energy Regulatory Commission (ERC). On October 2, 2002, consumer protection groups from Iloilo City filed a petition against PPC, National Power Corporation (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. GBP 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 GBP. GBP maintains policies which ensure that it consistently and accurately bills its customers and supplies power at the agreed-upon price.

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

Charter Ping An is involved in various legal actions arising in its ordinary course of business. From among these legal actions are four major cases in which Charter Ping An has strong legal positions; hence, these would not have any material adverse effect on its financial position, operating results and cash flows.

Fed Land, *AXA Philippines* and Toyota Manila Bay 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 14, 2013, 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 since the listing of the common shares are as follows:

	2012	
(In Php)	High	Low
2nd Quarter (April 20 to June 30)	520.00	455.40
3rd Quarter (July 1 to Sept 30)	565.00	499.00
4TH Quarter (Oct 1 to Dec 31)	690.00	521.00
	2013	
1st Quarter (Jan 1 to Mar 31)	805.00	631.00
2nd Quarter (April 1 to June 30)	880.00	718.00
3rd Quarter (July 1 to Sept 30)	870.50	690.00
4TH Quarter (Oct 1 to Dec 31)	884.50	734.00
	2014	
1st Quarter (Jan 1 to Mar 31)	835.50	720.00

**Source: Bloomberg*

As of December 31, 2013, the closing price of the Company's shares of stock is Php772.00/share.

Holders

As of December 31, 2013, the Corporation had 74 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino).

The top 20 Stockholders (common shares) as of December 31, 2013:

Common Shares:

NAME	NO. OF SHARES	% OF TOTAL
1. Grand Titan Capital Holdings, Inc.	103,371,110	59.306
2. PCD Nominee (Non-Filipino)	57,908,960	33.224
3. PCD Nominee (Filipino)	12,376,719	7.101
4. Ty, George Siao Kian	200,000	0.115
5. Ty, Alfred	100,000	0.057
Ty, Arthur	100,000	0.057
6. Ty, Mary Vy	99,000	0.057
7. De Castro, Salud D.	30,000	0.017
8. Asian Holdings Corporation	10,000	0.006
Century Savings Bank Corp.	10,000	0.006
Gotianse, Vincent Lee	10,000	0.006
9. Ting, Arvin Uy	8,000	0.005
10. Lim, Domingo U.	7,000	0.004
11. Chua Co Kiong, William N.	6,500	0.004
12. Chan, Asuncion C.	6,000	0.003
13. Gotianse, Paul Lee	5,000	0.003
Ting, Elizabeth H.	5,000	0.003
14. Choi, Anita C.	4,000	0.002
15. Mar, Peter or Annabelle C.	3,000	0.002
16. Baguyo, Dennis G.	2,250	0.001
17. Choi, Davis C.	2,000	0.001
Choi, Dennis C.	2,000	0.001
Choi, Diana C.	2,000	0.001
Croslo Holdings Corp.	2,000	0.001
18. Sycip, Washington Z.	1,800	0.001
19. Ty, Michael D. or Lily Y. Ty	1,750	0.001
20. Paterno, Roberto L.	1,100	0.001

Dividends

It shall be the policy of the Company to declare dividends whenever there are 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.

The Company paid cash dividends to its shareholders in 2011, 2012 and 2013 in the amounts of Php500 million, Php500.9 million and Php522.9 million, respectively. On March 11, 2014, the Board of Directors of the Corporation approved the declaration of a cash dividend in the amount of Php522.9 million payable to its common stockholders of record as of April 8, 2014, payable on or before May 2, 2014.

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.

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

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	As Restated-2012	Amount	Percentage
REVENUE				
Auto sales	**74,359**	**-**	74,359	100%
Net fees	**16,944**	**12,845**	4,099	32%
Real estate sales	**5,451**	**2,414**	3,037	126%
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	**680**	**583**	97	17%
Sale of goods and services	**657**	**731**	(74)	(10%)
Rent income	**592**	**233**	359	154%
Commission income	**188**	**184**	4	2%
Other income	**537**	**263**	274	104%
	105,547	**22,977**	82,570	359%
COSTS AND EXPENSES				
Cost of goods and services	**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	**8,945**	**6,711**	2,234	33%
General and administrative expenses	**9,394**	**3,559**	5,835	164%
Interest expense	**3,462**	**1,749**	1,713	98%
Net insurance benefits and claims	**290**	**-**	290	100%
	91,213	**14,042**	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 GT Capital Holdings, Inc.	**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 Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") reported a consolidated net income attributable to shareholders 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 Toyota Motor Philippines Corporation ("TMP") effective February 1, 2013 as auto sales amounted to Php74.4 billion accounting for 70% of total revenue; (2) consolidation of Global Business Power Corporation ("GBPC") 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 Federal Land, Inc. ("Fed Land") amounting to Php5.5 billion; (4) equity in net income from associates Metropolitan Bank and Trust Company ("Metrobank" or the "Bank"), Philippine AXA Life Insurance Corporation ("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 Charter Ping An Insurance Corporation ("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) Toyota Manila Bay Corporation ("TMBC") – acquisition of a 40.7% direct equity stake effective December 18.

Fed Land, GBPC, 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. GBPC and CPAIC, on the other hand, reported lower net income performances.

GBPC posted a lower net income owing to soft coal and diesel prices which dropped by 15% and 8%, year-on-year, respectively and lower Wholesale Electricity Spot Market (WESM) prices, resulting in a 36% decline in WESM margins. Other contributory factors include the impact of Typhoon Yolanda, which affected GBPC'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 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, Metrobank's net income contribution excluded the one-time gain on asset sales, as the sale of the Bank's stake in TMP to GT Capital involved a sale of an associate to the Parent Company, while the disposals of First Metro Investment Corporation ("FMIC"), which is majority-owned by Metrobank, 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 GBPC.

Auto sales comprising the sale of locally assembled and imported vehicles contributed Php74.4 billion in revenues.

Net fees from GBPC 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 from previously-held interest amounted to Php2.0 billion as the Parent Company 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 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 GBPC; (4) Php18 million consisting of gain on sale of shares of stock and other income from CPAIC and (5) remaining balance of P25 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. GBPC contributed Php14.2 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 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 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 GBPC 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, Php4.2 billion, comprising largely of advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling expenses; (2) GBPC, Php2.4 billion, representing salaries, taxes and licenses, amortization of intangible assets, administration and management fees and insurance expenses; (3) Fed Land , Php1.8 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 GBPC 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, GBPC and CPAIC.

Consolidated net income attributable to shareholders grew by 31% to Php8.6 billion in 2013 from Php6.6 billion in the previous year.

FINANCIAL POSITION

GT Capital Consolidated Balance Sheet	**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	**12,451**	**6,505**	5,946	91%
Reinsurance assets	**4,966**	**-**	4,966	100%
Inventories	**20,813**	**12,275**	8,538	70%
Due from related parties	**849**	**489**	360	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%
Investment in associates and joint ventures	**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%
	192,360	**136,985**	55,375	40%
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%
Loans payable - current	**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				
Loans payable - noncurrent	**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%

	Audited December 31		Increase (Decrease)	
	2013	2012	Amount	Percentage
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%
	192,360	136,985	55,374	40%

The major changes in the balance sheet items of the Company 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 the Parent Company'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, GBPC, Fed Land, CPAIC and GT Capital accounting for Php10.3 billion, Php10.2 billion , Php5.7 billion, Php0.9 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 GBPC 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 Php1.6 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 Php1.2 billion, respectively.

Prepayments and other current assets declined by 1% or Php31 million to Php6.0 billion primarily due to the decrease in GBPC'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 Php216 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 GBPC 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, GBPC, 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 GBPC'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 GBPC 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, GBPC, 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.

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.

Liabilities on purchased properties current- portion, 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 loans payable 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 GBPC and the Parent Company.

