

COVER SHEET

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S.E.C. Registration Number

NATIONAL REINSURANCE
CORPORATION
OF THE PHILIPPINES

(Company's Full Name)

18TH FLOOR PHILIPPINE AXA LIFE
CENTER SEN. GIL J. PUYAT AVENUE
CORNER TINDALO ST. MAKATI CITY

(Business Address : No. Street City / Town / Province)

JOHN E. HUANG

Contact Person

759-58-01

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

1 7 Q

FORM TYPE

3rd Quarter Ending 30 September 2010

0 6 2 9 10

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requi

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

COVER SHEET

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

("PhilNaRe")

(Company's Full Name)

**18th Floor, Philippine AXA Life Centre Sen. Gil J. Puyat Avenue
corner Tindalo St., Makati City, Philippines 1200**

(Company's Address)

(632) 759-5801 to 06

(Telephone Number)

December 31
(Fiscal Year Ending)

June 29, 2010
(Annual Meeting)

SEC FORM 17-Q
Quarterly Report
3rd Quarter Ending 30 September 2010
(Form Type)

Amendment Designation (If applicable)

(Secondary License Type and File Number)

Cashier

LCU

DTU

80118

S.E.C. REG. No.

Central Receiving Unit

File Number

Document I.D.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATIONS ACT AND SRC RULE 17 (2)(b) THEREUNDER**

1. For the quarter ended 30 September 2010
2. Commission identification Number 80118
3. BIR Tax Identification Number 000-480-869
4. **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**
Exact name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry classification code (SEC Use Only)
7. **18/F PHILIPPINE AXA LIFE CENTRE, SEN. GIL J. PUYAT AVE.** 1200
CORNER TINDALO STREET, MAKATI CITY Postal Code
Address of registrant's principal office
8. **(632) 759-5801 to 06**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA as of quarter ended:
- | <u>Title of Each Class</u> | <u>Number of Shares of Common Stock Outstanding</u> |
|----------------------------|---|
| Common | 2,159,677,600 |
11. Are any or all of the securities listed on the Philippine Stock Exchange?
- Yes No
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such report);
- Yes No
- (b) has been subject to such filing requirements for the past 90 days.
- Yes No

PART 1. - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements listed below and covering pages 10 to 26 of this report are filed as part of this Form 17-Q:

- a. Statements of Financial Position as of 30 September 2010 and December 31, 2009.
- b. Statements of Income:
For the Quarters ended 30 September 2010 and 2009
For the Nine Months ended 30 September 2010 and 2009
- c. Statements of Comprehensive Income for the nine months ended 30 September 2010 and 30 September 2009
- d. Statement of Changes in Stockholders Equity as of 30 September 2010 and 2009
- e. Statement of Cash Flows:
For the Quarters ended 30 September 2010 and 2009
For the Nine months ended 30 September 2010 and 2009

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, 3rd Quarter

Results of Operations

For the Nine months ended September 30, 2010 and 2009

Reinsurance Premium Income

Reinsurance premiums for the nine months ended September 30, 2010 totaled P3,429 million, 27% higher than the P2,706 million in reinsurance premiums for the nine months ended September 30, 2009. Growth was experienced across all sources, with premiums from the Company's non-life facultative business increasing by P563 million or 46%. In addition, reinsurance premiums from non-life treaty and life businesses also increased by more than 10% (P115 million and P44 million, respectively) for the nine month ended September 30, 2010 as compared to the same period last year.

The Company's retention ratio decreased slightly from 40% for the first nine-months of 2009 to 37% for the first nine months of 2010. As a consequence, the increase in net premiums retained for the period of 18.6% was slightly less than the growth in gross premiums. In line with the increase in net premiums retained, premiums earned went up by 19% from P1,052 million in the first nine months of 2009 to P1,249 million in the in the corresponding period of 2010.

Underwriting Deductions

Share in claims and losses for the nine months to September 30, 2010 exceeded last year's figure by P187 million or 14% from P1,358 million in 2009 to P1,545 million in 2010. The increase was primarily associated with Typhoon Ondoy claims from 2009 which were only advised to the Company in 2010. Also contributing to the higher claims cost were additional loss reserves established after the Company's review of claims which had

previously been denied due to, among other things, delayed payment of premiums by ceding companies.

Net commissions increased by 26.3% to P337 million for the first nine months of 2010 from P267 million for the corresponding 2009 period. The increase was the result of the combination of the growth in premiums income as well as a slight increase in commission ratio from 25% in 2009 to 27% in 2010.

Investment and Other Income (Charges)

Investment and other income grew by 7% to P381 million for the nine months ended 30 September 2009 from P356 million for the nine months ended 30 September 2009 largely due to realized trading gains from equity and fixed income securities in the Company's investment portfolio. Currency translation loss to date of P18 million (compared to a gain P3 million in 2009) was offset by increase in dividend and trading income of P51 million.

General and Administrative Expenses

General and administrative expenses decreased by P7 million, or 4%, to P156 million in the first nine months of 2010 from P163 million for the same period last in 2009. An increase in cost of employee benefits for the period was more than offset by a lower level of allowance for impairment (doubtful accounts).

Tax Expense

The Company's tax expense was relatively flat at P54 million for the first nine months of 2010 from P53 million in 2009. Tax expense was composed largely of the final tax on the Company's interest income.

Net Profit (Loss)

Due to the persistently high level of claims and losses, the Company sustained a net loss of P461 million for the nine months ended 30 September 2010 compared to net loss of P433 million for the nine months ended 30 September 2009.

