

SEC Number 17514  
PSE Code BA-080  
File Number \_\_\_\_\_

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**RIZAL COMMERCIAL BANKING  
CORPORATION AND SUBSIDIARIES**

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(Company's Full Name)

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

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(Company's Address)

**894-9000**

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(Telephone Number)

**March 31, 2009**

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(Fiscal Quarter Ending)

**SEC FORM 17-Q**

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Form Type

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Amendment Designation (if applicable)

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Period Ended Date

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(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 March 31, 2009  
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	870,421,715 (as of 03/31/09)

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 ( )

## **TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
<b>PART I – FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	1
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	5
<b>PART II – OTHER INFORMATION</b>	
<b>SIGNATURES</b>	14
<b>Aging of Accounts Receivables</b>	15

**PART I - FINANCIAL INFORMATION**

Item 1. Financial Statements <sup>1/</sup>

**RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CONDITION**

(Amounts in Thousand)

		(Unaudited) March 31 2009		(Audited) December 31, 2008
<b>ASSETS</b>				
Cash and Other Cash Items	P	4,952,883	P	6,807,939
Due From Bangko Sentral ng Philipinas		18,373,886		16,390,973
Due From Other Banks		4,786,169		4,862,225
Investment Securities				
Financial Assets at Fair Value Through Profit or Loss		7,373,126		3,437,138
Held-to-Maturity Investments		20,598,756		20,673,614
Available for Sale Securities		34,180,382		22,700,044
Loans and Receivables, net		149,945,583		164,402,907
Investments in Subsidiaries and Associates, net		4,510,161		4,294,182
Bank Premises, Furniture, Fixtures & Equipment, net		4,100,590		4,029,769
Investment Property, net		4,905,068		7,387,613
Deferred Tax Assets		1,409,567		1,391,709
Other Resources, net		11,085,167		11,892,093
<b>TOTAL RESOURCES</b>	<b>P</b>	<b>266,221,338</b>	<b>P</b>	<b>268,270,206</b>
<b>LIABILITIES AND CAPITAL FUNDS</b>				
<b>Deposit Liabilities</b>				
Demand Deposits	P	11,016,544	P	11,125,069
Savings Deposits		79,466,751		75,738,446
Time Deposits		110,029,025		109,363,471
<b>Total Deposit Liabilities</b>	<b>P</b>	<b>200,512,321</b>	<b>P</b>	<b>196,226,986</b>
Bills Payable		16,463,234		21,452,609
Bonds Payable		6,105,142		6,002,821
Outstanding Acceptances Payable		301,420		318,908
Due to Other Banks		1,452		1,452
Accrued Taxes, Interest and Other Expenses Payable		2,763,033		2,787,456
Other Liabilities		5,523,535		6,901,351
Subordinated Debt		6,944,924		6,941,899
<b>TOTAL LIABILITIES</b>	<b>P</b>	<b>238,615,061</b>	<b>P</b>	<b>240,633,482</b>
<b>Capital Funds</b>				
<b>Attributable to Parent Company Shareholders:</b>				
Preferred Stock		859,335		859,335
Common Stock		9,628,430		9,628,430
Hybrid Perpetual Securities		4,883,139		4,883,139
Capital Paid in Excess of Par		5,571,906		5,571,906
Treasury Shares, at Cost		(1,594,246)		
Revaluation Reserves on Available-for-sale Securities		(808,127)		(1,568,758)
Revaluation Increment in Property of an Associate		28,840		28,243
Accumulated Translation Adjustment		116,016		83,889
Reserve for Trust Business		276,973		276,973
Other Reserves		(240,889)		(240,889)
Share in Additional Paid-in Capital of an Associate		532,583		532,583
Surplus		8,394,572		7,626,144
		27,648,533		27,680,995
Minority Interest		(42,256)		(44,271)
<b>TOTAL CAPITAL FUNDS</b>		<b>27,606,277</b>		<b>27,636,724</b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>P</b>	<b>266,221,338</b>	<b>P</b>	<b>268,270,206</b>

