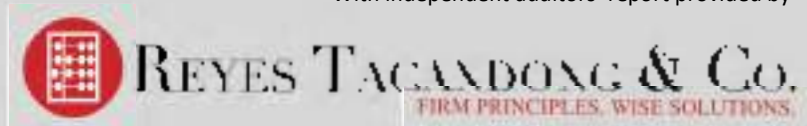


PIONEER INSURANCE & SURETY CORPORATION

(A Subsidiary of Pioneer, Inc.)

Separate Financial Statements
As at and For the Year Ended
December 31, 2025 and 2024

With independent auditors' report provided by



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.



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.

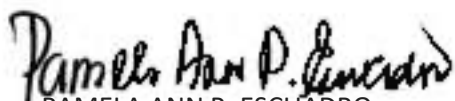
As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.



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. 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 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)

		December 31	
	Note	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

		Years Ended December 31	
	Note	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
		7,658,685,077	6,675,159,876
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
		6,597,554,913	5,745,770,041
INCOME BEFORE INCOME TAX		1,061,130,164	929,389,835
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)
		255,707,105	218,950,337
NET INCOME		805,423,059	710,439,498
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)
		343,704,836	142,273,081
TOTAL COMPREHENSIVE INCOME		₱1,149,127,895	₱852,712,579

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		805,423,059	710,439,498
Cash dividends	21	(105,000,000)	(161,880,000)
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

		Years Ended December 31	
	Note	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)

		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		₱6,293,247,600	₱5,260,031,196

See accompanying Notes to Separate Financial Statements.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Corporate Information

Pioneer Insurance & Surety Corporation (the Company) is a domestic corporation which was registered with the Philippine Securities and Exchange Commission (SEC) on May 13, 1954.

The Company is engaged in the business of nonlife insurance, indemnifying others against loss, damage or liability arising from unknown or contingent events. It includes lines such as accident, fire and allied lines, motor vehicle, aviation, casualty, surety, marine cargo, marine hull, comprehensive liability insurance and allied risks, and/or such other insurance coverage allied with an incident to the aforementioned lines. The Company is 55.51%-owned by Pioneer, Inc. (the Parent Company), a company incorporated in the Philippines.

On January 8, 2025, the Insurance Commission (IC) renewed the Company's license to operate as an Insurance Company with Certificate of Authority No. 2025/38-R valid until December 31, 2027.

On October 20, 2025, the SEC approved the Company's change in registered office address to Pioneer House BGC, 5th Avenue, cor. 26th Street, Bonifacio Global City, Taguig City 1635 from Pioneer House Makati, 108 Paseo de Roxas, Legaspi Village, Makati City. As at report date, transfer to the new office address is ongoing and is expected to be completed within 2026.

The registered office address with the BIR remains to be at Pioneer House Makati, 108 Paseo de Roxas, Legaspi Village, Makati City.

Merger Between the Company and PIIC

On December 27, 2024, the Board of Directors (BOD) of the Company approved its merger with Pioneer Intercontinental Insurance Company (PIIC), its subsidiary, with PISC as the surviving company and PIIC as the absorbed company.

As at reporting date, the application for merger of the absorbed Company has been endorsed by IC and pending approval from the SEC.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at and for the years ended December 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

The Company elected not to prepare 2025 and 2024 consolidated financial statements pursuant to the exemption provided under PFRS 10, *Consolidated Financial Statements*, as the Parent Company prepares consolidated financial statements in compliance with PFRS Accounting Standard. The consolidated financial statements may be obtained from the registered office addresses of the Parent Company or with the SEC.

Measurement Basis

The separate financial statements are presented in Philippine Peso (Peso), which is the Company's functional and presentation currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The separate financial statements have been prepared on the historical cost basis of accounting, except for financial assets at FVPL, financial assets at FVOCI and investment properties which are stated at fair value, certain components of property and equipment which are carried at revalued amounts, net retirement plan asset which is measured at the fair value of plan assets less present value of the defined benefit obligation and lease liabilities measured at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 - Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values is included in the following notes to the separate financial statements:

- Note 7 - Financial assets at FVOCI and Financial assets at FVPL
- Note 12 - Investment properties
- Note 13 - Property and equipment
- Note 30 - Management of Insurance and Financial Risk

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*, effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of separate financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the separate financial statements, as foreign-currency denominated transactions continue to be translated using prevailing exchange rates. Additional disclosures were included in the separate financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS Accounting Standards 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS Accounting Standards 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘*transaction price as defined by PFRS Accounting Standards 15, Revenue from Contracts with Customers*’ to ‘*the amount determined by applying PFRS Accounting Standards 15*’ to remove potential confusion. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.
- PFRS Accounting Standards 17, *Insurance Contracts* – This standard will replace PFRS Accounting Standards 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter 2020-62, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Subsequently, on March 19, 2025, the Insurance Commission issued Circular Letter 2025-04, *Application of PFRS Accounting Standards 17 – Insurance Contracts in the Audited Financial Statements and Preparation of IC Reportorial Requirements*, further extending the effectivity date of PFRS 17 to January 1, 2027. Earlier application is permitted.

