

SEC Number 17514
PSE Code
File Number

**RIZAL COMMERCIAL BANKING
CORPORATION AND SUBSIDIARIES**

(Company's Full Name)

**Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen G.J. Puyat Ave., Makati City**

(Company's Address)

894-9000

(Telephone Number)

June 30, 2008

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC
RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2008
2. Commission identification number 17514
3. BIR Tax Identification No. 000-599-760
4. Exact name of registrant as specified in its charter : RIZAL COMMERCIAL BANKING
CORP.
5. Philippines
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only) Industry Classification Code
7. 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 1200
Address of principal office Postal Code
8. 632/ 894-9000
Registrant's telephone number, including area code
9. Not applicable
Former name, former address & former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | <u>Title of Each Class</u> | <u>Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding</u> |
|-----------------------------|--|
| Common Stock, P10 par value | 962,843,035 (as of 06/30/08) |
11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes (x) No ()
12. Check whether the registrant:
- (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) :
(Note : Sec. 26 of the CCP deals with reporting of election of directors or officers to the SEC; Sec. 141 with the submission of financial statements to the SEC.)
Yes (x) No ()
- (b) has been subject to such filing requirements for the past 90 days
Yes (x) No ()

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements ^{1/}

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CONDITION

(Amounts in Thousand)

	(Unaudited) June 30 2008	(Audited) December 31, 2007
ASSETS		
Cash and Other Cash Items	P 5,530,141	P 5,875,727
Due From Bangko Sentral ng Pilipinas	21,314,895	17,611,380
Due From Other Banks	5,499,705	4,744,925
Investment Securities		
Financial Assets at Fair Value		
Through Profit or Loss	6,876,681	9,959,187
Available for Sale Securities	43,236,987	54,625,359
Loans and Receivables, net	143,216,394	117,195,202
Investments in Subsidiaries and Associates, net	4,170,184	4,172,885
Bank Premises, Furniture, Fixtures & Equipment, net	3,859,939	3,503,816
Investment Property, net	7,548,952	7,761,435
Deferred Tax Assets	1,646,458	1,645,768
Other Resources, net	12,353,014	12,002,250
TOTAL RESOURCES	P 255,253,350	P 239,097,934
LIABILITIES AND CAPITAL FUNDS		
Deposit Liabilities		
Demand Deposits	P 11,041,837	P 10,765,240
Savings Deposits	72,251,797	66,769,816
Time Deposits	102,192,277	98,393,819
Total Deposit Liabilities	P 185,485,911	P 175,928,875
Bills Payable	14,220,064	12,820,500
Bonds Payable	5,673,858	5,650,670
Outstanding Acceptances Payable	298,923	234,717
Due to Other Banks	88,483	775,492
Accrued Taxes, Interest and Other Expenses Payable	3,156,547	3,087,510
Other Liabilities	7,893,743	6,421,708
Subordinated Debt	11,343,482	5,158,070
TOTAL LIABILITIES	P 228,161,011	P 210,077,542
Capital Funds		
Attributable to Parent Company Shareholders:		
Preferred Stock	859,335	859,512
Common Stock	9,628,430	9,628,369
Hybrid Perpetual Securities	4,883,139	4,883,139
Capital Paid in Excess of Par	5,571,906	5,571,793
Revaluation Reserves on Available-for-sale Securities	(1,839,731)	1,039,358
Accumulated Translation Adjustment	95,740	63,937
Reserve for Trust Business	265,992	258,348
Share in Additional Paid-in Capital of an Associate	532,583	532,583
Surplus	7,036,680	6,495,022
	27,034,074	29,332,061
Minority Interest	58,265	(311,669)
TOTAL CAPITAL FUNDS	27,092,339	29,020,392
TOTAL LIABILITIES & CAPITAL	P 255,253,350	P 239,097,934

