

ANNUAL REPORT 2025

PIONEER INSURANCE & SURETY CORPORATION

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PIONEER GROUP

Established in 1954, the Pioneer Group has consistently charted insurance milestones for over half a century through its main arms of life and non-life insurance.

Pioneer Group has an extensive network of 23 branch offices and shared offices throughout the country. With an office in Hong Kong, it remains as the only active Philippine non-life company writing business in China's Special Administrative Region.

Pioneer has been named by Euromoney Annual Insurance Survey as the best Insurance Company in the Philippines for two consecutive years beginning 2009. In 2010, it was likewise recognized as the Best Insurer in Asia. In 2012, Pioneer was recognized by the Insurance Commission for its significant contributions to the field of microinsurance.

Comprising the Pioneer Group are: Pioneer Insurance & Surety Corporation, Pioneer Life Inc, Pioneer Intercontinental Insurance Corporation, CARD Pioneer Microinsurance Inc, M Pioneer Insurance Inc., and Pioneer Hollard Inc.

CORPORATE PROFILE

Pioneer Insurance & Surety Corporation (PISC) was established in 1954. It is Pioneer Group's flagship company.

PISC maintains its rank as one of the country's leading non-life insurers -- highlighted by its strong position in all general insurance lines, particularly Marine Hull, Marine Cargo, Aviation, and Casualty.

Board of Directors

Mr. Ernesto O. Chan, Chairman
Atty. Ma. Bertola D. Medialdea, President/CEO
Mr. Lorenzo O. Chan, Jr., Member
Ms. Molly C. Uyecio, Member
Mr. Jason Lorenz Y. Chan, Member
Ms. Lianne Janine L. Coyukiat, Member

OUR CORE VALUES

Integrity

We know who we are and take pride in our mission. We live out our values. We strongly believe in this dual standard: **To be strict with others but strictest with one's self, especially when no one is looking.**

Excellence

We go above and beyond mere compliance. We believe in doing the right things the right way. **We continuously better our best.** We believe that mediocrity is a form of dishonesty; it is not being true to who we are.

Malasakit

Tunay ang pagpapahalaga natin sa ating gawain, tungkulin, at layunin.

Kaya't itinuturing nating itong parang atin at ipinapanalo ang pagbangon at pag-unlad.

We genuinely value our work and duty. That's why we take ownership of it and work hand-in-hand in championing the progress of all stakeholders.

WHAT WE OFFER

Aviation

- Aircraft Third Party Liability
- Aircraft Personal Accident
- Comprehensive Third Party Liability
- Drones/UAVs
- Hull Insurance
- Hull War Insurance
- Spares

Cargo

- Airfreight Cargo
- Inland Cover
- Container Insurance Cover
- Stock Throughput Cover
- Seafreight Cargo

Fire

- Fire/Lightning with Allied Perils
- Basic Fire/Lightning Cover
- Crisis Guard

Engineering

- Boiler and Pressure Vessel (BPV)
- Contractors' All risks (CARI)
- Civil Engineering Completed Risks (CECR)
- Deterioration of Stocks (DOS) following a Machinery Breakdown (MBI)
- Erection All Risks (EAR)
- Electronic Equipment Insurance (EEI)
- Machinery Breakdown Insurance (MBI)
- Machinery Loss of Profit (MLOP) following Machinery Breakdown (MBI)

General Accident

- Fidelity Guarantee Insurance
- Comprehensive General Liability
- Comprehensive Personal Liability
- Cyber Insurance for SMEs
- Money, Securities & Payroll Robbery
- Employer's Liability Insurance
- Hole-in-One Insurance/Prize Indemnity
- Burglary Insurance
- Plate Glass Insurance
- Comprehensive Event Insurance
- Comprehensive Inland Transit
- Contractors Plant and Machinery Insurance
- Directors and Officers Liability Insurance
- Merchandise Floater
- Property Floater
- Errors and Omissions/ Professional Indemnity
- Film and TV Production Comprehensive Insurance
- Political Violence Insurance

Motor

- Comprehensive Motor Insurance
- Motor Protect
- Compulsory Third Party Liability

