

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements ^{1/}

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CONDITION

(Amounts in Thousand)

	(Unaudited)	(Audited)
	March 31	December 31,
	2007	2006
ASSETS		
Cash and Other Cash Items	P 3,718,884	5,596,912
Due From Bangko Sentral ng Pilipinas	21,210,314	13,787,927
Due From Other Banks	7,316,789	7,062,507
Investment Securities		
Financial Assets at Fair Value		
Through Profit or Loss	11,538,968	11,089,327
Held to Maturity Investments	-	-
Available for Sale Securities	39,951,831	47,816,694
Loans and Receivables, net	107,491,270	108,933,428
Investments in Associates, net	2,103,974	2,049,595
Bank Premises, Furniture, Fixtures & Equipment, net	3,376,367	3,387,539
Investment Property, net	9,722,683	9,984,857
Deferred Tax Assets	1,827,604	1,830,935
Other Resources, net	13,345,643	12,193,305
TOTAL RESOURCES	P 221,604,327 P	223,733,026
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	P 9,977,035 P	9,878,070
Savings Deposits	58,583,163	57,975,944
Time Deposits	87,557,307	89,696,155
Total Deposit Liabilities	P 156,117,505 P	157,550,169
Bills Payable	15,166,556	17,633,995
Bonds Payable	6,582,442	6,689,143
Outstanding Acceptances Payable	221,025	233,997
Due to Other Banks	1,828,270	3,395,915
Accrued Taxes, Interest and Other Expenses Payable	2,175,083	2,835,196
Other Liabilities	6,615,415	6,576,068
Subordinated Debt	5,400,227	5,427,733
TOTAL LIABILITIES	P 194,106,523 P	200,342,216
Capital Funds		
Attributable to Parent Company		
Shareholders:		
Preferred Stock	859,989	1,054,940
Common Stock	9,354,284	6,329,640
Hybrid Perpetual Securities	4,883,139	4,883,139
Capital Paid in Excess of Par	5,143,235	2,118,688
Revaluation Reserves on Available-for-sale Securities	1,625,406	2,914,662
Accumulated Translation Adjustment	121,787	144,572
Reserve for Trust Business	247,595	247,595
Share in Additional Paid-in Capital of an Associate	532,583	532,583
Surplus	4,991,677	5,447,992
	27,759,695	23,673,811
Minority Interest	(261,891)	(283,001)
TOTAL CAPITAL FUNDS	27,497,804	23,390,810
TOTAL LIABILITIES & CAPITAL	P 221,604,327 P	223,733,026

^{1/} The interim consolidated financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

RIZAL COMMERCIAL BANKING CORPORATION**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousand except for earnings per share)

	Jan. 1 to Mar. 31 2007	Jan. 1 to Mar. 31 2006
INTEREST INCOME		
Loans and receivables	P 2,355,569	P 2,415,308
Investment securities	1,205,246	1,193,018
Others	191,345	56,310
	<u>3,752,160</u>	<u>3,664,636</u>
INTEREST EXPENSE		
Deposit liabilities	1,110,403	1,239,568
Bills payable and other borrowings	617,463	801,871
	<u>1,727,866</u>	<u>2,041,439</u>
NET INTEREST INCOME	2,024,294	1,623,197
IMPAIRMENT LOSSES	778,478	422,434
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>1,245,816</u>	<u>1,200,763</u>
OTHER OPERATING INCOME		
Trading and securities gain-net	1,142,307	288,485
Trust fees	34,413	71,784
Foreign exchange gains (losses)-net	45,375	145,843
Commissions and other income	614,513	623,876
	<u>1,836,608</u>	<u>1,129,988</u>
OTHER OPERATING EXPENSES		
Employee benefits	656,309	582,737
Occupancy & equipment-related	342,316	323,452
Taxes & Licenses	234,031	214,528
Depreciation and amortization	77,738	84,545
Miscellaneous	722,255	725,676
	<u>2,032,649</u>	<u>1,930,938</u>
INCOME BEFORE TAX	1,049,775	399,813
TAX EXPENSE	216,278	147,335
NET INCOME	833,497	252,478
NET LOSS ATTRIBUTABLE TO MINORITY INTEREST	<u>5,792</u>	<u>(68,055)</u>
NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	<u>827,705</u>	<u>320,533</u>
Earnings per Share *		
Basic	<u>1.08</u>	<u>0.51</u>
Diluted	<u>1.06</u>	<u>0.51</u>

* After giving retroactive effect to the 15% stock dividend.