<sup>1/</sup> 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

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

(Amounts in Thousand except for earnings per share)

	Jan. 1 to Mar. 31 2009	Jan. 1 to Mar. 31 2008
<b>INTEREST INCOME ON</b>		
Loans and receivables	P 3,041,511	P 2,310,704
Investment securities	1,027,286	1,179,429
Others	220,520	185,795
	<u>4,289,317</u>	<u>3,675,928</u>
<b>INTEREST EXPENSE ON</b>		
Deposit liabilities	1,414,256	1,100,688
Bills payable and other borrowings	525,582	552,227
	<u>1,939,838</u>	<u>1,652,915</u>
<b>NET INTEREST INCOME</b>	2,349,479	2,023,013
<b>IMPAIRMENT LOSSES</b>	238,461	193,422
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<u>2,111,018</u>	<u>1,829,591</u>
<b>OTHER OPERATING INCOME</b>		
Trading and securities gain-net	232,749	(178,978)
Service fees	347,472	336,745
Foreign exchange gains (losses)-net	80,484	(11,640)
Trust fees	44,753	49,727
Commissions and other income	423,389	1,043,664
	<u>1,128,847</u>	<u>1,239,518</u>
<b>OTHER OPERATING EXPENSES</b>		
Employee benefits	674,463	604,190
Occupancy & equipment-related	411,553	315,829
Taxes & Licenses	302,053	301,359
Depreciation and amortization	114,793	85,592
Miscellaneous	749,657	688,338
	<u>2,252,519</u>	<u>1,995,308</u>
<b>INCOME BEFORE TAX</b>	987,346	1,073,801
<b>TAX EXPENSE</b>	205,367	226,779
<b>NET INCOME</b>	<u>781,979</u>	<u>847,022</u>
<b>NET INCOME ATTRIBUTABLE TO MINORITY INTEREST</b>	<u>2,235</u>	<u>74,128</u>
<b>NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<u>779,744</u>	<u>772,894</u>
<b>Earnings per Share</b>		
Basic	<u>0.67</u>	<u>0.66</u>
Diluted	<u>0.65</u>	<u>0.64</u>

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

	Unaudited Jan. 1 to Mar. 31 2009 (03.31.09 vs. 12.31.08)	Unaudited Jan. 1 to Mar. 31 2008 (03.31.08 vs. 12.31.07)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	P 987,346	P 1,073,801
Adjustments for:		
Impairment losses	238,461	193,422
Depreciation and amortization	114,793	85,592
Amortization of deferred charges	13,638	10,934
Equity in net earnings of associates	(110,531)	(144,729)
Operating income before working capital changes	1,243,706	1,219,020
Decrease (Increase) in financial assets at fair value through profit and loss	(3,935,988)	(1,578,184)
Decrease (Increase) in loans and receivables	14,218,863	(1,015,035)
Decrease (Increase) in investment property	2,482,545	620,114
Decrease (Increase) in other resources	850,509	(340,463)
Increase (Decrease) in deposit liabilities	4,285,335	(13,932,298)
Increase (Decrease) in outstanding acceptances payable	(17,488)	223,002
Increase (Decrease) in due to other banks	-	(760,395)
Increase (Decrease) in accrued taxes, interest and other expenses	(684,756)	(456,507)
Increase (Decrease) in other liabilities	(1,272,471)	372,971
Cash generated from (used in) operations	17,170,256	(15,647,775)
Cash paid for taxes	454,966	(130,299)
Net Cash From (Used in) Operating Activities	17,625,222	(15,778,074)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in available-for-sale securities	(10,720,146)	7,944,964
Acquisitions of bank premises, furniture, fixtures and equipment (net)	(185,614)	(157,098)
Cash dividends received	116,969	-
Decrease (increase) in investments in subsidiaries and associates	(189,693)	1,525
Proceeds from disposals of bank premises, furniture, fixtures and equipment	-	-
Net Cash From (Used in) Investing Activities	(10,978,484)	7,789,391
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from (payments of) bills payable	(4,989,375)	954,235
Purchase of Treasury shares	(1,594,246)	-
Net proceeds from issuance of subordinated debt	-	6,863,812
Dividends paid	(11,317)	(15,053)
Redemption of bonds payable	-	(375,463)
Issuance of common shares	-	-
Net Cash From (Used in) Financing Activities	(6,594,938)	7,427,531
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	51,799	(561,152)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	6,807,939	5,875,727
Due from Bangko Sentral ng Pilipinas	16,390,973	17,611,380
Due from other banks	4,862,225	4,744,925
	28,061,137	28,232,032
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash and other cash items	4,952,883	5,691,098
Due from Bangko Sentral ng Pilipinas	18,373,886	18,811,105
Due from other banks	4,786,169	3,168,675
	P 28,112,938	P 27,670,878