Surety

- Surety Bond

Hull

- Protection & Indemnity Risks
- Ship Repairer's Liability
- Terminal Operator's Liability
- Increased Values
- Time Charterers' Liability
- Mortgage Interest Insurance
- Hull & Machinery
- Freight, Demurrage & Defense
- Loss of Hire
- War & Strikes

FINANCIAL STATEMENTS

PIONEER INSURANCE & SURETY CORPORATION
(A Subsidiary of Pioneer, Inc.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	₱6,293,247,600	₱5,260,031,196
Short-term investments	5	1,112,252,108	1,020,007,097
Insurance receivables	6	5,530,968,383	4,007,885,180
Investment in debt securities at amortized cost	7	1,667,709,422	2,129,855,060
Financial assets at fair value through other comprehensive income (FVOCI)	7	1,559,579,195	1,424,208,332
Financial assets at fair value through profit or loss (FVPL)	7	406,414,708	505,048,202
Other receivables	8	126,657,277	116,829,733
Accrued income	8	49,542,710	59,085,987
Deferred acquisition costs	10	706,013,333	608,135,427
Reinsurance assets	11	17,418,692,744	18,636,837,098
Investment properties	12	3,214,700,355	3,187,038,679
Property and equipment			
At revalued amount	13	6,609,483,055	6,378,800,052
At cost	13	2,875,818,399	1,897,847,962
Investment in subsidiaries, associates and a joint venture	14	10,781,143,068	10,823,767,960
Net retirement plan asset	20	136,655,023	197,150,714
Right-of-use (ROU) asset	26	28,465,664	31,340,324
Other assets	15	644,297,106	816,924,898
		₱59,161,640,150	₱57,100,793,901
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	16	₱24,550,627,213	₱24,787,416,357
Insurance payables	17	9,351,999,543	9,140,077,258
Accounts and other payables	18	1,791,115,514	1,551,618,211
Loans payable	19	1,577,800,000	697,000,000
Deferred reinsurance commissions	10	105,584,233	126,477,238
Lease liabilities	26	29,803,849	31,997,097
Net deferred tax liabilities	27	1,074,903,441	1,130,529,278
Total Liabilities		38,481,833,793	37,465,115,439

(Forward)

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	Note	December 31	
		2025	2024
Equity			
Capital stock		₱300,000,000	₱300,000,000
Additional paid-in capital		72,500,000	72,500,000
Retained earnings	21	14,436,730,927	13,727,824,221
Other components of equity:			
Revaluation reserve on property and equipment	13	4,486,099,327	4,304,225,185
Cumulative gain on fair value changes of financial assets at FVOCI	7	1,031,808,137	897,640,400
Cumulative translation adjustments		430,417,780	381,117,378
Cumulative remeasurement loss on net retirement plan asset	20	(77,749,814)	(47,628,722)
Total Equity		20,679,806,357	19,635,678,462
		₱59,161,640,150	₱57,100,793,901

See accompanying Notes to Separate Financial Statements.

