

SEC Number 023269
File Number _____

FIRST METRO INVESTMENT CORPORATION

(Company's Full Name)

**20th Floor, GT Tower International
Ayala Avenue cor. H. V. dela Costa St., Makati City**

(Company's Address)

840 - 5751

(Telephone Number)

December 31

(Year Ending)
(month & day)

SEC Form 17 - Q

(Form Type)

Amendment Designation (If applicable)

March 31, 2008

(Period Ended Date)

IHU - GSED

(Secondary License Type and File Number)

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

FIRST METRO INVESTMENT CORPORATION **CONSOLIDATED STATEMENTS OF CONDITION**

	As of	
	March 31, 2008	December 31, 2007 <i>(Audited)</i>
ASSETS		
Cash and Other Cash Items	P 5,214,709,592	P 5,841,639,660
Due from Bangko Sentral ng Pilipinas	1,365,550,000	1,177,440,000
Loans - net	11,662,429,729	12,885,251,775
Held for Trading Securities	966,948,866	827,128,601
Held-to-Maturity Securities	3,777,708,980	3,784,582,096
Available for Sale Securities - at market	8,581,030,520	14,710,104,860
GS Purchased Under Reverse Repo w/ BSP	413,391,500	-
GS Purchased Under RRA Sold under RA	715,608,500	
Interbank Loans Receivable	310,000,000	531,000,000
Equity Investments - net	4,353,944,974	3,993,264,510
Investment Properties - net	819,025,665	868,805,110
Property and Equipment - net	51,810,858	48,880,665
Deferred Tax Assets	-	4,417,711
Other Assets - net	842,281,179	172,145,014
	P 39,074,440,363	P 44,844,660,002
LIABILITIES AND CAPITAL FUNDS		
<u>Liabilities</u>		
Bills Payable	P 30,994,538,129	P 35,760,627,875
Payable for Securities Purchased	1,887,952	
Bonds Payable	89,600,000	-
Accrued Taxes, Interest and Other Expenses	167,385,864	223,280,038
Other Liabilities	359,547,895	585,168,747
	31,612,959,840	36,569,076,660
<u>Capital Funds</u>		
Common Stock	4,208,692,400	4,208,692,400
Capital Paid in Excess of Par Value	2,065,694,042	2,065,694,042
Retained Earnings	3,611,546,559	3,403,714,155
Treasury Stocks	(2,256,151,891)	(2,256,151,891)
Net Unrealized Gain on Available for Sale Securities	(481,000,961)	504,538,078
Minority Interest	32,273,628	34,422,025
Equity in Translation Adjustments	40,262,277	58,628,327
Equity in Unrealized Gain on Available-for-Sale Investments of Associates	234,563,472	224,359,461
Revaluation Increment	5,600,998	31,686,745
	7,461,480,523	8,275,583,342
	P 39,074,440,363	P 44,844,660,002

FIRST METRO INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	For the Period Ended March 31	
	2008	2007
Investment Banking Fees	75,771,241	22,928,728
Investment Advisory Fees	316,750	
Income from Investment in Stocks	43,090,808	46,436,833
Treasury Income	695,066,825	785,499,507
Interest Income	150,347,445	201,774,311
Other Income/(Losses)	36,287,672	192,274,249
Gross Operating Income	1,000,880,741	1,248,913,628
Less: Interest/Finance Charges	357,561,323	279,437,507
Gross Operating Income before Operating Expenses	643,319,418	969,476,121
Less: Operating Expenses		
Employees' Compensation & Benefits	40,023,091	35,779,239
Management & Other Prof. Fees	2,872,429	1,885,290
Supervision Fees	2,992,004	2,785,319
Rent Expenses	5,598,454	5,841,811
Depreciation/Amortization Expenses	5,393,589	8,633,184
Representation & Travelling Expenses	2,910,367	2,649,986
Other Expenses	48,502,758	22,896,614
Total	108,292,692	80,471,443
Net Income before Taxes & Licenses	535,026,726	889,004,678
Taxes & Licenses	93,818,827	104,215,587
Net Income Before Provision for Probable Losses	441,207,899	784,789,091
Provision for Probable Losses	-	-
Net Income Before Provision for Income Tax	441,207,899	784,789,091
Provision for Income Tax	95,469,249	149,952,317
Net Income before Non-Operating Gains/(Losses)	345,738,650	634,836,774
Non-Operating Income/(Losses)	(165,509,358)	176,661,356
NET INCOME	180,229,292	811,498,130
Earnings Per Share	0.48	2.15