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

	Unaudited Jan. 1 to Mar. 31 2009	Unaudited Jan. 1 to Mar. 31 2008
<b>ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		
<b>PREFERRED STOCK</b>		
Balance, beginning	P 859,335	P 859,512
Issuance (Conversion) of preferred stock	-	(10)
Balance, end	<u>859,335</u>	<u>859,502</u>
<b>COMMON STOCK</b>		
Balance, beginning	9,628,430	9,628,369
Conversion of preferred stock to common stock	-	3
Issuance of common stock	-	-
Balance, end	<u>9,628,430</u>	<u>9,628,372</u>
<b>HYBRID PERPETUAL SECURITIES</b>	<u>4,883,139</u>	<u>4,883,139</u>
<b>CAPITAL PAID IN EXCESS OF PAR</b>		
Balance, beginning	5,571,906	5,571,793
Conversion of preferred stock to common stock	-	5
Issuance of common stock	-	-
Balance, end	<u>5,571,906</u>	<u>5,571,798</u>
<b>TEASURY SHARES, At Cost</b>	<u>(1,594,246)</u>	<u>-</u>
<b>REVALUATION RESERVE ON AVAILABLE-FOR-SALE SECURITIES</b>		
Balance, beginning	(1,568,758)	1,039,358
Fair value gains (losses) on available-for-sale securities, net of tax	760,631	(980,356)
Balance, end	<u>(808,127)</u>	<u>59,002</u>
<b>REVALUATION INCREMENT IN PROPERTY OF AN ASSOCIATE</b>	<u>28,840</u>	<u>-</u>
<b>ACCUMULATED TRANSLATION ADJUSTMENTS</b>		
Balance, beginning	83,889	63,937
Translation adjustment during the period	32,127	10,522
Balance, end	<u>116,016</u>	<u>74,459</u>
<b>RESERVE FOR TRUST BUSINESS</b>		
Balance, beginning	276,973	258,348
Transfer from surplus free	0	4,989
Balance, end	<u>276,973</u>	<u>263,337</u>
<b>OTHER RESERVES</b>	<u>(240,889)</u>	<u>-</u>
<b>SHARE IN ADDITIONAL PAID-IN CAPITAL OF AN ASSOCIATE</b>	<u>532,583</u>	<u>532,583</u>
<b>SURPLUS FREE</b>		
Balance, beginning		6,495,022
As previously stated	7,626,144	-
Prior period adjustments	-	-
Net income	779,744	772,894
Cash dividends on common shares	-	-
Cash dividends on preferred shares	(11,317)	(15,053)
Stock dividend	-	-
Dividends on Hybrid Capital Securities	-	-
Transfer to reserves for trust business	-	(4,989)
Balance, end	<u>8,394,571</u>	<u>7,247,874</u>
<b>ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<u>27,648,532</u>	<u>29,120,067</u>
<b>MINORITY INTEREST</b>		
Balance, beginning	(44,271)	(311,669)
Fair value gains (losses) on available-for-sale securities, net of tax	(220)	36,662
Decrease in share of losses due to dilution	-	-
Increase in minority interest due to acquisition of a new subsidiary	-	-
Net Income (loss) for the year	2,235	74,128
Balance, end	<u>(42,256)</u>	<u>(200,879)</u>
<b>TOTAL CAPITAL FUNDS</b>	<u>P 27,606,276</u>	<u>P 28,919,187</u>