PIONEER INSURANCE & SURETY CORPORATION
(A Subsidiary of Pioneer, Inc.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31	
		2025	2024
REVENUE			
Gross premiums earned on insurance contracts	22	₱19,923,998,863	₱18,115,959,332
Reinsurers' share of gross premiums earned	22	(13,301,391,085)	(12,711,802,485)
Net premiums earned		6,622,607,778	5,404,156,847
Investment income - net	23	541,101,523	763,030,148
Commission income	10	438,317,725	452,535,002
Net foreign currency exchange gains		44,837,652	41,663,978
Other income		11,820,399	13,773,901
		<u>7,658,685,077</u>	<u>6,675,159,876</u>
BENEFITS, CLAIMS AND EXPENSES			
Net insurance benefits and claims	24	3,405,279,480	2,768,998,356
Commission expense	10	1,595,112,210	1,331,950,985
Operating expenses	25	1,560,045,567	1,589,941,393
Interest expense	19	7,872,243	29,481,990
Other underwriting expenses		29,245,413	25,397,317
		<u>6,597,554,913</u>	<u>5,745,770,041</u>
INCOME BEFORE INCOME TAX		<u>1,061,130,164</u>	<u>929,389,835</u>
PROVISION FOR INCOME TAX			
Current		291,876,362	169,506,534
Final		74,071,939	83,709,207
Deferred		(110,241,196)	(34,265,404)
		<u>255,707,105</u>	<u>218,950,337</u>
NET INCOME		<u>805,423,059</u>	<u>710,439,498</u>
OTHER COMPREHENSIVE INCOME			
<i>To be reclassified to profit or loss when realized –</i>			
Change in cumulative translation adjustments	3	49,300,402	44,084,955
<i>Not to be reclassified to profit or loss when realized:</i>			
Unrealized gain on fair value changes of financial assets at FVOCI (net of tax effect of ₱1.2 million in 2025 and ₱3.4 million in 2024)	7	134,167,737	191,620,687
Change in revaluation reserve on property and equipment (net of tax effect of ₱63.5 million in 2025 and ₱14.8 million in 2024)	13	190,357,789	(44,272,110)
Remeasurement loss on net retirement plan asset (net of tax effect of ₱10.0 million in 2025 and ₱16.4 million in 2024)	20	(30,121,092)	(49,160,451)
		<u>343,704,836</u>	<u>142,273,081</u>
TOTAL COMPREHENSIVE INCOME		<u>₱1,149,127,895</u>	<u>₱852,712,579</u>

PIONEER INSURANCE & SURETY CORPORATION
(A Subsidiary of Pioneer, Inc.)
SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31	
		2025	2024
CAPITAL STOCK - ₱100 par value			
Authorized, issued and subscribed - 3,000,000 shares		₱300,000,000	₱300,000,000
ADDITIONAL PAID-IN CAPITAL			
		72,500,000	72,500,000
RETAINED EARNINGS			
Balance at beginning of year		13,727,824,221	13,127,300,388
Net income		805,425,059	710,439,498
Cash dividends	21	(105,000,000)	(161,890,000)
Transfers from revaluation reserve on property and equipment	13	8,483,647	8,635,473
Reclassification		-	43,328,862
Balance at end of year		14,436,730,927	13,727,824,221
REVALUATION RESERVE ON PROPERTY AND EQUIPMENT			
	13		
Balance at beginning of year		4,304,225,185	4,400,461,630
Revaluation changes		190,357,789	(44,272,110)
Transfers to retained earnings		(8,483,647)	(8,635,473)
Reclassification	13	-	(43,328,862)
Balance at end of year		4,486,099,327	4,304,225,185
CUMULATIVE GAIN ON FAIR VALUE CHANGES OF FINANCIAL ASSETS AT FVOCI			
	7		
Balance at beginning of year		897,640,400	706,019,713
Unrealized gain on fair value changes		134,167,737	191,620,687
Balance at end of year		1,031,808,137	897,640,400
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance at beginning of year		381,117,378	337,032,423
Translation adjustments	3	49,300,402	44,084,955
Balance at end of year		430,417,780	381,117,378
CUMULATIVE REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT PLAN ASSET			
Balance at beginning of year	20	(47,628,722)	1,531,729
Remeasurement loss	20	(30,121,092)	(49,160,451)
Balance at end of year		(77,749,814)	(47,628,722)
		₱20,679,806,357	₱19,635,678,462

See accompanying notes to separate financial statements.

PIONEER INSURANCE & SURETY CORPORATION
(A Subsidiary of Pioneer, Inc.)