FIRST METRO INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL FUNDS

		As of March 31		
		2008	2007	
CAPITAL STOCK	P	4,208,692,400	P	4,208,692,400
CAPITAL PAID IN EXCESS OF PAR VALUE		2,065,694,042		2,065,694,042
RETAINED EARNINGS				
Balance at beginning of year		3,431,317,267		2,984,217,547
Net Income		180,229,292		811,498,129
Balance at end of quarter		3,611,546,559		3,795,715,676
TREASURY STOCK		(2,256,151,891)		(2,256,151,891)
EQUITY IN TRANSLATION ADJUSTMENT		40,262,277		135,807,497
EQUITY IN UNREALIZED GAIN/(LOSS) ON AFS INVESTMENTS OF ASSOCIATES		234,563,472		234,563,472
REVALUATION INCREMENT		5,600,998		5,600,998
NET UNREALIZED LOSS ON SECURITIES				
Balance at beginning of year		504,538,078		883,262,593
Unrealized gain/(loss) during the quarter		(985,539,039)		(508,251,126)
Balance at end of quarter		(481,000,961)		375,011,467
		7,429,206,896		8,564,933,661
MINORITY INTEREST		32,273,628		33,432,078
	P	7,461,480,523	P	8,598,365,739

FIRST METRO INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period ended March 31	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Income Tax	₱ 275,698,541	₱ 961,450,447
Adjustment to reconcile income before tax to net cash generated from (used) in operations:		
Interest Income	317,211,973	(632,650,153)
Interest Expense	(357,561,323)	279,437,507
(Profit)/Loss from assets sold	12,998,423	(781,045)
Depreciation and Amortization	5,393,589	8,633,184
Adjustments in RE		
Changes in operating assets and liabilities:		
Decrease/(Increase) in:		
Held for Trading Securities	(139,820,265)	550,254,340
Held-to-Maturity Securities	6,873,116	6,405,626
Available for Sale Securities	6,126,074,340	2,457,422,228
Loans	1,150,962,199	449,184,319
Other assets	(350,699,351)	(136,123,422)
Increase/(Decrease) in:		
Accrued taxes, interest & other exp.	(155,971,819)	(2,091,912)
Other liabilities	(134,169,250)	57,159,172
Net cash generated from (used in) operations	6,756,990,173	3,998,300,291
Interest income received	529,729,892	707,679,141
Interest expense paid	(271,341,269)	(310,412,069)
Income taxes paid	(81,611,658)	(137,037,946)
Net cash provided by (used in) operating activities	6,933,767,138	4,258,529,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Disposals of (addition to) property & equipment	(504,983,339)	(8,105,561)
Dividends received	75,322,825	40,072,744
Decrease/(Increase) in:		
Equity investments	(1,346,219,503)	(585,934,269)
Investment in real estate	49,779,445	1,213,773
Net cash provided by (used in) investing activities	(1,726,100,572)	(552,753,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (settlement of) bills payable	(4,766,089,746)	(859,934,446)
Dividends paid	27,603,112	(17,821,289)
Net cash provided by (used in) financing activities	(4,738,486,634)	(877,755,735)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	469,179,932	2,828,020,368

FIRST METRO INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

**CASH AND CASH EQUIVALENTS AT THE BEGINNING
OF THE YEAR**

Cash and other cash items	₱ 5,841,639,660	₱ 2,811,020,449
Due from Bangko Sentral ng Pilipinas	1,177,440,000	3,532,550,000
Interbank Call Loan Receivable	531,000,000	-
GS Purchased Under Reverse Repurchase Agreement w/ BSP	-	1,130,000,000
	7,550,079,660	7,473,570,449

CASH AND CASH EQUIVALENTS, March 31

Cash and other cash items	5,214,709,592	4,062,036,668
Due from Bangko Sentral ng Pilipinas	1,365,550,000	2,732,554,149
Interbank Call Loan Receivable	310,000,000	
GS Purchased Under Reverse Repurchase Agreement w/ BSP	₱ 1,129,000,000	₱ 3,507,000,000
	₱ 8,019,259,592	₱ 10,301,590,817

FIRST METRO INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a. Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). The financial statements are prepared under the historical cost convention as modified for the measurement of financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) securities and investments in real estate.