## 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.** The BSP approved on April 2, 2009 the P4.0 billion unsecured subordinated debt which will be issued on May 15, 2009. The notes qualify as lower tier 2 capital and have a call option after the fifth year, giving the Bank the right but not the obligation to redeem the notes on that year. The notes will bear interest at the rate of 7.75% per annum payable quarterly in arrears at the end of each interest period from the issuance date. The notes are due 2019 unless redeemed after the fifth year.

**Dividends Paid for Ordinary or Other Shares.** In its meeting held on March 31, 2009, the Board of Directors approved the declaration and payment of cash dividends, subject to Bangko Sentral approval, amounting to P0.306 per share or approximately P320.929 million payable to holders of Common Class shares, and approximately P7.078 million payable to holders of Preferred Class shares.

The Board also approved on January 26, 2009 the declaration and payment of cash dividends for the Bank's convertible preferred shares amounting to P0.0881 (US\$0.0019) per share or a total of approximately P7.573 million (US\$159 thousand @ P47.52), which was approved by Bangko Sentral on April 16, 2009. The cash dividend is payable to holders of convertible preferred shares as of March 21, 2009.

The details of the first quarter 2009 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			
09.29.08	0.1331	P11.317	02.10.09	02.23.09	Preferred stock
09.29.08		239.123	04.16.09	04.24.09	Hybrid Tier 1 securities
01.26.09	0.0881	7.573	04.16.09	05.08.09	Preferred stock
03.30.09	0.0824	7.078	Pending		Preferred stock
03.30.09	0.3060	320.929	Pending		Common & Preferred

**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 March 31, 2009 (in millions).

	<b>Retail Banking Group</b>	<b>Corporate Banking Group</b>	<b>Treasury / Trust</b>	<b>Others</b>	<b>Total</b>
<b>Results of Operations</b>					
Net interest income	1,108	388	71	(33)	1,534
Non-interest income	535	197	277	96	1,105
Total revenue	1,643	585	348	63	2,639
Non-interest expense	1,137	177	92	330	1,736
Income (loss) before Income tax	506	408	256	(267)	903
Income tax provision				123	123
Net income (loss)	506	408	256	(390)	780

**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, RCBC acquired J.P. Laurel Rural Bank on February 13, 2009. On March 13, 2009, the Bank purchased 92,421,320 RCBC common shares and 18,082,311 convertible preferred shares of Spinnaker Group. Out of the total shares, 41,993,389 common shares were exchanged for a 5.64% equity stake in MICO Equities.

**Changes in Contingent Liabilities or Contingent Assets.** There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**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**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Return on Average Assets (ROA) <sup>1/</sup>	1.16% *	0.87%	0.93% *	0.56%
	0.29%		0.23%	
Return on Average Equity (ROE) <sup>2/</sup>	11.46% *	7.40%	8.21% *	3.56%
	2.86%		2.05%	
BIS Capital Adequacy Ratio <sup>3/</sup>	17.02%	17.30%	15.73%	16.28%

Non-Performing Loans (NPL) Ratio <sup>4/</sup>	2.87%	2.42%	2.83%	2.54%
Non-Performing Assets (NPA) Ratio <sup>5/</sup>	3.93%	4.83%	3.33%	3.32%
Earnings per share (EPS) <sup>6/</sup>				
Basic	2.70 *	1.72	1.64 *	0.70
Diluted	2.61 *	1.66	1.58 *	0.67

\* Annualized

<sup>1/</sup> Average assets for the consolidated and parent ratios were computed based on the 3-month average of end of month balances of total assets. Unaudited net income for the 3-month period ended March 31, 2009 in the amount of P780 million and P524 million represented the consolidated and parent net income, respectively.

