



CITYSTATE
SAVINGS BANK
We Take Care of You.



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

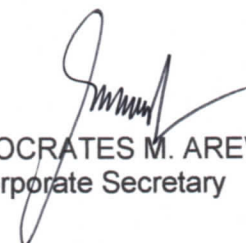
The Annual Meeting of Stockholders of Citystate Savings Bank will be held on Tuesday, May 30, 2017 at 9:00 a.m. at the 20th Floor of Citystate Centre Building, 709 Shaw Boulevard, Pasig City, to take up the following matters:

- I. Calling of Meeting to Order
- II. Certification of Notice of Meeting
- III. Determination of Quorum
- IV. Reading and approval of the Minutes of the Stockholders' Meeting held on May 31, 2016
- V. Consideration of the President's Report on the Results of the Bank's Operations for the Year Ended 31 December 2016 (Annual Reports and Financial Statements of the Bank)
- VI. Confirmation/Ratification of the Acts of Officers, Management, the Executive Committee and the Board of Directors
- VII. Election of Members of the Board of Directors
- VIII. Appointment of External Auditor and Fixing of Remuneration
- IX. Such other business as may properly come before the meeting
- X. Adjournment

Only stockholders of record at the close of business on April 24, 2017 are entitled to vote at this meeting. Kindly present any proof of identification, such as driver's license, passport, company I.D. or SSS/GSIS I.D. Aside from personal identification document, representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate showing his or her authority to represent the corporation or entity.

Shareholders who will not be able to attend the meeting may designate their respective proxies by sending the proxy forms to the Office of the Assistant Corporate Secretary at the 2nd Floor, Citystate Centre Building, 709 Shaw Boulevard, Pasig City not later than 5:00 P.M. of May 23, 2017.

Thank you.


ATTY. SOCRATES M. AREVALO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
 SEC FORM 20-IS
 INFORMATION STATEMENT PURSUANT TO SECTION 20
 OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter CITYSTATE SAVINGS BANK, INC.
3. Makati City, Metro Manila, Philippines
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number A1997-9587
5. BIR Tax Identification Code 005-338-421-000
6. Citystate Centre Building, 709 Shaw Boulevard, Pasig City 1600
 Address of principal office Postal Code
7. Registrant's telephone number, including area code (632) 470-3333
8. May 30, 2017 at 9:00 AM; 20th Floor, Citystate Centre Building, 709 Shaw Boulevard, Pasig City
 Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders May 10, 2017.

10. **In case of Proxy Solicitations:**

Name of Person Filing the Statement/Solicitor:

Address and Telephone No.:

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<u>Common Shares</u>	<u>72,764,998 shares</u>

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

Yes No

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

Philippine Stock Exchange/Common Stock

INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date	:	May 30, 2017
Time	:	9:00 A.M
Place	:	20 th Floor, Citystate Centre Building 709 Shaw Boulevard, Pasig City
Principal Office	:	2 nd Floor, Citystate Centre Building 709 Shaw Boulevard, Pasig City

This Information Statement is to be first sent to the security holders of Citystate Savings Bank, Inc. on May 10, 2016 in connection with the Annual Stockholders' Meeting.

WE ARE NOT ASKING YOU FOR A PROXY BUT YOU MAY SEND YOUR PROXY IF YOU CANNOT ATTEND PERSONALLY

Dissenters' Right of Appraisal

There are no matters or proposed actions included in the Agenda of the Meeting that may give rise to a possible exercise by stockholders of their appraisal rights.

With respect to that any matter to be acted upon at the Meeting which may give rise to the right of appraisal in order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder shall be reported within thirty (30) days after the date of the meeting at which such stockholder voted against the Corporate action, make a written demand on the Corporation for the value of his shares. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days after the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, that upon payment by the corporation of the agreed awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The Board of the Directors of the Company is not aware of any party who has indicated an intention to oppose the motions set forth in the Agenda.

No person who has been a Director or Officer of neither the Corporation nor any of his/her associates has a substantial interest in any matter to be acted upon at the Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of December 31, 2016, there are 72,764,998 shares of the Company common stock outstanding and entitled to vote at the Annual Meeting. Only holders of the Company's stock of record at the close of business on April 24, 2017, acting in person or by proxy on the day of the meeting are entitled to vote at the Annual Meeting to be held on May 30, 2017. Every stockholder shall be entitled to one vote for each share of common stock held as of the established record date.

Each stockholder may vote the number of shares of stock standing in his own name as of the record date of the meeting for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, that no delinquent stock shall be voted. Cumulative voting is allowed for election of members of the Board of Directors.

Security Ownership of Certain Record and Beneficial Owners

The person known to the registrant to be directly or indirectly the record or beneficial owner of more than five (5%) of the registrant's voting securities as of December 31, 2016 are as follows:

Beneficial Owners of Voting Securities

Title of class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Estate of the late Antonio L. Cabangon Chua, Director 5 th Flr., Dominga Bldg. III 2113 Chino Roces Ave., Makati City	D. Arnold A. Cabangon, Beneficial & Record Owner	Filipino	14,102,114	19.38035%
Common	D. Alfred A. Cabangon, Director 2 nd Flr., Citystate Centre Bldg., 709 Shaw Blvd., Pasig City	D. Alfred A. Cabangon, Beneficial & Record Owner	Filipino	8,283,330	11.38367%
Common	Fortune Life Insurance Company, Inc. (Affiliate) Fortune Life Bldg., 162 Legaspi St., Legaspi Village, Makati City	D. Arnold A. Cabangon, Director	Filipino	7,499,250	10.30612%
Common	Fortune General Insurance Corporation (Affiliate) 4 th Flr., Citystate Centre Bldg., 709 Shaw Blvd.,	J. Antonio A. Cabangon, Jr., Director	Filipino	5,484,000	7.53659%

	Pasig City				
Common	Top Ventures Investments & Management Corporation (Affiliate) Dominga Bldg., 2113 Chino Roces Ave., Cor. Dela Rosa St., Makati City	D. Arnold A. Cabangon, Director	Filipino	4,902,594	6.73757%
Common	Feorelio M. Bote Director 581 Wack Wack Road Shaw Blvd. Mandaluyong City	Feorelio M. Bote, Beneficial & Record Owner	Filipino	4,302,500	5.91287%

Shares of stock owned by Fortune General Insurance Corp., Top Ventures Investments & Management, and Fortune Life Insurance Co., Inc., are being represented and voted for by J. Antonio A. Cabangon, Jr. and D. Arnold A. Cabangon, respectively.

Security Ownership of Management as of December 31, 2016

Directors

Title of class	Name of Beneficial Owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
Common	D. Alfred A. Cabangon	8,283,330	Filipino	11.38%
Common	Feorelio M. Bote	4,302,500	Filipino	5.91%
Common	Alfonso G. Siy	1,650,000	Filipino	2.27%
Common	D. Arnold A. Cabangon	104,001	Filipino	0.15%
Common	Benjamin V. Ramos	23,351	Filipino	0.03%
Common	Ramon L. Sin	110	Filipino	0.00%
Common	Michael F. Rellosa	100	Filipino	0.00%
Common	Wilfredo S. Madarang, Jr.	10	Filipino	0.00%
Common	Susan M. Belen	10	Filipino	0.00%
Common	J. Wilfredo A. Cabangon	1	Filipino	0.00%
Common	Lucito L. Sioson	1	Filipino	0.00%
Common	Pedro E. Paraiso	1	Filipino	0.00%
Common	Emmanuel R. Sison	1	Filipino	0.00%
Common	Jose Armando R. Melo	1	Filipino	0.00%
	TOTAL	14,363,417		19.74%

Directors and Officers as a Group

Title of Class	Director	Officer	Total	Percent of Class
Common	14,363,417	0	14,363,417	19.74%

Voting Trust of 5% or More

The company is not aware of any person holding 5% or more of common shares under a voting trust or similar agreement.

Change in Control

There is no change in control that has occurred since the beginning of the last financial year.

Directors and Executive Officers

Registrant is not aware of any legal proceedings of the nature required to be disclosed under Part 1, paragraph (C) of Annex C of SRC Rule 12 with respect to the registrant's directors and executive officers. The information required by Part IV, paragraphs A and 1 (d) and (3) of Annex C of SRC Rule 12 relating to identity, affiliation and related transactions of directors is set forth in the report accompanying this Information Statement.

The directors of the company are elected at the Annual Stockholders' Meeting to hold office for one (1) year and until their respective successors have been elected or qualified.

The officers are likewise elected annually by the Board of Directors and serve for one (1) year and until their respective successors have been elected and qualified.

The following are the members of the Board of Directors and Executive Officers of the bank:

Board of Directors

D. Alfred A. Cabangon	-Chairman
Alfonso G. Siy	-Vice Chairman
Benjamin V. Ramos	-Director/President
D. Arnold A. Cabangon	-Corporate Treasurer
J. Wilfredo A. Cabangon	-Director
Engr. Feorelio M. Bote	-Director
Dr. Ramon L. Sin	-Director
Pedro E. Paraiso	-Director
Atty. Emmanuel R. Sison	-Director
Susan M. Belen	-Director
Michael F. Rellosa	-Director
Lucito L. Sioson	-Independent Director
Justice Jose Armando R. Melo	-Independent Director
Wilfredo S. Madarang, Jr.	-Independent Director

D. Alfred A. Cabangon, 51, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a Bachelor of Science in Commerce degree, major in Accounting in 1987. Mr. Cabangon is a Certified Public Accountant. He is also the Chairman of Fortune Life Insurance Co., Inc. and President of DAAC Realty & Development Corporation. He is presently a director of Fortune General Insurance Corporation, Fortune Medicare, Inc., Philippines Graphic Publication, Inc., Manila Grand Opera Hotel, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc., WMC Filipinas Pawnshop, Inc., ALC Baliwag Cinema & Shopping Complex, Inc., Aliw Management Ventures, Inc. and ALC Realty & Development Corporation.

He was elected as Chairman of the Bank last March 29, 2016. He has been the Chairman of the Board and President of Citystate Savings Bank, Inc. from 2005 up to 2011.

Alfonso G. Siy, 69, Vice Chairman. Mr. Siy is a Filipino citizen. He is a graduate of the University of the East with a Bachelor of Science in Business Administration in 1969. Aside from being a director of the bank, Mr. Siy is also a director of the Ever Fortune Thermoplas Corp., Citystate Tower Hotel, Cherry Blossom Hotel and Phil. Fishing Gears Industries.

He has been a director of Citystate Savings Bank, Inc. since the start of the bank in 1997.

Benjamin V. Ramos, 53, Director and President. Mr. Ramos is a Filipino citizen. He graduated from the University of Sto. Tomas with a Bachelor of Science in Commerce in 1983. Mr. Ramos is a Certified Public Accountant. He is currently the President of Philippine Graphic Publications Inc., Philippine Business Daily Mirror Publishing, Inc. and Radio Philippines Network. He is a director of Eternal Gardens Group of Companies and Fortune Insurance Group.

He has been re-elected as director of Citystate Savings Bank, Inc. in February 2015 and appointed as President of the Bank last April 06, 2015.