- Amendment to PFRS Accounting Standards 17, *Insurance Contracts - Initial Application of PFRS Accounting Standards 17* and PFRS Accounting Standards 9, *Financial Instruments - Comparative Information* – The amendment adds a transition option for a “classification overlay” to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS Accounting Standards 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS Accounting Standards 17. No amendments have been made to the transition requirements of PFRS Accounting Standards 9.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards, except for the adoption of PFRS 17, is not expected to have any material effect on the separate financial statements of the Company. For the adoption of PFRS 18, while it is not expected to have a material impact on the Company’s financial position or financial performance, it will result in changes in the presentation, classification, and aggregation of items in the separate statements of comprehensive income and related disclosures as required by the standard.

For the adoption of PFRS 17, the management is currently in the process of performing detailed review and analysis to determine the financial impact.

Current and Noncurrent Classification

The Company presents assets and liabilities in the separate statements of financial position based on liquidity.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Financial Instruments

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” profit or loss) in the separate statements of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the separate statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” profit or loss amount.

Financial Assets

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVPL
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at amortized cost (debt instruments)

In order for debt instruments to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if these were acquired for the purpose of selling or repurchasing in the near term. Financial assets at FVPL are measured at fair value. Changes in fair values are recognized in profit or loss.

On disposal of financial assets at FVPL, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. Transaction costs directly attributable to the disposal are also recognized in profit or loss.

The Company classifies its investments in foreign currency-denominated government debt securities and investments in quoted equity securities under this category (see Note 7). These securities are managed within a business model whose objective is realized through active trading to profit from volatility of foreign exchange rates and short-term fluctuations in market prices.

Financial Assets at FVOCI - Equity Instruments. For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the below conditions are not met.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI

After initial recognition, equity instruments at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are presented in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established.

For quoted club shares, these are measured at fair value based on quoted market prices in active markets.

For unquoted equity securities, where there is no quoted market price in an active market, the Company applies valuation techniques to estimate fair value. The valuation technique used is dividend discount model (DDM).

The Company elected to classify irrevocably investments in quoted club shares and unquoted equity securities under this category (see Note 7).

Financial Assets at Amortized Cost. The Company measures financial assets at amortized cost when:

- The financial asset is held within a business model with the objective to hold these and collect contractual cash flow; and
- The contractual term of the financial assets gives rise, on specific dates, to cash flows that are SPPI.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

Financial assets at amortized cost are subsequently measured using the EIR method, less any allowance for credit and impairment losses. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

As at December 31, 2025 and 2024, the Company's cash and cash equivalents, short-term investments, investment in debt securities at amortized cost, other receivables (excluding accountable cash advances), and accrued income are included in this category (see Notes 4, 5, 7 and 8).

Cash and Cash Equivalents. Cash includes cash on hand and in banks. Cash equivalents pertain to short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at face amount.

Short-term Investments. Short-term investments pertain to investments with maturity periods of more than three months but less than one year, measured at face value, and earn interest at the respective short-term investment rates.

Investment in Debt Securities at Amortized Cost. Investment in debt securities at amortized cost pertains to government debt securities issued in local currency.

Accrued Income and Other Receivables. Accrued income and other receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit loss (ECL) for financial assets measured at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate and adjusted for forward-looking estimates, as appropriate.

The Company recognizes impairment loss based on either the 12-month or lifetime ECL. The 12-month ECL pertains to the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company measures impairment loss at an amount equivalent to the 12-month ECL for financial assets that are determined to have low credit risk and those financial assets for which credit risk has not increased significantly since initial recognition.

When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial asset. In determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not been recognized. The amount of the reversal shall be recognized in profit or loss immediately.

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at December 31, 2025 and 2024, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

This category includes accounts and other payables (excluding statutory payables), loans payable and lease liabilities (see Notes 18, 19 and 26).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Financial Liabilities. Financial liabilities are derecognized when the obligations under the liabilities has expired, or is discharged, or cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Modification. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original EIR, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts, and there is intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Insurance Contracts

Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid against benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Reinsurance. The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets include balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision on settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence shows that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies, which are included under "Insurance payables" in the separate statements of financial position. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights expire, are extinguished, or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the separate statements of financial position. These are deposit assets or financial liabilities that are recognized based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the EIR.

Insurance Receivables

Insurance receivables pertain to premiums receivable, due from ceding companies, reinsurance recoverable on paid losses and funds held by ceding companies. These are measured on initial recognition at the amount of consideration receivable for the period of coverage.

Subsequent to initial recognition, insurance receivables are measured at amortized cost, which approximates the outstanding amount due, less any allowance for impairment.

The Company assesses insurance receivables for impairment at each reporting date. An allowance is recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of impairment is measured as the difference between the carrying amount and the estimated recoverable amount. Impairment losses are recognized in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as improved collection performance, efficiency, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the profit or loss to the extent that the carrying amount of the insurance receivables does not exceed its amortized cost at the reversal date.