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱1,061,130,164	₱929,389,835
Adjustments for:			
Interest income	23	(431,630,916)	(485,278,734)
Depreciation and amortization	13	124,477,069	132,036,573
Unrealized foreign currency exchange loss (gain)		(53,469,954)	9,057,144
Dividend income	23	(40,608,828)	(45,692,762)
Loss on disposal of financial assets at FVPL	23	40,193,971	8,258,100
Fair value gain on investment properties	12	(24,710,801)	(150,623,663)
Retirement benefit expense	20	22,477,334	19,996,170
Interest expense	19	7,872,243	29,481,990
Provision (reversal of allowance) for impairment losses on:			
Insurance receivables	6	(4,554,111)	37,693,257
Investment in associate	14	-	228,056,877
Other assets	15	-	56,323,061
Unrealized loss on fair value changes on financial assets at FVPL	7	353,412	2,248,402
Operating income before changes in working capital		701,529,583	770,946,250
Decrease (increase) in:			
Insurance receivables		(1,513,898,372)	(1,474,025,089)
Other receivables		(9,827,544)	21,258,094
Accrued income		(23,184)	609,040
Deferred acquisition costs		(97,877,906)	(263,780,851)
Reinsurance assets		1,218,144,354	(43,477,663)
Other assets		172,627,792	162,714,179
Increase (decrease) in:			
Insurance contract liabilities		(236,789,144)	1,553,818,788
Insurance payables		202,119,987	(480,871,566)
Accounts and other payables		239,600,813	35,228,331
Deferred reinsurance commissions		(20,893,005)	37,500,117
Net cash generated from operations		654,713,374	319,919,630
Income tax paid		(365,948,301)	(253,215,741)
Contributions to the retirement plan	20	-	(90,000,000)
Net cash provided by (used in) operating activities		288,765,073	(23,296,111)

(Forward)

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		Years Ended December 31	
	Note	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Short-term investments	5	(₱1,112,252,108)	(₱1,020,007,097)
Property and equipment	13	(1,039,075,390)	(844,932,648)
Financial assets at FVPL	7	(76,046,183)	(251,473,067)
Investment in debt securities at amortized cost	7	(42,600,000)	(1,760,000,000)
Investment properties	12	-	(984,548)
Investments in subsidiaries	14	-	(799,933)
Proceeds from collections/maturities/disposal of:			
Short-term investments	5	1,020,007,097	983,129,120
Investment in debt securities at amortized cost	7	480,000,000	-
Financial assets at FVPL	7	139,046,294	148,063,105
Other receivables	7	-	227,000,000
Interest received		465,138,175	464,172,125
Return of contributed surplus from a subsidiary	14	42,624,892	-
Dividends received		41,413,668	45,297,397
Proceeds from sale of property and equipment	13	3,030,433	2,449,490
Net cash used in investing activities		(78,713,122)	(2,008,086,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loans payable	19	880,800,000	250,000,000
Payments of:			
Cash dividends	21	(105,000,000)	(161,880,000)
Lease liabilities	26	(13,251,562)	(15,783,257)
Interest on loans payable	19	-	(21,190,600)
Loans payable	19	-	(392,000,000)
Net cash provided by (used in) financing activities		762,548,438	(340,853,857)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		972,600,389	(2,372,236,024)
NET EFFECT OF FOREIGN CURRENCY TRANSLATION		60,616,015	(83,977,247)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,260,031,196	7,716,244,467
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	₱6,293,247,600	₱5,260,031,196

See accompanying notes to Separate Financial Statements.

INDEPENDENT AUDITOR'S REPORT



REYES TACANDONG & Co.
TRUSTED PRINCIPLES. WISE SOLUTIONS.

SECURITY REGISTERED BY SEC
 SEC Reg. No. 00000000000000000000
 SEC Registration No. 4702-001 Group 4
 SEC Reg. No. 00000000000000000000
 SEC Reg. No. 00000000000000000000

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
 Pioneer Insurance & Surety Corporation

Opinion

We have audited the separate financial statements of Pioneer Insurance & Surety Corporation (the Company), a subsidiary of Pioneer Inc., which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2025 and 2024, and its separate financial performance and its separate cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REYES TACANDONG & CO.

Pamela Ann P. Escudero
 PAMELA ANN P. ESCUDERO

Partner
 CPA Certificate No. 123529
 Tax Identification No. 718-511-818-000
 RCU Accreditation No. 27E2/P-018, valid until June 6, 2018
 IC Accreditation No. IC-CA-2025-0850-8
 issued January 22, 2018
 valid for financial periods 2015 to 2021
 SEC Accreditation No. 120829-001 Great A
 issued March 24, 2011
 valid for financial periods 2010 to 2024
 BIR Accreditation No. 08-001144-013-2025
 valid until October 31, 2025
 PTR No. 10764818
 issued January 1, 2016, Makati City

April 10, 2020
 Makati City, Metro Manila