^{1/} The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRS) 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 Jun. 30 2008	Jan. 1 to Jun. 30 2007	April 1 to June 30, 2008	April 1 to June 30, 2007
INTEREST INCOME ON				
Loans and receivables	P 4,801,033	P 5,000,636	P 2,490,329	2,645,067
Investment securities	2,304,339	2,403,677	1,124,910	1,198,431
Others	366,597	331,253	180,802	139,908
	<u>7,471,969</u>	<u>7,735,566</u>	<u>3,796,041</u>	<u>3,983,406</u>
INTEREST EXPENSE ON				
Deposit liabilities	2,246,988	2,018,534	1,146,300	908,131
Bills payable and other borrowings	1,172,550	1,277,360	620,323	659,897
	<u>3,419,538</u>	<u>3,295,894</u>	<u>1,766,623</u>	<u>1,568,028</u>
NET INTEREST INCOME	<u>4,052,431</u>	<u>4,439,672</u>	<u>2,029,418</u>	<u>2,415,378</u>
IMPAIRMENT LOSSES	<u>444,076</u>	<u>1,044,820</u>	<u>250,654</u>	<u>266,342</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	<u>3,608,355</u>	<u>3,394,852</u>	<u>1,778,764</u>	<u>2,149,036</u>
OTHER OPERATING INCOME				
Trading and securities gain-net	(63,603)	1,247,323	115,375	105,016
Service fees	726,398	816,710	389,653	361,144
Foreign exchange gains (losses)-net	233,703	84,116	245,343	38,741
Trust fees	92,805	78,003	43,078	43,590
Commissions and other income	1,170,640	545,570	126,976	386,623
	<u>2,159,943</u>	<u>2,771,722</u>	<u>920,425</u>	<u>935,114</u>
OTHER OPERATING EXPENSES				
Employee benefits	1,240,253	1,281,749	636,063	625,440
Occupancy & equipment-related	706,878	669,901	391,049	327,585
Taxes & Licenses	568,659	433,817	267,300	199,786
Depreciation and amortization	174,084	156,725	88,492	78,987
Miscellaneous	1,141,330	1,455,218	452,992	732,963
	<u>3,831,204</u>	<u>3,997,410</u>	<u>1,835,896</u>	<u>1,964,761</u>
INCOME BEFORE TAX	<u>1,937,094</u>	<u>2,169,164</u>	<u>863,293</u>	<u>1,119,389</u>
TAX EXPENSE	<u>392,924</u>	<u>350,313</u>	<u>166,145</u>	<u>134,035</u>
NET INCOME	<u>1,544,170</u>	<u>1,818,851</u>	<u>697,148</u>	<u>985,354</u>
NET INCOME (LOSS) ATTRIBUTABLE TO MINORITY INTEREST	<u>16,615</u>	<u>10,655</u>	<u>(57,513)</u>	<u>4,863</u>
NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	<u>1,527,555</u>	<u>1,808,196</u>	<u>754,661</u>	<u>980,491</u>
Earnings per Share (Annualized)*				
Basic	<u>2.65</u>	<u>3.61</u>		
Diluted	<u>2.57</u>	<u>3.48</u>		

* After giving retroactive effect to the 15% stock dividend issued in March 2007.