Insurance Contract Liabilities

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provision for Unearned Premiums. The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. The change in the provision for unearned premiums is taken to profit or loss using the 24th method. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Provision for Claims Reported and Incurred But Not Reported (IBNR) Claims. Provisions for claims reported and IBNR claims are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims; therefore, the ultimate cost of which cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money and includes provision for claims reported and IBNR claims. The provision for claims liability is based on the independent adjuster's report on the individual claims. The provision for IBNR claims was estimated using Chain Ladder method based on both claims paid and claims incurred, Bornheutter-Ferguson method based on both claims paid and claims incurred and expected loss ratio. No provision for equalization is recognized. The liability is derecognized when the contract expires, is discharged, or cancelled.

The Company shall include a margin for adverse deviation (MfAD) to allow for inherent uncertainty of the best estimate of the policy reserves which shall be determined by an independent actuary at least on an annual basis based on standard projection techniques or combination of such techniques such as, but not limited to, the Mack Method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the policy liabilities at 100% level of sufficiency.

Liability Adequacy Test. At each reporting date, liability adequacy test is performed, to ensure adequacy of insurance contract liabilities, net of deferred acquisition costs. In performing the test, current best estimates of future cash flows, claims handling and policy administration are used. Any inadequacy is immediately recognized in profit or loss by establishing an unexpired risk provision for losses arising from the liability adequacy tests. The provision for unearned premiums is increased to the extent that the future claims and expenses in respect of current insurance contract exceed future premiums plus the current provision for unearned premiums.

Insurance Payables. Insurance payables which pertain to premiums due to reinsurers and funds held for reinsurers are recognized when due and measured on initial recognition at the fair value of the consideration received less attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the EIR method. Insurance payables are derecognized when the obligation under the liability is settled, cancelled or expired.

Investment Properties

Investment properties, which pertain to land, building and condominium unit, are properties that are held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the separate statement of financial position date. Gains or losses arising from changes in fair values of the investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Land, buildings and building machinery and equipment are stated at revalued amounts. Under the revaluation model, these are initially recorded at cost and subsequently carried at revalued amounts, as determined by independent appraisers, less any subsequent accumulated depreciation and amortization and any accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Additions subsequent to the last appraisal date are stated at acquisition cost. Other items of property and equipment are stated at cost less accumulated depreciation and amortization and any impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable taxes, and any direct costs attributable in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the assets have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the year the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of the assets.

Any revaluation increase is credited to “Revaluation reserve on property and equipment” account presented under the equity section of separate statements of financial position. Any revaluation decrease directly offsetting a previous revaluation increase in the same asset is charged to OCI to the extent of any revaluation increase in equity relating to this asset, and the remaining revaluation decrease, if any, is recognized in profit or loss.

Annually, an amount from the “Revaluation reserve on property and equipment” account is transferred to “Retained earnings” under the equity section in the separate statements of financial position for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to “Retained earnings.” Revaluations are performed with sufficient regularity ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Building	50
Building machinery and equipment	5 to 20
Leasehold and building improvements	5 to 8
Computer equipment and mobile phones	3 to 5
Transportation equipment	5
Furniture, fixtures, and equipment	8

Depreciation and amortization commence when the property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the property and equipment is classified as held-for-sale and the date the property and equipment is derecognized.

The estimated useful lives and depreciation and amortization method of property and equipment are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Building construction in-progress (CIP) represents properties under construction and is stated at cost, including costs of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and ready for operational use.

Fully depreciated and amortized property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those property and equipment.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the property and equipment is derecognized.

When items of property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is charged to the profit or loss.

Investment in Subsidiaries

Investments in subsidiaries are carried at cost less any impairment in value. Subsidiaries are entities which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

Under the cost method, the Company recognized income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of investment.

The investment is derecognized when it is sold or disposed. Gains or losses arising from derecognition of an investment in subsidiaries are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Investment in Associates and A Joint Venture

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

As permitted by PAS 28, *Investments in Associates and Joint Ventures*, the Company carries its investment in associates and a joint venture at cost as the ultimate parent company prepares consolidated financial statements in accordance with PFRS Accounting Standards. Under the cost method, investment in associates and a joint venture is accounted for at cost less any impairment in value.

The investments are derecognized on disposal, with the difference between the net proceeds and the carrying amount being recognized in the separate statements of comprehensive income.

Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that these nonfinancial assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the separate statement of comprehensive income. The recoverable amount of an asset is the greater of its value in use or its fair value less cost to sell. Value in use is the present value of future cash flows expected to be derived from an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss.

Other Assets

This account primarily consists of creditable withholding taxes (CWT), prepayments, deferred input value-added tax (VAT), among others. Other current assets are measured at initial transaction cost.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. When the Company files for a refund, the CWT asset remains recognized until realization. If management assesses that recovery is no longer probable, an impairment loss is recognized in profit or loss.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred.

