

## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Pioneer Intercontinental Insurance Corporation  
Pioneer House  
108 Paseo De Roxas  
Legaspi Village, Makati City

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its 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 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 financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the 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.

#### *Emphasis of a Matter Paragraph*

Without qualifying our opinion, we draw attention to matters discussed in Note 1 to the financial statements. On December 27, 2024, the Company's Board of Directors, approved the merger of the Company and PISC, with PISC as the surviving entity. As a result of the merger, the operations and business of the Company will continue under PISC. The Articles of Merger is pending approval by the Securities and Exchange Commission.



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

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

In preparing the 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 Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Pioneer Intercontinental Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

  
PAMELA ANN P. ESCUADRO

Partner

CPA Certificate No. 128829

Tax Identification No. 216-321-918-000

BOA Accreditation No. 4782/P-013; Valid until June 6, 2026

IC Accreditation No. IC-EA-2025-0050-R

Issued January 22, 2026

Valid for Financial Periods 2025 to 2027

SEC Accreditation No. 128829-SEC Group A

Issued March 23, 2021

Valid for Financial Periods 2020 to 2025

BIR Accreditation No. 08-005144-013-2025

Valid until October 20, 2028

PTR No. 10764016

Issued January 2, 2026, Makati City

April 10, 2026

Makati City, Metro Manila

**PIONEER INTERCONTINENTAL INSURANCE CORPORATION**  
(A Subsidiary of Pioneer Insurance & Surety Corporation)

**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2025	2024
<b>ASSETS</b>			
Cash and cash equivalents	4	₱351,432,387	₱472,852,400
Short-term investments	4	–	28,989,120
Insurance receivables	5	576,024,441	462,030,418
Investments in debt securities at amortized cost	6	816,059,242	620,064,153
Financial assets at fair value through other comprehensive income (FVOCI)	6	539,864,660	459,414,935
Financial assets at fair value through profit or loss (FVPL)	6	61,650	587,950
Other receivables	5	48,355,642	10,860,884
Investment in an associate	7	613,705,550	613,705,550
Reinsurance assets	9	638,855,896	454,011,739
Deferred acquisition costs	8	32,469,345	27,425,098
Net retirement asset	20	14,689,445	14,245,093
Right-of-use (ROU) assets	22	–	125,306
Other assets	10	14,266,507	17,733,244
		<b>₱3,645,784,765</b>	<b>₱3,182,045,890</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contract liabilities	11	₱995,360,565	₱869,841,477
Insurance payables	12	486,705,830	375,006,434
Commissions payable	8	89,982,594	79,206,835
Deferred reinsurance commissions	8	41,738,697	35,349,355
Accounts payable and accrued expenses	13	23,152,522	40,319,347
Income tax payable		22,661,546	16,756,257
Lease liabilities	22	–	135,551
Net deferred tax liabilities	21	69,059,479	54,739,350
Total Liabilities		<b>₱1,728,661,233</b>	<b>₱1,471,354,606</b>

(Forward)

		December 31	
	Note	2025	2024
<b>Equity</b>			
Capital stock		<b>₱250,000,000</b>	₱250,000,000
Contributed surplus	15	<b>350,000,000</b>	350,000,000
Retained earnings	15	<b>867,221,799</b>	729,245,065
Other components of equity:			
Cumulative unrealized gain on fair value changes on financial assets at FVOCI	6	<b>449,721,229</b>	381,338,964
Cumulative remeasurement gain on net retirement asset	20	<b>180,504</b>	107,255
<b>Total Equity</b>		<b>1,917,123,532</b>	1,710,691,284
		<b>₱3,645,784,765</b>	<b>₱3,182,045,890</b>

*See accompanying Notes to Financial Statements.*

**PIONEER INTERCONTINENTAL INSURANCE CORPORATION**  
(A Subsidiary of Pioneer Insurance & Surety Corporation)

**STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Years Ended December 31	
		2025	2024
<b>REVENUE</b>			
Gross premiums earned on insurance contracts	16	₱578,849,280	₱505,397,170
Reinsurers' share of gross premiums earned on insurance contracts	16	(392,692,775)	(329,060,472)
Net insurance premiums earned		186,156,505	176,336,698
Commission income	8	96,939,473	81,129,074
Investment income	19	68,960,507	66,885,780
Foreign exchange gain (loss)		163,133	(3,506)
Other underwriting income		3,556,483	2,617,503
		<b>355,776,101</b>	<b>326,965,549</b>
<b>BENEFITS, CLAIMS AND EXPENSES</b>			
Net insurance benefits and claims	17	29,657,080	41,765,811
Commission expense	8	89,126,500	79,774,201
General and administrative expenses	18	27,334,582	38,178,321
Interest expense	12	7,910,358	7,191,651
Other underwriting expenses		20,310,205	25,281,140
		<b>174,338,725</b>	<b>192,191,124</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>181,437,376</b>	<b>134,774,425</b>
<b>INCOME TAX EXPENSE</b>	21		
Current		27,843,906	21,360,113
Final		13,388,483	13,169,874
Deferred		2,228,253	2,162,831
		<b>43,460,642</b>	<b>36,692,818</b>
<b>NET INCOME</b>		<b>137,976,734</b>	<b>98,081,607</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Not to be reclassified to profit or loss:</i>			
Unrealized gain on fair value changes of financial assets at FVOCI (net of tax effect of ₱12.1 million in 2025 and ₱12.4 million in 2024)	6	68,382,265	70,018,475
Remeasurement gain (loss) on net retirement asset (net of tax effect of ₱24,416 in 2025 and ₱0.9 million in 2024)	20	73,249	(2,711,902)
		<b>68,455,514</b>	<b>67,306,573</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱206,432,248</b>	<b>₱165,388,180</b>