For the Quarters ended September 30, 2010 and 2009

Reinsurance Premium Income

Reinsurance premiums generated in 3rd Qtr. 2010 amounted to P1,467 million, 56% higher than the P942 million reinsurance premiums booked in 3rd Qtr. 2009. The increase came largely from the Company's non-life facultative business. However, the Company adjusted to the significant increase in volume by retaining less of the risks being underwritten (34% vs. 41%) such that net premiums retained increased at a lower rate of 29% for the quarter. Correspondingly, earned premiums of P498 million for 3rd Qtr. 2010 was 24% higher than earned premiums of P401 million for 3rd Qtr. 2009.

Underwriting Deductions

Share in claims and losses were at P652 million and P519 million, respectively for the 3rd Qtr. 2010 and 2009, an increase of P133 million or 26%. Claims incurred in the current quarter still included Typhoon Ondoy losses as well as additional loss reserves on previously denied claims which, upon further consideration, have been deemed compensable.

Net commission expense increased to P113 million in 3rd Qtr. 2010 from P102 million in 3rd Qtr. 2009, consistent with an increase in reinsurance premium income for the quarter and a decrease in commission ratio from 27% in 3rd Qtr. 2009 to 23% in 3rd Qtr. 2010

Investment and Other Income (Charges)

Investment and other income increased by 10% or P13 million from P125 million in 3rd Qtr. 2009 to P138 million in 3rd Qtr. 2010. Increases in interest income (P1.2 million) and dividend and trading income (P19 million) for 3rd Qtr. 2010 more than offset foreign currency translation loss of P18 million.

General and Administrative Expenses

General and administrative expenses (GAE) decreased by 16% or P13 million from P81 million in 3rd Qtr. 2009 to P68 million in 3rd Qtr. 2010 primarily due to a decline in allowance for impairment in 3rd Qtr. 2010 relative to 3rd Qtr. 2009.

Tax expense

Tax expense increased by 5% to P18 million in 3rd Qtr. 2010 from P17 million in 3rd Qtr. 2009 due to higher taxable income base on investment income.

Net Profit (Loss)

Due to higher underwriting deductions, net loss of the Company increased from P193 million in 3rd Qtr. 2009 to P214 million in 3rd Qtr. 2010.

Financial Condition

Total resources of the Company as of 30 September 2010 amounted to P12.3 billion compared to P11.1 billion as of 31 December 2009. Material changes in the Company's resources are explained below:

- **Cash and cash equivalents (P650M vs.P684M)**

Cash and cash equivalents declined from P684 million as of December 31, 2009 to P650 million as of September 30, 2010 (a decrease of P34 million or 5%) mainly due to settlement of claims, acquisition of new investments and P0.047/share cash dividend payment made to stockholders on June 22, 2010.

- **Reinsurance Balances Receivable-net (P3,978M vs.P 2,874M)**

Reinsurance balances receivable rose by 38% or P1,104 million largely due to increase in reinsurance recoverable on losses (representing the amount of claims that can be recovered from the Company's retrocessionaires) from P2.1 billion as of 31 December 2009 to P2.8 billion as of 30 September 2010. Moreover, funds due from ceding companies as well as funds held by ceding companies increased by 5% or P55 million from P1,033 million as of 31 December 2009 to P1,088 million as of 30 September 2010.

- **Available-for Sale Financial Assets (P6,196M vs. 6,049M)**

Available-for-sale (AFS) financial assets as of 30 September 2010 increased to P6.2 billion from P6 billion as of 31 December 2009 due to gains in the fair value of AFS assets.

- **Loans and Receivables (P303M vs. P253M)**

Loans and receivables increased by P49 million or 19%. The increase is traceable to the Company's acquisition of new investments (term loans) during 3rd Qtr 2010.

- **Property and Equipment, net (P161M vs. P130M)**

Property and equipment, net of accumulated depreciation, amounted to P161 million, as of 30 September 2010, an increase of P31 million or 24%, mainly due to capitalized cost of the Company's Project IRIS (Integrated Reinsurance System) which commenced in 4th Qtr. 2009.

- **Deferred Acquisition Cost (P149 vs. P166M)**

Deferred acquisition cost decreased by 10% from 31 December 2009 to 30 September 2010 due to recognition into current expense of deferred commissions associated with deferred reinsurance premiums which were deemed earned as of 30 September 2010 under the 24th method of accounting for reinsurance premiums.

- **Deferred Reinsurance Premium (P660M vs. P772M)**

Deferred reinsurance premium decreased by P112 million or 14%, reflecting portions of deferred reinsurance premiums as of December 31, 2009 that were deemed earned as of September 30, 2010 under the 24th method of accounting for reinsurance premiums.

- **Deferred Input Value Added Tax (P71M vs. P55M)**

Deferred input value added tax rose by P16 million or 30% to P71 million due to the increase in commissions subject to VAT for the first nine months of 2010.

- **Other Assets (P132M vs. P113M)**

Other assets increased by 16% or P19 million from P113 million as of 31 December 2009 to P132 million as of end 3rd Qtr. 2010 primarily due to increase in unutilized expanded withholding tax from P35 million as of December 31, 2009 to P61 million as of September 30, 2010.

Liabilities (P6,389M vs. P4,941M)

Total liabilities increased by P1.4 billion or 29% from P4.9 billion as of 31 December 2009 to P6.4 billion as at 3rd Qtr. 2010. The changes in individual liability accounts are explained below:

- **Reinsurance Balances Payable (P5,162M vs. P3,588M)**

Reinsurance balances payable increased by P1,574 million or 44% due largely to increase in claims payable from P3 billion as of 31 December 2009 to P4.6 billion as of end 3rd Qtr. 2010.

- **Accounts Payable and Accrued Expenses (P26M vs. P34M)**

The decline in accounts payable of P9 million or 25% from P34 million as of 31 December 2009 to P26 million as 30 September 2010 essentially relates to payment of contributions to the Company's employee retirement plan.

