



NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

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THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: Atty. Pete M. Malabanan
Head, Disclosure Department

Gentlemen:

Attached is PhilNaRe's Press Release entitled "**PhilNaRe Reports Decline in Nine-Month Net Income**" which we intend to distribute in conjunction with our formal disclosure of operating results for the nine months ended 30 September 2008.

Sincerely,



JOHN E. HUANG
Senior Vice President/CFO



PHILNARE REPORTS DECLINE IN NINE-MONTH NET INCOME

National Reinsurance Corporation of the Philippines (PSE: NRCP), or PhilNaRe, reported net income of P238 million for the nine months ended September 30, 2008, a 52% decline from net income of P322 million for the corresponding period in 2007. Company officials cited a higher level of claims as well as lower investment income for the decline in third quarter profit. Earnings per share (EPS) for the first nine months of 2008 was P0.11 compared to EPS P0.22 for the first nine months of 2007.

In a disclosure to the Philippine Stock Exchange (PSE), the Company, or PhilNaRe, said that reinsurance premiums for the first three quarters of 2008 amounted to P2.7 billion, which was relatively flat from the P2.8 billion in reinsurance premiums for the first three quarters last year. However, net premiums retained increased by 30% to P1.0 billion for the nine months ended September 30, 2008 from P770 million for the corresponding period in 2007.

PhilNaRe President and Chief Executive Officer Wilfrido C. Bantayan said that increase in net premiums is consistent with the Company's goal of increasing its retention ratio, which represents the level of the risk that the Company assumes for its own account. "Unfortunately," Bantayan said, "PhilNaRe was hit by certain large claims during the period, largely marine claims arising from Typhoon Frank."

PhilNaRe's share in claims and losses increased by 42% to P619 million during the first nine months of 2008 compared to P437 million for the corresponding period in 2007. Consequently, the Company's net underwriting income dropped by 38% to P114 million from P186 million last year.

PhilNaRe's investment income for the first nine months of 2008 totalled P350 million, down 7% from P375 million in 2007. "Foreign exchange gains offset the decline in trading income," said PhilNaRe Senior Vice President and Chief Financial Officer, John E. Huang, "so the decrease in investment income was not as severe as one would expect from the current market turmoil." Huang also cited the Company's conservative investment philosophy as contributing to the steady investment results. "Liquidity has been and continues to be the main priority of our investment policy," he said.

In regard to the higher level of claims and losses, Huang said that it was still too early to tell whether this is a one-off situation or the beginning of a trend. "In times of economic stress, claims have a tendency to increase," he said.

PhilNaRe is in the business of providing insurance for insurance companies. Now celebrating its 30th year, the Company is the country's only locally-owned professional reinsurance company. PhilNaRe went public in 2007 after a merger with Universal Malayan Reinsurance Corporation, the latter itself being the result of a merger between Ayala-led Universal Reinsurance Corporation and Yuchengco-led Malayan Reinsurance Corporation. Apart from the public, major shareholders include the Government Service Insurance System, Bank of Philippine Islands and the Malayan Group of Insurance Companies.

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).