See accompanying Notes to Financial Statements.

**PIONEER INTECONTINENTAL INSURANCE CORPORATION**  
**(A Subsidiary of Pioneer Insurance & Surety Corporation)**

**STATEMENTS OF CHANGES IN EQUITY**

	Note	Years Ended December 31	
		2025	2024
<b>CAPITAL STOCK - ₱100 par value</b>			
Authorized, issued and outstanding - 2,500,000 shares		<b>₱250,000,000</b>	₱250,000,000
<b>CONTRIBUTED SURPLUS</b>	15	<b>350,000,000</b>	350,000,000
<b>RETAINED EARNINGS</b>			
Balance at beginning of year	15	<b>729,245,065</b>	631,163,458
Net income		<b>137,976,734</b>	98,081,607
Balance at end of year		<b>867,221,799</b>	729,245,065
<b>OTHER COMPONENTS OF EQUITY</b>			
<b>Cumulative unrealized gain on fair value changes on financial assets at FVOCI</b>			
	6		
Balance at beginning of year		<b>381,338,964</b>	311,320,489
Unrealized gain on fair value changes, net of tax		<b>68,382,265</b>	70,018,475
Balance at end of year		<b>449,721,229</b>	381,338,964
<b>Cumulative remeasurement gain on net retirement asset</b>			
	20		
Balance at beginning of year		<b>107,255</b>	2,819,157
Remeasurement gain (loss) on net retirement asset, net of tax		<b>73,249</b>	(2,711,902)
Balance at end of year		<b>180,504</b>	107,255
<b>TOTAL EQUITY</b>		<b>₱1,917,123,532</b>	₱1,710,691,284

*See accompanying Notes to Financial Statements.*

**PIONEER INTERCONTINENTAL INSURANCE CORPORATION**  
(A Subsidiary of Pioneer Insurance & Surety Corporation)

**STATEMENTS OF CASH FLOWS**

		Years Ended December 31	
	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		₱181,437,376	₱134,774,425
Adjustments for:			
Interest income	19	(67,931,342)	(64,832,498)
Interest expense	12, 22	7,910,358	7,191,651
Dividend income	19	(1,156,495)	(1,553,773)
Retirement income	20	(346,687)	(596,522)
Depreciation of ROU assets	22	125,306	216,328
Unrealized loss on fair value changes on financial assets at FVPL	19	122,300	67,600
Loss (gain) on disposal of financial assets at FVPL	19	5,030	(567,109)
Provision for impairment losses on investment in an associate	7	–	16,009,710
Operating income before changes in working capital		120,165,846	90,709,812
Decrease (increase) in:			
Insurance receivables		(113,994,023)	(112,946,576)
Other receivables		(32,410,355)	(204,810)
Deferred acquisition costs		(5,044,247)	(2,973,105)
Reinsurance assets		(184,844,157)	(146,190,473)
Other assets		3,466,737	(3,607,854)
Increase (decrease) in:			
Insurance contract liabilities		125,519,088	127,725,666
Insurance payables		111,699,396	43,798,568
Deferred reinsurance commissions		6,389,342	9,206,248
Accounts payable and accrued expenses		(17,166,825)	6,056,766
Commissions payable		10,775,759	15,860,655
Net cash generated from operations		24,556,561	27,434,897
Income tax paid		(35,327,100)	(21,969,748)
Interest paid		(7,907,983)	(7,171,317)
Net cash used in operating activities		(18,678,522)	(1,706,168)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposals/maturities of:			
Short term investments		28,989,120	–
Financial assets at FVPL	6	398,970	7,579,473
Investments in debt securities at amortized cost	6	–	66,000,000
Additions to:			
Investments in debt securities at amortized cost	6	(200,000,000)	(20,000,000)
Short-term investments		–	(28,989,120)
Interest received		66,851,850	66,085,910
Dividends received		1,156,495	1,553,773
Net cash provided by (used in) investing activities		(102,603,565)	92,230,036

(Forward)

		<b>Years Ended December 31</b>	
	Note	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Payment of lease liabilities	22	<b>(P137,926)</b>	<b>(P229,877)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(121,420,013)</b>	<b>90,293,991</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>472,852,400</b>	<b>382,558,409</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4	<b>P351,432,387</b>	<b>P472,852,400</b>

*See accompanying Notes to Financial Statements.*