- **Reserve for Unearned Reinsurance Premiums (P1,088M vs. P1,179M)**

Reserve for unearned reinsurance premium decreased by P91 million or 8%. As portions of deferred reinsurance premiums at year end 2009 are deemed earned under the 24th method revenue recognition, there is a corresponding reduction in the associated reserve for unearned reinsurance premium.

- **Deferred Reinsurance Commissions (P78M vs P98M)**

Deferred reinsurance commissions declined by 20% due to booking into current income of deferred commission income associated with earned reinsurance premiums.

- **Deferred Output Value Added Tax (P36M vs. P42M)**

Deferred output value added tax decreased by P7 million or 16% to P36 million as of 30 September 2010 from P42 million at year end 2009, reflecting payment of VAT payable as at end of September 2010.

- **Equity (P5,911M vs.P6,155M)**

Stockholders' equity declined by P243 million due largely to the net loss of the Company of P461 million for the nine month ended September 30, 2010. The Company also paid a P0.047 per share cash dividend on June 22, 2010 amounting to P101.5 million. An increase of P320 million in the Company's revaluation reserve added to the value of stockholders' equity.

Key Performance Indicators:

	3rd Quarter 2010	3rd Quarter 2009	% Inc.(Dec).
1. Net Income (loss)	(P 461 million)	(P 433 million)	6.4%
2. Earnings per share (a)	(P 0.21)	(P 0.20)	-
3. Retention ratio (b)	37%	40%	-
4. Combined ratio (c)	163%	169%	-
5. Return on average equity	(7.6 %)	(7.5 %)	-

(a) Net income divided by weighted average number of shares issued.

(b) Reinsurance premiums retained divided by reinsurance premiums (gross premiums written or GPW).

(c) Sum of loss ratio (124% / 129%) commissions ratio (27% / 25%) and expense ratio (12% / 15%).

Net Income (NI)—Through 3rd Qtr. 2010 and 3rd Qtr. 2009 the Company had a net loss of P461 million and P433 million, respectively.

Earnings per share (EPS)—The Company's EPS was at (P.21) and (P.20) as at 3rd Qtr. 2010 and 2009, respectively.

Retention ratio – The retention ratio was at 37% through 3rd Qtr. 2010, three percentages points lower than 40% through 3rd Qtr. 2009.

Combined ratio—The combined ratio was at 163% and 169% through the 3rd Qtr. 2010 and 2009 respectively.

Return on average equity (ROE)—ROE at end 3rd Qtr. 2010 was at (7.6%) compared to ROE for 2009 of (7.5%)

Discussion and Analysis of Material Events and Uncertainties:

NRCP has nothing to report on the following:

- a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
- b) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- c) 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.
- d) Any material commitments for capital expenditures.
- e) Any 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.
- f) Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- g) Any seasonal aspects that had a material effect on the financial condition or results of operations.

Financial Risk Disclosure

The Company's investments are regulated under the pertinent provisions of Presidential Decree No. 1460 (as amended), otherwise known as The Insurance Code of the Philippines. The Insurance code generally requires all insurance companies to obtain prior approval of the Insurance Commission (IC) for any and all investments. The Company provides the IC with a monthly report on all investments made during the previous month. The IC reviews the investments and may require the immediate sale or disposal of investments deemed too risky.

A portion of the Company's funds are invested in equities. Section 200 of the Insurance Code provides, among other things, that insurance companies may only invest in common stock of Philippine corporations which have a prior three-year dividend payment record. Moreover, the same section limits exposure to any one institution to 10% of an insurer's total admitted assets.

Beyond the provisions of the Insurance Code, the Company, through its Investment Committee, has established additional guidelines to control the risk inherent in equity investments. The Company's own investment policy requires that the Company invest only in shares of common stock of companies that are listed on the Philippine Stock Exchange. Furthermore, these listed companies must have profitable business operations and market capitalization which are on a scale that would qualify them as blue chips.

The Company also invests in fixed income securities. The Company attempts to limit interest rate risk by establishing limits on the duration and average maturity of its fixed income portfolio. Investments in fixed income securities are made primarily to ensure adequate cash flow from investments to meet cash requirements. Moreover, investment in fixed income securities are limited only to securities issued by entities of undisputedly strong creditworthiness and to those instruments which have active secondary or resale markets to allow for transparent valuation and immediate liquidation in the event of market turmoil.

A certain portion of the Company's flows and investments are in foreign currencies, particularly the U.S. Dollar. These investments are monitored closely and are, to the extent possible, hedged to minimize foreign exchange risk.

The Company does not invest in foreign securities nor does it invest in complex financial securities or derivatives. The Company's financial assets are generally classified as available-for-sale (AFS) and are measured at fair value. For investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date. The Company has not made nor does it intend to make any reclassification of financial assets held as investments.

