

BPI/MS INSURANCE CORPORATION

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousand Pesos)

	2007	2006
UNDERWRITING INCOME		
Premiums written, net of returns	P 2,336,351	P 2,135,324
Reinsurance premiums ceded	1,240,710	1,224,288
Net premiums retained	1,095,641	911,036
(Increase) decrease in reserve for unearned premiums, net	(40,699)	425
Premiums earned	1,054,942	911,461
Reinsurance commissions	148,247	133,490
GROSS UNDERWRITING INCOME	1,203,189	1,044,951
UNDERWRITING EXPENSES		
Losses and claims, net of reinsurance	341,671	385,961
Commission expense	366,879	291,151
Total underwriting expenses	708,550	677,112
NET UNDERWRITING INCOME	494,639	367,839
GENERAL AND ADMINISTRATIVE EXPENSES		
Staff costs	160,200	145,695
Occupancy and equipment - related expenses	64,795	56,028
Provision for impairment	2,676	18,388
Professional fees	8,865	14,700
Communication and postage	8,876	7,912
Advertising and promotion	6,982	5,160
Printing and supplies	8,416	6,898
Association and pool dues	4,990	4,681
Entertainment	4,807	4,863
Travel and transportation	3,904	3,522
Taxes and licenses	1,520	1,115
Other	13,667	5,462
Total general and administrative expenses	289,698	274,424
OPERATING INCOME	204,941	93,415
INVESTMENT AND OTHER INCOME, net		
Interest, net	218,534	217,004
Gain on sale of investments	64,748	11,371
Dividend	16,217	20,288
Liquidating gain on investment in a subsidiary	-	44,869
Other	(13,488)	(11,498)
Net investment and other income	286,011	282,034
INCOME BEFORE INCOME TAX	490,952	375,449
PROVISION FOR INCOME TAX	98,937	67,708
NET INCOME FOR THE YEAR	P 392,015	P 307,741