



NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

18TH FLOOR, PHILIPPINE AXA LIFE CENTRE, SEN. GIL PUYAT AVENUE CORNER TINDALO STREET, MAKATI CITY, PHILIPPINES
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13 August 2008

ATTY. PETE M. MALABANAN

Head, Disclosure Department
The Philippine Stock Exchange, Inc.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Dear Atty. Malabanan:

Attached is PhilNaRe's Press Release entitled "**PhilNaRE Reports Decline in Net Income for the First Half of 2008,**" which we intend to distribute in conjunction with our formal disclosure of operating results for the six months ended 30 June 2008.

Sincerely,

A handwritten signature in black ink, appearing to be "John E. Huang", written over a horizontal line.

JOHN E. HUANG
Senior Vice President/CFO



PHILNARE REPORTS DECLINE IN NET INCOME FOR THE FIRST HALF OF 2008

National Reinsurance Corporation of the Philippines (PSE: NRCP) reported net income of P192 million for the six months ended June 30, 2008, a 41% decline from net income of P322 million for the corresponding period in 2007.

In a disclosure to the Philippine Stock Exchange (PSE), the Company, or PhilNaRe, said that reinsurance premiums for the first semester of 2008 amounted to P1.2 billion, 20% lower than P2.0 billion in reinsurance premiums for the first semester last year. However, net reinsurance premiums, which represent the portion of gross premiums that the Company retains for its own account, increased by 21% to P647 million in the first six months of 2008 from P537 million for the same period in 2007. This increase in the Company's retention ratio was reflective of the Company's strong financial position and capital base, which allowed it to shoulder more reinsurance risk for its own account.

PhilNaRe President and Chief Executive Officer Wilfrido C. Bantayan said that while the Company is now in a position to accept larger risks, underwriting policies have remained conservative. "We will not sacrifice the quality of our reinsurance portfolio for simple growth. We are as selective in our acceptance of risk with P6.0 billion of capital as we were when our capital was P1.0 billion," said Bantayan, referring to PhilNaRe's shareholders' equity which as of June 30, 2008 amounted to P5.983 billion.

PhilNaRe's net underwriting income for the first semester of 2008 totalled P110 million, down 8% compared to P120 million in net underwriting income for the first semester of 2007. Bantayan attributed this to an increase in claims. "We incurred some typhoon-related claims during the second quarter," he said, "but our reinsurance operations remain profitable, as evidenced by our combined ratio of 93% for the first semester of 2008." The combined ratio is commonly used in the insurance industry and measures how much of each peso of premium earned goes to cover underwriting losses, commissions and expenses.

On the investment front, PhilNaRe's net investment income for the second quarter of 2008 amounted to P144.6 million or 36% higher than net investment income for the second quarter of 2007. However, for the first semester of 2008 the Company's net investment income amounted to P231 million, 21% lower than investment income for the first semester of 2007 of P293 million, as the overall market environment continued to weigh on the Company's investment portfolio.

National Reinsurance Corp. of the Philippines (PhilNaRe) was incorporated in 1978 pursuant to Presidential Decree No. 1270 as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighbouring insurance markets. The Company listed its shares on the Philippine Stock Exchange on April 27, 2007. This press release is based on the company's quarterly report pursuant to Section 17 of the Securities Regulations Act and SRC Rule 17 (2)(b).