PART 11. - OTHER INFORMATION

B. No other material information.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

(Registrant)


JOHN E. HUANG
Chief Finance Officer


ROBERTO B. CRISOL
President & Chief Executive Officer

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION
September 30, 2010 and December 31, 2009

	September 2010	Dec. 2009		
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Audited)</u>	
			<u>Changes</u>	
ASSETS				
CASH AND CASH EQUIVALENTS	2	649,919,667	683,659,159	(33,739,492)
REINSURANCE BALANCES RECEIVABLE-net	3	3,978,269,320	2,874,413,754	1,103,855,566
AVAILABLE-FOR-SALE FINANCIAL ASSETS	4	6,195,902,611	6,048,736,164	147,166,447
LOANS AND RECEIVABLES	5	302,799,627	253,464,887	49,334,740
PROPERTY AND EQUIPMENT-NET	6	161,412,567	130,034,934	31,377,633
DEFERRED ACQUISITION COST		149,249,198	165,674,472	(16,425,274)
DEFERRED REINSURANCE PREMIUMS	7	659,889,381	771,688,546	(111,799,165)
DEFERRED INPUT VALUE ADDED TAX		71,291,100	54,956,162	16,334,938
OTHER ASSETS	8	131,821,671	113,234,480	18,587,191
TOTAL ASSETS		12,300,555,142	11,095,862,558	1,204,692,584
LIABILITIES AND EQUITY				
REINSURANCE BALANCES PAYABLE	3	5,161,662,131	3,587,881,996	1,573,780,135
ACCOUNTS PAYABLE & ACCRUED EXPENSES	9	25,945,215	34,425,812	(8,480,597)
RESERVE FOR UNEARNED RI PREMIUMS	7	1,087,633,071	1,179,075,555	(91,442,484)
DEFERRED REINSURANCE COMMISSIONS		78,217,752	97,541,765	(19,324,013)
DEFERRED OUTPUT VALUE ADDED TAX		35,610,758	42,315,325	(6,704,567)
TOTAL LIABILITIES		6,389,068,927	4,941,240,453	1,447,828,474
EQUITY				
Capital Stock	14	2,181,954,600	2,181,954,600	-
Treasury Stock		(40,081,811)	(40,081,811)	-
Additional Paid in Capital		3,019,218,457	3,019,218,457	-
Revaluation reserve		338,035,639	18,443,858	319,591,781
Retained Earnings		412,359,330	975,087,001	(562,727,671)
Total Equity		5,911,486,215	6,154,622,105	(243,135,890)
TOTAL LIABILITIES & EQUITY		12,300,555,142	11,095,862,558	1,204,692,584

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME (unaudited)

For the Quarters ended September 30, 2010 and 2009)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>	<u>Inc(Dec)</u>	<u>%</u>
Reinsurance Premium Income					
Reinsurance premiums-net of returns		1,467,399,553	942,422,738	524,976,815	55.71%
Retroceded premiums		970,990,648	557,868,399	413,122,249	74.05%
Reinsurance premiums retained		496,408,905	384,554,339	111,854,566	29.09%
Decrease in reserve for unearned reinsurance premiums	7	2,030,632	16,793,658	(14,763,026)	-87.91%
		<u>498,439,537</u>	<u>401,347,998</u>	<u>97,091,539</u>	24.19%
Underwriting deductions					
Share in claims & losses		651,666,189	518,736,223	132,929,966	25.63%
Commissions, net		112,887,668	101,998,639	10,889,029	10.68%
	11	<u>764,553,857</u>	<u>620,734,862</u>	<u>143,818,995</u>	23.17%
Net Underwriting Loss		<u>(266,114,320)</u>	<u>(219,386,864)</u>	<u>(46,727,456)</u>	21.30%
Investments and Other Income (Charges)					
Interest		96,239,405	94,994,907	1,244,498	1.31%
Foreign currency gain (losses)		(18,116,298)	(11,077,221)	(7,039,077)	-63.55%
Others		60,157,018	41,416,064	18,740,954	45.25%
Investment and Other Income	10	<u>138,280,125</u>	<u>125,333,750</u>	<u>12,946,375</u>	10.33%
Profit after Investment and Other Income		<u>(127,834,195)</u>	<u>(94,053,114)</u>	<u>(33,781,081)</u>	35.92%
General and Administrative Expenses	12,13	<u>68,276,058</u>	<u>81,177,365</u>	<u>(12,901,307)</u>	-15.89%
Profit Before Tax		<u>(196,110,253)</u>	<u>(175,230,479)</u>	<u>(20,879,774)</u>	11.92%
Tax Expense		<u>18,222,518</u>	<u>17,397,281</u>	<u>825,237</u>	4.74%
Net Profit		<u>(214,332,771)</u>	<u>(192,627,760)</u>	<u>(21,705,011)</u>	11.27%

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME (unaudited)

For the nine months ended September 30, 2010 and 2009)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>	<u>Inc(Dec)</u>	<u>%</u>
Reinsurance Premium Income					
Reinsurance premiums-net of returns		3,428,520,903	2,706,394,216	722,126,687	26.68%
Retroceded premiums		2,158,905,484	1,635,437,224	523,468,260	32.01%
Reinsurance premiums retained		1,269,615,420	1,070,956,992	198,658,427	18.55%
Increase in reserve for unearned reinsurance premiums	7	(20,356,681)	(19,079,356)	(1,277,325)	6.69%
		<u>1,249,258,738</u>	<u>1,051,877,636</u>	<u>197,381,103</u>	<u>18.76%</u>
Underwriting deductions					
Share in claims & losses		1,544,623,709	1,358,026,177	186,597,531	13.74%
Commissions, net		336,955,106	266,890,454	70,064,652	26.25%
	11	<u>1,881,578,814</u>	<u>1,624,916,631</u>	<u>256,662,183</u>	<u>15.80%</u>
Net Underwriting Loss		<u>(632,320,076)</u>	<u>(573,038,995)</u>	<u>(59,281,081)</u>	<u>10.35%</u>
Investments and Other Income (Charges)					
Interest		284,137,958	289,439,161	(5,301,202)	-1.83%
Foreign currency gain (losses)		(17,857,318)	2,693,922	(20,551,239)	-762.87%
Others		114,661,465	63,944,328	50,717,136	79.31%
Investment and Other Income	10	<u>380,942,105</u>	<u>356,077,411</u>	<u>24,864,694</u>	<u>6.98%</u>
Profit after Investment and Other Income		<u>(251,377,971)</u>	<u>(216,961,584)</u>	<u>(34,416,387)</u>	<u>-15.86%</u>
General and Administrative Expenses	12,13	<u>155,834,395</u>	<u>163,135,005</u>	<u>(7,300,610)</u>	<u>-4.48%</u>
Profit Before Tax		<u>(407,212,366)</u>	<u>(380,096,589)</u>	<u>(27,115,777)</u>	<u>7.13%</u>
Tax Expense		<u>54,010,458</u>	<u>53,281,656</u>	<u>728,803</u>	<u>1.37%</u>
Net Profit		<u>(461,222,824)</u>	<u>(433,378,245)</u>	<u>(27,844,579)</u>	<u>6.43%</u>
Earnings (loss) per Share	16	(0.21)	(0.20)		