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 GBPC 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 GBPC while the balance of Php0.2 billion were withholding taxes payable of Fed Land, GBPC 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 GBPC.

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 GBPC 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, GBPC, 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 the Parent Company 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 , Php8.0 billion, and increase in other equity adjustments, Php1.4 billion, partially offset by a decrease in other comprehensive income, Php2.9 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.

Key Performance Indicators

The following are the key performance indicators of the Company for the years end December 31, 2013 and 2012.

	In Million Pesos, except for percentages	
Income Statement	**December 31, 2012 (As Restated)**	**December 31, 2013**
Total Revenues	22,977	105,547
Net Income attributable to GT Capital Holdings	6,589	8,640
Balance Sheet		
Total Assets	136,985	192,360
Total Liabilities	71,931	99,796
Equity attributable to GT Capital Holdings, Inc.	53,760	70,526
Return on Equity *	15.0%	13.9%

- 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 period/ year divided by 2.

Financial Soundness Indicators

The following are the financial soundness indicators of the Company for the years ended December 31, 2013 and 2012.

	2012	2013
Liquidity Ratio Current Ratio	1.3x	1.9x
Solvency Ratio Total Liabilities to Equity	1.1x	1.1x
Asset-to-Equity Ratio Asset to Equity Ratio	2.6x	2.7x
Interest Rate Coverage Ratio* Interest Rate Coverage Ratio	6.1x	5.1x
Profitability Ratio Return on Average Assets Return on Average Equity	6.4% 15.0%	5.3% 13.9%

- Computed as EBIT / Interest Expenses

Component Companies Financial Performance

Metrobank

Metrobank registered a consolidated net income attributable to equity holders of Php22.5 billion in 2013, or 46% higher than the Php15.4 billion realized in the same period of the previous year. This resulted in an improvement in the Bank's Return on Average Equity to 17.8% in 2013 from 13.6% in 2012.

Net interest income grew by 24% to Php38.3 billion due to the growth in consumer and corporate loans. Likewise, non-interest income grew by 55% to Php40.6 billion arising from healthy trading gains, sale of non-core assets, and steady increases in service charges, fees and commissions, leasing and trust operations.

Notably, Metrobank posted one-time gains of Php10.8 billion realized from the sale of its non-core assets in preparation for Basel III implementation. The asset sales involved the sale of the Bank's remaining 15% direct equity stake in TMP and a 40% direct equity stake in GBPC, through its subsidiary, First Metro Investment Corporation.

Total resources reached a record high of Php1.4 trillion representing a 32% increase from Php1.0 trillion in the previous year. The improvement in resources came from the 38% expansion in total deposits to Php1 trillion thereby resulting in a 16% growth in net loans and receivables.

Federal Land

Fed Land recorded total revenue of Php7.9 billion in 2013, 38% higher from Php5.7 billion in 2012. The revenue improvement came from: (1) Real estate sales and interest income on real estate sales which more than doubled from Php2.4 billion to Php5.5 billion driven by increased sales from ongoing high-end and middle market development projects situated in Pasay City, Quezon City, Escolta, Manila, Cebu, Bonifacio Global City and Marikina City; (2) Rental income which more than doubled from Php233 million to Php632 million with the GT Tower International office building contributing Php360 million; and (3) Equity in net earnings of an associate and a joint venture growing by 82% from Php226 million to Php410 million representing equity in net earnings from the Metrobank Center / Grand Hyatt project situated in Bonifacio Global City and the Grand Midori project located in Legaspi Village, Makati City. As a result of the strong revenue growth, core net income attributable to shareholders almost doubled from Php631 million to Php1.0 billion. Consolidated net income, however, dropped by 50% from Php2 billion, as 2012 included a Php1.4 billion one-time revaluation gain, to Php1.0 billion.

Global Business Power

GBPC's net fees, comprising energy fees realized by the operating companies as provided for in their respective Power Purchase Agreements with their respective customers, net of adjustments, declined by 12% from Php19.2 billion in 2012 to Php16.9 billion in 2013 owing to the following factors: (1) lower coal and diesel prices which dropped by 15% from Php3,570 per metric ton to Php3,030 per metric ton and by 8% from Php57 per liter to Php52 per liter, respectively; (2) lower Wholesale Electricity Spot Market (WESM) prices resulting in a 36% decline in WESM margins from Php6.46 per kilowatt hour to Php4.15 per kilowatt hour; (3) Impact of Typhoon Yolanda which affected GBPC's bilateral customers thereby resulting in a temporary reduction in power demand; and (4) revision in the contract of Carmen Copper from electric power purchase agreement to electric conversion agreement thereby reducing the billing for passed-on fuel. Net income attributable to shareholders dropped by 13% from Php2.2 billion in 2012 to Php1.9 billion in 2013.

Toyota Motor Philippines

TMP which also owns four (4) dealer outlets namely: Lexus Manila in Bonifacio Global City, Toyota Makati, Toyota San Fernando, Pampanga and Toyota Plaridel, Bulacan, registered a 10% growth in consolidated sales from Php73.0 billion in 2012 to Php80.2 billion in 2013 as sales from completely-knocked down parts and completely built-up units grew by 18% and 11%, respectively. The double digit sales growth was attributed to the launching of the all new Vios in July, sales volume increments across all models, aggressive sales and promotions and the addition of ten (10) new dealer outlets thereby increasing TMP's total dealer network to 41 outlets. The sales growth and the favorable foreign exchange rates resulted in marked improvements in gross profit and operating profit margins from 12% to 13% and from 6% to 7%, respectively. Consolidated net income grew by 50% from Php2.8 billion in 2012 to Php4.2 billion in 2013.

AXA Philippines

In 2013, AXA Philippines generated a 31% increase in new business in terms of Annualized Premium Equivalent of Php3.6 billion. This translated into a 49% increase in premium revenues to Php18.3 billion from Php12.3 billion in the previous year. Single premium products accounted for 73% or Php13.4 billion of total premium income. The balance of premium income came from traditional insurance products. By distribution channel, bancassurance accounted for a 73% share of premium income. In addition, asset management fees and non-recurring investment earnings resulted in an increase in other income. As a result, net income grew by 30% to Php1.2 billion in 2013 from Php908 million in 2012.

Charter Ping An

CPAIC registered a 39% growth in gross premium written from Php2.3 billion in 2012 to Php3.2 billion in 2013 arising from strong synergies within the Metrobank and GT Capital groups including the over 700 sales agency force and the nineteen (19) branches. Revenue growth was driven by property and motor car insurance, which accounted for a combined 67% of gross premium written. However, CPAIC incurred higher than normal claims and losses following a series of natural calamities that occurred in the second half of 2013 thereby resulting in declines in gross underwriting contribution and operating income, respectively . Net income dropped from Php215.1 million in 2012 to Php190 million in 2013.

Toyota Manila Bay

TMBC's consolidated sales, which also includes Toyota Jose Abad Santos, Manila and Toyota Dasmarinas, Cavite dealer outlets, grew by 19% from Php7.9 billion in 2012 to Php9.4 billion in 2013. TMBC's 2013 consolidated vehicle sales is the largest among Toyota auto dealers accounting for a 12% market share of total TMP wholesales for the year. Vehicle sales accounted for 93% of total sales while parts and services contributed 4% and 3%, respectively. Net income grew by 9% from Php101.7 million in 2012 to Php110.3 million in 2013.