The same accounting policies and methods of computation were followed in the interim financial statements as compared with the most recent annual financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries, as follows:

- First Metro Securities Brokerage Corporation
- SBC Properties, Inc.
- PBC Capital Investment Corporation
- FMIC Equities, Inc.
- Prima Ventures Development Corporation
- First Metro Insurance Brokers Corporation
- First Metro Asset Management, Inc.

PAS 27, *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*, states that the financial statements of the investee company have to be consolidated to the financial statements of the investor even if the shareholding of an enterprise is below 50% but the investor has evidence of control.

All significant intercompany balances and transactions have been eliminated in the consolidation.

The financial statements of the Group are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interest represents the equity interest in First Metro Asset Management Inc., which is 70% owned and acquired in 2005, and in First Metro Travel, Inc., a 60% owned subsidiary of Prima Ventures Development Corporation.

b. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. The Group's business segments are as follows:

- *Investment Banking* – principally providing comprehensive financial advisory and capital raising services to private corporations and government, both local and national;
- *Investment Advisory* - provides advisory to fixed income, equity and dollar investments, as well as, research and trading capabilities;
- *Treasury* – chiefly providing money market, trading and treasury services, as well as the management of the Group’s funding operations via treasury bills, government securities and placements and acceptances with banks through treasury;
- *Loans and Credit* - primarily handling loans and other credit facilities; and
- *Others* – largely consists of institutions with significant presence in each of its respective markets which include stock brokerage, foreign exchange, life and non-life insurance, auto sales and real estate.

These segments are the basis in which the Group reports its primary segment information.

Segment information for the quarter ended March 31, 2008 of the Group follows:

	Investment Banking	Investment Advisory	Treasury	Loans & Credit	Others	Total
Results of Operations						
Net interest income	₱ –		₱ 80,288,411	₱ 44,835,035	₱ (12,532,056)	₱ 112,591,390
Non-interest income	71,492,319	–	353,090,680	–	7,094,921	365,262,028
		(66,415,892)				
Income–net of interest expense	71,492,319	(66,415,892)	433,379,091	44,835,035	(5,437,135)	477,853,418
Non-interest expense	7,162,222	(646,887)	82,205,934	13,342,536	100,047,712	202,111,517
Income before income tax	64,330,097	(65,769,005)	351,173,157	31,492,499	(105,484,847)	275,741,901
Income tax provision		2,631,829	91,922,707	1,536,114	(621,401)	95,469,249
Net income before MI	64,330,097	(68,400,834)	259,250,450	29,956,385	(104,863,447)	180,272,650
Minority interest in net income of Subsidiaries	–	–	–	–	(43,360)	(43,360)
Net income after MI	64,330,097	(68,400,834)	259,250,450	29,956,385	(104,906,807)	180,229,292
Statement of Condition						
Total assets	–	640,152,451	19,695,828,064	7,624,067,411	11,114,392,437	39,074,440,363
Total liabilities	–	–	18,795,068,708	7,522,474,425	5,295,416,707	31,612,959,840

c. Seasonality or Cyclicity of Interim Operations

FMIC’s operations is driven mainly by prevailing market and economic conditions, as well as, by the demands and/or needs of the investors and borrowers and is not influenced by seasonal or cyclical pulls.

d. No Unusual Items

There are no items affecting assets, liabilities, equity, net income or cash flows, which may be considered unusual by virtue of their nature, size or incidence.

e. Use of Estimates in the Preparation of Financial Statements

The preparation of the financial statements in accordance with Philippine GAAP requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates will be recorded in the financial statements when they become reasonably determinable.

f. Issuances, Repurchases and Repayment of Securities

The Company made partial payment amounting to P500 million to Development Bank of the Philippines on January 9, 2008.

g. Dividends

There was no dividend declaration made during the first quarter of 2008.

h. Material Events

There were no material events that took place during the first three months of 2008.

i. Changes in Composition

As of September 30, 2006, the ownership of Metropolitan Bank and Trust Company decreased from 98.438% on June 30, 2005 to 84.998% with the sale of shares to the public. The company did not engage in any business combination, restructuring or other activities that may lead to a discontinued operation.

j. Contingent Accounts

The Parent Company and certain subsidiaries and associates are defendants in legal actions arising from normal business activities. Management believes that the ultimate liability, if any, resulting from these cases will not materially affect the Group's financial position and results of operations.