Advances to Contractors. Advances to contractors represent advance payment for construction services which are yet to be rendered. Advances to contractors are measured at the amount of cash paid. Subsequently, these are transferred to the appropriate asset account when construction has been completed.

Claim Fund. Claims fund pertain to the deposits made for payment of possible future claims related to motor car policies.

Security Fund. Security fund pertain to the fund which will be used for payment of allowed claims against insolvent insurance companies as required under Section 378 of the Amended Insurance Code.

VAT. Revenue, expenses, and assets are recognized, net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included as part of “Accounts and other payables” account in the separate statements of financial position.

Deferred Input VAT. Deferred input VAT pertains to unutilized input VAT on capital goods.

Deferred input and output VAT are amounts recognized before the effectivity of Ease on Paying Taxes last April 27, 2024. After said effectivity, VAT is declared and remitted upon billing.

Equity

Capital stock. Capital stock is measured at par value for all shares issued and outstanding.

Additional Paid-in Capital. Additional paid-in capital includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Retained earnings. Retained earnings represent the cumulative balance of the Company’s net income net of any dividend declaration.

Cash Dividends. Cash dividends are recognized as a liability and deducted from equity when these are approved by the BOD for declaration. Cash dividends for the period that are approved after the end of the reporting period are dealt with as an event after the reporting period.

Cumulative Gain on Fair Value Changes of Financial Assets at FVOCI. Cumulative fair value changes of financial assets at FVOCI are not recognized in profit and loss. When the fair value changes are earned/incurred for the period, these are presented as OCI after net income in the separate statements of comprehensive income.

Cumulative Translation Adjustments. Cumulative translation adjustments arise from foreign currency adjustments in relation to the translation of the transactions and balances of the Hong Kong branch. Translation adjustments are presented as OCI after net income in the separate statements of comprehensive income.

Cumulative Remeasurement Loss on Net Retirement Plan Asset. This account pertains to accumulated remeasurement gains and losses on net retirement asset, which were not recognized in profit or loss. These income and expense when earned or incurred for the period are classified as as OCI after net income in the separate statements of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as principal in all of its revenue sources.

The following are the recognition criteria for revenues of the Company outside the scope of PFRS Accounting Standards 15:

Premiums Revenue. Premiums from insurance and reinsurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written and assumed that relate to the unexpired periods of the policies at reporting date are accounted for as “Provision for unearned premiums” and are included in the “Insurance contract liabilities” in the separate statements of financial position. The related reinsurance premiums that pertain to the

unexpired periods at reporting date are accounted for as “Deferred reinsurance premiums” and are included in the “Reinsurance assets” in the separate statements of financial position. The net changes in these accounts between reporting dates are charged to or credited against income for the year.

Commission Income. Commissions earned from insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at end of the reporting period is accounted for as “Deferred reinsurance commissions” and presented in the liabilities section of the separate statements of financial position.

Investment Income

Investment income includes interest income, rental income, dividend income, among others.

Interest Income. Interest income is recognized in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium using the EIR.

Rental Income. Rental income is recognized as earned on a straight-line basis over the lease term.

Dividend Income. Dividend income is recognized when the Company’s right to receive the payment is established.

Other Income. Other income is recognized when the earning process is complete and the flow of economic benefit is reasonably assured.

Expense Recognition

Expenses are recognized in the separate statements of comprehensive income upon consumption of goods, utilization of services or at the date these are incurred.

Benefits and Claims. Gross benefits and claims consist of benefits and claims paid to policyholders, and changes in the gross valuation of insurance contract liabilities, except gross changes in the provision for unearned premiums which are included in net premiums earned. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received while IBNR claims is based on historical experience.

Net insurance benefits and claims represent gross insurance contract benefits and claims and gross change in insurance contract liabilities less reinsurer’s share.

Commission Expense. Commissions incurred from short-duration insurance contracts are recognized as expense over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at reporting date is accounted for as “Deferred acquisition costs” and presented in the asset section of the separate statements of financial position.

Commissions payable pertains to unpaid commissions to agents and insurers ceding insurance risks to the Company. These are noninterest-bearing and are due upon receipt of premium payments.

Operating Expenses. Operating expenses constitute costs of administrating the business and costs incurred in advertising and promotions. These are expensed when incurred.

Interest Expense. Interest expense pertains to interest on funds held for reinsurers and lease liability is recognized in the separate statements of comprehensive income as incurred.

Other Underwriting Expenses. Other underwriting expenses are recognized in the separate statements of comprehensive income as incurred.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic salary, 13th month pay, service awards and bonuses, leave credits, employer's share on government contributions and other short-term benefits.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Service Awards. Service awards pertain to cash awards granted to all permanent and regular employees for every five (5) years of continuous service and are paid every February of the following year.

Retirement Benefits. Retirement benefit is actuarially determined using the projected unit credit method which reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries and payments to the defined contribution retirement plan of employees of the Company's Hong Kong branch.

The Company recognizes service costs, net interest on the net defined benefit asset and remeasurements of net defined benefit asset in the separate statements of comprehensive income. The Company also recognized as retirement benefit expense the payments made to defined benefit contribution plan.