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 2014 capital expenditures ("capex") budget is presented as follows:

Component Company	2014 Capex (In Billion Pesos)	Nature	Source of Funding
Metrobank	2.000	IT systems, ATM installation, renovation, investment in new branches/ renovation and relocation of existing branches	Internally generated funds
Fed Land	12.810	Residential projects: High end, Middle end, and Low Middle; retail and commercial project developments; and land acquisitions	Internally generated funds / project sales (Php11.8 billion) and land bank (Php1 billion)
GBPC	16.079	Panay Unit 3 expansion; and repairs and maintenance of existing power plants	Panay expansion: Php5.0 billion equity and Php10.6 billion project loan from banks. Existing power plants – internally generated funds
TMP	1.459	Model change, (Php488 million); capacity expansion, (Php352 million); plant rehabilitation, (Php113 million); logistics, (Php115 million); and others, (Php391 million)	Internally generated funds
AXA Philippines	0.120	IT and computer improvements, office improvements	Internally generated funds
Charter Ping An	0.035	Financial consolidation system, (Php8 million); branch expansion, (Php4 million); IT system improvement, (Php3 million); and others, (Php20 million)	Internally generated funds
Toyota Manila Bay	0.120	Property acquisition, (Php50 million); parking structure expansion, (Php45 million); and body paint expansion, (Php25 million)	Internally generated funds
GT Capital (Parent)	7.140	Charter Ping An acquisition , (Php740 million); TMBC acquisition, (Php740 million); GBPC equity call, (Php2.66 billion); and working capital requirements, (Php3 billion)	Internally generated funds and term loans
Total	**39.763**		

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;

(v) Any significant elements of income or loss that did not arise from the Company's continuing operations;

(vi) 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

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

CALENDAR YEAR ENDED DECEMBER 31, 2012 COMPARED TO YEAR ENDED DECEMBER 31, 2011

RESULTS OF OPERATIONS

GT Capital Consolidated Income Statement	**Audited Year-End December 31**		**Increase (Decrease)**	
(In Million Php, except for percentages)	As Restated-2012	2011	**Amount**	**Percentage**
REVENUE				
Net fees	**12,845**	-	12,845	100%
Equity in net income of associates and joint venture	**3,902**	3,568	334	9%
Real estate sales	**2,414**	2,708	(294)	(11%)
Gain from loss of control of subsidiary	**1,448**	-	1,448	100%
Gain on previously held interest	**(54)**	-	(54)	(100%)
Interest income	**583**	402	181	45%
Sale of goods and services	**731**	764	(33)	(4%)
Gain on bargain purchase	**428**	-	428	100%
Rent income	**233**	238	(5)	(2%)
Commission income	**184**	96	88	92%
Other income	**263**	189	74	39%
	22,977	7,965	15,012	188%
COSTS AND EXPENSES				
Power plant operation and maintenance	**6,711**	-	6,711	100%
General and administrative expenses	**3,559**	1,110	2,449	221%
Interest expense	**1,749**	990	759	77%
Cost of real estate sales	**1,342**	1,554	(212)	(14%)
Cost of goods and services	**681**	709	(28)	(4%)
	14,042	4,363	9,679	222%
INCOME BEFORE INCOME TAX	**8,935**	3,602	5,333	148%
PROVISION FOR INCOME TAX	**288**	148	140	95%
NET INCOME	**8,647**	3,454	5,193	150%
Attributable to:				
Equity holders of the GT Capital Holdings, Inc.	**6,589**	3,325	3,264	98%
Non-controlling interest	**2,058**	129	1,929	1,495%
	8,647	3,454	5,193	150%

As an investment holding company, GT Capital generates its revenues from equity in net income from the following component companies namely: Metropolitan Bank and Trust Company ("Metrobank"), Toyota Motor Philippines Corporation ("TMP") and Philippine AXA Life Insurance Corporation ("AXA Philippines"). Net fees are generated from Global Business Power Corporation ("GBP"). Real estate sales, interest income on real estate sales, sales of goods and services, commission income, rent income and finance and other income are generated from Federal Land, Inc. ("Fed Land"). As of December 31, 2012, Fed Land and GBP are consolidated in the financial statements of the Company. Metrobank, TMP and AXA Philippines are reflected in the financial statements through equity accounting.

GT Capital reported a net income attributable to shareholders of Php6.6 billion in 2012 representing a 98.2% growth over the Php3.3 billion registered in the same period last year. The increase in net income was principally due to the improvement in consolidated revenues by 188.5% to Php23 billion from Php8 billion.

The revenue growth came from the following sources: (1) consolidation of GBP as of May 1; (2) higher equity in net income of associates; and (3) non-recurring income(s) realized from Fed Land and GBP.

The non-recurring income(s) came from the following: (1) Php1.4 billion from Fed Land due to revaluation gain from the conversion of a wholly-owned subsidiary into a jointly-controlled entity; and (2) Php427.5 million gain from GBP arising from acquiring effective control of the company as of May 1, 2012 as the fair value of the net assets acquired was greater than total consideration or purchase price.

The Company also incurred extraordinary expenses aggregating to Php695 million broken down as follows: (1) pro-rata share of one-time expenses incurred by Metrobank related to the TMP share sale to GT Capital and other manpower expenses, (Php452 million); (2) GT Capital IPO-related expenses, (Php165 million); and (3) pro-rata share of TMP seed money for the TMP Technical School, (Php78 million).

Excluding the non-recurring income and extraordinary expenses, core net income amounted to Php5.4 billion, representing a 63% increase from Php3.3 billion in 2011.

Of the five (5) component companies, only AXA Philippines exhibited a 5.4% decrease (Php52.1 million reduction) in its net income in 2012 chiefly due to the 26% surge in new business in Annualized Premium Equivalent to Php2.8 billion which resulted in the corresponding front loading of legal policy reserves, commissions and bonuses. The other component companies registered double digit growth in net income.

Net fees from GBP comprising energy fees from the energy supplied by the power plants contributed Php12.8 billion equivalent to 55.9% of total revenues.

Equity in net income of associates rose by 9% to Php3.9 billion from Php3.6 billion. The increase was primarily attributable to the growth in equity in net earnings of TMP to Php3 billion from Php2.2 billion in 2011 and Metrobank amounting to Php12 billion from Php11 billion in 2011.

Real estate sales and interest income on real estate sales declined by 11% to Php2.4 billion from Php2.7 billion in 2011 as Fed Land launched thirteen (13) new projects in 2012 thereby increasing its ongoing vertical residential projects to 32 as of year-end. Reservation sales grew by 90.4% to Php14.9 billion from Php7.8 billion. Fed Land also completed three (3) projects in 2012 as compared to five (5) projects completed in 2011. As a result, the average percentage-of-completion of ongoing projects dropped to 38% from 58% in 2011.

Gain from loss of control of subsidiary amounted to Php1.4 billion arising from the conversion of a wholly-owned subsidiary of Fed Land into a jointly-controlled entity.

Interest income grew by 45% to Php583.3 million from Php402.3 million in 2011 largely due to interest income earned from money market placements.

Sales of goods and services, consisting of the sale of petroleum products, on a wholesale and retail basis, at the Blue Wave malls situated in Macapagal Avenue, Pasay City and Marikina City, dropped by 4% to Php730.7 million from Php764.7 million primarily due to lower fuel sales arising from successive price increases and rollbacks implemented throughout the year.

Gain on bargain purchase of GBP amounted to Php427.5 million as GT Capital acquired effective control of GBP as of May 1, 2012 as the fair value of the net assets acquired was greater than the total consideration or purchase price.

Rent income declined by 2% to Php233.4 million from Php238 million as the increase in occupancy levels and the rental rates at the Blue Wave malls was offset by the conversion of rent-generating properties into property development projects.

Commission income almost doubled to Php184.5 million from Php96 million in 2011. The increase was due to sales commissions earned from units owned by Federal Land Orix Corporation in the Grand Midori project.

Other income grew by 39.2% to Php262.5 million from Php188.5 million consisting of real estate forfeitures, (Php88.1 million); management fees, (Php41.1 million); and dividend income, (Php23 million); among others.

Consolidated costs and expenses grew by 3.2 times to Php14.0 billion from Php4.4 billion in 2011. GBP contributed Php9.6 billion of costs and expenses comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed Php3.6 billion consisting of cost of real estate sales, cost of goods and services, general administrative expenses and interest expenses. GT Capital Parent Company accounted for the balance of Php873.8 million, a major portion of which were interest expenses.