The Parent Company also has pending tax assessments with the BIR. Management and tax counsels deny such claim of the BIR and believe that they have a valid defense against such claim. Accordingly, no provision has been provided.

In the normal course of the company's operations, there are various contingent accounts held under custodianship such as loan collateral and other certificates which are not reflected in the accompanying consolidated financial statements. No material losses are anticipated as a result of these transactions.

k. Earnings Per Share

Per amended Articles of Incorporation ratified on June 22, 2005, the par value of the Corporation's shares of stock was reduced to ₱10 per share from ₱100 per share. Consequently, common shares outstanding increased from 37,705,615 to 377,056,150.

Earnings per share is determined by dividing the net income for the period by the weighted average number of common shares issued and outstanding during the period, computed as follows:

	January to March	
	2008	2007
a. Net Income	₱ 180,229,292	₱ 811,498,130
b. Weighted average number of common shares	377,056,150	377,056,150
c. Earnings per share	₱ 0.48	₱ 2.15

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION (March 31, 2008 vs. December 31, 2007) AND RESULTS OF OPERATIONS (January – March 2008 vs. January – March 2007).

ECONOMIC AND FINANCIAL MARKET ENVIRONMENT

The first quarter of 2008 appears to be menacing. The financial market will remain highly volatile because of subprime mortgage crisis and growing fears of U.S. economic recession.

Interest rates will remain soft as the first quarter unfolds. There is absolutely no room for interest rates to rise either in the U.S. or in the Philippines. Given the situation, bond yields will likely follow interest rates downwards. The growing concern on US economic woes induces a tug of war between inflation and interest rates among Asian economies.

Local investors had rude awakening after a riotous New Year, as the stock market and National Government's dollar-denominated bonds took a plunge in the aftermath of growing concerns about the real magnitude of the U.S. subprime mortgage market crisis and the fears of some economists that the U.S. is already in a recession or likely to fall in one.

This comes at a time when not too much good news is coming out from the Philippines. Exports were down in November, Meralco electricity sales slowed down in the same month, inflation was inching upwards, and National Government failed to report or at least give an early indication of improvement in tax collections for December 2007.

FINANCIAL CONDITION

Total consolidated resources at the end of March 2008 stood at ₱39.07 billion slightly lower than year-end's ₱44.84 billion on account of the difficult and challenging business environment faced by the country.

The difference in total resources was primarily on account of substantial movements in the following balance sheet accounts:

1. **Cash and Other Cash Items decreased by 11%** versus year-end's ₱5.84 billion due to the effect of matured PSBank and Maybank placements and the reduction in our MBTC current and dollar accounts.
2. **Due from Bangko Sentral ng Pilipinas** represents the balance of the deposit account maintained with the Bangko Sentral ng Pilipinas to meet the eleven (11%) percent reserve requirement on deposit substitutes and to serve as clearing account for inter-bank transactions. The increment of sixteen (16%) percent or Php188 million was primarily on account of the increased Reserve Deposit Account (RDA).
3. **Available for Sale Securities** dropped by ₱6.13 billion from ₱14.71 billion at year-end due to the maturity of short-term market yielding government securities from BSP purchased for reserve purposes and the marking-to-market loss from investments in government securities.

Variances in the following balance sheet accounts explain further the Company's business strategies for the period ended:

- **Loans and Receivables** dropped to ₱12.27 billion from ₱12.89 billion at year-end mainly due to the net effect of new loans granted and settlement.
- **Held for Trading Securities** grew by 17% from ₱827.13 million to ₱966.95 million at year-end due to the net effect of additional acquisitions and redemption of FXTNs, RTB and Treasury Bills during the period.
- **Equity Investments** account for the cost of investments in shares of stocks in allied/non-allied undertakings. The growth of 9% was net of deposit for future subscription with Global Business Power Corporation and partial sale of 26% holdings in Toyota Cubao, Inc.
- **Investment in Real Estate** represents the cost of investments in real estate held for sale, lease and/or investment purposes. The 17% drop arose from the depreciation provided for the first quarter of 2008 and due to the sale of memorial lots.
- **Property and Equipment** pertains to the acquisition costs of land, buildings and/or improvements, furniture items and equipment owned by the Company. The rise of ₱2.93 million is traced mainly to the net effect of acquisitions and sale/disposal of furniture, fixtures and equipment, as well as the cost of leasehold improvements for the first quarter of 2008.
- **Other Assets** includes amounts due from customers and other parties, advances to affiliates/officers/employees, uncollected interests, prepayments, deferred charges and dividends.
- **Bills Payable** comprises of deposit substitutes and other borrowings obtained from local banks, private firms and individuals. The ₱4.77 billion decline from year-end balance is relative to the net impact of movement of the sale and purchase transaction of AFS securities and partial payment of loan from Development Bank of the Philippines (DBP).
- **Bonds Payable** of ₱89.60 million refers to the Company's issuance of 4-year Floating Rate Bonds with a total issue size of ₱2.00 billion.
- **Accrued Taxes, Interest and Other Expenses** consists of expenses incurred on taxes, borrowings, licenses and other expenses of the Company, which have remained unpaid as of the period ended March 31, 2008. The ₱74.21 million drop is attributed mainly to the interest accrued on deposit substitutes that have matured already.
- **Other Liabilities** includes obligations of the Company for various expenses in connection with indebtedness to suppliers, advances from stockholders and other miscellaneous liabilities. The decline of 24% or ₱113.70 million in this account from ₱473.25 million to ₱359.55 million pertains largely to the unearned income and other deferred credits of the Company.
- **Minority Interest** is that part of the net results of operations and of net assets of one of FMIC's subsidiaries, which is attributable to shares not directly owned by FMIC. The 6% drop is ascribed to the lower net assets of the prorated share of minority shareholders as of March 31, 2008 on the equity investments of their subsidiary.

- **Retained Earnings** corresponds to the unappropriated portion of the accumulated profits earned or realized by the Company that are reserved to strengthen its capital structure. The 6% or ₱207.83 million growth pertains to ₱180.23 million net income for the first three months of 2008 and ₱27.6 million prior period adjustment.
- **Equity in Translation Adjustment** pertains to foreign currency adjustment with regard to the Company's foreign currency denominated equity investment with First Metro International Investment Corp. (FMIIC).
- **Net Unrealized Gain on Securities** went down by ₱985.54 million due to loss from the fair market valuation of available for sale securities.
- **Capital Funds** reached ₱7.43 billion as of March 31, 2008, which translates to a 23.81% capital adequacy ratio (CAR). This is still over the 10% CAR required by the BSP on non-bank financial intermediaries such as FMIC.

RESULTS OF OPERATIONS

For the first quarter of 2008, First Metro Investment Corporation realized a net income of ₱180.23 million or 78% lower than the ₱811.50 million posted during the same period last year.

Detailed discussions on the changes in Income Statement accounts are as follows:

- **Investment Banking Fees** for the first quarter of 2008 contributed ₱75.77 million to the total revenue generated. The Company continued to be an active force in the investment scene as it closed significant deals in the first quarters of the year. The fees substantially came from the successful deals with the TKC Steel (Php21.4 M), PSBank (Php14.3M), Manila Electric Co. (Php12.5M), Stradcom Int'l Holdings (Php9.3M), Ayala Corporation (Php5.0M), CBK Power Co. (Php3.1M), SMPrime Holdings (Php3.0M) and Rockwell Land (Php0.6M).
- **Income from Investment in Stocks** for the first quarter of 2008 dropped by 7% or ₱3.35 million from last year's ₱46.44 million for the same period due to growing concerns in U.S. sub-prime market that led to continued drop in the composite index.
- **Treasury Income**, consistently contributed to the majority of the Company's gross income year-on-year. Trading gain and interest income from government securities contributed the highest income. Investment in debt and equity securities brought in ₱509.36 million, while profits from government securities purchased under reverse repurchase agreement with the BSP added ₱75.83 million to the total treasury income during the first quarter of 2008. These were brought about by the Company's new acquisitions of the Peso 400M SM Prime Holdings FRCNs, the Peso 225M Stradcom International Holdings FRCNS and the Peso 56M Rockwell Land notes.
- **Interest Income** is derived from interest earned and/or actually collected from loans and bank deposits. The decrease in interest income of ₱51.43 million or 25% was on account of matured PSBank and Maybank placements and the reduction in MBTC current and dollar accounts.