Service costs which include current service cost, past service cost, and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net retirement plan asset is the change during the period in the net retirement plan asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement plan asset. Net interest on the net retirement plan asset is recognized as interest income in statements of comprehensive income.

The net retirement asset is the surplus of the fair value of plan assets on which the retirement liability is to be settled directly less the present value of defined benefit obligation. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related defined benefit obligations. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting net retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurements, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive account in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Cost

Borrowing costs are capitalized if these are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period these occur.

Related Party Transactions and Relationships

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company (b) associates and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- a. The right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b. The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessor. Leases where the Company does not transfer substantially all the risks and benefits incidental to ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as rental income.

The Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Asset. At commencement date, the Company measures ROU asset at cost. The cost comprises:

- a. The amount of the initial measurement of lease liability;
- b. Any lease payments made at or before the commencement date less any lease incentives received;
- c. Any initial direct costs; and
- d. An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU asset is recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU asset is carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset of three to five years.

Lease Liability. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- a. Fixed payments, including in-substance fixed payments;
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. Amounts expected to be payable by the lessee under residual value guarantees; and
- d. The exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

For income tax reporting purposes, expenses under operating lease agreements are treated as deductible expenses in accordance with the terms of the lease agreements.

Foreign Currency-Denominated Transactions

The Company determines its own functional currency, and items included in the financial statements are measured using that functional currency. Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate at the reporting date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Assets and liabilities of the foreign branch are translated at the exchange rate prevailing at the end of the reporting period, and revenue and expenses are translated at the monthly average exchange rates. The resulting translation adjustments are charged to cumulative translation adjustments and recognized as other comprehensive income.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the period such are realized.

Translation Adjustments of Foreign Operations

The Company is operating a branch in Hong Kong. Assets and liabilities of the branch are translated at the closing exchange rate at the reporting date. Income and expenses are translated at weighted average exchange rates for the period. Foreign currency adjustments in relation to the translation of the transactions and balances of the branch using the functional and presentation currency of the Company are recognized in OCI and accumulated in equity under Cumulative Translation Adjustments. Any translation adjustment during the year is presented under "Other comprehensive income" account.

On the disposal, liquidation or abandonment of a foreign operation, the cumulative amount of exchange difference accumulated is reclassified from equity to profit or loss.

Income Taxes

Income tax for the year consists of current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income.

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognized in separate statement of comprehensive income except to the extent of items recognized as OCI or items directly recognized in equity.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to operations for the period.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Final Tax. Interest income from cash in banks, cash equivalents, short-term investments and investments in debt securities, which are subject to final withholding tax, is presented at gross amounts, while taxes paid or withheld are recognized as final tax under "Provision for income tax" account in the separate statements of comprehensive income.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements when inflows of economic benefits are probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's separate financial position as at the reporting date (adjusting events) are reflected in the separate financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS Accounting Standards requires the Company to exercise significant judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the separate financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be determinable under the circumstances.

The Company believes the following represent a summary of these significant judgments, accounting estimates, assumptions and related impact and associated risks in the separate financial statements.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates and assumptions, which have the most significant effect on the amounts recognized in the separate financial statements:

Identification of Product Classification. The Company has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such. Insurance contracts are those contracts when the Company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts also transfer financial risk.

The Company has determined that the insurance policies have significant insurance risks and therefore meet the definition of insurance contracts and should be accounted for as such.

Classification of Financial Instruments. The Company classifies a financial instrument, on initial recognition as a financial asset, a financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The Company's financial assets include cash and cash equivalents, short-term investments, financial assets at FVPL, financial assets at FVOCI, investments in debt securities at amortized cost, other receivables (excluding accountable cash advances) and accrued income (see Notes 4, 5, 7 and 8).

The Company's financial liabilities include accounts and other payables (excluding output VAT payable, taxes payable and unearned rent income), loans payable and lease liabilities (see Notes 16, 17, 18, 19 and 26).

Distinction Between Investment Properties and Property and Equipment. The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

The carrying amount of land, building and condominium classified under investment properties are disclosed in Note 12. The carrying amount of property and equipment are disclosed in Note 13.

Evaluation of Control. The Company owns a number of subsidiaries. PFRS Accounting Standards 10 requires an entity to reassess whether it has control over an investee. Management assessed that it has control over its subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

The Company maintains control over its 47.88% ownership in CPMI because the Company, together with other entities within the Pioneer Group, has an aggregate ownership of 51%.

There have been no changes in the composition of the Company's subsidiaries in 2025 and 2024.

The carrying amounts of investments in subsidiaries are disclosed in Note 14.

Determination of Existence of Significant Influence. In determining whether the Company has significant influence over an investee requires significant judgment. Generally, a shareholding of 20% to 50% of the voting rights of an investee is presumed to give the Company a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20%. The Company applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation to the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investees; (d) interchange of managerial personnel; or (e) provision of essential technical information.