D. Arnold A. Cabangon, 46, Director & Corporate Treasurer. Mr. Cabangon is a Filipino citizen. He graduated from Ateneo de Manila University in 1992 with a Bachelor of Arts degree in Management Economics. He is the Chairman of DAAC Realty & Development Corporation. He is presently the President of Fortune Life Insurance Company, Inc., FIG Financing Company, Inc. and AAA Southeast Equities, Inc. He is the director of Philippines Graphic Publication, Inc., Manila Grand Opera Hotel, Inc., Asian Security & Investigation Agency, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc., ALC Industrial & Commercial Development Corporation, ALC Baliwag Cinema & Shopping Complex, Inc., Paco Filipinas Pawnshop Manila, Inc., Aliw Management Ventures, Inc. and Fortune General Insurance Corporation.

He has been a Director of Citystate Savings Bank, Inc. since April 2000.

J. Wilfredo A. Cabangon, 56, Director. Mr. Cabangon is a Filipino Citizen. He is a graduate of De La Salle University - College of St. Benilde with a Bachelor of Science in Commerce, major in Business Management in 1997. He is the Chairman of AMB. ALC Holdings & Management Corporation, ALC Baliwag Cinema & Shopping Complex, Inc., ALC Realty Development Corporation and ALC Industrial & Commercial Development Corporation. He is the President of WMC Filipinas Pawnshop, Inc. and a Director of Fortune Life Insurance Company, Inc., Fortune General Insurance Corporation, Eternal Plans, Inc., Eternal Gardens Memorial Park Corporation, Gencars, Inc., Aliw Management Ventures Meycauayan, Inc., Filipinas Pawnshop, Inc., Aliw Cinema Complex, Inc., Manila Grand Opera Hotel, Inc., Asian Security & Investigation Agency, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc. and New Filipinas Pawnshop, Inc.

He was re-elected as Director of Citystate Savings Bank, Inc. last February 2016. He has served as Director of the bank from 1997 to 2013.

Engr. Feorelio M. Bote, 74, Director, is a citizen of the Philippines. Mr. Bote graduated from Mapua Institute of Technology with a degree in Civil Engineering in 1964. Besides being a director of the bank, Mr. Bote is also a director of Citystate Properties & Management Corporation.

He has been a director of Citystate Savings Bank, Inc. since the start of the bank in 1997.

Ramon L. Sin, 83, Director. Mr. Sin is a Filipino citizen. He is a graduate of the University of Santo Tomas where he received an Associate in Arts degree in 1950. He finished his Doctor of Medicine from the same university in 1955. Dr. Sin is the Assistant to the Rector for Grants and Endowment of the University of Santo Tomas. He is also the Vice Chairman of Fortune Medicare, Inc., a Board Member of Fortune Life Insurance Co., Inc. and Eternal Plans, Inc., and the Medical Director of Philippine Airlines. He also chairs the KAAD (Scholarship Foundation of the German Catholic Bishop's Conference) at the University of Santo Tomas.

He has been a director of Citystate Savings Bank, Inc. since 2002.

Pedro E. Paraiso, 83, Director. Mr. Paraiso is a Filipino citizen. He is a graduate of the University of the East in 1955 with a Bachelor of Science degree in Business Administration. He took up post graduate studies at the University of the East and Ateneo de Manila University. He is a director of various companies. Mr. Paraiso is a Certified Public Accountant.

He has been a director of Citystate Savings Bank, Inc. since December 2008.

Atty. Emmanuel R. Sison, 67, Director. Mr. Sison is a Filipino citizen. He is a graduate of Ateneo de Manila University with a Bachelor of Arts degree in Economics in 1970; and Adamson University with a Bachelor of Laws in 1975. He finished his masteral degree in Government Management at the Pamantasan ng Lungsod ng Maynila in 2007. Mr. Sison is a lawyer and a Senior Partner of Quiason, Makalintal, Barot, Torres, Ibarra, Sison & Damaso Law Firm. He is presently a director of Quialex Realty Corporation. Prior to this, he was the corporate secretary and a consultant of Meralco from 2008 to 2010. He was the Secretary to the Mayor of the City of Manila from 1998 to 2007 and the secretary to the City Council of Manila, from 1992 until 1998.

He has been a director of Citystate Savings Bank, Inc. since October 25, 2011.

Susan M. Belen, 57, Director. Ms. Belen, a Filipino citizen and was elected as Director of Citystate Savings Bank, Inc. on May 2016.

She is an experienced and seasoned Banker who has achieved an extensive and comprehensive exposure in all aspects of banking operations continuously for 31 years at Allied Banking Corporation, United Savings Bank and Security Banking Corporation. She has served multifaceted posts from Branch Banking Group , Treasury Trading and FX Dealership to Branch Operations and Marketing earning vast and balanced performance in the arena of Sales - Corporate , Marketing, Credit-consumer lending, Systems and Operations, Internal Control/Audit , expanded growth of alternate banking channels and exceeded in generating Branch/Area management profitability . She served as In-house speaker, lecturer, panelist for the Training Academy. She accelerated her banking career to her last post as Senior Executive Officer handling Branches and performance driven. A milestone and horizons evolve that changed her course to becoming an Entrepreneur and a Businesswoman.

She is a graduate of the University of Santo Tomas with a degree in Bachelor of Science major in Business Administration and minor in Banking & Finance and Economics. She took up her post graduate at University of Santo Tomas.

Michael F. Rellosa, 56, Director. Mr. Rellosa is a Filipino citizen. He graduated from Ateneo de Manila University in 1983 with a degree in Bachelor of Arts in Economics. He is the President and COO of Fortune General Insurance Corp., Chairman of Asean Insurance Council, Chairman of the Public Relations Committee of the Philippine Insurers and Reinsurers Association and Faculty Member of Insurance Institute for Asia and the Pacific.

He has been elected as Director of Citystate Savings Bank, Inc. in December 2016.

Lucito L. Sioson, 79, Independent Director. Mr. Sioson is a Filipino citizen. He graduated from the University of the East in 1958 with a Bachelor of Science degree in Business Administration. He was the Special Assistant to the President and CEO of Social Security System from November 2001 to July 2008 before joining the bank. Mr. Sioson is a Certified Public Accountant.

He has been a director of Citystate Savings Bank, Inc. since December 2008.

Justice Jose Armando R. Melo, 84, Independent Director. Justice Melo is a Filipino citizen. He took Bachelor of Laws at Manuel L. Quezon University in 1956, and graduated Master of Laws at the University of Santo Tomas in 1960. He is a lawyer and jurist who served as an Associate Justice of the Supreme Court of the Philippines from 1992 to 2002. He was the former Chairman of the Commission on Elections (COMELEC) from 2008 to 2011. He is presently a director of Clark Development Corporation. Prior to this, he was a director & Chairman of PNOC-EC from 2005-2008. Other positions he held in his almost 45 years of government service were Associated Justice, Court of Appeal; Commissioner, Civil Service Commission; and Commissioner, Professional Regulation Commission.

He has been a director of Citystate Savings Bank, Inc. since February 28, 2012.

Wilfredo S. Madarang, Jr., 68, Independent Director. Mr. Madarang is a Filipino Citizen. He is a graduate of the University of the East with a Bachelor of Business Administration in 1970. He is a Trustee of Isla Lipana & Company Foundation, Inc. and a director/president of Wilko21 Global Trade, Incorporated. He is also a past director/vice president of the Philippine Institute of Certified Public Accountants and the Association of Certified Public Accountants in Public Practice.

He was first elected as director of Citystate Savings Bank, Inc. last October 27, 2015.

Executive Officers

Benjamin V. Ramos	- President
Emerson G. Igarta	- Vice President
Des Corazon D. Cruz	- Vice President
Irish Janne B. Escio	- Vice President
Joseph D. Gonzaga	- Asst. Vice President
Meliton A. Narciso	- Asst. Vice President
Maria Christine A. Villanueva	- Asst. Vice President
Jeffrey B. Domingo	- Asst. Vice President
Martin Jerry E. Machado	- Asst. Vice President
Amerjaphil T. Tugade	- Asst. Vice President
Felicitas D. Marcos	- Asst. Vice President

Benjamin V. Ramos, 53, Director and President. Mr. Ramos is a Filipino citizen. He graduated from the University of Sto. Tomas with a Bachelor of Science in Commerce in 1983. Mr. Ramos is a Certified Public Accountant. He is currently the President of Philippine Graphic Publications Inc., Philippine Business Daily Mirror Publishing, Inc. and Radio Philippines Network. He is a director of Eternal Gardens Group of Companies and Fortune Insurance Group.

He has been re-elected as director of Citystate Savings Bank, Inc. in February 2015 and appointed as President of the Bank last April 06, 2015.

Emerson G. Igarta, 52, Vice President, is the head of Internal Audit Department. Prior to his stint with the bank in 1998, he worked with Guzman, Bocaling & Co., CPAs, Monte de Piedad and Orient Bank. He graduated from the Philippine School of Business Administration with a degree in Bachelor of Science in Business Administration major in Accounting in 1986. He is a Certified Public Accountant (CPA).

Des Corazon D. Cruz, 57, Vice President, is the head of Related Party Transactions Department. She joined the bank on March 2004. She also worked with Philippine Investment Management Consultants, Inc. (PHINMA) before she started her banking career at Far East Bank and Trust Co. and Banco De Oro Universal Bank. She is a graduate of St. Paul College of Quezon City with a degree of Bachelor of Arts major in Economics.

Irish Janne B. Escio, 35, Vice President, is the bank's Chief Compliance Officer. She was appointed by the Board of Directors on March 29, 2016 and confirmed by the BSP Monetary Board on July 28, 2016. Before joining the bank in June 2013, she worked with SM Group of Companies and BDO Leasing and Finance, Inc. She is a graduate of Ateneo de Naga University with a degree of Bachelor of Science in Accountancy.

Joseph D. Gonzaga, 40, Assistant Vice President, is the Head of Account Management Department. He joined the bank in October 2014. He started his banking career in 1997 at Traders Royal Bank. He is a graduate of San Beda College with a Bachelor of Science in Management Entrepreneurship.

Meliton A. Narciso, 44, Assistant Vice President, is the Head of the Treasury Department. He joined the bank in January 2013. He also worked as Investment Officer of Maybank Trust Department in 2009. He started his investment banking career at Multinational Bancorporation in 1999. He also worked at National Economic and Development Authority in 1993. He is a graduate of University of Sto. Tomas with a degree in A.B. Economics in 1993. He completed his master's in Business Administration at the Ateneo de Manila University in 2002.

Maria Christine A. Villanueva, 42, Assistant Vice President, is the bank's Corporate Planning Department Head. She joined the bank as Quality Assurance Officer last May 2012. She was part of the bank's Finacle Core Team when the bank decided to acquire a new banking system, year 2013.

She started her banking career in 1997 at International Exchange Bank that merged with Union Bank year 2006. She graduated from Polytechnic University of the Philippines with a degree in Bachelor of Computer Data Processing Management in 1995.

Jeffrey B. Domingo, 43, Assistant Vice President, is the Head of Information Technology Department. He joined the bank in June 2013. Prior to this, he had worked for Robinsons Bank. He is a graduate of Adamson University with a degree in Bachelor of Science in Computer Science in 1995.