Power plant operation and maintenance expenses from GBP amounted to Php6.7 billion for the period in review.

General and administrative expenses rose by 3.3 times to Php3.6 billion from Php1.1 billion largely from GBP and Fed Land amounting to Php2 billion and Php1.2 billion, respectively. The balance of Php276.4 million came from GT Capital Parent Company of which Php165 million were IPO-related expenses.

Interest expenses grew by 76.8% to Php1.7 billion from Php989.7 million with GBP and GT Capital accounting for Php825.5 million and Php597.4 million. The balance of Php326.9 million originated from Fed Land.

Cost of real estate sales declined by 13.6% to Php1.3 billion from Php1.6 billion principally due to the decrease in booked real estate sales.

Provision for income tax rose by 95% to Php287.7 million from Php148.8 million in 2011 with GBP, Fed Land and GT Capital contributing Php212 million, Php60.9 million and Php15.4 million, respectively.

Consolidated net income attributable to shareholders rose by 98% to Php6.6 billion from Php3.3 billion in 2011.

Equity in net unrealized losses on available-for-sale financial assets of associates amounted to Php478 million. This gain arose from marked-to market gains realized from available-for-sale financial assets. Equity in translation adjustments of associates, on the other hand, recorded a loss of Php224.7 million. In spite of the loss, other comprehensive income from associates registered an aggregate gain of Php243.2 million.

FINANCIAL POSITION

GT Capital Consolidated Balance Sheet	**Restated December 31**		**Increase (Decrease)**	
(In Million Php, except for percentages)	**2012**	2011	**Amount**	**Percentage**
ASSETS				
Current Assets				
Cash and cash equivalents	**11,553**	454	11,099	2,445%
Receivables	**6,505**	3,934	2,571	65%
Inventories	**12,275**	11,338	937	8%
Due from related parties	**489**	939	(450)	(48%)
Prepayments and other current assets	**6,000**	1,906	4,094	215%
Total Current Assets	**36,822**	18,571	18,251	98%

Noncurrent Assets				
Noncurrent receivables	**3,159**	1,115	2,044	183%
Investment in associates and joint ventures	**42,789**	37,680	5,109	14%
Investment properties	**7,816**	5,227	2,589	50%
Available-for-sale investments	**1,060**	10	1,050	10,500%
Property and equipment	**33,661**	396	33,265	8,400%
Deposits	**2,085**	4,085	(2,000)	(49%)
Goodwill and intangible assets	**8,715**	8	8,707	108,838%
Long-term cash investments	-	2,440	(2,440)	(100%)
Deferred tax asset	**331**	103	228	221%
Other noncurrent assets	**547**	94	453	482%
Total Noncurrent Assets	**100,163**	51,158	49,005	96%
	136,985	69,729	67,256	96%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**7,377**	4,573	2,804	61%
Short-term loans payable	**9,138**	7,649	1,489	19%
Current portion of long-term debt	**7,427**	-	7,427	100%
Customers' deposits	**974**	458	516	113%
Dividends payable	**1,949**	-	1,949	100%
Due to related parties	**191**	403	(212)	(53%)
Income tax payable	**26**	-	26	100%
Other current liabilities	**1,370**	58	1,312	2,262%
Total Current Liabilities	**28,452**	13,141	15,311	117%
Noncurrent Liabilities				
Loans payable - noncurrent	**39,188**	19,600	19,588	100%
Liabilities on purchased properties	**2,581**	-	2,581	100%
Pension liability	**532**	358	174	49%
Deferred tax liability	**935**	81	854	1,054%
Other noncurrent liabilities	**243**	63	180	286%
Total Noncurrent Liabilities	**43,479**	20,102	23,377	116%
	71,931	33,243	38,688	116%
Equity				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital stock	**1,580**	1,250	330	26%
Additional paid-in capital	**36,753**	23,072	13,681	59%
Retained earnings	**13,685**	7,596	6,089	80%
Other comprehensive income	2,423	2,363	60	3%
Other equity adjustment	(681)	-	(681)	(100.0%)
	53,760	34,281	19,479	57%
Non-controlling interests	**11,294**	2,205	9,089	412%
Total Equity	**65,054**	36,486	28,568	78%
	136,985	69,729	67,256	96%

The major changes in the balance sheet items of the Company from December 31, 2011 to December 31, 2012 are as follows:

Total assets of the Group almost doubled from Php69.7 billion as of December 31, 2011 to Php137.0 billion as of December 31, 2012 as GBP was consolidated as of May 1, 2012. Total liabilities increased by 116% or Php38.7 billion from Php33.2 billion to Php71.9 billion while total equity almost doubled from Php36.5 billion to Php65.1 billion.

Cash and cash equivalents increased by Php11.1 billion reaching Php11.6 billion with GBP, Fed Land and GT Capital Parent accounting for Php10.6 billion, Php857.6 million and Php58.1 million, respectively. The reduction in GT Capital's cash level was chiefly due to the full utilization of the IPO proceeds for its intended application.

Receivables - current increased by 65% to Php6.5 billion from Php3.9 billion with GBP accounting for Php3.9 billion representing outstanding billings for energy fees and passed through fuel costs arising from the delivery of electricity while Fed Land accounted for the balance of Php2.6 billion, a majority of which were installment contract receivables and trade receivables.

Inventories increased by 8.3% or Php936.7 million to Php12.3 billion with Php11.2 billion coming Fed Land comprising real estate inventory and the balance from GBP consisting of spare parts and supplies, coal, fuel and lubricants.

Due from related parties decreased by 47.9% or Php449.8 million to Php489.0 million due to collections received from various Fed Land and GBP subsidiaries.

Prepayments and other current assets increased by 3.2x to Php6.0 billion mainly from GBP with Php3.5 billion and Fed Land with Php2.5 billion. This represented input VAT which can be applied against output VAT in the succeeding periods. Fed Land's share included Php894.5 million in advances from contractors/suppliers pertaining to the purchase of construction materials and contractor services.

Noncurrent receivables reached Php3.2 billion with Php1.7 billion originating from the unit buyers of Fed Land who opted for long-term payment packages for equity build up and Php738.5 million from various electric cooperatives of GBP.

Investment in associates and joint ventures increased by 14% or Php5.1 billion to Php42.8 billion. About Php4.5 billion was used to purchase 15% of Metrobank's direct equity stake in TMP and Php3.3 billion went to the joint venture investment by Fed Land in Bonifacio Landmark Realty Development Corporation, developer of the The Grand Hyatt-Metrobank Financial Center, situated in Veritown, Bonifacio Global City. These investments partially offset the full settlement of the Php3.4 billion advances of GT Capital to GBP.

Investment properties grew by 50% or Php2.6 billion to Php7.8 billion. Fed Land accounted for the increase as it acquired the GT Tower office building from Philippine Securities Corporation effectively increasing its investment properties to Php7.8 billion.

Available-for-sale investments amounted to Php1.1 billion mainly from available-for-sale investments of GBP.

Property and equipment rose 84 times to Php33.7 billion from Php396.4 million with the inclusion of the power generation assets of GBP.

Deposits for the purchase of land representing option money declined by 49% or Php2 billion as Fed Land opted to purchase land earmarked for its land bank.

Goodwill and intangible assets from GT Capital amounted to Php8.7 billion representing the fair value at acquisition date of existing power purchase agreements from GBP's operating subsidiaries acquired under business combination, net of amortization for the year.

The Php2.4 billion long-term cash investment of Fed Land was terminated and the funds were used to partially settle a portion of Fed Land's outstanding short term loans.

Deferred tax assets mostly from GBP reached Php330.7 million representing provision for retirement benefits and unrealized foreign exchange losses.

Other noncurrent assets increased by 5.8 times to Php547 million from Php94 million. This represented rental and other deposits.