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

		Unaudited Jan. 1 to Jun. 30 2008 (06.30.08 vs. <u>12.31.07)</u>	Unaudited Jan. 1 to Jun. 30 2007 (06.30.07 vs. <u>12.31.06)</u>
FUNDS WERE PROVIDED FROM			
Operations:			
Net Income	P	1,527,555	P 1,808,196
Add: Charges against Income not requiring outflow of funds		1,114,997	1,081,015
Less: Additions to Income not requiring inflow of funds		<u>(1,042,606)</u>	<u>(90,932)</u>
Total funds provided from Operations	P	<u>1,599,946</u>	P 2,798,279
Increase in Deposit Liabilities		9,557,036	
Increase in Bills Payable & Outstanding Acceptances Payable		1,463,770	
Increase in Other Liabilities		1,472,035	1,872,186
Increase in Subordinated Debt		7,000,000	
Increase in Common Stock			2,100,000
Increase in Capital Paid-in Excess of Par			3,452,953
Decrease in Cash and Other Cash Items		345,586	808,289
Decrease in Due from Other Banks			4,127,400
Decrease in Investment Securities		11,591,789	
Decrease in Loans and Other Receivables			24,783
Decrease in Investment Property		<u>212,483</u>	<u>410,126</u>
	P	<u><u>33,242,645</u></u>	P <u><u>15,594,016</u></u>
FUNDS WERE APPLIED TO:			
Increase in Due From BSP	P	3,703,515	P 1,157,379
Increase in Due From Other Banks		754,780	
Increase in Investment Securities			3,560,251
Increase in Loan Portfolio		26,465,268	
Increase in Investments in Associates			167,543
Increase in Fixed Assets		530,207	148,162
Increase in Other Resources		350,764	2,551,167
Decrease in Deposit Liabilities			797,961
Decrease in Bills Payable & Outstanding Acceptances Payable			2,857,496
Decrease in Bonds Payable			370,828
Decrease in Due to Other Banks		687,009	3,384,853
Decrease in Accrued Taxes, Interest and Other Expenses Payable			158,442
Cash Dividends on Common Shares		462,165	189,889
Cash Dividends on Preferred Shares		81,364	15,835
Dividends on Hybrid Capital Securities		<u>207,573</u>	<u>234,210</u>
	P	<u><u>33,242,645</u></u>	P <u><u>15,594,016</u></u>

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

		Unaudited		Unaudited
		Jan. 1 to Jun.		Jan. 1 to Jun.
		30,		30,
		2008		2007
		<hr/>		<hr/>
Capital Funds, beginning	P	29,332,061	P	23,673,811
Add/(Deduct) Changes in Capital:				
Decrease in Preferred Stock (PS) due to conversion to Common shares		(177)		(195,193)
Additional Public Offering (APO)				2,100,000
Increase in Common Shares due to conversion of Preferred Stock		61		104,513
Increase in Capital Paid-in Excess of Par arising from APO and PS conversion		113		3,452,953
Decrease in Revaluation Reserves on AFS Securities		(2,879,089)		(2,132,904)
Increase (decrease) in Equity adjustment from translation		31,803		(39,303)
Net income for the period		1,527,555		1,808,196
Cash Dividends on Common Stock		(462,165)		(189,889)
Cash Dividends on Preferred Stock		(81,364)		(15,835)
Dividends on Hybrid Capital Securities		(207,573)		(234,210)
Prior period adjustment		(227,151) ^{1/}		
		<hr/>		<hr/>
Capital Funds, end	P	27,034,074	P	28,332,139

^{1/} This represents adjustment resulting from the direct consolidation of Bankard in the consolidated financial statements and the corresponding dilution of minority stockholders' ownership in Bankard in relation to Bankard's debt-to-equity conversion. The SEC and PSE approved the increase in Bankard's authorized capital stock on January 4, 2008 and April 23, 2008, respectively.

Additional Disclosures to Item I – Financial Statements

Accounting Policies and Methods of Computation. There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations. Seasonal or cyclical events and/or conditions do not affect the year-round operations of the Bank.

Changes in Estimates of Amounts Reported. There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

Issuances, Repurchases and Repayments of Debt and Equity Securities. Except for the successful issuance of the BSP-approved P7.0 billion unsecured subordinated debt on February 22, 2008, there were no issuances, repurchases and repayments of debt and equity securities in the interim financial statements as compared with the most recent annual financial statements. The notes qualify as lower tier 2 capital and bear interest at the rate of 7% per annum from February 22, 2008. After the fifth year, the notes have a call option that gives the Bank the right but not the obligation to redeem the notes. The interest is payable quarterly in arrears at the end of each interest period on May 22, August 22, November 22 and February 22. The notes are due 2018 unless redeemed after the fifth year.