<sup>2/</sup> Average equity for the consolidated and parent ratios were, likewise, computed based on the 3-month average of end of month balances. Unaudited net income for the 3-month period ended March 31, 2009 in the amount of P780 million and P524 million represented the consolidated and parent net income, respectively.

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

<sup>4/</sup> Non-performing loans (NPLs) were net of accounts fully provided with valuation reserves.

<sup>5/</sup> NPLs net of accounts fully provided with allowance for losses plus gross ROPA

<sup>6/</sup> Total weighted average number of issued and outstanding common shares (diluted) as of March 31, 2009 – 993,060,855 shares; as of December 31, 2008 – 999,343,666 shares.

### Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

<b>RCBC SAVINGS BANK</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	1.68% *	1.75%
Return on Average Equity (ROE)	13.04% *	13.59%
BIS Capital Adequacy Ratio (CAR)	15.50%	14.80%
Non-Performing Loans (NPL) Ratio	2.98% *	2.35%
Non-Performing Assets (NPA) Ratio	8.69% *	14.59%
Earnings per share (EPS)	25.85*	25.14

<b>RCBC CAPITAL CORPORATION and Subsidiaries</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	5.76% *	17.43%
Return on Average Equity (ROE)	7.55% *	22.72%
BIS Capital Adequacy Ratio (CAR)	39.84%	30.81%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	3.23*	9.91

<b>RCBC FOREX BROKERS CORPORATION</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	13.86%*	12.80%
Return on Average Equity (ROE)	29.97%*	26.86%
Capital to Total Assets	49.01%	43.61%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	133.94*	118.99

<b>RCBC INTERNATIONAL FINANCE LIMITED</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	12.31%*	-2.69%
Return on Average Equity (ROE)	13.12%*	-2.87%
Capital to Total Assets	95.40%	92.22%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	9.79*	(2.05)

<b>RCBC CALIFORNIA INTERNATIONAL, INC. and Subsidiary</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	-25.47%*	-16.33%
Return on Average Equity (ROE)	-136.37%*	-62.86%
Capital to Total Assets	21.82%	16.15%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	(56.60)*	(35.46)

<b>RCBC TELEMONEY EUROPE S.P.A.</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	**	-11.77%
Return on Average Equity (ROE)	**	-83.10%
Capital to Total Assets	-2.17%	11.95%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	**	(75.14)

<b>BANKARD</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	15.40%*	34.46%
Return on Average Equity (ROE)	19.56%*	42.20%
Capital to Total Assets	85.75%	72.47%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per share (EPS)	53.05*	138.03

<b>MERCHANTS BANK</b>		
<b>in Php</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>2008</b>
Return on Average Assets (ROA)	2.07% *	-23.58%
Return on Average Equity (ROE)	2.12% *	-32.66%
Capital to Total Assets	97.95%	97.10%
Non-Performing Loans (NPL) Ratio	1.99% *	3.52%
Non-Performing Assets (NPA) Ratio	0.37% *	0.37%
Earnings per share (EPS)	0.85*	(16.85)

\* Annualized

\*\* Statement of Income and Expenses for the period ended March 31, 2009 not available

### **31 March 2009 vs. 31 December 2008**

Consolidated total resources for the quarter ended March 31, 2009 stood at P266.221 billion, P2.049 billion lower than yearend's P268.270 billion.

Cash and other cash items declined by 27.25% from P6.808 billion to P4.953 billion as a result of a shift to interest earning assets and a more efficient management of CIV levels. Consequently, Due from BSP, representing 6.90% of total assets, recorded a 12.10% growth from P16.391 billion to P18.374 billion coming from the Bank's cash account.