Accounts and other payables increased by 61.3% or Php2.8 billion to Php7.4 billion with GBP and Fed Land each accounting for Php3.5 billion and Php3.7 billion, respectively, and GT Capital accounting for the balance of Php59.7 million.

Short-term loans reached Php9.1 billion with GT Capital accounting for Php4.7 billion, a majority of which was used to bridge finance the purchase of 15% direct equity stake in TMP.

Current portion of long-term debt reached Php7.4 billion with GT Capital and GBPC accounting for Php4.2 billion and Php3.2 billion, respectively.

Customer deposits, representing reservation payments from Fed Land's unit buyers, increased by 113% to Php974.3 million from Php457.6 million in 2011.

Dividends payable to holders of non-controlling interests of GBP reached Php1.9 billion in 2012.

Due to related parties declined by 52.6% to Php191.3 million from Php403.6 million in 2011 due to payments made by various Fed Land subsidiaries.

Income tax payable reached Php25.8 million of which Php22.2 million came from GBP and Php3.6 million came from Fed Land.

Other current liabilities increased 23.6 times to Php1.4 billion representing uncollected output VAT, (Php635.6 million); due to holders of non-controlling interest, (Php378.5 million); and withholding tax payable, (Php326.9 million).

Long-term debt – net of current portion increased by 99.9% to Php39.2 billion as the Php28 billion project loans of GBP were included which offset the Php4 billion loan prepayment of GT Capital.

Liabilities on purchased properties reached Php2.6 billion arising from Fed Land's purchase of the GT Tower International building from a Ty family related corporation.

Pension liability grew by 49% to Php532 million from Php358 million in 2011 chiefly due to the consolidation of GBP.

Deferred tax liability grew by 11.5 times to Php935 million from Php81 million in 2011 with GBP accounting for Php854 million representing deferred tax liability on fair value adjustments of long-term borrowings, property plant and equipment, intangible asset contracts and non-current receivables.
Other noncurrent liabilities grew by 3.9 times to Php242.6 million from Php62.9 million with Php183.5 million accounted for by GBP representing decommissioning liability accounts.

Capital stock increased by 26% or Php330 million to Php1.6 billion representing the new primary shares issued from the IPO of the Company.

Additional paid-in-capital increased by 59% or Php13.7 billion representing the IPO proceeds received by the Company, net of direct offer expenses.

Retained earnings increased by 80% or Php6.1 billion to Php13.7 billion, principally due to the consolidated net income realized by the Company for the year, net of Php501 million cash dividends declared by the Parent Company.

Other comprehensive income increased by 3% or Php60 million to Php2.4 billion due to marked-to-market gains realized on available-for-sale financial assets and equity in translation adjustments.

Other equity adjustments reached Php681.1 million representing the difference between the acquisition cost and carrying value of the non-controlling interest to: (1) acquire the 20% non-controlling interest of Fed Land, (Php513.4 million); (2) acquire the 4.59% of GBP, (Php54.8 million); and (3) acquire the 11.89% of GBP, (Php112.9 million).

Equity before non-controlling interests grew by 57% or Php19.5 billion to Php53.8 billion with GT Capital accounting for the increase arising from the primary shares issued during the IPO, the IPO proceeds received, net of direct offer expenses and the net income realized for the year.

Non-controlling interests reached Php11.3 billion representing the setup of the non-controlling interest of GBP offset by the reversal of the non-controlling interest in Fed Land.

LIQUIDITY AND CAPITAL RESOURCES

In 2011, 2012 and 2013, GT Capital's principal source of liquidity was cash dividends received from the investee companies and loans. As of December 31, 2013, GT Capital's cash and cash equivalents reached Php27.2 billion.

The following table sets forth selected information from GT Capital's statement of cash flows for the periods indicated.

	In Million Pesos		
	2011	2012	2013
Net cash provided by (used in) operating activities	(4,186.3)	895.4	6,014.6
Net cash provided by (used in) investing activities	(9,067.0)	(625.1)	(2,204.4)
Net cash provided by (used in) financing activities	10,643.0	10,835.7	11,845.7
Effects of exchange rate changes on cash and cash equivalents	-	(7.1)	(42.3)
Net increase (decrease) in cash and cash equivalents	(2,610.5)	11,098.9	15,613.6
Cash and cash equivalents at the beginning of the period	3,064.9	454.4	11,553.3
Cash and cash equivalents at end of the period	454.4	11,553.3	27,166.9

Cash flows from operating activities

Cash flow from (used in) operating activities amounted to (Php4.2 billion) in 2011, Php895.4 million in 2012 and Php6.0 billion in 2013. In 2011, operating cash amounted to Php514 million which was used to increase receivables by Php4.2 billion and real estate inventory by Php3.2 billion. In 2012, operating cash amounted to Php5.9 billion which was used to increase prepayments and other current assets by Php4.1 billion, partially settle accounts and other payables by Php581 million and partially pay due to related parties by Php212.3 million. In 2013, operating cash amounted to Php13.9 billion which 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.

Cash flows used in investing activities

Cash flows from (used in) investing activities amounted to (Php9.1 billion) in 2011, (Php625.1 million) in 2012, and (Php2.2 billion) in 2013. In 2011, cash flows used in investing activities went to increase deposits by Php4.1 billion and long-term cash investments by Php2.4 billion and investment in associates and joint ventures by Php2.6 billion. In 2012, cash flows used in investing activities went to increase investment in associates and joint ventures by Php4.5 billion, investment properties by Php3 billion, and property and equipment by Php1.2 billion. In 2013, cash flows used in investing activities went to increase property and equipment by Php7.0 billion, available-for-sale investments by Php690 million and investment in associates and joint ventures by Php502.2 million.

Cash flows from financing activities

Cash flows from financing activities amounted to Php10.6 billion in 2011, Php10.8 billion in 2012 and Php11.8 billion in 2013. In 2011, cash flows from financing activities came from loans of Php11.1 billion, net of loan payments of Php8.2 billion, and decrease in liabilities on purchased properties of Php516.8 million. In 2012, cash flows from financing activities came from the initial public offering proceeds of Php14 billion which was used to partially settle Php5.8 billion in outstanding loans. 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.

KEY PERFORMANCE INDICATORS OF COMPONENT COMPANIES

Metrobank

	2011	2012	2013
Dividend Payout Ratio	19.1%	13.7%	9.4%
Cost to average assets	5.2%	5.0%	4.8%
Tier 1 Capital Adequacy ratio	13.7%	13.7%	15.0%
Total Capital Adequacy ratio	17.4%	16.3%	16.7%
Net non-performing assets ratio	2.2%	1.8%	1.3%
NPL coverage ratio	99.5%	116.8%	164.1%

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) Net non-performing assets ratio is the ratio of net non-performing assets divided by total assets.

(4) Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets.

The following table presents selected financial ratios for the periods indicated:

	In Million Pesos, except for percentages		
	2011	2012	2013
Net income attributable to equity holders	11,031	15,399	22,488
Average total assets	922,854	999,482	1,212,606
Average shareholders' equity (attributable to equity holders)	98,716	114,908	126,310
Return on Average Assets	1.2%	1.5%	1.8%
Return on Average Equity	11.2%	13.6%	17.8%
Average shareholders' equity as a percentage of average total assets	10.7%	11.5%	10.4%

Federal Land

The following are the major performance measures used by Fed Land for 2011, 2012 and 2013.

	In Million Pesos, except for ratios		
	2011	2012	2013
Revenues	4,478.6	5,723.0	7,895.7
Net income after tax	601.1	1,988.3	1,017.3
Net income attributable to equity holders	589.7	1,976.1	1,004.3
Total assets	29,543.5	34,633.0	43,231.1
Total liabilities	18,746.6	18,053.2	24,664.3
Total equity	10,796.9	16,579.8	18,566.8
Current ratio	1.6x	2.6x	3.9x
Total Liabilities to equity ratio	1.7x	1.1x	1.3x

Global Business Power

The following are the major performance measures used by GBP for 2011, 2012 and 2013.