Martin Jerry E. Machado, 45, Assistant Vice President, is the Head of General Accounting Department. He joined the bank in May 2000. He started his banking career in 1996 at Orient Commercial Bank and Philippine Deposit Insurance Corporation. He is a graduate of Ateneo de Zamboanga University with a Bachelor of Science in Business Administration and Management.

Amerjaphil T. Tugade, 40, Assistant Vice President, is the Head of Trust Department. She joined the bank in January 2016. She started her banking career in 1997 at Far East Bank and Trust Company (FEBTC) under Corporate Banking Group. With the merger of FEBTC and BPI, she's been with Retail Banking Group handling various loans operations - housing, auto, manpower, sme's, instacredit. In year 2010, she joined Philippine Veterans Bank, Inc. where she's been with Consumer Banking Group, Branch Banking Group and Trust Management Group. She graduated from De La Salle University - Dasmariñas in 1997, with a degree in Bachelor of Science in Business Administration major in Management & minor in Computer Applications and in 2009, she graduated in Bachelor of Science in Nursing at Philippine College of Health & Sciences.

Felicitas D. Marcos, 50, Assistant Vice President, is the Cluster Head for Provincial Area of the Branch Banking Group since 2015. She started her banking career way back 1993 with a rural bank and a thrift bank in 1996 - both based in Bulacan. She joined Citystate Savings Bank, Inc. in 1998 as Branch Cashier. She graduated from Philippine School of Business Administration (PSBA) in Manila, with a degree in Bachelor of Science in Business Administration major in Accounting.

Compliance with SRC Rule 38

The registrant has constituted its Nomination Committee in line with the Code of Corporate Governance and it is composed of:

1. D. Alfred A. Cabangon - Chairman
2. Alfonso G. Siy - Member
3. Benjamin V. Ramos - Member
4. Sharon T. Enriquez - Non-voting Member

During its last stockholders' meeting, the registrant elected three (3) independent directors in the persons of:

1. Lucito L. Sioson
2. Justice Jose Armando R. Melo
3. Wilfredo S. Madarang, Jr.

They possess the qualifications enumerated under SRC Rule 38.

In the forthcoming stockholders' meeting the nomination and election of directors and independent directors shall be conducted in line with the Corporation Code and with SRC Rule 38. The final list of the nominees is as follows:

As Directors

1. D. Alfred A. Cabangon, 51, Filipino

2. Alfonso G. Siy, 69, Filipino
3. D. Arnold A. Cabangon, 46, Filipino
4. Engr. Feorelio M. Bote, 74, Filipino
5. J. Wilfredo A. Cabangon, 56, Filipino
6. Ramon L. Sin, 83, Filipino
7. Atty. Emmanuel R. Sison, 67, Filipino
8. Pedro E. Paraiso, 83, Filipino
9. Benjamin V. Ramos, 53, Filipino
10. Susan M. Belen, 57, Filipino
11. Michael F. Rellosa, 56, Filipino

As Independent Directors

1. Lucito L. Sioson, 79, Filipino
2. Justice Jose Armando R. Melo, 84, Filipino
3. Wilfredo S. Madarang, Jr., 68, Filipino

The above-mentioned candidates have been pre-screened and qualified in accordance with the bank's Manual of Corporate Governance.

Information about the Nominees for Independent Directors

Lucito L. Sioson, 79, Independent Director. Mr. Sioson is a Filipino citizen. He graduated from the University of the East in 1958 with a Bachelor of Science degree in Business Administration. He was the Special Assistant to the President and CEO of Social Security System from November 2001 to July 2008 before joining the bank. Mr. Sioson is a Certified Public Accountant. He was appointed director of Citystate Savings Bank, Inc. on December 2008.

He was nominated as independent director by Ms. Mercedita Gapaz, minority stockholder not in any manner related to the nominee.

Justice Jose Armando R. Melo, 84, Independent Director. Justice Melo is a Filipino citizen. He took Bachelor of Laws at Manuel L. Quezon University in 1956, and graduated Master of Laws at the University of Santo Tomas in 1960. He is a lawyer and jurist who served as an Associate Justice of the Supreme Court of the Philippines from 1992 to 2002. He was the former Chairman of the Commission on Elections (COMELEC) from 2008 to 2011. He is presently a director of Clark Development Corporation. Prior to this, he was a director & Chairman of PNOC-EC from 2005-2008. Other positions he held in his almost 45 years of government service were Associated Justice, Court of Appeal; Commissioner, Civil Service Commission; and Commissioner, Professional Regulation Commission. He was appointed director of Citystate Savings Bank, Inc. on February 28, 2012.

He was nominated as independent director by Alfonso G. Siy, member of the Nomination Committee not in any manner related to the nominee.

Wilfredo S. Madarang, Jr., 68, Independent Director. Mr. Madarang is a Filipino Citizen. He is a graduate of the University of the East with a Bachelor of Business Administration in 1970. He is a Trustee of Isla Lipana & Co. Foundation, Inc. and a director/president of Wilko21 Global Trade, Incorporated. Aside from Citystate Savings Bank, he is also a past director/vice president of the Philippine Institute of Certified Public Accountants and the Association of Certified Public Accountants in Public Practice. He was appointed director of Citystate Savings Bank, Inc. on October 27, 2015.

He was nominated as independent director by Benjamin V. Ramos, member of the Nomination Committee not in any manner related to the nominee.

Significant Employees

Other than the officers and employees reported, there are no significant employees expected by the registrant to make significant contribution to the business.

Family Relationships

The late Antonio L. Cabangon Chua is the father of siblings D. Alfred A. Cabangon, D. Arnold A. Cabangon and J. Wilfredo A. Cabangon.

Involvement in Certain Legal Proceedings

No directors of the registrant are currently involved in legal proceedings during the past 5 years in any of the following cases.

- a. Bankruptcy Petition
- b. Conviction by Final Judgment
- c. Being Subject to any Order, Judgment or Decree
- d. Violation of Securities Law

No director has resigned nor declined to stand for re-election due to disagreement with the registrant.

Recent Sales of Unregistered Securities

The Bank has not sold any unregistered securities for the past 3 years and therefore it has nothing to disclose under this Section of this report.

Certain Relationships and Related Transactions

In the ordinary course of business, the Bank has loan transactions with its affiliates and with certain directors, officers, stockholders and other related interests (DOSRI). Under the existing policies of the Bank, these loans are made substantially the same terms as loans to other individuals and business comparable risks. The General Banking Act of the BSP regulations limit the amount of the loans granted by a Bank to each affiliate 25% of capital funds. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their deposits and the book value of their investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the total capital funds or 15% of the total loan portfolio of the Bank, whichever is lower.

Transactions with Related Parties

1. **ALC BALIWAG CINEMA & SHOPPING COMPLEX, INC.**

The Bank leases its Baliuag branch from ALC Baliwag Cinema & Shopping Complex, Inc., estate of the late Antonio L. Cabangon Chua owns 60% of this company. The late Antonio L. Cabangon-Chua is related by first degree of consanguinity to D. Edward A. Cabangon who owns 25% of the shares, J. Wilfredo A. Cabangon, D. Alfred A. Cabangon and D. Arnold A. Cabangon who owns 5% of the total shares each.

2. **ALC REALTY DEVELOPMENT CORPORATION**

The Bank leases its Chino Roces, New Panaderos, Pasay branches and the Meycauayan Branch ATM Site from ALC Realty Development Corporation. Estate of the late Antonio L. Cabangon Chua owns 44% of the company's total shares. The late Antonio L. Cabangon-Chua is related by first degree of consanguinity to J. Wilfredo A. Cabangon, D. Edward A. Cabangon, D. Edgard A. Cabangon, D. Alfred A. Cabangon and T. Anthony C. Cabangon with 56% of the total shares among the siblings.

3. **ALIW CINEMA COMPLEX, INC.**

The bank leases its Meycauayan branch from Aliw Cinema Complex, Inc., estate of the late Antonio L. Cabangon Chua owns 10% of the company's total shares, while his sons, J. Wilfredo A. Cabangon, D. Edward A. Cabangon, D. Edgard A. Cabangon, D. Alfred A. Cabangon, J. Antonio A. Cabangon, and D. Arnold A. Cabangon owns 15% of the total shares each.

4. ALIW MANAGEMENT VENTURES, INC.

This company has an existing loan with the Bank which will mature on November 17, 2017. The Bank leases its Taguig Branch ATM Site from Aliw Management Ventures, Inc., D. Edward A. Cabangon owns 25% of the company's total shares. The following are related to him by second degree of consanguinity D. Arnold A. Cabangon and D. Alfred A. Cabangon each owns 5% and J. Antonio A. Cabangon, Jr. owns 4% of the total shares.

5. AMB. ALC HOLDINGS & MANAGEMENT CORPORATION

The Bank leases its Dagupan Branch and Cubao Branch ATM Site from AMB ALC Holdings & Management Corporation. Estate of the late Antonio L. Cabangon-Chua owns 20% of the total company's total shares. J. Wilfredo A. Cabangon, D. Edgard A. Cabangon, D. Edward A. Cabangon, D. Alfred A. Cabangon, J. Antonio A. Cabangon, Jr., D. Arnold A. Cabangon and D. Cecilia A. Cabangon are related to the late Amb. Antonio L. Cabangon-Chua by first degree of consanguinity, each owns 10% of the total shares of the company.

6. BROWN MADONNA PRESS, INC.

Estate of the late Antonio L. Cabangon owns 1% of the total shares of Brown Madonna Press, Inc. The other shares, are owned by T. Anthony C. Cabangon, D. Antoinette C. Cabangon Jacinto, D. Adrian C. Cabangon, and D. Anlyn C. Cabangon Grist, who represents 25% of the total shares each.

7. CITYSTATE TOWER HOTEL, INC.

The Bank leases its Mabini branch from Citystate Tower Hotel, Inc., the Cabangon Family owns 55% of the company's total shares, while Siy family owns 30% and Bote family owns 15% of the total shares.

8. ETERNAL GARDENS MEMORIAL PARK CORPORATION

This company has an existing loan secured by Real Estate Mortgage which will mature on December 30, 2030.

Estate of the late Antonio L. Cabangon Chua owns 3.62% of the shares of Eternal Gardens Memorial Park Corporation. The following are related to him by first degree of consanguinity, D. Edgard A. Cabangon, and T. Anthony C. Cabangon, each owns 32.76% of the total shares.

9. ETERNAL GARDENS MEMORIAL PARK CORPORATION-BATANGAS

The Bank leases its Sta. Rosa Branch from Eternal Gardens Memorial Park Corporation-Batangas, estate of the late Antonio L. Cabangon-Chua owns 10% of the company's total shares. The following are related to him by first degree of consanguinity, D. Edgard A. Cabangon, T. Anthony C. Cabangon, D. Antoinette C. Jacinto, J. Wilfredo A. Cabangon, D. Alfred A. Cabangon and D. Edward A. Cabangon, each owns 10% of the total shares.

10. FILIPINAS PAWNSHOP, INC.

The Bank leases its Paco and Guadalupe branch from Filipinas Pawnshop, Inc., estate of the late Antonio L. Cabangon Chua owns 40% of the company's total shares.