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the nine months ended September 30, 2010 and 2009)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
NET PROFIT(LOSS)		(461,222,824)	(433,378,245)
OTHER COMPREHENSIVE INCOME (LOSS)			
Fair value gains (losses)-net of taxes	4	<u>319,591,781</u>	<u>166,111,304</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>(141,631,043)</u>	<u>(267,266,941)</u>

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CHANGES IN EQUITY (unaudited)
As of September 30, 2010 and 2009

	<u>Notes</u>	<u>Sept. 30 , 2010</u>	<u>Sept. 30 , 2009</u>
CAPITAL STOCK - P1 par value			
Authorized - 3,000,000,000 shares			
Issued -2,181,954,600 shares in 2010 and 2009	14	2,181,954,600	2,181,954,600
ADDITIONAL PAID IN CAPITAL		3,019,218,457	3,019,218,458
TREASURY SHARES (at cost)		(40,081,811)	(40,081,811)
REVALUATION RESERVE			
Balance at beginning of the year		18,443,858	(169,811,574)
Changes during the period		319,591,781	166,111,303
		338,035,639	(3,700,271)
RETAINED EARNINGS			
Appropriated for contingencies			
Balance at beginning of the year		231,638,712	221,334,777
Additional appropriations			
	14	231,638,712	221,334,777
Unappropriated			
Balance at beginning of the year		743,448,289	737,099,971
Net Income(loss)		(461,222,824)	(433,378,245)
Cash Dividend		(101,504,847)	(86,387,104)
Appropriated for contingencies			
		180,720,618	217,334,622
		<u>5,911,486,215</u>	<u>5,596,060,375</u>

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS (unaudited)
For the nine months period ended September 30, 2010 and September 30, 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(P 407,212,366)	(P 380,096,589)
Adjustments for:		
Increase in reserve for unearned reinsurance premiums	20,356,681	19,079,356
Unrealized foreign currency loss (gain)	5,019,117	8,530,748
Impairment loss	6,397,150	-
Depreciation	13,113,003	7,930,277
Interest income	(284,137,958)	(289,439,161)
Dividend income	(30,679,416)	(22,999,629)
Operating income before working capital changes	<u>(677,143,789)</u>	<u>(656,994,997)</u>
(Increase)Dec. in reinsurance balances receivable	(1,123,377,231)	142,803,170
(Increase) Dec. in deferred input value added tax	(16,334,938)	966,252
Decrease (increase) in deferred acquisition costs	(2,898,740)	(6,442,545)
(Increase) in other assets	(19,858,165)	(7,214,146)
(Increase) Decrease in loans and receivables	(90,391,296)	(38,856,812)
Increase (decrease) in reinsurance balances payable	1,588,340,981	617,099,967
Increase (Dec.) in deferred output value added tax	(6,704,567)	(54,433,356)
Increase (decrease) in accounts payable and accrued exp.	(8,480,597)	(10,820,143)
Cash generated from (used in) operations	<u>(356,848,342)</u>	<u>(13,892,610)</u>
Cash paid for income taxes	<u>(54,010,458)</u>	<u>(51,663,313)</u>
Net Cash From (Used in) Operating Activities	<u>(410,858,800)</u>	<u>(65,555,923)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals (acquisitions) of:		
Available-for-sale financial assets	160,428,995	(17,437,955)
Property and equipment	(43,219,662)	(1,797,764)
Interest received	336,850,514	333,522,263
Dividends received	<u>30,679,416</u>	<u>22,999,629</u>
Net Cash From (Used in) Investing Activities	<u>484,739,252</u>	<u>337,286,174</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	<u>(101,504,847)</u>	<u>(86,387,104)</u>
Net Cash From (Used in) Financing Activities	<u>(101,504,847)</u>	<u>(86,387,104)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(27,624,395)	185,343,146
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS	(6,115,098)	(7,889,408)
CASH AND CASH EQUIVALENTS -January 1	<u>683,659,159</u>	<u>1,149,558,287</u>
CASH AND CASH EQUIVALENTS -September 30	<u>P 649,919,667</u>	<u>P 1,327,012,026</u>