	In Million Pesos, except for ratios		
	2011	2012	2013
Net income	2,229.5	3,370.8	2,961.8
Net income attributable to equity holders	1,580.0	2,213.8	1,937.2
Total assets	56,930.6	58,303.4	59,874.5
Total liabilities	35,282.6	36,803.4	36,140.0
Total equity	21,648.1	21,500.0	23,734.5
Current ratio	2.5x	1.7x	1.6x
Total Liabilities to equity ratio	1.6x	1.7x	1.5x

Toyota Motor Philippines

The following are the major performance measures used by TMP for 2011, 2012 and 2013.

	In Million Pesos, except for ratios		
	2011*	2012	2013
Net income	2,178.2	2,819.3	4,230.0
Total assets	16,072.6	20,982.9	25,041.2
Total liabilities	9,294.7	12,937.4	15,574.1
Total equity	6,777.9	8,045.6	9,287.1
Total Liabilities to Equity ratio	1.4x	1.6x	1.7x

***Parent Company Financials**

AXA Philippines

The following are the major performance measures used by AXA Philippines for 2011, 2012 and 2013.

	In Million Pesos		
	2011	**2012**	**2013**
Gross Premiums	10,006.6	12,312.0	18,320.0
Net insurance benefits and claims	1,337.8	1,316.5	1,413.5
Total expenses	3,198.2	3,537.4	4,196.4
Net income after tax	967.5	908.5	1,184.0
Total assets	38,942.9	44,852.5	38,953.5

Charter Ping An

The following are the major performance measures used by Charter Ping An for 2011, 2012 and 2013.

	In Million Pesos		
	2011	**2012**	**2013**
Gross Premium Written	2,096.7	2,339.4	3,249.3
Net Premium Written	1,176.8	1,447.3	1,653.8
Gross Underwriting Contribution	333.3	474.9	433.2
Net Income	150.3	215.1	190.0
Total Assets	4,967.7	6,355.6	9,207.9

Toyota Manila Bay

The following are the major performance measures used by Toyota Manila Bay for 2011, 2012 and 2013.

	In Million Pesos		
	2011	**2012**	**2013**
Net Sales	5,703.2	7,945.0	9,440.7
Gross Profit	365.6	587.7	653.1
Net Income	35.9	101.7	110.3
Total Assets	1,428.5	1,708.1	1,908.4
Total Liabilities	1,274.0	1,290.5	1,377.1
Total Equity	429.1	417.6	531.3

Item 7. **Financial Statements**

The consolidated financial statements and schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules 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, 2013.

The Group will also adopt several amended and revised standards and interpretations in 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 2013 and new PFRS and IFRIC that will be effective in 2014.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2011, 2012 and 2013 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 billed for each of the years ended December 31, 2011, 2012 and 2013 for professional services rendered by SGV & Co. to the Company, excluding fees directly related to the Offer.

	For the year ended December 31		
	2011	**2012**	**2013**
	(in Php thousands)		
Audit and Audit-Related Services	330	1,440	1,400
Non-Audit Services	-	30,000	11,161
Total	**300**	**31,440**	**12,561**

SGV & Co. rendered other professional services in 2013 and 2012 relating to the Company's Bond Offering and Initial public offering amounting to P11.2 million and P30 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	81	Filipino
Chairman	Arthur Vy Ty	47	Filipino
Vice Chairman	Alfred Vy Ty	46	Filipino
Director/President	Carmelo Maria Luza Bautista	56	Filipino
Director	Roderico V. Puno	50	Filipino
Director	Solomon S. Cua	58	Filipino
Independent Director	Jaime Miguel G. Belmonte	49	Filipino
Independent Director	Christopher P. Beshouri	51	American
Independent Director	Wilfredo A. Paras	67	Filipino
Adviser	Pascual M. Garcia III	60	Filipino

The business experience of the members of the Board for the last five (5) years is as follows:

Dr. George S.K. Ty served as GT Capital Holdings, Inc.'s Chairman of the Board since its inception in July 2007 until July 11, 2012. Dr. Ty is also the founder of Metropolitan Bank & Trust Company (Metrobank) 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. 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.

Arthur Vy Ty served as the Company's Vice Chairman since its inception in 2007 before assuming his current position as Chairman in 2012. He was the President of Metrobank from 2006 to 2012 and was appointed as its Chairman in April 2012. He headed Metrobank's Consumer Lending Group from 2000 to 2004 and served as Vice Chairman of the Bank from 2004 to 2006. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc., Vice Chairman of PSBank and First Metro Investment Corporation. 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 has been a Vice Chairman of the Company since February 14, 2012 and has served as a Director of the Company since 2007. He is also the current President of Federal Land Inc. and the Vice-Chairman of Toyota Motor Phils. Corp. 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: Corporate Secretary, Metrobank; Chairman, Lexus Manila, Inc.; Director, Philippine Long Distance Telephone Company; Chairman, Asia Pacific Top Management; Director, Global Business Power Corporation.; President, GT-Metro Foundation, Inc.; Board of Trustees, Metrobank Foundation, Inc.; Honorary Consul, Consulate of Uruguay; and Former Special Envoy of the President to China.

Carmelo Maria Luza Bautista assumed the role of Director and President of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation 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 Bachelors degree major in Economics from the Ateneo de Manila University.

Solomon S. Cua has been serving as Director of GT Capital Holdings, Inc. since July 11, 2012. With more than 20 years of experience in general management, banking and finance, Mr. Cua holds several other positions in other companies, among which are as Director of First Metro Investment Corporation (since

2001) and Chairman of Philippine AXA Life Insurance Corporation (since 2010). He graduated from the University of Melbourne and the University of Queensland where he earned degrees in Bachelor of Arts in Mathematical Sciences and Economics and Bachelor of Laws, respectively. He obtained his Masters of Law from the London School of Economics and Political Sciences. Mr. Cua also holds the following positions: Director and Vice Chairman of Philippine Racing Club, Inc.; Director of Grand Titan Capital Holdings, Inc.; Director of Global Treasure Holdings Inc.; Director of Greenhills West Association, Inc.; Director and Treasurer of Palm Integrated Commodities, Inc.; and Director of Philippine Newtown Global Solutions. Prior to his stint in First Metro Investment Corporation, Mr. Cua served as Undersecretary of Finance from 1998 to 2000.

Roderico V. Puno has been a director of the Company since August 5, 2011 and is a Senior Partner of Puno & Puno Law Offices. He earned his Bachelor of Laws degree from Ateneo de Manila University in 1989 and is a widely recognized expert in energy law and also specializes in general corporate law, banking, corporate 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.; Assistant Corporate Secretary of Metropolitan Bank & Trust Company. He served as Vice-President- Legal for First Philippine Holdings Corporation and First Generation Corporation.

Jaime Miguel G. Belmonte* was elected as Independent Director of GT Capital on July 11, 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); 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), Director of Stargate Media Corporation (since 2000), and member of the Board of Advisers of Manila Tytana College (since 2008). He earned his undergraduate degree from the University of the Philippines-Diliman.

Christopher P. Beshouri* is Group President and COO of Vicsal Development (Gaisano), which has holdings in Property, Retail, and Financial Services. Prior to joining the Gaisanos, Mr. Beshouri was with McKinsey and Company for more than 15 years, where he held 3 distinct roles: Managing Partner of Philippines (2005-2013), Chief of Staff of Asia (2004-2005); and Senior Consultant (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 of Master of Public Affairs from Princeton University.

Wilfredo A. Paras* currently holds various positions in Philippine Corporations, such as: Independent Director of Philex Mining Corporation (2011-present); Director of Oil Mills Goup of CIIF- Granexport Manufacturing Corporation, Cagayan de Oro Oil Mills Corporation, Iligan Coconut Industries, Inc. (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); Senior Adviser of Association of Petrochemical Manufacturers of the Philippines (2007-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.