- **Other Income/Losses** represents income earned and/or actually collected on sale of assets, lease of real property and equipment and from other investments. The drop of 20% or ₱ 248.03 million in other income account is due to trading loss on stock transactions of our subsidiaries during this quarter.
- **Interest/Finance Charges** refers to payments and/or monthly accruals for interest on outstanding bills payable to the Bank, individuals and private firms. The 28% increment from ₱279.44 million for the first quarter of 2007 to ₱357.56 million in the same period of 2008 pertained primarily to the 32% rise in interest rates of our deposit substitute borrowings.
- **Compensation and Fringe Benefits** consists of the gross remuneration (including per diems and fees granted to directors and committee members) and other benefits granted to officers and employees for regular and overtime services rendered.
- **Management and Other Professional Fees** comprises of expenses for services rendered by individuals/firms on retainer/contractual basis.
- **Supervision and Examination Fees** represents the Company's share in the cost of maintaining the appropriate supervising and examining department of BSP. The 7% rise was on account of higher fees accrued this period ended.
- **Rent Expenses** pertains to expenses incurred for office spaces and/or equipment leased by the Company and its subsidiaries.
- **Representation & Travelling Expenses** refers substantially to actual expenses incurred for public relations activities, which are directly related to the promotion of the business development and enhancement of the prestige of the Company.
- **Other Expenses** includes expenses incurred on assets acquired, membership fees and dues, advertising and publicity, insurance, fuel and lubricants, repairs and maintenance and other miscellaneous expenses. Other Expenses went up by 112% from ₱22.90 million to ₱48.50 million for the period ended March 31, 2008 primarily because of the ₱25 million donation to the Metrobank Foundation and due to the increase in monthly contribution to Retirement Fund starting in January 2008 to ₱1.4 million.
- **Taxes and Licenses** are those other than income tax, such as gross receipts tax (GRT), documentary stamp taxes (DST), corporate residence tax, motor vehicle registration fees and other taxes. The decline in the volume of deposit substitute borrowings during this quarter resulted to lower DST and GRT by ₱10.40 million or 10% this period.
- **Provision for Income Tax** includes corporate income tax, deferred tax and taxes from tax-paid investment securities. The variance is brought about mainly by the substantial accretion in interest income realized from the inventory of tax-paid securities and the corporate income tax booked by our subsidiaries.

DISCUSSION OF KEY PERFORMANCE INDICATORS

In evaluating its performance, First Metro Investment Corporation (FMIC) regularly analyzes the results of current operations and compares these against budget and results of prior periods. This business review is being discussed monthly in the Senior Management Committee. The review discloses the causes of any deviation and aids the company in controlling costs, evaluating performance and planning future goals.

The company has an adequate budgeting system, forecasting process and management of information systems. A quarterly budget review is being conducted to determine if we are meeting the set targets.

Monthly results of operations and financial condition are also reported regularly to the parent bank, to the Board of Directors and to BSP.

The following basic ratios measure the financial performance of the Company for the period ended March 31, as well as, for the year-end of 2008:

PERFORMANCE INDICATORS	As of March 31, 2008	As of March 31, 2007	As of Dec. 31, 2007 (Audited)
Return on Assets ^{1/}	1.74%	8.43%	3.34%
Return on Equity ^{2/}	9.27%	38.93%	16.97%
Cost-to-Income Ratio ^{3/}	42.30%	16.11%	29.30%
Non-Performing Loans Ratio ^{4/}	0.12%	0.17%	0.13%
Capital Adequacy Ratio ^{5/}	23.81%	24.39%	20.17%

^{1/} Average assets for period ended March 31 were computed based on the average of the beginning and ending balances, whereby net income was annualized over the three-month period.

^{2/} Likewise, average equity for period ended March 31 was computed based on the average of the beginning and ending balances, whereby net income was annualized over the three-month period.

^{3/} Operating expenses for the cost-to-income ratios do not include provision for probable losses and provision for income taxes.

^{4/} Non-performing loans were gross of valuation reserves, but, are fully covered.

^{5/} Risk-based capital adequacy ratio was determined based on BSP Circular No. 538 (Basel II) as amended.