11. FORTUNE LIFE INSURANCE COMPANY, INC.

Fortune Life Insurance Corporation is a stockholder of the Bank, with an aggregate share of 10.3%. D. Arnold A. Cabangon is the President of the company. The Bank leases its Palawan and Urdaneta branches from Fortune Life Insurance Co., Inc., estate of the late Antonio L. Cabangon-Chua owns 35.16% of the company's total shares.

Subsidiaries and Affiliates

The Bank has a number of affiliated or sister companies, most of which belong to ALC Group of Companies.

For some of its products and services, the Bank has tie-ups and has established working relationships with its affiliated and sister companies that provide its customers with discounts and free services from these companies.

Compensation of Directors and Executive Officers

The following table summarizes the aggregate compensation of the executive officers of the Bank for the period ended December 31, 2015 to December 31, 2016 (with estimate for year 2017).

<u>Year</u>	<u>Name and Principal Position</u>	<u>Salaries</u>	<u>Bonuses</u>
For the twelve Months Ended December 31, 2015	EXECUTIVE OFFICERS Andres Y. Narvasa, Jr. - Chief Executive Officer Benjamin V. Ramos - President Lawrence K. Cementina - Vice President Emerson G. Igarta - Vice President Des Corazon D. Cruz - Vice President	6,400,870.64	1,103,478.44
	All Executive Officers as a Group	7,504,349.08	
	All Board Directors and Officers as a Group	7,504,349.08	
	EXECUTIVE OFFICERS Benjamin V. Ramos - President Lawrence K. Cementina - Vice President Emerson G. Igarta - Vice President Des Corazon D. Cruz - Vice President Joseph D. Gonzaga - Assistant Vice President	6,080,870.64	1,013,478.44
	All Executive Officers as a Group	7,094,349.08	
For the Year Ending December 31, 2016	All Board Directors and Officers as a Group	7,094,349.08	
	EXECUTIVE OFFICERS Benjamin V. Ramos - President Emerson G. Igarta - Vice President Des Corazon D. Cruz - Vice President Irish Janne B. Escio - Vice President Joseph D. Gonzaga - Assistant Vice President	5,540,870.64	923,478.44
	All Executive Officers as a Group	6,464,349.08	
For the Year Ending December 31, 2017 (Estimated)	All Board Directors and Officers as a Group	6,464,349.08	

Other Annual Compensation

There is no other annual compensation not properly categorized as salary or bonus.

Compensation of Directors

(a) Standard Arrangements

At present, its members of the board of directors do not receive any fixed regular monthly compensation from the bank, except per diem allowance in the amount of five thousand pesos (Php 5,000.00) for every board and committee meeting attended.

(b) Other Arrangements

There are no other arrangements, including consultancy contracts, pursuant to which any director of the registrant was compensated, or is to be compensated, directly or indirectly, during the registrant's last completed fiscal year, and the ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

(a) Employment Contract

All executive officers listed above are regular employees who derive pure compensation income, in the form of salaries and bonuses from CSBI.

(b) Compensatory Plan or Arrangement

There is no compensatory plan or arrangement, including payments to be received from the registrant, with respect to a named executive officer, that will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiary or from a change-in-control of the registrant or a change in the named executive officer's responsibilities following a change-in-control where the amount involved, including all periodic payments or installments, exceeds P2,500,000.

Warrants and Options Outstanding Repricing

(a) Outstanding Warrants or Options

There are no outstanding warrants or options held by the registrant's CEO, the named executive officers above, and all officers and directors as a group.

(b) Repricing

At any time during the last completed fiscal year, the registrant, while a reporting company, has not adjusted or amended any exercise price of stock warrants or options; nor is there any previously awarded stock warrants or option to any of the officers and directors of CSBI, whether through amendment, cancellation or replacement grants, or any other means.

Independent Public Accountants

External Audit Fees and Services

The external audit and consultancy fees for the years 2016 and 2015 were as follows:

	<u>Year ended</u> <u>December 31, 2016</u>	<u>Year ended</u> <u>December 31, 2015</u>
Audit Fees (Incurred by Registrant)	P1,190,000.00	P1,150,000.00
Audit-Related Fees	-	-
Tax Fees - VAT	142,800.00	138,000.00
All Other Fees	-	-
Total	<u>P1,332,800.00</u>	<u>P1,288,000.00</u>

The accounting firm of Punongbayan & Araullo (Member of Grant Thornton International) has been the Company's Independent Public Accountant for the last seventeen (17) years. The same accounting firm is being recommended for election by the stockholders at the scheduled Annual Meeting of stockholders. Its re-appointment complies with the requirement of SEC under SRC Rule 68 (3) (b) (iv) regarding rotation of external auditors or engagement partners.

Representatives of the principal accountants (Punongbayan & Araullo) are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

There was no event in the past seventeen (17) years where Punongbayan & Araullo and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

As a policy, the Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope and frequency before the audit is conducted. Audit services of external auditors for the years 2012 and 2011 were pre-approved by the Audit Committee. The Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

The Bank's Audit Committee are as follows:

Chairman: Lucito L. Sioson (Independent Director)
Wilfredo S. Madarang, Jr. (Independent Director)
Engr. Feorelio M. Bote
Pedro E. Paraiso

C. ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

Not Applicable.

Financial and Other Information

Management's Discussion and Analysis or Plan/Result of Operation

Management's Discussion and Analysis or Plan of Operation of the Company is attached hereto as "Annex A".

Financial Statements

The draft Financial Statements and the Auditors' PTR, name of certifying partner and address are attached to this Information Statement as "Annex B".

D. OTHER MATTERS

Action with Respect to Reports

Action to be taken will constitute reading and approval of the minutes of the previous stockholders' meeting, approval of the report for the year ended December 31, 2016 and ratification of all acts, proceedings and resolutions of the Board of Directors, the Executive Committee and the acts of the officers and management for the year 2016, details of which are hereto attached as Annex "C".

SUMMARY OF THE MINUTES OF THE 2016 STOCKHOLDERS' MEETING

The Chairman, D. Alfred A. Cabangon, called the meeting to order at 9:00 A.M.

The Corporate Secretary, Atty. Socrates M. Arevalo, announced that the total stockholders physically present and/or represented by proxies sufficiently met the required quorum for the conduct of the meeting.

Mr. Benjamin V. Ramos, President, took notice of the fact that the copies of the Minutes of the Stockholders' Meeting held on May 26, 2015 have been previously distributed to the stockholders, and thus, he moved that the reading of the minutes be dispensed with and that the same be approved as circulated.

Atty. Emmanuel R. Sison, Director, seconded the motion.

There being no objection, the Minutes of the Annual Stockholders' Meeting was noted and approved.

Amendments of Charter, By-laws, and other Documents

The bank is complying with the procedures/guidelines for the nomination and election of independent directors as provided in SRC Rule 38.

The bank has adopted the pertinent provisions of SRC Rule 38, in its By-laws and has been approved by the Bangko Sentral ng Pilipinas (BSP).

Voting Procedures

Pursuant to the by-laws of the corporation, in all regular and special stockholders' meeting, the presence of shareholders who represent a majority of the outstanding capital stock entitled to vote shall constitute a quorum and all decisions made by the majority shall be final, unless the law requires a higher number of votes.

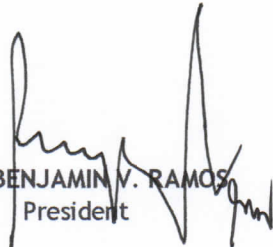
On the election of the member of the Board of Directors, the nominees receiving the highest number of votes shall be declared elected under Section 24 of the Corporation Code of the Philippines. Likewise, the nominee for external auditor with the highest number of votes shall be declared elected as such.

Counting of votes will be done via raising of hands. Affirmative votes are counted separately, the negative votes and lastly the abstention votes, if any. The Corporate Secretary, Atty. Socrates M. Arevalo is authorized to supervise/count the vote to be cast.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on the 19th day of April 2017.

By:


MR. BENJAMIN V. RAMOS
President

**REPORT ACCOMPANYING INFORMATION SHEET
REQUIRED UNDER SRC RULE 20**

(A) AUDITED FINANCIAL STATEMENTS

The draft audited financial statements of the registrant as of December 31, 2016 and the Statement of Management Responsibility for Financial Statements are attached hereto.

(B) MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

I. Financial Condition, Changes in Financial Condition and Results of Operations for each of the last three (3) fiscal years.

Key Operating and Financial Indicators	2014	2015	2016
Number of Branches / Cash Unit	28	30	30
Number of Employee	326	312	322
*****	-	-	-
Cash	152,247	99,155	100,188
Due from BSP and Other Banks	1,258,401	1,329,269	551,723
Available-For-Sale-Securities	87,226	424,195	389,723
Loans and Receivables	2,130,816	2,496,399	2,341,656
Total Resources	4,193,301	4,871,268	4,209,361
Deposit Liabilities	3,396,810	4,143,577	3,394,961
Total Liabilities	3,501,192	4,261,791	3,520,558
Capital Funds	692,108	609,477	688,803
*****	-	-	-
Net Interest Income	191,882	161,732	171,127
Fee-Based and Other Income	64,387	42,353	58,021
Net Income	-70,063	-86,654	-104,812
*****	-	-	-
Earnings per Share**	-0.96	-1.19	-1.44
Book Value per Share*	9.51	8.38	9.47

(Amounts presented are in P'000, except per share figure)

*Based on Shares outstanding as of year-end

**Annualized Earnings per Share

Key Performance Indicators

The Bank monitors its performance with the other players in the banking industry in terms of the following indicators:

Key Performance Indicators	CSBI December 2016	INDUSTRY September 2016
<u>Capital Adequacy</u> Capital to Risk Ratio	22.79%	16.53%
<u>Asset Quality</u> Non-performing Loan (NPL) Ratio	5.16%	5.05%
Non-Performing Loan (NPL) Cover	58.30%	70.67%
<u>Liquidity</u> Loans to Deposit	68.56%	89.08%
<u>Profitability</u> Return on Average Equity	-15.49%	10.86%
Net Interest Margin	4.98%	5.64%
<u>Cost Efficiency</u> Cost to Income	128.02%	79.06%

In terms of stability, the bank continues to enjoy a higher Capital Adequacy Ratio (CAR) of 22.79% versus the industry ratio of 16.53%. The Bank's NPL ratio of 5.16% is higher compared with the industry's 5.05%. Allowance for probable losses over Non-performing loans is 58.30% versus the industry's 70.67% as it continues to be highly selective in its lending operation and improve on loan collection.

The Bank's loan to deposit ratio of 68.56% is lower compared with the thrift banking industry's 89.08%.

In terms of profitability, the bank is lower than the thrift banking industry with a Return on Average Equity (ROE) of -15.49%, versus the industry of 10.86%. Its Net Interest Margin is 4.98% as against the industry's 5.64%.

The bank continues to adopt measures to provide a strong and stable financial condition.