On July 14, 2008, the Bank redeemed its P5.0 billion 12% unsecured subordinated debt prior to maturity under the exercise of call option. The early redemption was approved by the Bangko Sentral ng Pilipinas (BSP) on April 3, 2008.

As approved by the Board of Directors and the BSP, the Bank paid on April 25, 2008 the 3rd semi-annual interest/dividend payment on the US\$100.0 million non-cumulative step-up callable perpetual hybrid securities amounting to US\$4.938 million.

Dividends Paid for Ordinary or Other Shares. In its meeting held on June 30, 2008, the Board of Directors approved the declaration and payment of cash dividends, subject to Bangko Sentral approval, for the Bank's convertible preferred shares amounting to P0.1227 (US\$0.0028) per share or a total of approximately P10.545 million (US\$237 thousand @ P44.50). The cash dividend is payable to holders of convertible preferred shares as of September 21, 2008. To date, the Bank has not received the approval of the aforementioned cash dividends from the Bangko Sentral.

The details of the first semester 2008 cash dividend distributions are as follows (amounts in millions except per share figures):

Date Declared	Dividend		Date Approved By BSP	Date Paid	Nature of Securities
	Per Share	Total Amount			
10.30.07	0.1829	P15.054	01.04.08	01.10.08	Preferred stock
01.28.08	0.1740	14.945	04.04.08	04.17.08	Preferred stock
07.30.07	-	207.573	04.04.08	04.25.08	Hybrid Tier 1 securities
03.31.08	0.1177	10.671 *	06.19.08	07.03.08	Preferred stock
03.31.08	0.4800	462.165	06.19.08	06.30.08	Common stock

03.31.08	0.4800	41.248	06.19.08	06.30.08	Preferred stock
06.30.08	0.1227	10.545	pending		Preferred stock

* Inclusive of P554 thousand additional cash dividends to holders of convertible preferred stock booked on July 3, 2008, payment date of said dividends.

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the quarter ended June 30, 2008 (in millions).

	Retail Banking Group	Corporate Banking Group	Financial Markets Group	Others	Total
Results of Operations					
Net interest income	1,680	959	334	(43)	2,930
Non-interest income	1,179	892	155		2,226
Total revenue	2,859	1,851	489	(43)	5,156
Noninterest expense	1,848	295	125	1,135	3,403
Income (loss) before Income tax	1,011	1,556	364	(1,178)	1,753
Income tax provision				225	225
Net income (loss)	1,011	1,556	364	(1,403)	1,528

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Changes in Composition of the Issuer During the Interim Period. During the interim period, except for the acquisition of majority of the outstanding stock of Merchants Savings and Loan Association, Inc. (Merchants Bank), there were no changes in the composition of the issuer including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

The BSP approved the Bank's proposed acquisition of 96.38% of the equity of Merchants Bank, a thrift bank, on May 15, 2008. Under the terms of the BSP approval, RCBC would upgrade 20 of the 21 thrift bank licenses of Merchants Bank into universal bank branch licenses and transfer Merchants Bank's Head Office (HO) and HO branch from Makati City to Koronadal City, South Cotabato.

To date, one (1) branch of Merchants Bank has been converted as a universal bank branch, i.e., MB-Molino branch to RCBC-Bacoor Business Center.

Changes in Contingent Liabilities or Contingent Assets. There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date except for the reclassification of certain contingent accounts based on the BSP's latest classification as mentioned in the footnotes after commitments and contingencies.