In 2019, the Company gained significant influence over Philippine Trust Company (PTC) in which investments were previously classified as financial assets at FVOCI. On May 28, 2019, the Company's 7.6% ownership together with other entities within the Pioneer Group with aggregate ownership of 9.86% were granted two (2) representatives in PTC's Board of Directors equivalent to 16.67% of the voting power effective October 4, 2019. On September 18, 2019, the Pioneer Group signed a memorandum of agreement stating that Pioneer Group shall jointly vote as one in all matters affecting its rights as stockholders of PTC and that the Pioneer Group's representatives to the Board shall decide and vote jointly for every corporate act and purpose during meetings of PTC for and in behalf of the Pioneer Group. Accordingly, the Company reclassified the investment in PTC amounting to ₱10,642.7

million to investment in associate on October 4, 2019. The cumulative unrealized fair value gain amounting to ₱10,227.2 million under were not recycled to profit or loss but transferred to retained earnings.

Determination of Existence of Joint Control. The Company has 65% ownership in MPIL. Notwithstanding, the management assessed that PISC and the other party have joint control over MPIL as either of the parties cannot make unilateral decisions over the operations of MPIL.

The Company continued to classify its investment in MPIL as investment in a joint venture as at December 31, 2025 and 2024 (see Note 14).

Evaluation of Business Model in Managing Financial Assets. The Company manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from payments of customers' claims, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument, the Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). The Company evaluates in which business model financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company.

The Company performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

The Company's financial assets are disclosed in Notes 4, 5, 7, and 8.

Classification of Leases. PFRS 16, Leases, provides a practical expedient wherein it allows exemption from the recognition of right-of-use asset and lease liability applicable for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low value assets. The Company has certain leases of office spaces with lease terms of 12 months or less and leases of office equipment with low value.

The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases (see Note 26).

Classifying Functional and Presentation Currency. Based on management's assessment, the functional and presentation currency of the Company has been determined to be the Peso because it is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

The Company is operating a branch in Hong Kong. Foreign currency adjustments in relation to the translation of the transactions and balances of the branch is part of changes in cumulative translation adjustment during the year which are presented under "Other comprehensive" account. Change in translation adjustment amounted to ₱49.3 million and ₱44.1 million in 2025 and 2024, respectively.

Accounting Estimates and Assumptions

The key accounting estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of Risk Reserve. At each reporting period, management performs liability adequacy test to determine if there is a need to set aside expected claims and expenses which could arise during the unexpired coverage period of the policies after the reporting date which is over and above the reserve for unearned premiums. The Company calculated the best estimate of future claims and expenses for each line of business using actuarial valuation techniques. Expected future claims include policy maintenance and claims handling expenses.

The carrying amount of provision for unearned premiums as at December 31, 2025 and 2024, which are disclosed in Note 16, are adequate for the latest current estimate of the Company's unexpired risk reserves.

Valuation of Insurance Contract Liabilities. Estimates have to be made at the reporting date for the expected ultimate cost of both claims reported and claims IBNR. It takes a significant period of time before the ultimate claim cost can be established with certainty and for some type of policies, IBNR claims form the majority of the claims provision.

IBNR is estimated by using a range of standard actuarial claims projection techniques which includes Paid Chain Ladder method with and without Bornhuetter-Ferguson (BF) adjustments, Reported Chain Ladder method with and without BF adjustments and Expected Loss Ratio methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years but can also be further analyzed by significant business lines and claim types. Large and complex claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Margin for Adverse Deviation (MfAD) reflects the degree of uncertainty of the best estimate assumption. For claims liabilities, the Company estimated the appropriate MfAD using the Stochastic Chain Ladder method.

The outstanding balance of provision for claims reported, IBNR claims and MfAD included under “Insurance contract liabilities” as at December 31, 2025 and 2024 are disclosed in Note 16.

Determination of Fair Value of Financial Assets at FVPL and Financial Assets at FVOCI – Quoted Equity Securities. PFRS Accounting Standards 9 requires that certain financial assets be carried at fair value. Financial assets at FVPL and financial assets at FVOCI are based on prevailing quoted market prices from active markets. Any change in the fair value of these financial instruments would directly affect the statements of comprehensive income and the statements of changes in equity.

The carrying amount of financial assets at FVPL and financial assets at FVOCI on quoted equity securities as at December 31, 2025 and 2024 are disclosed in Note 7.

Determination of Fair Value of Financial Assets Not Quoted in an Active Market. The Company has unquoted preferred equity securities whose fair value is determined using DDM. The use of a different pricing model and assumptions could produce materially different estimates of fair values. Discussion of the method used by the Company to value its unquoted FVOCI is disclosed in Note 30.

The carrying value of FVOCI not quoted in an active market as at December 31, 2025 and 2024 are disclosed in Notes 7 and 30.

Estimation of Expected Credit Losses on Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on financial assets at amortized cost such as cash and cash equivalents, short-term investments, and investment in debt securities at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks with the Philippine government in case of debt securities and with companies with good credit standing and relatively low risk of defaults.