The manner by which the Bank calculates the above indicators is as follows:

Key Performance Indicator	BSP Prescribed Formula
Capital to Risk Assets Ratio	$\frac{\text{Total Qualifying Capital}}{\text{Market and Credit Risk Weighted Exposures}}$
Non-performing Loan (NPL) Ratio	$\frac{\text{Non-performing Loans}}{\text{Gross Loans}}$
Non-performing Loan (NPL) Cover	$\frac{\text{Allowance for Probable Losses}}{\text{Non-performing Loans}}$
Loans to Deposits Ratio	$\frac{\text{Total Loans}}{\text{Total Deposits}}$
Return on Average Equity	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$
Net Interest Margin	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
Cost to Income	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income + Other Income}}$

December 31, 2014

Interest Income

Gross Interest Income for the twelve (12) months ending December 31, 2014 amounted to P221.612 million from P252.267 million over the same period in 2013 for a 13.83% decrease. Of the former amount, about 90.90% came from its lending operations which amounted to P201.449 million and the rest were from Due From BSP and other Banks which increased from P8.575 million to P15.357 million and Available-for-sale securities which rose from P3.434 million to P4.806 million. The Gross Interest Income of P221.612 million represents 77.49% of the bank's total gross income for the year 2014 which amounted to P285.999 million.

Interest Expense

Interest Expense increased by 8.31% from P27.448 million in 2013 to P29.730 million for the period ending December 31, 2014. The Interest Expense of P29.730 million is 13.42% of the Gross Interest Income of P221.612 million.

Other Income

Other Income comprising of Service Charges and Fees and Miscellaneous Income posted a 5.37% decrease in 2014, versus its performance in 2013. Of the 2014 decrease in Other Operating Income, fee-based sources accounted for P17.499 million while Miscellaneous Income is accounted for P46.795 million. The amount of P64.387 million represents 22.51% of the bank's Total Gross Income in 2014 in the amount of P285.999 million.

Other Expenses

Other operating expenses increased by 5.81% from P275.136 million in 2013 versus P291.127 million in 2014. This was due to increases in Employee Benefits from P100.212 million to P106.834 million, Security, Janitorial and Messengerial Services from P30.859 million to P32.546 million, Occupancy from P27.796 million to P28.167 million, Communication, Light and Water from P24.764 million to P27.782 million, Depreciation and Amortization from P16.931 million to P19.526 million, Taxes and Licenses from P15.074 million to P16, 010 million and Fuel and Oil from P10.292 million to P11.006 million. The total Other Operating Expenses of P291.127 million is 90.73% of the total expenses.

Net Income

Net Income decreased by P69.734 million from a P0.329 million income in 2013 to P 70.063 million net loss in 2014.

Cash and Other Cash Items

Cash and Other Cash Items posted a P24.691 million increase from P127.556 million in the year ending 2013 as against P152.247 million in 2014.

Due from BSP and Other Banks

Due from BSP and Other Banks increased by 57.44% from P799.314 million in 2013 to P1.258 billion in 2014 as investible funds were placed in local banks. Due from BSP and Other Banks is 30% of Total Resources.

Available-For-Sale Securities

Available-for-Sale Investments representing 2.08% of total assets decreased by 8.42% from P95.250 million to P87.226 million in 2014.

Loans and Receivables

Loans and Receivables increased to P2.131 billion from P1.981 billion in 2013. The amount of P2.131 billion is 50.82% of the Total Resources.

Bank Premises, Furniture, Fixtures and Equipment

This account increased to P225.148 million from P223.138 million. The net amount of P225.148 million represents 5.37% of the Total Resources.

Other Resources

Other Resources increased by 23.21% from P257.278 million in 2013 to P316.982 million in 2014. The amount of P316.982 million is 7.56% of Total Resources.

Total Deposit Liabilities

Deposits generated by the bank's twenty-eight (28) branches increased by P717 million. From P2.680 billion, Total Deposit Liabilities reached P3.397 billion at the end of 2014. Of this amount, P2.689 billion or 79.16% comprised savings deposits while the remaining 20.84% or P708 million is in the form of time and demand deposits. The Total Deposit Liabilities of P3.397 billion is 97.03% of the Total Liabilities and 81.01% of the Total Liabilities and Equity.

Other Liabilities

This account increased by 49.20% from P69.960 million to P104.382 million. The ending balance of P104.382 million is 2.98% of the total liabilities.

Capital Funds/Equity

Capital Funds/Equity decreased by P68.422 million in 2014. Net Loss for the year was P70.063 million.

Capital Adequacy Ratio (CAR)

The bank posted a higher than industry risk-based capital adequacy ratio of 27.31% versus the 14.95% of the industry.

Liquidity

CSBI's loans to deposit ratio is 59.11%.

December 31, 2015

Interest Income

Gross Interest Income for the twelve (12) months ending December 31, 2015 amounted to P202.216 million from P221.612 million over the same period in 2014 for an 8.75% decrease. Of the former amount, about 85.76% came from its lending operations which amounted to P173.419 million and the rest were interest from Due from BSP and other banks which increased from P15.357 million to P21.321 million and Available-for-sale securities which rose from P4.806 million to P7.476 million. The Gross Interest Income of P202.216 million represents 82.68% of the bank's total gross income for the year 2014 which amounted to P244.569 million.

Interest Expense

Interest Expense increased by 26.56% from P29.730 million in 2014 to P40.484 million for the period ending December 31, 2015. The Interest Expense of P40.484 million is 20.02% of the Gross Interest Income of P202.216 million.

Other Income

Other Income comprising of Service Charges and Fees and Miscellaneous Income posted a 32.14% decrease in 2015, versus its performance in 2014. Increase in fee-

based sources accounted for P18.097 million while decrease in Miscellaneous Income is accounted for P24.256 million. The amount of P42.353 million represents 17.32% of the bank's Total Gross Income in 2015 in the amount of P244.569 million.

Other Expenses

Other operating expenses increased by 2.04% from P292.200 million in 2014 versus P298.296 million in 2015. This was due to increase in Security, Janitorial and Messengerial Services from P32.546 million to P37.465 million, Occupancy from P28.167 million to P29.600 million, Depreciation and Amortization from P19.696 million to P31.097 million, Taxes and Licenses from P16.010 million to P17.546, and Insurance from P14.639 million to P15.757 million. The total Other Operating Expenses of P298.296 million is 88.05% of the total expenses.

Net Income

The Bank posted a net loss of P86.654 million for 2015 versus P71.043 million of 2014.

Cash and Other Cash Items

Cash and Other Cash Items posted a P53.092 million decrease from P152.247 million in the year ending 2014 as against P99.155 million in 2015.

Due from BSP and Other Banks

Due from BSP and Other Banks increased by 5.63% from P1.258 billion in 2014 to P1.329 billion in 2015 as investible funds were placed in local banks. Due from BSP and Other Banks is 27.29% of Total Resources.

Available-For-Sale Securities

Available-for-Sale Investments representing 8.71% of total assets increased by 386.31% from P87.226 million to P424.195 million in 2015.

Loans and Receivables

Loans and Receivables increased to P2.496 billion from P2.131 billion in 2014. The amount of P2.496 billion is 51.254193% of the Total Resources.

Bank Premises, Furniture, Fixtures and Equipment

This account decreased to P224.500 million from P225.148 million. The net amount of P224.500 million represents 4.61% of the Total Resources.

Other Resources

Other Resources decreased by 14.34% from P315.800 million in 2014 to P270.523 million in 2015. The amount of P270.523 million is 5.55% of Total Resources.

Total Deposit Liabilities

Deposits generated by the bank's thirty (30) branches increased by P747 million. From P3.397 billion, Total Deposit Liabilities reached P4.144 billion at the end of 2015. Of this amount, P3.254 billion or 78.53% comprised savings deposits while the remaining 21.47% or P890 million is in the form of time and demand deposits. The Total Deposit Liabilities of P4.144 billion is 97.23% of the Total Liabilities and 85.06% of the Total Liabilities and Equity.

Other Liabilities

This account increased by 11.87% from P104.181 million to P118.214 million. The ending balance of P118.214 million is 2.77% of the total liabilities.

Capital Funds/Equity

Capital Funds/Equity decreased by P81.652 million in 2015. Net Loss for the year was P86.654 million.

Capital Adequacy Ratio (CAR)

The bank posted a higher than industry risk-based capital adequacy ratio of 18.72% versus the 16.53% of the industry.

Liquidity

CSBI's loans to deposit ratio is 57.13%.

December 31, 2016

Interest Income

Gross Interest Income for the year ended December 31, 2016 amounted to P211.423 million from P202.216 million over the same period in 2015 for a 4.55% increase. Of the former amount, about 88.80% came from its lending operations which amounted to P187.749 million and the rest were interest from Due from BSP and other banks which decreased from P21.321 million to P10.728 million and Available-for-sale securities which increase from P7.476 million to P12.946 million. The Gross Interest Income of P211.423 million represents 78.47% of the bank's total gross income for the year 2016 which amounted to P269.443 million.

Interest Expense

Interest Expense decreased by 0.47% from P40.484 million in 2015 to P40.296 million for the period ending December 31, 2016. The Interest Expense of P40.296 million is 19.06% of the Gross Interest Income of P211.423 million.

Other Income

Other Income comprising of Service Charges and Fees and Miscellaneous Income posted a 36.99% increase in 2016, versus its performance in 2015. Decrease in fee-based sources accounted for P15.135 million while increase in Miscellaneous Income is accounted for P42.885 million. The amount of P58.021 million represents 21.53% of the bank's Total Gross Income in 2016 in the amount of P269.443 million.

Other Expenses

Other operating expenses increased by 0.12% from P298.296 million in 2015 versus P298.650 million in 2016. This was due to increase in Salaries and employee benefit expense from P99.865 to 104.758. Depreciation and Amortization from P31.097 to P32.958. Communication, light and water from P24.710 to P28.792. Insurance from P15.757 to P19.824. Litigation and asset acquired expense from P1.640 to P2.545. The total Other Operating Expenses of P298.650 million is 88.11% of the total expenses.

Net Income

The Bank posted a net loss of P104.812 million for 2016 versus P86.654 million of 2015.

Cash and Other Cash Items

Cash and Other Cash Items posted a P1.033 million increase from P99.155 million in the year ending 2015 as against P100.188 million in 2016.

Due from BSP and Other Banks

Due from BSP and Other Banks decreased by 58.49% from P1.329 billion in 2015 to P0.552 billion in 2016 as investible funds were placed in local banks. Due from BSP and Other Banks is 13.11% of Total Resources.

Available-For-Sale Securities

Available-for-Sale Investments representing 9.26% of total assets decreased by 8.13% from P424.195 million to P389.723 million in 2016.

Loans and Receivables

Loans and Receivables decreased from P2.496 billion to P2.342 billion in 2016. The amount of P2.342 billion is 55.63% of the Total Resources.

Bank Premises, Furniture, Fixtures and Equipment

This account decreased from P224.500 million in 2015 to P214.624 million in 2016. The net amount of P214.624 million represents 5.10% of the Total Resources.

Other Resources

Other Resources decreased by 16.33% from P270.523 million in 2015 to P226.350 million in 2016. The amount of P226.350 million is 5.38% of Total Resources.

Total Deposit Liabilities

Deposits generated by the bank's thirty (30) branches decreased by P749 million. From P4.144 billion to P3.395 billion Total Deposit Liabilities at the end of 2016. Of this amount, P2.774 billion or 81.71% comprised savings deposits while the remaining 18.29% or P621 million is in the form of time and demand deposits. The Total Deposit Liabilities of P3.395 billion is 96.43% of the Total Liabilities and 80.65% of the Total Liabilities and Equity.