COMMITMENTS, MATERIAL EVENTS AND UNCERTAINTIES

1. To date, the Company has no plans of entering into any material commitments for capital expenditures in the future.

2. To the knowledge and information of the Company, there are no events or uncertainties that will have a material impact on the company's liquidity.
3. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
4. Also, 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.
5. Likewise, there are no known trends, events or uncertainties that have had or that are reasonably expected to cause a material favorable or unfavorable impact on income from continuing operations.
6. Similarly, there were no significant elements of income or loss that did not arise from the company's continuing operations.
7. Lastly, there were no seasonal aspects that had any material effect on the financial condition or results of operations of the Company.

PART II - OTHER INFORMATION

FORM AND CONTENT OF AGING OF LOANS/RECEIVABLES (Circular for Broker No. 2164-99)

1) Aging of Loans/Receivables

As of March 31, 2008

Type of Loans/Receivables	Total	1 Month	2 - 3 Mos.	4 - 6 Mos.	7 Mos. to 1 Year	1 - 2 Years	3 - 5 Years	5 Years - above	Past due accounts & Items in Litigation
a) Loans and Discounts									
1) Time Loans	6,102,806,575	20,000,000	450,600,000	2,010,500,000	1,715,000,000	421,795,001	300,270,397	1,184,641,176.47	-
2) Bills Discounted	25,491,667	-	1,100,000	11,500,000	5,000,000	1,525,000	6,366,667	-	-
3) Fringe Benefit Loans	29,810,652	95,468	388,782	1,020,502	10,790,394	5,640,549	11,874,956	-	-
4) Past due Loans	7,456,815	-	-	-	-	-	-	-	7,456,815
Sub-total	6,165,565,708	20,095,468	452,088,782	2,023,020,502	1,730,790,394	428,960,550	318,512,020	1,184,641,176	7,456,815
Less: Allowance for Doubtful Accounts	462,763,973	-	35,925	-	-	31,700	62,381	-	462,633,967
Net Loans and Discounts	5,702,801,735	20,095,468	452,052,857	2,023,020,502	1,730,790,394	428,928,850	318,449,639	1,184,641,176	(455,177,152)
b) Other Receivables									
1) Unquoted Debt Securities Classified as Loans	5,959,627,994	400,000,000	281,250,000	800,000,000	1,980,000,000	568,102,672	1,474,025,322	-	456,250,000
2) Accounts Receivable	354,814,183	-	153,523,667	1,963,297	88,596,900	25,850,440	84,879,879	-	-
3) Accrued Interest Receivable	224,589,397	18,862,629	22,322,579	116,038,726	62,208,578	-	5,156,886	-	-
Sub-total	6,539,031,575	418,862,629	457,096,246	918,002,023	2,130,805,477	593,953,113	1,564,062,087	-	456,250,000
Less: Allowance for Doubtful Accounts	93,699,861	-	-	-	-	3,753,355	89,946,506	-	-
Net Other Receivables	6,445,331,714	418,862,629	457,096,246	918,002,023	2,130,805,477	590,199,758	1,474,115,581	-	456,250,000
Net Loans/Receivables (a + b)	12,148,133,448								

2) Loans/Receivables Description

Type of Loan/Receivable	Nature/Description	Collection Period
1) Time Loans	Loans which are payable on a fixed date or within a specified period of time.	1 to 5 years
2) Bills Discounted	Loans which are payable on a fixed date, the interest of which is collected/deducted in advance.	1 to 2 years
3) Fringe Benefit Loans	Loans granted to officers and employees with maturities of more than 1 year.	2 to 5 years
4) Past due Loans	Represents loans which have remained unpaid upon written demand or at maturity.	5 years
5) Unquoted Debt Securities Classified as Loans	Represents securities other than those for which the holder may not recover substantially all of its initial investment	3 to 5 years
6) Accounts Receivable	Miscellaneous advances to customers, official travel of officers and employees.	1 to 5 years
7) Accrued Interest Receivable	Interest earned but not yet collected/received on loans, investments and deposits.	1 to 2 years

3) Normal Operating Cycle: 1.3 years


SIGNATURES

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

FIRST METRO INVESTMENT CORPORATION

Issuer

By:


DANILO G. OLONDRIZ
Senior Vice President/Controller