No impairment loss was recognized on these financial assets at amortized cost in 2025 and 2024, except for its advances to a non-listed associate who is incurring recurring net losses and was provided with full allowance amounting to ₱140.4 million. The carrying amount of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 4, 5, 7 and 8.

Estimation of Impairment Losses on Insurance Receivables and Reinsurance Assets. At the end of each reporting period, the Company assesses the recoverability of insurance receivables and reinsurance assets based on facts and circumstances that indicate the asset may be impaired. Insurance receivables and reinsurance assets are impaired if there is objective evidence, as a result of an event that occurred after initial recognition that the Company may not receive all amounts due to it under the terms of the contract and that event has a reliably measurable impact on the amounts that the Company will receive.

The carrying amount of insurance receivables and reinsurance assets and related allowances for impairment losses as at December 31, 2025 and 2024 are disclosed in Notes 6 and 11.

Assessing Impairment of Investments in Subsidiaries, Associates, and a Joint Venture. The Company assesses impairment of its investments in subsidiaries, associates and a joint venture whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Based on management's assessment, the investment in PTC, an associate showed indicators of impairment as the Company's share in net asset of the associate is significantly lower than its carrying amount, and the associate has continuing negative operating cash flows, declining net income over consecutive reporting periods, and has minimal to no dividend declarations.

Given the impairment indicators, the Company evaluates whether an impairment loss exists when the carrying amount of the investment in an associate exceeds its recoverable amount, being the higher of fair value less cost to sell and value in use. As the associate is a publicly listed entity, the fair value less cost to sell was determined in reference to the quoted market price (Level 1) of the associate's shares as at end of financial reporting period, and adjusted for estimated transaction costs upon disposal. Value in use represents the present value of estimated future cash flows expected to be generated from the investment. Given the associate's continuing negative operating cash flows and absence of dividend declarations, the management determined that there is no reasonable basis to conclude that value in use would materially exceed its fair value less cost to sell, and accordingly, the Company used fair value less cost to sell as the recoverable amount. As a result, the investment in PTC was carried at its recoverable amount as at December 31, 2025 and 2024.

For its investment in a nonlisted associate, which is incurring recurring losses and in capital deficiency position, thus, management assessed that the carrying amount is not recoverable and was provided with full allowance for impairment.

The allowance for impairment losses and carrying amount of investment in an associate as at December 31, 2025 and 2024 are disclosed in Note 14. Impairment loss recognized in 2024 is included in "Operating Expenses" account (see Note 25).

Valuation of Investment Properties and Property and Equipment. Investment properties are carried at fair value and certain types of property and equipment are carried at revalued amount which have been determined based on market approach for land and condominium units and cost approach for building and building machinery and equipment. In determining the fair value of investment properties and certain type of property and equipment, the Company's external appraisers use

generally accepted methodologies and determined that its current use is its best use. There have been no significant changes on the valuation methodologies used by the external appraisers.

The carrying values of investment properties measured at fair value and certain type of property and equipment carried at revalued amount as at December 31, 2025 and 2024, are disclosed in Notes 12 and 13.

Assessing Impairment Losses on Investment Properties and Property and Equipment. The Company assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Company considered important which could trigger an impairment review include the following:

- Significant changes or planned changes in the use of the assets;
- Significant under-performance of the business; and
- Significant negative industry or economic trends.

There were no impairment indicators on the Company's investment properties and property and equipment in 2025 and 2024. Accordingly, no impairment loss was recognized.

The carrying values of investment properties and property and equipment as at December 31, 2025 and 2024 are disclosed in Notes 12 and 13.

Determination of Cost of Retirement Benefit Expense and Net Retirement Plan Asset. The determination of the obligation and cost of retirement benefit and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, and salary increase rate. In accordance with the relevant PFRS, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

The net retirement plan asset as at December 31, 2025 and 2024 are disclosed in Note 20.

The Company also estimates other employee benefit obligations, including costs of paid leaves, based on historical leave availments of employees and subject to the Company's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

The accrued balance of other employee benefits, included under 'Accounts and other payables' in the separate statements of financial position are disclosed in Note 18.

Capitalization of Borrowing Costs. The Company capitalizes borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets. For specific borrowings, borrowing costs are capitalized using a capitalization rate based on the interest rate as provided for in the loan agreement. The capitalization rate and capitalized interest is disclosed in Note 13.

Estimation of Incremental Borrowing Rate on Leases. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the

Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities as of December 31, 2025 and 2024 are disclosed in Note 26.

Recognition of Deferred Tax Assets. Deferred tax assets are recognized for all temporary tax deductible differences to the extent that it is probable that the taxable income will be available against which these temporary differences can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Company's recognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 27.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Petty cash fund	₱699,862	₱424,354
Cash in banks	720,935,843	711,455,890
Cash equivalents	5,571,611,895	4,548,150,952
	₱6,293,247,600	₱5,260,031,196

Cash in banks earn interest at the prevailing bank deposit rates.