RIZAL COMMERCIAL BANKING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousand)

	Unaudited Jan. 1 to Mar. 31 2007 (03.31.07 vs. 12.31.06)	Unaudited Jan. 1 to Mar. 31 2006 (03.31.06 vs. 12.31.05)
FUNDS WERE PROVIDED FROM		
Operations:		
Net Income	P 827,705	P 320,533
Add: Charges against Income not requiring outflow of funds	856,216	613,268
Less: Additions to Income not requiring inflow of funds		
Total funds provided from Operations	P 1,683,921	P 933,801
Increase in Deposit Liabilities		3,963,880
Increase in Bills Payable		961,295
Increase in Outstanding Acceptances Payable		77,105
Increase in Due to Other Banks		102,755
Increase in Bonds Payable		
Increase in Other Liabilities	39,347	1,014,321
Increase in Subordinated Debt		34,362
Increase in Common Stock	3,024,644	
Increase in Capital Paid-in Excess of Par	3,024,547	
Increase in Minority Interest	21,110	
Decrease in Cash and Other Cash Items	1,878,028	2,421,946
Decrease in Investment Securities	7,415,222	
Decrease in Loans and Other Receivables	663,680	9,582,685
Decrease in Investment in Associates		875,096
Decrease in Fixed Assets		54,365
Decrease in Investment Property	262,174	
Decrease in Deferred Tax Assets	3,331	
	P 18,016,004	P 20,021,611
FUNDS WERE APPLIED TO:		
Increase in Due From BSP	P 7,422,387	P 2,740,711
Increase in Due From Other Banks	254,282	1,863,191
Increase in Loan Portfolio		
Increase in Investment Securities		10,451,063
Increase in Investments in Associates	54,379	
Increase in Fixed Assets	66,566	
Increase in Investment Property		504,370
Increase in Deferred Tax Assets		92,672
Increase in Other Resources	1,152,338	3,599,697
Decrease in Deposit Liabilities	1,432,664	
Decrease in Bills Payable	2,467,439	
Decrease in Bonds Payable	106,701	252,675
Decrease in Outstanding Acceptances Payable	12,972	
Decrease in Due to Other Banks	1,567,645	

(Amounts in Thousand)

	Unaudited Jan. 1 to Mar. 31 2007 (03.31.07 vs. 12.31.06)	Unaudited Jan. 1 to Mar. 31 2006 (03.31.06 vs. 12.31.05)
Decrease in Accrued Taxes, Interest and Other Expenses Payable	660,113	425,042
Decrease in Unsecured Subordinated Debt	27,506	
Decrease in Preferred Stock due to conversion to Common Stock	194,951	
Decrease in Minority Interest		66,619
Decrease in Revaluation Reserves on AFS Securities	1,289,256	
Decrease in Accumulated Translation Adjustment	22,785	22,788
Cash Dividends on Common Shares	189,889	
15% Stock Dividends on Common and Preferred Shares	1,094,131	
Decrease in Other Capital Accounts		2,783
	P <u>18,016,004</u>	P <u>20,021,611</u>

RIZAL COMMERCIAL BANKING CORPORATION
STATEMENT OF CHANGES IN EQUITY
(Amounts in Thousands)

		Unaudited		Unaudited
		Jan. 1 to Mar.		Jan. 1 to Mar.
		31		31
		2007		2006
		<hr/>		<hr/>
Capital Funds, beginning	P	23,673,811	P	13,201,254
Add/(Deduct) Changes in Capital:				
Decrease in Preferred Stock (PS) due to conversion to Common shares		(194,951)		
Additional Public Offering (APO)		1,826,087		
Increase in Common Shares due to conversion of Preferred Stock		104,426		
Increase in Capital Paid-in Excess of Par arising from APO and PS conversion		3,024,547		
Revaluation Reserves on AFS Securities		(1,289,256)		
Equity adjustment from translation		(22,785)		(22,788)
Net income for the period		827,705		320,533
Cash Dividends on Common Stock		(189,889)		
Share in Unrealized loss on Available for Sale Securities				908
Other capital adjustments				(3,691)
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Capital Funds, end	P	27,759,695	P	13,496,216
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