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS (unaudited)
For the Quarters ended September 30, 2010 and September 30, 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(P 196,110,253)	(P 175,230,479)
Adjustments for:		
Decrease in reserve for unearned reinsurance premiums	(2,030,632)	(16,793,658)
Unrealized foreign currency loss (gain)	16,678,165	29,077,404
Impairment loss	6,397,150	-
Depreciation	6,759,847	2,657,513
Interest income	(96,239,405)	(94,994,907)
Dividend income	(12,421,619)	(9,780,692)
Operating income before working capital changes	<u>(276,966,746)</u>	<u>(265,064,820)</u>
(Increase)Dec. in reinsurance balances receivable	(547,382,762)	(371,842,163)
(Increase) Dec. in deferred input value added tax	(12,016,448)	(1,462,309)
Decrease (increase) in deferred acquisition costs	(987,076)	1,228,803
(Increase) in other assets	(13,140,513)	(6,565,993)
(Increase) Decrease in loans and receivables	(46,478,564)	(49,799,259)
Increase (decrease) in reinsurance balances payable	761,720,885	662,193,553
Increase (Dec.) in deferred output value added tax	7,471,706	(6,045,115)
Increase (decrease) in accounts payable and accrued exp.	(10,071,095)	549,877
Cash generated from (used in) operations	<u>(137,850,614)</u>	<u>(36,807,425)</u>
Cash paid for income taxes	<u>(18,222,518)</u>	<u>(17,148,062)</u>
 Net Cash From (Used in) Operating Activities	 <u>(156,073,132)</u>	 <u>(53,955,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals (acquisitions) of:		
Available-for-sale financial assets	(32,420,948)	283,008,864
Property and equipment	(3,039,908)	(1,234,453)
Interest received	136,092,745	152,131,587
Dividends received	12,421,619	9,780,692
 Net Cash From (Used in) Investing Activities	 <u>113,053,508</u>	 <u>443,686,691</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	-	(86,387,104)
 Net Cash From (Used in) Financing Activities	 <u>-</u>	 <u>(86,387,104)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (43,019,625)	 303,344,100
 EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS	 (7,029,432)	 (11,804,840)
 CASH AND CASH EQUIVALENTS -June 30	 <u>699,968,724</u>	 <u>1,035,472,766</u>
 CASH AND CASH EQUIVALENTS -September 30	 <u>P 649,919,667</u>	 <u>P 1,327,012,026</u>

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Notes and Other Disclosures

1. The financial statements of the Company had been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets.

2. Cash and Cash Equivalents

This account consists of:

	September 2010	December 2009
Time Deposits/Short-Term Investment	P 487,498,422	P 619,827,323
Cash on hand and in banks	162,421,243	63,831,836
	P 649,919,667	P 683,659,159

Time deposits were made for varying periods of between one day and one month depending on the liquidity requirements of the Company. Peso time deposits earn annual interest rates ranging from 2.75% to 4.25% in 2010 and 1.5% to 4.5% in 2009 while dollar time deposits earn interest rates with rates ranging from 1.0% to 1.5% in 2010 and 0.05% to 1.5% in 2009. Cash in banks generally earn interest at rates based on daily bank deposit rates. The Cash and Cash Equivalents account includes foreign currency denominated cash of US\$4,161,887 (P182,690,198) as of September 30, 2010 and US\$6,300,936 (P292,086,185) as of December 31, 2009.

3. Reinsurance Balances

The details of reinsurance balances are as follows:

	September 2010	December 2009
Reinsurance balances receivable:		
RI recoverable on unpaid losses	P2,797,286,743	P 1,760,229,554
RI recoverable on paid losses	360,875,681	349,601,459
Due from ceding companies	956,536,609	912,656,154
Funds held by ceding companies	131,490,320	119,846,620
	4,246,189,353	3,142,333,787
Allowance for impairment	(267,920,033)	(267,920,033)
	P 3,978,269,320	P 2,874,413,754
Reinsurance balances payable:		
Due to retrocessionaires	P 508,872,103	P 468,815,645
Claims payable	4,584,546,054	3,048,097,371
Funds held for retrocessionaires	68,243,974	70,968,980
	P 5,161,662,131	P 3,587,881,996

4. Available-for-Sale Financial Assets

The amounts in the balance sheets are composed of the following financial assets:

	September 2010	December 2009
Bonds	P 5,247,263,804	P 5,187,509,694
Equity securities	751,211,257	699,052,711
Investment in Asian Re shares	72,877,790	76,961,974
Various funds	124,549,760	85,211,785
	P 6,195,902,611	P 6,048,736,164

Bonds include investments in corporate bonds, long-term negotiable instruments and government securities. This also includes government securities amounting P190,000,000 and P159,000,000 in 2010 and 2009, respectively, which are on deposit with the Insurance Commission (IC) as security for the benefit of policyholders and creditors of the Company in accordance with the provisions of the Insurance Code of the Philippines.

Bonds earn interest at annual rates ranging from 3.5% to 15% and 5% to 15% in September 2010 and December 2009 respectively. Interest income recognized are presented as part of Investment and Other Income in the statements of income (see Notes 10).

The following presents the fair values of investments in bonds by contractual maturity dates:

	September 2010	December 2009
Due within one year	P -	P 167,282,197
Due after 1 year through 5 years	2,905,355,308	2,855,765,781
Due after 5 years through 10 years	2,220,328,475	2,126,627,642
Due after ten years	121,580,021	37,834,074
	P 5,247,263,804	P 5,187,509,694

The balance of equity securities classified as available-for-sale financial assets consists of:

	September 2010	December 2009
Cost:		
Quoted in the stock exchange	P 469,510,065	P 530,478,088
Not quoted in the stock exchange	192,195,158	194,543,557
	661,705,223	725,021,645
Fair value gains (losses):		
Quoted in the stock exchange	106,732,997	(8,420,047)
Not quoted in the stock exchange	(17,226,963)	(17,548,887)
	P 751,211,257	P 699,052,711

Equity securities mainly consist of investments in companies listed in the PSE.

The shares of Asian Re have been issued in the name of the Government of the Philippines (GoP) as the Philippine government's participation in the joint undertaking of Asian countries to organize a reinsurance company that will service the needs of the region. The GoP assigned such shares, including any interest accruing thereon, to the Company. The GoP designated the Company as the national institution authorized to subscribe and pay for the said shares of stock. The shares of stock of Asian Re, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets. These shares of stock are measured at fair values are recognized under Other Comprehensive Income(Loss) in the statement of comprehensive income. The fair value of investments in Asian Re shares amounted to P72,877,790 and P76,961,974, as of September 2010 and December 2009, respectively.