Loans and receivables-net went down by 8.79%, from P164.403 billion to P149.946 billion largely due to the lower interbank loans outstanding during the period. Loans and receivables-net accounted for 56.32% of total resources.

Financial assets at fair value through profit or loss increased by 114.51%, from P3.437 billion to P7.373 billion due to better trading opportunities offered by the falling interest rate environment. Available for sale (AFS) securities posted a 50.57% growth from P22.700 billion to P34.180 billion as proceeds from the low-yielding interbank loans were re-allocated to higher-yielding securities in light of better financial market conditions. Investment securities accounted for 23.35% of total resources. Of total investment securities, AFS and Held-to-Maturity securities accounted for 12.84% and 7.74%, respectively, of total assets.

Investments in subsidiaries and associates, net went up by 5.03%, from P4.294 billion to P4.510 billion on account of better performance by the subsidiaries for this period and the acquisition of JP Laurel Bank. Investment property, net decreased by 33.60%, from P7.388 billion to P4.905 billion mainly due to the Bank's aggressive disposition and/or sale of acquired real estate properties.

Other resources-net decreased by 6.79%, from P11.892 billion to P11.085 billion due to amortization of Deferred Charges-SPV and significant decrease in foreign currency notes and coins on hand.

Bills payable contracted by 23.26% from P21.453 billion to P16.463 billion due to maturities during the period. Bills payable represented 6.18% of total resources. Outstanding acceptances payable decreased by 5.48% from P319 million to P301 million on account of a lower volume of import bills acceptances under usance that were negotiated during the period. Other liabilities shrunk by 19.96% from P6.901 billion to P5.524 billion on account of decreases in accounts payable by P842 million and bills purchase-contra account by P487 million.

Savings deposits and time deposits represented 29.85% and 41.33%, respectively, of total resources. Overall, total deposit liabilities reached P200.512 billion and accounted for 75.32% of total resources.

Total liabilities reached P238.615 billion and accounted for 89.63% of total resources.

Revaluation reserves on AFS securities went up by 48.49% from negative P1.569 billion to negative P808 million primarily due to the declining interest rates leading to the appreciation of AFS securities. Accumulated translation adjustment rose by 38.30% from P84 million to P116 million due to the depreciation of the peso. The peso dollar exchange rate closed at P48.33 at end March 2009, 1.70% weaker than yearend's P47.52. The year to date average exchange rate was pegged at P47.74, a 16.92% depreciation from the previous year's P40.83 to the US dollar.

Surplus account was 10.08% higher on account of the P780 million net profits generated for the first quarter and partially reduced by the cash dividends paid to holders of convertible preferred shares. The Bank's capital, excluding minority interest, stood at P27.649 billion and accounted for 10.39% of total resources.

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

### **31 March 2009 vs. 31 March 2008**

RCBC posted a net income of P780 million in the first quarter of 2009, P7 million higher than the P773 million net income reported for the same period last year, despite a general slowdown in the economy. Net income of P780 million accounted for 14.39% of gross revenues during the period.

Net interest income, representing 43.36% of gross revenues, rose by 16.14% to P2.349 billion.

Interest income of P4.289 billion, accounting for 79.17% of gross income, mainly consisted of interest income from loans and receivables and investment securities that accounted for 56.14% and 18.96% of gross revenues, respectively. Interest income from loans went up by 31.63% to P3.042 billion mainly due to better yields and higher volume. Interest income from investment securities declined by 12.90% on account of the lower interest rate environment for the period as against the same period last year.

Total interest expense, making up 35.80% of total revenues, consisted of interest on deposit liabilities, and bills payable and other borrowings which accounted for 26.10% and 9.70% of gross revenues, respectively. Total interest expense increased by 17.36%, with interest expense on deposit liabilities rising by 28.49% mainly due to volume growth.

Provisioning for probable losses this period at P238 million was 23.29% higher year on year.