Material Contingencies and Any Other Events or Transactions. There exists no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Performance

	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Return on Average Assets (ROA) ^{1/}	1.27% *	1.42%	1.08% *	1.04%
	0.64%		0.54%	
Return on Average Equity (ROE) ^{2/}	11.27% *	12.43%	8.40% *	7.26%
	5.64%		4.20%	
BIS Capital Adequacy Ratio ^{3/}	20.97%	18.70%	20.94%	18.21%
Non-Performing Loans (NPL) Ratio ^{4/}	3.89%	5.27%	4.11%	6.12%
Non-Performing Assets (NPA) Ratio ^{5/}	5.98%	6.85%	4.24%	5.20%
Earnings per share (EPS) ^{6/}				
Basic	2.65*	2.93	1.72*	1.53
Diluted	2.57*	2.84	1.67*	1.48

* Annualized

^{1/} Average assets for the consolidated and parent ratios were computed based on the 6-month average of end of month balances of total assets. Unaudited net income for the 6-month period ended June 30, 2008 in the amount of P1.528 billion and P1.083 billion represented the consolidated and parent net income, respectively.

^{2/} Average equity for the consolidated and parent ratios were, likewise, computed based on the 6-month average of end of month balances. Unaudited net income for the 6-month period ended June 30, 2008 in the amount of P1.528 billion and P1.083 billion represented the consolidated and parent net income, respectively. Ratio computed based on net income after HTI dividends.

^{3/} Risk-based capital adequacy ratio was determined based on BSP Circular No. 538 and covers combined credit risk, market risk and operational risk.

^{4/} Non-performing loans (NPLs) were net of accounts fully provided with valuation reserves.

^{5/} NPLs net of accounts fully provided with allowance for losses plus gross ROPOA

^{6/} Total weighted average number of issued and outstanding common shares (diluted) as of June 30, 2008 – 992,675,333 shares; as of December 31, 2007 – 909,324,962 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

RCBC SAVINGS BANK		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	1.74% *	1.73%
Return on Average Equity (ROE)	13.39% *	14.99%
BIS Capital Adequacy Ratio (CAR)	15.18%	15.36%
Non-Performing Loans (NPL) Ratio	3.15% *	3.49%
Non-Performing Assets (NPA) Ratio	13.52% *	12.11%
Earnings per share (EPS)	23.69*	33.09

RCBC CAPITAL CORPORATION and Subsidiaries		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	3.34% *	16.02%
Return on Average Equity (ROE)	5.02% *	21.16%
BIS Capital Adequacy Ratio (CAR)	33.04%	28.27%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	2.21*	10.46

RCBC FOREX BROKERS CORPORATION		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	17.88% *	15.79%
Return on Average Equity (ROE)	33.41% *	26.40%
Capital to Total Assets	53.92%	55.90%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	152.42*	110.47

RCBC INTERNATIONAL FINANCE LIMITED		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	(4.65%) *	1.25%
Return on Average Equity (ROE)	(5.04%) *	1.36%
Capital to Total Assets	93.21%	91.49%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	(3.45) *	1.00

RCBC CALIFORNIA INTERNATIONAL, INC. and Subsidiary		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	(13.47%) *	4.85%
Return on Average Equity (ROE)	(49.50%) *	14.58%
Capital to Total Assets	31.36%	27.49%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	(33.40) *	11.02

RCBC TELEMONEY EUROPE S.P.A.		
in Php	Unaudited	Audited
	June 30, 2008	2007
Return on Average Assets (ROA)	**	2.66%
Return on Average Equity (ROE)	**	13.07%
Capital to Total Assets	26.49%	27.82%
Non-Performing Loans (NPL) Ratio	-	-

Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	**	8.15

* Annualized

** Statement of Income and Expenses for the period ended June 30, 2008 not available

30 June 2008 vs. 31 December 2007

At the end of the first semester of 2008, total consolidated resources stood at P255.253 billion, 6.76% higher than the yearend level of P239.098 billion.

The P16.155 billion improvement in total assets was mainly due to the increases in loans and receivables-net, deposits with Bangko Sentral, deposits with other banks, and bank premises, furniture, fixtures and equipment-net of 22.20%, 21.03%, 15.91%, and 10.16%, respectively. However, the substantial decreases in financial assets at fair value through profit or loss (FVPL), available for sale (AFS) securities and cash and other cash items of 30.95%, 20.85% and 5.88%, respectively, neutralized these mentioned increases.