The reconciliation of the carrying amounts of available-for-sale financial assets are as follows:

	September 2010	December 2009
Balance at beginning of year	P 6,048,736,164	P 5,284,585,889
Additions	1,485,288,550	4,327,663,119
Disposals	(1,641,737,278)	(3,747,134,327)
Impairment loss	(6,397,150)	
Fair value gains (losses)	319,591,781	188,255,431
Foreign currency gains (losses)	(9,579,456)	(4,633,948)
Balance at end of quarter/year	P 6,195,902,611	P 6,048,736,164

Changes in fair value of available-for-sale financial assets, net of taxes, recognized as Fair Value Gains (Losses) account under Other Comprehensive Income (Loss) in the statements of comprehensive income amounted to P319,591,781 and P166,111,304 as of 3rd Qtr. 2010 and 2009, respectively.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active market. For the equity securities without market values, book value per share, based on the audited financial statements of the investee company, were used as an alternative. For some investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

5. Loans and Receivables

This account includes the following:

	September 2010	December 2009
Current:		
Accrued interest receivable	P 49,911,350	P 102,623,905
Term Loans		
Others	15,030,989	11,508,018
Non-current		
Term Loans	230,000,000	130,000,000
Loans receivable	7,857,288	9,332,964
	P 302,799,627	P 253,464,887

6. Property and Equipment

Presented below are the gross carrying amounts and accumulated depreciation of property and equipment.

	Cost	Accumulated Depreciation	Net Carrying Amount
Condominium units	P 104,227,734	P 39,303,833	P 64,923,901
Office improvement	14,284,101	12,235,402	1,948,699
Office furniture/equipt.	9,693,340	9,262,207	431,133
Transportation equipt.	12,966,645	8,418,846	4,547,799
EDP equipment	110,056,903	20,495,868	89,561,035
	P 251,228,723	P 89,816,156	P 161,412,567

7. Deferred Reinsurance Premiums and Reserve for Unearned Reinsurance Premiums

The movements in these accounts are as follows:

	Deferred Reinsurance Premiums	Reserve for Unearned reinsurance premiums
Balance at beg. of year-January 1, 2010	P 771,688,546	P 1,179,075,555
Increase (decrease) during the period	(111,799,165)	(91,442,484)
Balance at end of quarter- September 30, 2010	P 659,889,381	P 1,087,633,071

Deferred Reinsurance Premiums pertain to the portion of reinsurance premiums ceded out that relate to the unexpired periods of the policies at balance sheet date.

Reserve for Unearned reinsurance premiums is the portion of reinsurance premiums assumed that relate to the unexpired periods of the policies at balance sheet date.

The difference between the increase in Deferred Reinsurance Premiums and Reserve for Unearned reinsurance premiums for the year is presented as Increase in Reserve for Unearned Reinsurance Premiums in the income statements.

8. Other Assets

The Other Assets account includes the following:

	September 2010	December 2009
Investment property	P 35,078,482	P 36,349,456
Deferred withholding VAT	9,113,620	4,783,959
Input VAT	20,046,668	26,287,002
Creditable expanded withholding tax	60,651,282	40,668,400
Prepayments	5,145,739	2,023,359
Deposit	575,200	577,695
Security fund	192,888	192,888
Others	1,017,792	2,351,721
	P 131,821,671	P 113,234,480

Investment properties consist of condominium units and improvements which are owned for investment purposes only.

Input VAT pertains to input valued-added taxes on commissions paid to ceding companies.

Deferred withholding VAT represents unapplied input taxes resulting from unpaid premiums on ceded out transactions.

Prepayments include substantially prepaid insurance on property and equipment and group life insurance.

Security fund represents amount deposited with the IC, as required by the Insurance Code, to be used for the payment of valid claims against insolvent insurance companies. The balance of the fund earns interest at rates determined by the IC annually.

9. Accounts Payable and Accrued Expenses

This account includes the following:

	September 2010	December 2009
Defined benefit liability	P 2,016,459	P 22,016,459
Withholding taxes payable	1,833,462	3,210,598
Accrued expenses payable	5,083,856	6,028,049
Accounts payable and other liabilities	17,011,438	3,170,706
	P 25,945,215	P 34,425,812

Management considers the carrying amounts of accounts payable and accrued expenses recognized in the statements of financial position to be a reasonable approximation of fair value due to its short duration.

10. Investment and Other Income

The details of this account follow:

	September 2010	September 2009
Interest	P 284,137,958	P 289,439,161
Trading gain	10,389,776	28,835,347
Gain (loss) on sale of stocks	72,160,196	12,836,404
Foreign exchange gain (loss)	(17,857,318)	2,693,922
Dividend and other income-net	32,111,493	22,272,577
	P 380,942,105	P 356,077,411

11. Underwriting Deductions

11.1 Share in claims and losses

This account represents the aggregate amount of the Company's share in net losses and claims relative to its acceptances under treaty and facultative reinsurances.

11.2 Commissions-net

This account consists of the following:

	September 2010	September 2009
Commission expense	P 588,150,166	P 496,493,903
Reinsurance revenue	251,195,060	229,603,449
	P 336,955,106	P 266,890,454

Commission expense refers to fees deducted by ceding companies from reinsurance premiums assumed during the period under treaty and facultative agreements.

Reinsurance revenues pertain to fees charged by the Company related to reinsurance premiums retroceded during the period under treaty and facultative agreements.