Accounting for 20.83% of gross revenues, other operating income went down by 8.93% to P1.129 billion mainly due to the following:

- 59.43% decrease in commissions and other income to P423 million from P1.044 billion which included non-recurring profit of P434 million from the sale of JAKA property
- Trust fees went down by 10.00% to P45 million
- Foreign exchange gains-net, rose by 791.44% to P80 million owing to increased volumes of trade transactions and remittances
- Trading and securities gain-net, increased by 230.04% to P233 million mainly due to improved trading opportunities caused by declining interest rates

Other operating expenses at P2.253 billion, representing 41.57% of gross revenues, was 12.89% higher year on year due to the following:

- Depreciation and amortization went up by 34.12% to P115 million mainly due to the Bank's investments in information technology to support its thrust to provide new products and services as well as improve existing ones and the establishment of additional channels to service clients' needs
- Occupancy and equipment-related costs grew by 30.31% to P412 million as a result of business expansion and conversion of Merchants Bank branches
- Manpower costs increased by 11.63% to P674 million due to additional headcount for branch expansion and other efforts
- Miscellaneous expenses went up by 8.91% to P750 million due to business expansion

Tax expense decreased by 9.44% to P205 million caused by the reduction in the corporate tax rate from 35% to 30% starting in 2009.

Minority interest in net income declined by 96.99% to P2 million primarily due to the curtailed profitability of the Bank's not wholly-owned subsidiaries for the period as against the same period last year. In addition, minority share in Bankard is lower this year at 8.31% as against 40.93% last year.

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

## **Commitments and Contingent Liabilities**

For the year, the Bank has budgeted P1.393 billion 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 March 31, 2009 and December 31, 2008:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Trust department accounts	49,219,018	46,945,928	46,790,391	45,193,199
Derivatives	29,746,553	24,776,281	29,746,553	24,776,281
Unused commercial letters of credit	5,489,113	5,646,927	5,489,113	5,646,927
Spot exchange bought	2,448,998	3,520,890	2,448,998	3,520,890
Inward bills for collection	2,238,666	1,261,327	2,238,666	1,259,476
Spot exchange sold	2,990,815	3,310,091	2,990,815	3,310,091
Outward bills for collection	412,089	412,444	411,965	412,444
Late deposits/payments received	595,531	260,874	558,896	227,892
Minimum lease rentals under non-cancellable operating lease	-	222,291	-	-
Traveler's check unsold	10,030	21,577	10,030	21,577
Items held for safekeeping	586	3,587	366	3,561

Forward exchange sold 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 P1.911 billion as of March 31, 2009.

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**

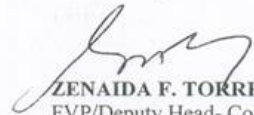
Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **May 15, 2009**



**LORENZO V. TAN**  
President & CEO



**ZENAIDA F. TORRES**  
FVP/Deputy Head- Controllership Group



**ELBERT M. ZOSA**  
EVP/Corporate Information Officer

Date **May 15, 2009**

**SIGNATURES**

**RIZAL COMMERCIAL BANKING CORPORATION & SUBSIDIARIES**  
**Aging of Accounts Receivable**  
**As of March 31, 2009**

	<b>Total</b>	<b>1-90 days</b>	<b>91-180 days</b>	<b>181-1 year</b>	<b>more than 1 Year</b>	<b>Past Due accounts &amp; Item in Litigation</b>
<b>a) Trade Receivables</b>	12,365	17	-	44	12,304	
Less: Allow For Doubtful Acct.	-					
<b>Net Trade Receivable</b>	12,365	17	-	44	12,304	-
<b>b) Non-Trade Receivables</b>	1,452,021	528,855	28,351	120,035	398,732	376,047
Less: Allow For Doubtful Acct.	376,047					376,047
<b>Net Non-Trade Receivable</b>	1,075,974	528,855	28,351	120,035	398,732	0
<b>Net Receivables (a + b)</b>	<u>1,088,339</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.*