Accounting for 56.11% of total assets, loans and receivables-net grew 22.20% largely due to the higher interbank loans outstanding during the period. Total loan portfolio also expanded though at a much slower pace. Deposits with Bangko Sentral, representing 8.35% of total resources, went up by P3.704 billion mainly on account of the higher reserve requirement corresponding to the growth in deposit liabilities and investment in the Bangko Sentral's Special Deposit Account (SDA). The SDA is a borrowing facility of the Bangko Sentral whereby it borrows money from banks or financial institutions that have quasi-banking licenses. Interest rates are subject to tiering per volume and term is from 2 weeks to 6 months.

Similarly, deposits with other banks expanded by 15.91% as excess funds were channeled to interest earning assets. The 10.16% increase in bank premises, furniture, fixtures and equipment was on account of the physical renovation of existing and/or relocated business centers as well as the acquisition of additional computer equipment to replace obsolete and outmoded ones.

Cash and other cash items dropped 5.88% from P5.876 billion to P5.530 billion primarily due to the lower funding requirements for deposit withdrawals. Excess funds were, likewise, shifted to interest earning assets. Hence, deposits with other banks grew from P4.745 billion to P5.500 billion this period.

Investment securities consisting of FVPL and AFS securities, 2.69% and 16.94% of total resources, respectively, substantially declined by P3.083 billion or by 30.95% and P11.388 billion or by 20.85%, respectively, mainly on account of the sale of foreign currency denominated ROPs and other securities inclusive of unamortized discount and the impact of the decline in unrealized marked-to-market gains. The staggered maturity of the investment assets corresponding to the Bank's Capital Notes further caused the sharp drop in FVPL securities.

Total interest bearing liabilities of P216.723 billion, consisting of deposit liabilities, bills payable, bonds payable and unsecured subordinated debt, went up by P17.165 billion, from P199.558 billion. The P7.0 billion unsecured subordinated notes eligible as lower tier 2 capital issued in late February 2008 and the 5.43% expansion in low cost deposits generated, particularly

savings deposits that grew 8.21%, during the period mainly accounted for the 8.60% growth in interest earning liabilities.

Bills payable grew by P1.400 billion or by 10.92% due to higher foreign currency denominated borrowings and higher borrowings of the consolidated subsidiaries this period. Similarly, subordinated debt went up to P11.343 billion, from P5.158 billion, on account of the proceeds of the P7.0 billion unsecured subordinated debt issued in February. Outstanding acceptances payable increased by 27.35%, or from P235 million to P299 million on account of the higher volume of import bills acceptances under usance that were negotiated during the period.

Other liabilities, likewise, grew by 22.92% to P7.894 billion on account of higher balances of payment orders payable, guaranty deposits, accounts payables and miscellaneous liabilities. Due to other banks, on the other hand, dropped 88.59% from P775 million to P88 million largely attributable to the lower credit balances, which are temporary in nature, of working funds maintained with local and foreign correspondent banks. These accounts are funded by inward remittances subject to drawing through payment order.

Total liabilities accounted for 89.39% of total resources. At 72.67% of total assets, total deposit liabilities of P185.486 billion is the Bank's main source of funding, particularly savings and time deposits which comprised 28.31% and 40.04%, respectively, of total resources. Bills payable, a major source of funding for liquidity purposes, comprise 5.57% of total assets.

The Bank's capital funds, excluding minority interest and representing 10.59% of total resources, stood at P27.034 billion at the end of the first semester of 2008. Surplus account was 8.34% higher on account of the P1.528 billion net profits generated during the first six months of the year and partially reduced by the cash dividends paid to holders of convertible preferred shares, common shares and hybrid capital securities.