12. General and Administrative Expenses

The details of this account follow:

	September 2010	September 2009
Salaries and employee benefits	P 86,132,427	P 79,388,818
Impairment loss	6,397,150	37,768,455
Professional fees	10,920,906	11,203,401
Depreciation	13,113,003	7,930,277
Taxes, licenses and fees	6,639,688	6,256,928
Representation and entertainment	2,634,898	2,364,629
Transportation & traveling	3,992,067	2,338,236
Association & pool	2,254,325	2,302,548
Advertising and publicity	1,269,685	1,231,682
Light and water	3,526,690	1,807,047
Communication and postages	1,477,378	1,547,894
Contract labor	3,238,363	3,345,990
Printing and office supplies	998,935	1,155,128
Repairs and maintenance	7,345,971	891,746
Insurance	828,597	802,677
Miscellaneous	5,064,312	2,799,549
	P 155,834,395	P 163,135,005

13. Employee Benefits

Short-term Benefits

Expenses recognized for employee benefits are presented below (see Note 12):

	September 2010	September 2009
Salaries and wages	P 64,784,165	P 58,748,676
Allowances and bonus	10,451,866	9,798,341
Retirement	5,842,986	6,048,049
Separation benefits	-	-
Social security costs	1,336,922	1,340,893
Others	3,716,488	3,452,859
	P 86,132,427	P 79,388,818

14. Equity

14.1 Capital Stock

Capital Stock consists of:

Common shares-P1 par value

Issued:

	September 2010	September 2009
Number of shares	2,181,954,600	2,181,954,600
Amount	P 2,181,954,600	P 2,181,954,600

14.2 Appropriation for Contingencies

On April 18, 1989, the Company's Board of Directors approved the establishment of a special reserve which will serve as cushion to the paid-up capital in the event of extraordinarily high loss occurrences or severe catastrophic losses. The amount of P5,000,000 was initially appropriated from retained earnings for this purpose on April 30, 1989. Subsequently, at December 31 of each year where there is profit, ten percent (10%) of such profit shall be set aside as additional reserve for contingencies. The reserve balance, which is shown as Appropriated under Retained Earnings account in the statements of changes in equity, should not exceed, at any time, the amount of paid-up capital. The balance of appropriation for contingencies amounted to P231,638,712 and P221,334,777 as of September 30, 2010 and 2009, respectively.

15. Related Party Transactions

The Company's related parties include its principal stockholders, the Company's key management personnel and other related parties with which the Company had transactions carried out on an arm's length basis.

15.1 Reinsurance accounts with related parties

Reinsurance balances receivable from and payable to related parties are as follows:

	September 2010	December 2009
Due from ceding companies	P 62,446,254	P 304,657,139
Reinsurance recoverable on losses	40,931,056	40,967,517
Funds held by ceding companies	52,547,070	41,293,832
Due to retrocessionaires	(45,264,587)	(35,594,833)
Funds held for retrocessionaires	(895,144)	(894,399)

15.2 Bank accounts

The Company maintains savings and current accounts and time deposits with Bank of the Philippine Islands (BPI). The details of which follow:

	September 2010	December 2009
Time Deposits	-	P 23,500,000
Savings and current accounts	2,314,972	2,332,565
	P 2,314,972	P 25,832,565

15.3 Investment Management and Custodianship

The Company has entered into agreements known as "Investment Management Agreement" and "Custodianship Agreement" with BPI for the management and custodianship of certain investible funds of the Company subject to terms and conditions in the said agreements. These investments were presented in their respective statement of financial position accounts as follows:

	September 2010	December 2009
Cash and cash equivalents	P 518	22,611,956
Available-for-sale financial assets	1,483,884,329	1,201,491,263
Loans and receivables	80,000,000	80,000,000
	P 1,563,884,847	P1,304,103,219

In consideration for the services rendered, the Company pays BPI service fees equivalent to a certain percentage of the market value of the investments. Total service fees paid for amounted to P2,103,555 and P2,451,664 in September 2010 and December 2009, respectively, and is charged against Dividend and Other Income-net under Investment and Other Income account (see Note 10) in the statements of income.

15.3 Retirement Fund Investment Management

In 2006, the Company entered into a "Retirement Fund Investment Management Agreement" with BPI for the management of the investments of the Company's retirement funds subject to the terms and conditions in the said agreement.

In 2007, the Company also entered into a Trust Agreement whereby it designated Rizal Commercial Banking Corporation, another related party, as additional trustee of its employee's retirement plan.

16. Earnings (loss) Per Share

The earnings per share amounts are as follows:

	September 2010	September 2009
Net income (loss) available to common shareholders	(P 461,222,824)	(P 433,378,245)
Divided by the average number of outstanding common shares	2,159,677,600	2,159,677,600
	(P .21)	(P .20)

17. Other SEC requirements

The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:

<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> Nothing to report.

<ul style="list-style-type: none"> The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported prior financial years, if those changes have a material effect in the current interim period 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Dividends paid (aggregate or per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> The Board of Directors approved the declaration of P0.047/share cash dividend payable to stockholders of record as of June 04, 2010 on June 22, 2010
<ul style="list-style-type: none"> Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements) 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> Nothing to report.

AGING OF REINSURANCE BALANCES RECEIVABLE

As of September 30, 2010
(In million pesos)

	<u>Total</u>	<u>Below 360 days</u>	<u>Over 360 days</u>
Due from Ceding Companies	956	697	259
Reinsurance recoverable on paid losses	362	69	293
Reinsurance recoverable un unpaid losses	2,797	2,797	-
Funds Held by Ceding companies	131	131	-
	<u>4,246</u>	<u>3,694</u>	<u>552</u>
Allowance for impairment*	<u>(268)</u>		
	<u><u>3,978</u></u>		

*Our policy on providing provision on receivables of more than one year is by specific identification method and each account has been subjected to impairment test.