Pascual M. Garcia III was appointed as Board Advisor in May 2013. He is currently the Chairman of Federal Land, Inc. He also holds several other positions in other companies among which are Director for Toyota Financial Services Philippines; Director for Sumisho Finance Corporation; President of Federal Land Orix Corporation; and Director for Cathay International Resources Corporation. Prior to joining Federal Land, he served as the President and Director of Philippine Savings Bank from 2001 up to 2013. Mr. Garcia earned his Bachelor's degree in Commerce Major in Management from the Ateneo de Zamboanga University.

** Independent director – 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 Company'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 Company's By-laws were amended for this purpose and such amendment was approved by the SEC on January 13, 2012.*

Period of Directorship

Name	Date First Elected
Dr. George S.K. Ty	June 3, 2011
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
Solomon S. Cua	June 3, 2011
Jaime Miguel G. Belmonte	December 2, 2011
Christopher P. Beshouri	May 14, 2013
Wilfredo A. Paras	May 14, 2013
Pascual M. Garcia III	May 14, 2013

Executive Officers

Name	Office	Age	Citizenship
Carmelo Maria Luza Bautista	President	56	Filipino
Francisco H. Suarez, Jr.	SVP/Chief Financial Officer	54	Filipino
Mary Vy Ty	Treasurer	73	Filipino
Anjanette T. Dy Buncio	Assistant Treasurer	45	Filipino
Alesandra T. Ty	Assistant Treasurer	34	Filipino
Antonio V. Viray	Corporate Secretary	74	Filipino
Margaret T. Cham	Assistant Corporate Secretary	46	Filipino
Jocelyn Y. Kho	Assistant Corporate Secretary	59	Filipino
Joselito V. Banaag	VP/Head, Legal and Compliance	43	Filipino
Jose B. Crisol, Jr.	VP/Head, Investor Relations and Corporate Communications	47	Filipino
Susan E. Cornelio	VP/Head, Human Resources and Administration	41	Filipino
Richel D. Mendoza	VP/Chief Audit Executive	42	Filipino
Reyna Rose P. Manon-Og	VP/Controller and Head, Accounting and Financial Control	32	Filipino

Francisco H. Suarez, Jr. has served as GT Capital's Chief Financial Officer since February 16, 2012. He brings to the Company 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.

Mary Vy Ty has served as the Company'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; Treasurer, Global Business Power Corporation; Director, Grand Titan Capital Holdings, Inc.; and Chairman, Philippine Securities Corporation. Previously, Mrs. Ty held the position of Director for First Metro Investment Corporation. She earned her collegiate degree from the University of Santo Tomas.

Antonio V. Viray joined the Company as Assistant Corporate Secretary and became Corporate Secretary in 2009. He was formerly the Senior Vice-President, General Counsel and Assistant Corporate Secretary of Metropolitan Bank & Trust Company (Metrobank). He was also a Senior Vice-President & General Counsel of Philippine Savings Bank and Director of Solidbank. At present he is a Director of Metrobank; Corporate Secretary of Golden Treasure Holdings,Inc. and Grand Titan Holding Holdings, Inc. He is also Chairman and President of AVIR Development Corporation and Of Counsel of Feria Tantoco Robeniol 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.

Margaret Ty Cham is GT Capital's Assistant Corporate Secretary. She is also a Director and Assistant Vice President of PSBank; Director of Orix Metro Leasing Corporation and Federal Land, Inc.; President of Glam Holdings Corporation and Glamore Holdings Corporation; Vice President of Great Mark Resources Corporation; Vice President and Corporate Secretary of Norberto and Tytana Ty Foundation; Vice President, Corporate Secretary, and member of the Board of Trustees of GT Metro Foundation; Corporate Secretary of the Metrobank Foundation; Vice President of Global Treasure Holdings, Inc.; and Vice

President of Grand Titan Holdings, Inc. She obtained her Bachelor of Science in Humanities degree from the De La Salle University.

Jocelyn Y. Kho has served as the Company'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 Secrectary 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., Master of Science in Taxation (lack Thesis) from MLQ University

Anjanette Ty Dy Buncio has served as the Assistant Treasurer of GT Capital Holdings, Inc. since 2007. She holds several other posts in other companies among which are as Vice Chairman of Metrobank Card Corporation; Director, Corporate Secretary, Senior Vice President, and Treasurer of Federal Land, Inc.; Vice President of Metrobank; Corporate Secretary and Treasurer of Global Business Power Corporation; and Corporate Secretary of Pro Oil Corporation. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Science degree in Economics.

Alesandra T. Ty was appointed Assistant Treasurer of GT Capital Holdings on February 14, 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 a director and Treasurer of AXA Philippines, a director of Federal Homes, Inc. and Sumisho Motorcycle Finance Corp., the Corporate Treasurer of Metrobank Card Corporation and the Corporate Secretary/Treasurer of First Metro Investment Corporation.

Joselito V. Banaag joined the Company on January 2, 2012 as Head of its Legal and Compliance Division. Prior to this, he served as General Counsel of the Philippine Stock Exchange and concurrently, as Chief Legal Counsel of the Securities Clearing Corporation of the Philippines. He was also Officer in Charge of the Exchange's Issuer Regulation Division. Previous employments include assuming various positions in SGV & Co., Cayetano Sebastian Ata Dado and Cruz Law Offices, PNOC Exploration Corporation and Padilla Jimenez Kintanar & Asuncion Law Offices. He earned his Bachelor of Arts in Political Science minoring in Japanese Studies from Ateneo de Manila University and Bachelor of Laws from the University of the Philippines.

Jose B. Crisol, Jr. serves as 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 company, 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 joined the Company 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. 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 joined the company 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. She 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. Ms. Mendoza is a Certified Public Accountant, a Certified Internal Auditor (CIA), and an IIA accredited Quality Assurance Validator, Trainer and CIA Reviewer.

Reyna Rose P. Manon-og was appointed the Company's Controller in October 2011. Prior to joining the Company, 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 an honors graduate of Bicol University.

Period of Officership

Name	Office	Period Held
Carmelo Maria Luza Bautista	President	2011-Present
Francisco H. Suarez, Jr.	SVP/Chief Financial Officer	2012-Present
Mary Vy Ty	Treasurer	2007-Present
Anjanette T. Dy Buncio	Assistant Treasurer	2007-Present
Alesandra T. Ty	Assistant Treasurer	2012-Present
Antonio V. Viray	Corporate Secretary	2009-Present
Margaret T. Cham	Assistant Corporate Secretary	2013-Present
Jocelyn Y. Kho	Assistant Corporate Secretary	2011-Present
Joselito V. Banaag	VP/Head, Legal and Compliance	2012-Present
Jose B. Crisol, Jr.	VP/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

The Directors of the Company 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 Company's By-laws.

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. The Nomination Committee shall prepare a Final List of Candidates from 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 Nomination 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.