Revaluation reserves on AFS securities went down to negative P1.840 billion from P1.039 billion primarily on account of the sale/disposition of AFS securities that decreased by P11.388 billion during the period and unrealized MTM losses brought about by higher average interest rates during the period. Accumulated translation adjustment went up by P32 million or by 49.74% as the peso continued its slide during the period. The peso – dollar exchange rate closed at P44.90 at end June 2008, 8.77% weaker than yearend's P41.28. The year to date average exchange rate was pegged at P41.88, a 12.27% appreciation from the previous year's P47.74 to the US dollar.

Minority interest improved from negative P312 million to P58 million on account of the significant decrease in minority stockholders' ownership in Bankard and the improved results of the subsidiaries that are not wholly owned.

There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on Bank's liquidity.

30 June 2008 vs. 30 June 2007

RCBC posted net profits of P1.528 billion for the first semester of 2008, P281 million or 15.52% lower than the P1.808 billion net income reported for the same period last year. Operating results for the first semester of 2008 was a reflection of the continued effects of the

slowing economy reeling not only from external factors like the impact of the US sub-prime mortgage problems but also from internal factors such as the controversies hounding the government.

Net interest income, representing 42.07% of gross revenues, dropped 8.72% from P4.440 billion to P4.052 billion resulting from the increasingly challenging environment of lower spreads and higher carrying costs. Net income of P1.528 billion accounted for 15.86% of gross revenues during the period.

Although interest income went down by 3.41%, interest earned from deposits with banks and from the higher balances of its reserve deposit account (RDA) with the Bangko Sentral improved by 10.67% from P331 million. In contrast, interest expense moved up 3.75%, from P3.296 billion to P3.420 billion, due to the 11.32% increase in interest expense on deposit liabilities corresponding to the higher level of deposits generated. Interest rates was also higher year on year as the benchmark 91-day Treasury Bills averaged 3.67% this period, increasing 53 basis points from the previous year's 3.14%. This was, however, neutralized by the 8.21% decrease in interest expense on bills payable and other borrowings.

Interest income of P7.472 billion, accounting for 77.58% of gross income, comprised of interest income from loans and receivables and investment securities that accounted for 49.85% and 23.92%, respectively, of total profits. Total interest expense at 35.50% of total income consisted of interest on deposit liabilities and bills payable and other borrowings, representing 23.33% and 12.17% of gross revenues, respectively.

At P444 million, provisioning for impairment losses this period was 57.50% lower year on year as the quality of Bank's assets continued to improve. Strict monitoring and evaluation of accounts are carried out to ensure that the turnover rate of existing and potential accounts turning sour is low.

Comprising 22.42% of gross revenues, other income of P2.160 billion went down by 22.07% year on year mainly due to the decreases in trading and securities-net and service fees of 105.10% and 11.06%, respectively. The highly volatile and unfavorable global markets have reduced earnings opportunities from trading gains. Nonetheless, these decreases were partially offset by the substantial increases in foreign exchange gains (losses)-net, commissions and other income and trust fees of 177.83%, 114.57% and 18.98%, respectively. The sale of the Bank's Ayala Avenue property to Valparaiso I Land Holdings, Inc. in March 2008 caused the considerable increase in commissions and other income. Service fees and commissions and other income comprised 7.54% and 12.15%, respectively, of total profits.

Other operating expenses of P3.831 billion, representing 39.78% of gross income, was 4.16% lower year on year. In spite of the impact of soaring oil prices and uncertainties in both local and global economies that pushed prices and the costs of doing business upward, management's prudence and efficient monitoring and management of costs and expenses resulted in the containment and contraction of operating expenses. Though taxes and licenses, depreciation and amortization and occupancy and equipment-related expenses went up by 31.08%, 11.08% and 5.52%, respectively, these was neutralized by the 21.57% reduction in miscellaneous expenses. With the continued thrust to provide new and improved products and services, investments in information technology are on going. Additionally, renovation and improvement of existing physical facilities are currently being undertaken. Hence, depreciation and amortization expenses are higher this period. Employee benefits, occupancy and equipment-

related expenses, taxes and licenses and miscellaneous expenses represented 12.88%, 7.34%, 5.90% and 11.85%, respectively, of total revenues.