Other Liabilities

This account increased by 6.24% from P118.214 million to P125.596 million. The ending balance of P125.596 million is 3.57% of the total liabilities.

Capital Funds/Equity

Capital Funds/Equity increased by P79.327 million in 2016. Net Loss for the year was P104.812 million.

Capital Adequacy Ratio (CAR)

The bank posted a higher than industry risk-based capital adequacy ratio of 22.79% versus the 16.53% of the industry.

Liquidity

CSBI's loans to deposit ratio is 68.56%.

Other known Trends, Demands, Commitments, Events or Uncertainties

There are no other known trends or any other known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The registrant is not having or does not anticipate having within the next twelve (12) months any cash flow or liquidity problems. The registrant is not in default nor in breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of trade payables that have not been paid within the stated trade terms. There is likewise no material deficiency that can be identified.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material, favorable or unfavorable, impact on revenues or income from continuing operations.

Material Commitments for Capital Expenditures

There are no material commitments for capital expenditures.

Significant Elements of Income or Loss

There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

Other Key Variable and Qualitative/Quantitative Factors

As to any seasonal aspects that may have material effect on the financial condition or result of operations, the registrant is not affected by the current worries on peso-dollar exchange, as the bank has no exposure on any foreign currency related transactions.

There are no events that would trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

No material off-balance sheet transaction, arrangement, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons are created during the reporting period.

Past and Future Financial Condition and Results of Operation with particular emphasis on the prospects for the future.

For 2016, Citystate Savings bank's clients could look forward to more innovative, competitive and customized products and services.

The bank's deposit base anchored on retail banking, is consistently increasing thereby maintaining an above average level of liquidity while it selectively appropriates its excess loanable funds.

Prospects for the Future

For the year 2017, CSBI will focus on further enhancing its service delivery system through the following action plans:

- Development of more bank products and services;
- Intensify SME lending and jewelry loan operations;
- Pursue a more aggressive marketing strategy and focus on the target market;
- Highly efficient and productive personnel coupled with cost-effective technology;
- A strong advertising and promotional campaign;
- Reputation of good service and expertise;
- Effective cost-control.

In terms of financial performance and results of operation, the bank is very optimistic to overcome its 2016 performance as it pursues aggressively its marketing strategies to deepen its reach to its target market.

(C) **BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF BUSINESS OF THE REGISTRANT**

Citystate Savings Bank, Inc. was registered with the Securities and Exchange Commission on May 2, 1997. The Monetary Board of the Bangko Sentral ng Pilipinas on the other hand, granted the bank a license to operate as Thrift Bank on August 07, 1997. The bank's Authorized Capital is P1,000,000,000.00 consisting of 100,000,000 common shares, with a par value of P 10.00 per share.

The bank began its operations on August 08, 1997 when it opened its first branch located in Dominga Building III, 2113 Chino Roces Avenue corner Dela Rosa Street, Makati City. At present, the bank's principal office is located at Citystate Centre Building, 709 Shaw Boulevard, Pasig City.

The bank itself provides a wide range of banking and other financial services such as but not limited to traditional and innovative deposit products and services, cash management, corporate and retail banking and treasury services. The bank caters to the needs of corporate, middle market and retail clients.

On March 4, 2004, the Bangko Sentral ng Pilipinas approved the application of Citystate Savings Bank, Inc. to engage in quasi-banking functions.

Pursuant to further enhancing the bank's delivery system, the Bangko Sentral ng Pilipinas authorized CSBI to operate an FCDU and to perform Trust and other fiduciary business on November 08, 2006.

(D) **MARKET INFORMATION**

The registrant's shares are traded in the Philippine Stock Exchange, Inc. (PSE) after its listing on November 28, 2001. The high and low market prices in 2015 & 2016 are as follows:

<i>QUARTERLY</i>	<i>HIGH</i>		<i>LOW</i>	
	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>
First Quarter	11.10	10.10	9.03	9.50
Second Quarter	10.20	10.16	9.20	8.80
Third Quarter	10.10	9.15	9.22	8.10
Fourth Quarter	10.10	10.00	8.48	8.20

For the interim period in 2017, the following are the high and low market prices of CSBI shares of stocks:

<i>MONTH</i>	<i>HIGH</i>	<i>LOW</i>
January 2017	9.99	9.99
February 2017	10.00	9.99
March 2017	10.00	10.00

As of December 31, 2016 CSBI has a total of forty nine (49) stockholders owning 72,764,998 common shares.

Dividends Declared for the Last ten (10) years:

- In 1999, cash dividends totaling P594,750.00 were declared and paid covering fiscal years 1997 to 1999.
- In 2001, 2002, 2003, 2004 and 2005 cash dividends amounting to P330,000.00, P660,000.00, P882,000.00, P882,000.00 and another P882,000.00 respectively were declared, approved by BSP and paid by the bank.
- In 2006, a 10% stock dividend equivalent to 6,615,000 shares and cash dividend amounting to P1,984,500.00 were declared, approved by BSP and paid by the bank.
- In 2007, cash dividend declared was 3/10 of 1% of the par value share or Php 0.03 per share.
- In 2008, cash dividend declared was 3/10 of 1% of the par value share or Php 0.03 per share.
- In 2009, cash dividend declared was 3/10 of 1% of the par value share or Php 0.03 per share.
- All cash dividends declarations are subject to Bangko Sentral ng Pilipinas approval.

As of December 31, 2016 the stocks are trading at P10.00 per share.

As of December 31, 2016, the top twenty (20) shareholders are as follows:

Top 20 Stockholders

	Shareholder	No. of Shares Owned	Percent to Total	Nationality
1.	Estate of the late Amb. Antonio L. Cabangon Chua	14,102,114	19.380354%	Filipino
2.	D. Alfred A. Cabangon	8,283,330	11.383674%	Filipino
3.	Fortune Life Insurance Company, Inc.	7,499,250	10.306123%	Filipino
4.	Fortune General Insurance Corporation	5,484,000	7.536591%	Filipino
5.	Top Ventures Investments & Management	4,902,594	6.737572%	Filipino
6.	Feorelio Bote	4,302,500	5.912870%	Filipino
7.	Ronaldo Zamora	3,521,000	4.838865%	Filipino
8.	Angelita Jose	3,100,074	4.260392%	Filipino
9.	Gencars-Batangas, Inc.	2,846,250	3.911565%	Filipino
10.	Eternal Plans, Inc.	2,641,700	3.630454%	Filipino
11.	D. Edgard A. Cabangon	2,143,350	2.945578%	Filipino

12.	Alfonso G. Siy	1,650,000	2.267574%	Filipino
13.	D. Antoinette Cabangon	1,650,000	2.267574%	Filipino
14.	Eternal Plans Inc. Life Trust Fund	1,118,643	1.537337%	Filipino
15.	Eternal Plans Inc. Pension Trust Fund	899,900	1.236721%	Filipino
16.	Eternal Plans Inc. Education Trust Fund	771,950	1.060881%	Filipino
17.	Gencars-San Pablo, Inc.	726,000	0.997732%	Filipino
18.	Aliw Broadcasting Corp.	717,300	0.985776%	Filipino
19.	J. Wilfredo A. Cabangon In Trust For: Michael Wesley M. Cabangon	714,450	0.981859%	Filipino
20.	J. Wilfredo A. Cabangon In Trust For: William Mathew M. Cabangon	714,450	0.981859%	Filipino
		67,788,855	93.161351%	

(E) DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The bank has adopted the SEC Corporate Governance Self Rating Form to evaluate the level of compliance of the bank with its Manual on Corporate Governance. In addition, the Compliance Officer reviews on a periodic basis the level of compliance of its directors, officers and employees with the leading practices and principles on good corporate governance as embodied in the bank's Manual.

There have been no violations of the Corporate Governance Manual and no director, officer or employee has been sanctioned.

The bank will regularly conduct a review of the Manual on Corporate Governance and will adopt appropriate changes as necessary.

UNDERTAKING TO PROVIDE ANNUAL REPORT

The registrant undertakes to provide without charge any person a copy of the Bank's Annual Report on SEC Form 17-A upon written request to the registrant addressed to:

MR. MARTIN JERRY E. MACHADO
Assistant Vice President, Comptrollership/Accounting
Citystate Centre Building
709 Shaw Boulevard, Pasig City



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENT**

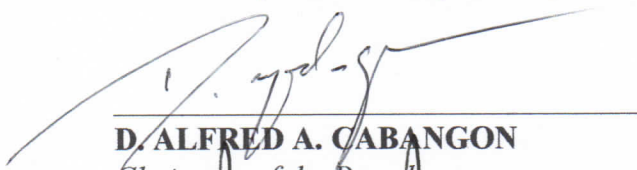
The Management of **Citystate Savings Bank, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation for financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors or Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Directors or Trustees reviews and approves the financial statements including the schedules attached therein, and submit the same to the stockholders or members.

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



D. ALFRED A. CABANGON
Chairman of the Board



BENJAMIN V. RAMOS
President



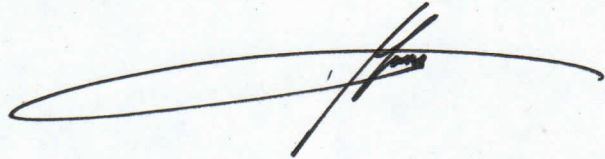
MARTIN JERRY E. MACHADO
Chief Finance Officer

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS (page 2)**

SUBSCRIBED AND SWORN to before me on APR 12 2017 at Pasig City, affiants exhibiting to me:

PASIG CITY, METRO MANILA

NAME	SOCIAL SECURITY SYSTEM NO.
D. Alfred A. Cabangon	03-9540210-6
Benjamin V. Ramos	03-7460820-6
Martin Jerry E. Machado	33-2211146-7



EDUARDO L. DE JESUS
Notary Public
Docket No. M-134 (2017-2018)
Until December 31, 2018
2232 Don Chino Roces Avenue, Makati City, MM.
IBP Life Member # 010568 (2.3.12)
PTR # 5909049 (Makati City, 1.03.17)
MCLE Compliance # V-0011417 (11.02.2015)
Attorney's Roll No. 35993.

Doc. No. 23 ;
Page No. 6 ;
Book No. 2 ;
Series of 20 17.

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CITYSTATE SAVINGS BANK, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

ANNEX B

	Notes	<u>2016</u>	<u>2015</u>
<u>R E S O U R C E S</u>			
CASH AND OTHER CASH ITEMS	2	P 100,187,703	P 99,154,882
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	365,833,736	1,118,494,957
DUE FROM OTHER BANKS	8	185,888,730	210,773,710
LOANS AND RECEIVABLES ARISING FROM REVERSE REPURCHASE AGREEMENT	9	315,569,609	-
AVAILABLE-FOR-SALE SECURITIES	10	389,723,459	424,194,665
LOANS AND RECEIVABLES - Net	11	2,341,656,195	2,496,398,635
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	12	214,624,519	224,500,601
INVESTMENT PROPERTIES - Net	13	69,526,534	27,227,394
OTHER RESOURCES - Net	14	<u>226,350,470</u>	<u>270,523,132</u>
TOTAL RESOURCES		<u>P 4,209,360,955</u>	<u>P 4,871,267,976</u>
<u>LIABILITIES AND EQUITY</u>			
DEPOSIT LIABILITIES	15		
Demand		P 452,282,030	P 531,012,854
Savings		2,774,100,686	3,253,885,651
Time		<u>168,578,738</u>	<u>358,678,563</u>
Total Deposit Liabilities		3,394,961,454	4,143,577,068
OTHER LIABILITIES	16	<u>125,596,185</u>	<u>118,214,324</u>
Total Liabilities		3,520,557,639	4,261,791,392
EQUITY	17	<u>688,803,316</u>	<u>609,476,584</u>
TOTAL LIABILITIES AND EQUITY		<u>P 4,209,360,955</u>	<u>P 4,871,267,976</u>

See Notes to Financial Statements.