Directorships in Other Reporting Companies

The following are directorships held by Directors and Executive Officers in other reporting and subsidiaries of the Corporation during the last five years:

Name of Corporation	Position
George S.K. Ty	
Toyota Motor Philippines	Chairman
Arthur Vy Ty	
Metropolitan Bank & Trust Company..	Chairman
Philippine Savings Bank	Vice-Chairman
Alfred Vy Ty	
Toyota Motor Philippines	Vice-Chairman
Federal Land, Inc.	President/Director

Global Business Power Corporation	Director
Philippine Long Distance Telephone Company....................................	Director

Roderico V. Puno

Global Business Power Corporation	Director

Solomon S. Cua

Philippine AXA Life Insurance Corporation	Chairman
Philippine Racing Club, Inc.	Vice-Chairman

Wilfredo A. Paras

Philex Mining Corporation	Director

Antonio V. Viray

Metropolitan Bank & Trust Corporation	Director

Margaret T. Cham

Philippine Savings Bank	Vice-Chairman

Board Committees:

The members of the Executive Committee are:

Alfred V. Ty	- Chairman
Mary V. Ty	- Vice Chairman
Carmelo Maria Luza Bautista	- Member
Solomon S. Cua	- Member
Arthur Vy Ty	- Adviser

The members of the Audit and Risk Management Committee are:

Wilfredo A. Paras	- Chairman
Christopher C. Beshouri	- Member
Solomon S. Cua	- Member

The members of the Compensation Committee are:

Alfred V. Ty	- Chairman
Solomon S. Cua	- Member
Jaime Miguel G. Belmonte	- Member

The members of the Nominations Committee are:

Roderico V. Puno	- Chairman
Carmelo Maria Luza Bautista	- Member
Wilfredo A. Paras	- 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
Arthur Vy Ty
Alfred Vy Ty
Carmelo Maria Luza Bautista
Roderico V. Puno
Solomon S. Cua

Francisco H. Suarez, Jr. nominated to the Board, for inclusion in the Final List of Candidates for Independent Director, the following stockholders:

Jaime Miguel G. Belmonte
Christopher P. Beshouri
Wilfredo A. Paras

Francisco H. Suarez, Jr., Jaime Miguel G. Belmonte, Christopher P. Beshouri and Wilfredo A. Paras are not related either by consanguinity or affinity, nor has 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 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 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
Vice Chairman	Alfred V. Ty
Director and President	Carmelo Maria Luza Bautista
Adviser	Pascual M. Garcia III
Treasurer	Mary Vy Ty
Assistant Treasurer	Anjanette T. Dy Buncio
Assistant Treasurer	Alesandra T. Ty
Corporate Secretary	Antonio V. Viray
Assistant Corporate Secretary	Margaret T. Cham
Assistant Corporate Secretary	Jocelyn Y. Kho
Chief Financial Officer	Francisco H. Suarez, Jr.
Head, Legal and Compliance	Joselito V. Banaag
Head, Investor Relations & Corporate Communications	Jose B. Crisol, Jr.
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

(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. Margaret T. Cham is the daughter of Dr. George S.K. 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.

(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 2012, 2013 and 2014. The amounts (in P millions) set forth in the table below have been prepared based on what the Company paid its executive officers in 2012 and 2013, and what the Company expects to pay in 2014.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Named Executive Officers*	2012	15.85	5.70	-
	2013	8.65	4.66	-
	2014**	2.59	5.65	-
All other Officers as a Group	2012	1.02	0.26	-
	2013	7.16	1.79	-
	2014**	8.62	2.24	-

** 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 2014 are estimates.*

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, 2013, 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	103,371,110	59.306%
Common	PCD Nominee Corp. (Non-Filipino)	Various Clients[1]	Foreign	57,908,960	33.224%
Common	PCD Nominee Corp. (Filipino)	Various Clients[1]	Filipino	12,376,719	7.101%

(1) The Company has no information as to the beneficial owners of the shares of stocks held by PCD Nominee Corp. The clients of PCD Nominee Corp. have the power to decide how their shares are to be voted.

Security Ownership of Management as of December 31, 2013

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) 1,500 (I)	Filipino	0.0574% 0.0009%
Common	Alfred V. Ty	100,000 (D) 1,500 (I)	Filipino	0.0574% 0.0009%
Common	Mary Vy Ty	99,000 (D)	Filipino	0.0567%
Common	Anjanette T. Dy Buncio	40,000 (D) 1,500 (I)	Filipino	0.0229% 0.0009%
Common	Solomon S. Cua	1,000 (D) 20,000 (I)	Filipino	0.0006% 0.0115%
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	Roderico V. Puno	1,000 (D)	Filipino	0.0006%
Common	Jaime Miguel G. Belmonte	1,000 (D)	Filipino	0.0006%
Common	Christopher P. Beshouri	1,000(D) 3,000 (I)	American	0.0006% 0.0017%
Common	Wilfredo A. Paras	1,000 (D)	Filipino	0.0006%
Common	Joselito V. Banaag	900 (I)	Filipino	0.0005%
Common	Alesandra T. Ty	500 (I)	Filipino	0.0003%
Common	Antonio V. Viray	0	Filipino	0.0000%
Common	Margaret T. Cham	1,500 (I)	Filipino	0.0009%
Common	Jocelyn Y. Kho	2,200 (I)	Filipino	0.0014%
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%
Total		**545,000 (D)** **47,600(I)** **592,600 (D) and (I)**		**0.3400%**

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 balance sheet date.

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**

The Group, in its regular conduct of business, has entered into transactions with associates, jointly controlled entities and other related parties principally consisting of advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made at normal market prices.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

To date, there are no complaints received by the Company regarding related-party transactions.

Transactions with Promoters

There are no transactions with promoters within the past five (5) years.

Events after the Reporting Period

Equity call from GBPC

On January 7, 2014 and February 26, 2014, the Parent Company disbursed funds totaling Php681.67 million representing its pro rata share in response to capital calls from GBPC upon its stockholders to support the Project Panay Energy Development Corporation Unit 3 Expansion Project.

Acquisition of Charter Ping An shares from FMIC

On January 27, 2014, the Parent Company completed the acquisition of 100.00% ownership interest in Charter Ping An. The Parent Company purchased an additional 1.7 million common shares of Charter Ping An from FMIC for a total consideration of Php712.00 million. The acquisition represents the remaining 33.33% of the non-life insurance firm's outstanding capital stock.

Acquisition of TMBC shares from FMIC

On March 4, 2014 the Parent Company acquired 48.12 million common shares of TMBC owned by FMIC for a total purchase price of Php237.26 million. The acquisition represents 19.25% of the TMBC's outstanding capital stock and raised the Parent Company's ownership interest in TMBC to 60.00%.

Declaration of Cash Dividends of the Parent Company

On March 11, 2014, the BOD of the Parent Company approved the declaration of cash dividends of Php3.00 per share to all stockholders of record as of April 8, 2014 which shall be payable on May 2, 2014.

Appropriation of Retained Earnings of the Parent Company

On March 11, 2014, the BOD of the Parent Company approved the appropriation of retained earnings amounting to Php3.00 billion. The appropriation is earmarked for the following:

Project Name	Timeline	Amount
Equity call from GBPC for plant expansions	2014	Php2.00 billion
Acquisition of investments	2014-2015	1.00 billion
		Php3.00 billion

PART IV.

EXHIBITS AND SCHEDULES

Item 13. **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 last six month period covered by this report and are listed below:

Date	Particulars
June 20, 2013	Appointment of the Executive Committee
August 12, 2013	The Board of Directors of GT Capital approved the declaration of a cash dividend in the amount of Php522.9 million or Php3.00 per share. Record date was set as September 10, 2013, and payment date was set on October 2,2013

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 10, 2014.

GT Capital Holdings, Inc.

By:

Arthur V. Ty Chairman	**Carmelo Maria L. Bautista** President
Francisco H. Suarez, Jr. Chief Financial Officer	**Atty. Antonio V. Viray** Corporate Secretary
Reyna Rose P. Manon-og Comptroller	**Atty. Joselito V. Banaag** Head, Legal and Compliance

APR 10 2014

SUBSCRIBED AND SWORN to before me this _____ day of _________ 20__ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Arthur V. Ty	EA0021497	January 6, 2010	Manila
Carmelo Maria L. Bautista	XX4905567	November 6, 2009	Manila
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
Joselito V. Banaag	EB2838103	June 29, 2011	Manila

Doc No. 46;
Page No. 9;
Book No. 5;
Series of 2014.

Notary Public

ATTY. MELISSA B. REYES
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2014
ROLL NO. 41369 / APPOINTMENT NO. M-270
IBP NO. 913785 / PTR. NO. 3874214
45/F GT TOWER INTERNATIONAL, AYALA AVENUE
CORNER H.V. DE LA COSTA, MAKATI CITY