The provision for tax expense rose from P350 million or by 12.16%, as a large portion of revenues were subjected to final taxes withheld at source. Minority interest in net income increased from P11 million to P17 million, or by 55.94%, due to the continued improvement in the profitability of Bank's not wholly owned subsidiaries.

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

Commitments and Contingent Liabilities

To date, the Bank has no material commitment for capital expenditures.

Likewise, in the normal course of operations of the Bank, there are various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect its operations.

Several suits and claims also remain unsettled. Management is of the opinion that even if these are decided adversely, it will not involve sums that would have material effect on its financial position or operating results.

The following is a summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts as of June 30, 2008 and December 31, 2007:

	Consolidated			Parent		
	Unaudited	Audited		Unaudited	Audited	
Trust department accounts	51,815,421	53,627,739		49,236,335	49,552,269	
Derivatives	26,751,343	27,448,053	^{1/}	26,751,343	27,447,557	^{1/}
Financial standby letters of credit	3,215,025	6,792,708	^{2/}	3,215,025	6,792,708	^{2/}
Performance standby letters of credit	-	-	^{2/}	-	-	^{2/}
Commercial letters of credit	2,595,746	-	^{2/}	2,595,746	-	^{2/}
Trade related guarantees	151,816	-	^{2/}	151,816	-	^{2/}
Spot foreign exchange contracts	9,184,974	3,842,194	^{3/}	9,184,974	6,376,768	^{3/}
Guarantees issued	2,933,113	3,154,313		2,933,113	516,108	
Others	5,208,800	3,362,150	^{4/}	5,166,747	3,393,859	^{4/}

^{1/} Includes both Forward exchange bought and sold.

^{2/} Previously classified as Unused commercial letters of credit now broken down into four (4) categories/classification.

^{3/} Includes both Spot exchange bought and sold.

^{4/} Includes Inward and outward bills for collection, Late deposits/payments received, Traveler's check unsold and Items held for safekeeping.

Derivatives includes the Parent Company's outstanding long-term cross currency swap contracts where it sells US dollar and buys Philippine peso, with an aggregate notional amount of P5.0 billion as of June 30, 2008.

To the knowledge and / or information of the Bank, there are no events that will trigger a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Similarly, there were no significant elements of income or loss that did not arise from the Bank's continuing operations.

Lastly, there were no seasonal aspects that have a material effect on the financial condition or results of operation of the Bank.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

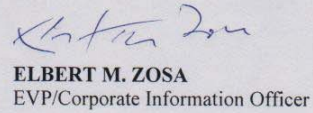
Date **August 14, 2008**



LORENZO V. TAN
President & CEO



MA. TERESITA A. NUÑEZ
EVP/Head- Controffership Group



ELBERT M. ZOSA
EVP/Corporate Information Officer

Date **August 14, 2008**

RIZAL COMMERCIAL BANKING CORPORATION & SUBSIDIARIES

Aging of Accounts Receivable

As of June 30, 2008

	Total	1-90 days	91-180 days	181-1 year	more than 1 Year	Past Due accounts & Item in Litigation
a) Trade Receivables	9	9	-			
Less: Allow For Doubtful Acct.	-					
Net Trade Receivable	9	9	-	-	-	-
b) Non-Trade Receivables	1,369,682	523,184	17,550	72,984	419,700	336,264
Less: Allow For Doubtful Acct.	336,264					336,264
Net Non-Trade Receivable	1,033,418	523,184	17,550	72,984	419,700	-
Net Receivables (a + b)	<u>1,033,427</u>					

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection in this schedule may be changed to appropriately reflect the Company's actual collection period.