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CITYSTATE SAVINGS BANK, INC.
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
INTEREST INCOME				
Loans and receivables	11	P 187,748,571	P 173,419,493	P 201,449,274
Available-for-sale securities	10	12,945,719	7,476,081	4,806,174
Due from Banko Sentral ng Pilipinas, other banks and loans and receivables arising from reverse repurchase agreement	7, 8, 9	<u>10,728,381</u>	<u>21,320,619</u>	<u>15,356,728</u>
		<u>211,422,671</u>	<u>202,216,193</u>	<u>221,612,176</u>
INTEREST EXPENSE				
Deposit liabilities	15	40,295,511	40,484,198	29,728,494
Others		<u>-</u>	<u>-</u>	<u>1,691</u>
		<u>40,295,511</u>	<u>40,484,198</u>	<u>29,730,185</u>
NET INTEREST INCOME				
		171,127,160	161,731,995	191,881,991
IMPAIRMENT LOSSES (RECOVERIES) - Net	11, 14	<u>32,725,902</u>	<u>(13,786,273)</u>	<u>27,072,490</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES (RECOVERIES)				
		<u>138,401,258</u>	<u>175,518,268</u>	<u>164,809,501</u>
OTHER OPERATING INCOME (LOSS)				
Service charges and fees	2	15,135,271	18,097,071	17,499,146
Miscellaneous	18	<u>42,885,317</u>	<u>24,256,026</u>	<u>44,917,540</u>
		<u>58,020,588</u>	<u>42,353,097</u>	<u>62,416,686</u>
OTHER OPERATING EXPENSES				
Salaries and employee benefit expense	19	104,758,350	99,864,930	106,833,959
Depreciation and amortization	12, 13, 14	32,958,428	31,096,712	19,696,815
Occupancy	25	32,110,450	29,600,007	28,166,835
Security, janitorial and messengerial services		29,563,353	37,465,355	32,546,262
Communication, light and water		28,792,348	24,710,447	27,782,098
Insurance		19,823,832	15,756,861	14,639,209
Taxes and licenses	27	12,778,474	17,546,215	16,010,345
Fuel and oil		9,555,275	10,409,975	11,006,058
Litigation and asset acquired expenses	13	2,545,489	1,639,827	5,340,584
Repairs and maintenance		2,147,088	3,263,590	3,482,882
Miscellaneous	18	<u>23,616,549</u>	<u>26,942,086</u>	<u>26,695,371</u>
		<u>298,649,636</u>	<u>298,296,005</u>	<u>292,200,418</u>
PROFIT (LOSS) BEFORE TAX				
		<u>(102,227,790)</u>	<u>(80,424,640)</u>	<u>(64,974,231)</u>
TAX EXPENSE				
	20	<u>2,584,328</u>	<u>6,229,647</u>	<u>6,069,266</u>
NET PROFIT (LOSS)				
		<u>(P 104,812,118)</u>	<u>(P 86,654,287)</u>	<u>(P 71,043,497)</u>
Losses Per Share –				
Basic and Diluted	23	<u>(P 1.44)</u>	<u>(P 1.19)</u>	<u>(P 0.98)</u>

See Notes to Financial Statements.

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CITYSTATE SAVINGS BANK, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
NET LOSS		(P 104,812,118)	(P 86,654,287)	(P 71,043,497)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit post-employment plan	19	1,664,299	2,996,675	3,940,141
Tax income (expense)	20	(499,290)	(899,003)	(1,182,042)
		<u>1,165,009</u>	<u>2,097,672</u>	<u>2,758,099</u>
Item that will be reclassified to profit or loss				
Fair valuation of available-for-sale securities				
Fair value gains (losses) during the year	10	3,289,486	3,461,935	(1,115,977)
Tax income (expense)	20	(315,645)	(557,230)	-
		<u>2,973,841</u>	<u>2,904,705</u>	<u>(1,115,977)</u>
Total Other Comprehensive Income - net of tax		<u>4,138,850</u>	<u>5,002,377</u>	<u>1,642,122</u>
TOTAL COMPREHENSIVE LOSS		(P 100,673,268)	(P 81,651,910)	(P 69,401,375)

See Notes to Financial Statements.

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CITYSTATE SAVINGS BANK, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	<u>Capital Stock</u>	<u>Additional Paid-in Capital</u>	<u>Revaluation Reserves</u>	<u>Surplus Reserves</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance as of January 1, 2016		P 727,649,980	P 2,222,444	P 9,289,612	P 1,069,924	(P 130,755,376)	P 609,476,584
Subscription of shares during the year		180,000,000	-	-	-	-	180,000,000
Transfer to reserves	21	-	-	-	384,848	(384,848)	-
Total comprehensive income (loss) for the year	17	<u>-</u>	<u>-</u>	<u>4,138,850</u>	<u>-</u>	<u>(104,812,118)</u>	<u>(100,673,268)</u>
Balance as of December 31, 2016	17	<u>P 907,649,980</u>	<u>P 2,222,444</u>	<u>P 13,428,462</u>	<u>P 1,454,772</u>	<u>(P 235,952,342)</u>	<u>P 688,803,316</u>
Balance as of January 1, 2015		P 727,649,980	P 2,222,444	P 4,287,235	P 813,500	(P 43,844,665)	P 691,128,494
Transfer to reserves	21	-	-	-	256,424	(256,424)	-
Total comprehensive income (loss) for the year	17	<u>-</u>	<u>-</u>	<u>5,002,377</u>	<u>-</u>	<u>(86,654,287)</u>	<u>(81,651,910)</u>
Balance as of December 31, 2015	17	<u>P 727,649,980</u>	<u>P 2,222,444</u>	<u>P 9,289,612</u>	<u>P 1,069,924</u>	<u>(P 130,755,376)</u>	<u>P 609,476,584</u>
Balance as of January 1, 2014		P 727,649,980	P 2,222,444	P 2,645,113	P 667,914	P 27,344,418	P 760,529,869
Transfer to reserves	21	-	-	-	145,586	(145,586)	-
Total comprehensive income (loss) for the year	17	<u>-</u>	<u>-</u>	<u>1,642,122</u>	<u>-</u>	<u>(71,043,497)</u>	<u>(69,401,375)</u>
Balance as of December 31, 2014	17	<u>P 727,649,980</u>	<u>P 2,222,444</u>	<u>P 4,287,235</u>	<u>P 813,500</u>	<u>(P 43,844,665)</u>	<u>P 691,128,494</u>

See Notes to Financial Statements.

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CITYSTATE SAVINGS BANK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 102,227,790)	(P 80,424,640)	(P 64,974,231)
Adjustments for:				
Interest income	7, 8, 9, 10, 11	(211,422,671)	(202,216,193)	(221,612,176)
Interest expense	15	40,295,512	40,484,198	29,730,185
Depreciation and amortization	12, 13, 14	32,958,428	31,096,712	19,696,815
Impairment losses (recoveries) - net	11, 14	32,725,902	(13,786,273)	27,072,490
Gains from assets acquired/exchanged	18	(6,952,270)	(384,976)	(2,975,246)
Trading gains	18	(3,021,890)	-	-
Loss (gain) on sale/retirement of bank premises	18	27,286	51,214	(25,563,500)
Unrealized foreign currency exchange losses (gains)	18	(478,148)	(216,862)	172,566
Operating loss before working capital changes		(218,095,641)	(225,396,820)	(238,453,097)
Increase in loans and receivables		133,898,710	(285,383,842)	(41,884,966)
Decrease (increase) in investment properties		(38,413,800)	(5,856,905)	5,748,513
Decrease (increase) in other resources		19,489,520	15,207,678	(110,415,508)
Increase (decrease) in deposit liabilities		(740,905,612)	743,592,888	717,172,014
Increase (decrease) in other liabilities		9,877,658	19,901,769	36,550,690
Cash generated from operations		(834,149,165)	262,064,768	368,717,646
Interest received		207,535,332	196,948,077	234,226,350
Interest paid		(49,305,790)	(38,510,077)	(29,690,007)
Cash paid for income taxes		(1,135,544)	(8,799,632)	(5,641,981)
Net Cash From Operating Activities		(677,055,167)	411,703,136	567,612,008
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of bank premises, furniture, fixtures and equipment	12	(13,734,945)	(23,319,796)	(76,059,644)
Acquisitions of computer software	14	-	-	(20,378,813)
Proceeds from disposal or maturity of available-for-sale securities	10	170,345,886	15,885,716	6,650,000
Acquisitions of available-for-sale securities		(131,000,000)	(349,261,514)	-
Net Cash Used in Investing Activities		25,610,941	(356,695,594)	(89,788,457)
CASH FLOWS FROM FINANCING ACTIVITY				
Proceeds from additional capital subscription		180,000,000	-	-
Effect of Foreign Currency Exchange Rate Changes in Cash and Cash Equivalents		478,148	216,862	(172,566)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(470,966,078)	55,224,404	477,650,985
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		99,154,882	152,246,760	127,556,153
Due from Bangko Sentral ng Pilipinas	7	1,118,494,957	1,037,862,022	602,895,583
Due from other banks	26	192,677,934	164,994,587	147,000,648
		<u>1,410,327,773</u>	<u>1,355,103,369</u>	<u>877,452,384</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items		100,187,703	99,154,882	152,246,760
Due from Bangko Sentral ng Pilipinas	7	365,833,736	1,118,494,957	1,037,862,022
Due from other banks	26	156,291,352	192,677,934	164,994,587
Loans and receivables arising from reverse repurchase agreement	9	315,569,609	-	-
		<u>P 937,882,400</u>	<u>P 1,410,327,773</u>	<u>P 1,355,103,369</u>

See Notes to Financial Statements.

**RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS
FOR THE CONFIRMATION OF THE STOCKHOLDERS**

2016 BOARD RESOLUTIONS

DATE	BR NO.	PARTICULARS
January 26, 2016	2016-0001	Credit Line: HMR Philippines, Inc.
	-0002	Loan Restructure: Maria Rochelle D. Gonzales
	-0003	Responses to Board Concern: Citihomes Builders & Development Inc.
	-0004	Amendment on CTS Policy
	-0005	International Silverwings Investment, Inc.
	-0006	List of Accounts approved by Loan Committee from December 10, 2015 to January 22, 2016
	-0007	Appointment of Ms. Amerjaphil T. Tugade as the new Trust Officer and Trust Committee Member
	-0008	Updating of Trust Signatories
	-0009	Accreditation of Double Dragon Preferred Shares as an additional investment outlet for Trust Clients
	-0010	Accreditation of Philippine Bank of Communications as SSA-Other Banks Counterparty
	-0011	New Table of Organization for Trust Department / Matters for Confirmation/Notation of the Board of Directors
	-0012	Updating of Dollar Savings Account at UCPB Baliuag for CSBI Baliuag Branch
	-0013	Updating of Peso Time Deposit Account at Plan Bank RB Canlubang Planters, Inc.
	-0014	Treasury Line with Bank of the Philippine Islands (BPI)
	-0015	Treasury Line with China Banking Corporation
	-0016	Signatories for BSP Reports, PHILPASS, and Electronic Payment System (TAX)
	-0017	Revision of Information Security Manual
	-0018	Resignation of Ms. Winona Elizabeth N. Benito, AVP-BBG
February 23, 2016	2016-0019	GENCARS, INC. Omnibus Line – Amendment on Terms and Conditions Item No. 1

- 0020 Fortune Medicare – Revolving PN Line Administrative Extension
- 0021 Updating of Authorized Court/Bank Representatives
- 0022 Promotion of Ms. Felicitas D. Marcos from Senior Manager to Assistant Vice President
- 0023 (A-P) Trust Department – New Investment Outlets
- 0024 Creation of Related Party Transactions Committee (RPTC) pursuant to BSP Circular No. 895
- 0025 Election of Mr. J. Wilfredo A. Cabangon as Regular Director and Member of Risk Oversight Committee (ROC)
- 0026 Notice of Annual Stockholders Meeting – May 31, 2016
- 0027 Proposed Investment in Double Dragon Properties Corp. and Ayala Land, Inc.
- 0028 Proposed Additional Investment in SMC Series “2” Preferred Shares
- 0029 Updating of Authorized Representatives for PAG-IBIG and SSS
- 0030 Updating of Authorized Representative for Dagupan Branch

March 29, 2016

- 2016-0031 Election of new Chairman of the Board
- 0032 Confirmation of accounts approved by the Loan Committee from February 4 to March 14, 2016
- 0033 Approval of Senior Management Committee Charters – Credit Committee and Asset – Liability Committee
- 0034 Approval of Related Party Transactions Committee (RPTC) Charter
- 0035 Confirmation of Promotion of Acting Chief Compliance Officer to Chief Compliance Officer
- 0036 Updating of CSBI Authorized Pag-Ibig Signatories

April 26, 2016

- 2016-0037 Omnibus Line of PDB Properties
- 0038 Renewal BPL/CDL of ALC Realty Corp
- 0039 Omnibus Line Renewal of RJ Lhinet
- 0040 Confirmation of accounts approved by Loan Committee from April 4 to 12, 2016
- 0041 Increase of branch related fees and charges
- 0042 Issuance of Financial Statements
- 0043 Confirmation of Operational Risk Management (ORM); Policies and Procedures of Bank’s ORM Framework; Succession Planning Program for 2016; Discipline Committee Charter, Policies and Procedures

- 0044 Approval of Material RPT
- 0045 Credit Line: Sycamore Holdings and Realty Co., Inc.
- 0046 Admin Extension: Fortune Medicare
- 0047 Proposed Amendment to the Bank's Loan Committee Composition
- 0048 Authorization of Service Head of Urdaneta to transact for CSBI's electric and water billing account
- 0049 Conversion/Reclassification of Vehicles from ROPA to Bank Premises and Disposal of Vehicles booked under Bank Premises
- 0050 Approval of Management Committee (MANCOM) Charter
- 0051 (A-J) Updating of Bank Signatories
- 0052 Peso Savings UCPB Dagupan
- 0053 Dollar Savings UCPB Dagupan
- 0054 Peso Savings UCPB Batangas
- 0055 Dollar Savings UCPB Batangas
- 0056 Peso Savings UCPB Urdaneta
- 0057 New Bank Products

May 31, 2016

- 2016-0058 Certification of Election of Corporate Officers and Appointment of Committee Members during the organizational meeting
- 0059 Signing authority for participation agreement for the Monetary Operations System (MOS)
- 0060 Replacement of signatory for UCPB Dagupan Dollar Savings Account
- 0061 Bank's Receipt of Financial Audit Report and Action on the findings and/or recommendation of P&A
- 0062 Report of Examination (RoE) of BSP
- 0063 Request for approval to grant MANCOM the authority to sell ROPA Jewelry
- 0064 Term Loan: Far East Fuel Corporation
- 0065 Omnibus Line: RH Digos Designworks & Construction
- 0066 List of Accounts Approved by the Loan Committee

July 5, 2016

- 2016-0067 Term Loan: Specialist Group Hospital
- 0068 Credit Line: Citihomes Builders and Development, Inc.
- 0069 Accreditation of New San Jose Builders

- 0070 Updating of Accounting Manual
- 0071 Proposed General Policy Statement of Related Third Party Transactions
- 0072 Internal Credit Risk Rating System
- 0073 AML Action Plans
- 0074 Matters for Board Approval and Confirmation (TRUST Department)
- 0075 Application for OCL with BSP
- 0076 Lay Away Plan Policy
- 0077 Omnibus Line Renewal: LANDWORKS

July 26, 2016

- 2016-0078 Auto Loan: Sps. Leandro & Rosalie De Castro
- 0079 Approval of Material Related Party Transactions for 2ND Quarter
- 0080 Amendments in the Business Continuity Program Manual
- 0081-A Updating of CSBI Authorized Representatives
- 0081-B CIC Authorized Representatives
- 0082 Audit Committee: Re-Appointment of Punongbayan & Araullo (P&A)
- 0083 Audit Committee: Policy on Fraud Prevention and Detection, and Procedures on Special Investigations
- 0084 Revised Capital Build-up Program

September 6, 2016

- 2016-0085 Updating of Signatories for BSP Demand Deposit Account
- 0086 Updating of Signatories for Philippine Payment System
- 0087 Updating of Signatories for UCPB Cambridge – Peso Savings Account
- 0088 Updating of Signatories for Philippine Dealing and Exchange Corporation
- 0089 Amendments to Information Technology Department Manual
- 0090 Branch Opening/Closure during Local Holidays
- 0091 Application for Overdraft Credit Line (OCL) with BSP
- 0092 Adoption of CSBI Retirement Plan Policy in line with the ALC Group Retirement Plan
- 0093 Creation of Retirement Committee
- 0094 Accreditation of Additional Broker – BPI Capitol Corporation
- 0095 Accreditation of Additional Broker – AAA Southeast Equities
- 0096 Sale of ROPA to Eternal Gardens Memorial Park Corporation

-0097 Omnibus Line: GENCARS, INC.

-0098 Auto Loan: Dominga Cecilia A. Cabangon

September 27, 2016

2016-0099 CTS: Grand Monaco Estate Developers

-0100 Credit Line Renewal: HMR Philippines, Inc.

-0101 Term Loan: RAL Imperial Realty Management Corp.

-0102 Accreditation of CALMAR Land Development Corp.

-0103 List of Accounts approved by Loan Committee

-0104 Resignation of the Bank's Assistant Corporate Secretary and Legal Head

-0105 Trust Committee: Accreditation of Metrobank Card Corporation

-0106 Trust Committee: Petron Corporation Fixed Rate Bonds

-0107 Trust Committee: GT Capital Holdings, Inc. Perpetual Preferred Shares

-0108 ROPA Jewelry Disposal Policy

-0109 Reclassification of ITL Loan Accounts to ROPA

-0110 Appointment of Retirement Manager – Ms. Sharon T. Enriquez

-0111 Appointment of Retirement Fund Members

October 25, 2016

2016-0112 Term Loan: Anthilla Development Corporation

-0113 Narra Wellness Resorts, Inc. – Moratorium on Principal

-0114 Treasury Department: Investment in Petron Corp. Fixed Rate Retail Bonds

-0115 Treasury Department: Investment in GT Capital Holdings, Inc.

-0116 Approval of Material Related Party Transactions

-0117 Updating of CSBI Authorized Representatives

-0118 Amended Secretary's Certificate on the Approval of Sale of ROPA to Eternal Gardens

-0119 Membership of Director Susan M. Belen in Information Technology Steering Committee

-0120 Revision of Information Technology Department Organizational Structure

-0121 Treasury Department: BPI Capital Account Opening

-0122 Policy on Impairment Testing for Goodwill

-0123 Amendment to the Bank's Write-Off Policy

-0124 Creation of Remedial Management and Provisioning Unit

- 0125 Authority of President Benjamin V. Ramos to consult with or commission an Underwriter/Broker/Lawyer for the increase in capitalization of the Bank
- 0126 Authority of Chairman D. Alfred A. Cabangon as Authorized Player in WackWack Golf and Country Club

November 29, 2016

- 2016-0127 Updating signatories for BSP Reports and PhilPass
- 0128 Resignation of J. Antonio A. Cabangon, Jr. as a Regular Director of the Bank and as Chairman of Risk Oversight Committee;
Election of D. Arnold A. Cabangon as member of Executive Committee;
Election of J. Wilfredo A. Cabangon as Chairman of Risk Oversight Committee;
Election of D. Arnold A. Cabangon as Chairman of Compensation and Remuneration Committee; Election of Benjamin V. Ramos as member of the Compensation and Remuneration Committee
- 0129 Amendments on the Bank's Anti-Money Laundering (AML) Committee Charter
- 0130 Manual of Policies and Procedures of IT Risk Unit
- 0131 Policies and Procedures on the Renewal of Loan-Related Insurance
- 0132 Amendments to the Bank's Loan Loss Provisioning Policy
- 0133 Amended Secretary's Certificate on the Approval of the DOSRI Loan of Cecilia A. Cabangon
- 0134 Amended Secretary's Certificate on the Approval of the DOSRI Loan GENCARS, INC.
- 0135 Reclassification of Real and Other Properties Acquired (ROPA) to Bank Premises, Furniture, Fixtures and Equipment
- 0136 Revised Policies of Health Care and Life Insurance
- 0137 Amendments on the Corporate Governance Charter
- 0138 Revised Information Technology Governance and Management Frameworks and Information Technology Department Strategic Plan
- 0139 Credit Line Renewal: Jane Urbanek and Neva Jane P. Villanueva DBU Neva's Pizza Delight
- 0140 Subscription of Shares

December 19, 2016

- 2016-0141 Election of Michael F. Rellosa as Director and Chairman of Risk Oversight Committee
- 0142 Authority of Gerodias Suchiangco Estrella (GSE) as CSBI Counsel to file the Petition for Review on Certiorari before the Supreme Court for the case Teresita Tobias and Shellidie Valdez vs. Rolando Robles and CSBI; and the authority of the President and/or Internal Audit Head to represent CSBI in all stages of proceedings in connection with the said case

- 0143 Approval of Corporate Planning Department Manual
- 0144 CTS Renewal: P60 Million Landworks Asia, Inc.
- 0145 Credit Line Renewal: Specialist Group Hospital & Trauma Centre
- 0146 Term Loan: Tenfold Construction & Development Corporation
- 0147 Contract to Sell (CTS) Policy Amendments and Inclusions
- 0148 Authority of BVR to continue the Credit Line of the Department of Education
- 0149 Update on Subscription of Shares: PHP180 Million Subscription Agreement by and between CSBI and AMB. ALC Holdings and Management Corporation

****Nothing follows****