As at December 31, 2025 and 2024, cash equivalents pertain to time deposits that are placed for varying periods of up to three months, depending on the immediate cash requirements of the Company and with interest rates ranging from 0.125% to 5.375% per annum in 2025 and 0.067% to 6.250% per annum in 2024.

Interest income earned from cash and cash equivalents in 2025 and 2024 are disclosed in Note 23.

5. Short-term Investments

This account consists of cash placed in commercial banks amounting to ₱1,112.3 million and ₱1,020.0 million as of December 31, 2025 and 2024, respectively. Short-term investments represent time deposits with maturities of more than three months but not more than one year from dates of placement and earn interest at annual rates ranging from 0.067% to 4.875% in 2025 and 0.067% to 6.0% in 2024.

Movements in short-term investments are as follows:

	2025	2024
Balance at beginning of year	₱1,020,007,097	₱983,129,120
Additions	1,112,252,108	1,020,007,097
Maturities	(1,020,007,097)	(983,129,120)
Balance at end of year	₱1,112,252,108	₱1,020,007,097

Short-term investments include placements by the Company's Hong Kong Branch amounting to ₱81.0 million (HK\$10.7 million) and ₱76.4 million (HK\$10.2 million) as at December 31, 2025 and 2024, respectively (see Note 9).

Interest income from short-term investments in 2025 and 2024 are disclosed in Note 23.

6. Insurance Receivables

Insurance receivables consists of:

	2025	2024
Premium receivables	₱4,016,270,084	₱2,765,122,397
Reinsurance recoverable on paid losses	1,167,099,861	1,013,107,929
Due from ceding companies	409,181,384	224,078,510
Funds held by ceding companies	110,099,162	181,812,563
Loss reserve withheld by ceding company	1,323,173	1,323,173
	5,703,973,664	4,185,444,572
Less allowance for ECL	173,005,281	177,559,392
	₱5,530,968,383	₱4,007,885,180

Premium receivables represent premiums on written policies which are generally collectible within 90 days.

Reinsurance recoverable on paid losses represents the share of reinsurance companies for the claims paid by the Company to the insured. These amounts are due and demandable.

Due from ceding companies pertains to premiums collectible from ceding companies with respect to assumed policies. These amounts are due and demandable.

Funds held by ceding companies pertain to amounts retained by ceding companies computed at a certain percentage of treaty reinsurance premiums due. These amounts are interest-bearing and are generally collected within one year after the reporting date. Interest income from funds held by ceding companies in 2025 and 2024 are disclosed in Note 23.

Movements in allowance for ECL on insurance receivables are as follows:

		2025			
		Reinsurance			
Note		Premium Receivables	Recoverable on Paid Losses	Due from Ceding Companies	Total
	Balance at beginning of year	₱137,303,568	₱38,505,127	₱1,750,697	₱177,559,392
	Provisions (reversal of allowance) for impairment losses	25 (29,374,588)	24,624,975	195,502	(4,554,111)
	Balance at end of year	₱107,928,980	₱63,130,102	₱1,946,199	₱173,005,281
		2024			
		Reinsurance			
Note		Premium Receivables	Recoverable on Paid Losses	Due from Ceding Companies	Total
	Balance at beginning of year	₱99,595,705	₱38,519,733	₱1,750,697	₱139,866,135
	Provisions (reversal of allowance) for impairment losses	25 37,707,863	(14,606)	-	37,693,257
	Balance at end of year	₱137,303,568	₱38,505,127	₱1,750,697	₱177,559,392

7. Investment in Debt Securities at Amortized Cost, Financial Assets at FVOCI, and Financial Assets at FVPL

Investment in Debt Securities at Amortized Cost

Investment in debt securities at amortized cost as of December 31, 2025 and 2024 pertain to government debt securities in local currency.

Movements in these investments are as follows:

	2025	2024
Balance at beginning of year	₱2,129,855,060	₱353,079,973
Maturities	(480,000,000)	–
Additions	42,600,000	1,760,000,000
Premium amortization	(25,310,768)	(6,684,813)
Discount amortization	565,130	23,459,900
Balance at end of year	₱1,667,709,422	₱2,129,855,060

Interest income from investment in debt securities at amortized cost in 2025 and 2024 including effect of discount and premium amortization are disclosed in Note 23.

The maturity profile of the investment in debt securities at amortized cost are as follows:

	2025	2024
Within one year	₱327,259,767	₱509,537,515
One to two years	820,119,946	682,470,187
Two to three years	243,148,406	659,269,836
Three to four years	100,057,570	87,519,546
Four to five years	–	13,504,170
Beyond five years	177,123,733	177,553,806
	₱1,667,709,422	₱2,129,855,060

Financial Assets at FVOCI

This account consists of:

	2025	2024
Quoted equity securities –		
Golf club shares	₱888,991,925	₱761,641,901
Unquoted equity securities:		
Preferred shares	670,468,158	662,447,319
Common shares	119,112	119,112
	₱1,559,579,195	₱1,424,208,332

The fair values of quoted equity securities are based on published bidding prices from active markets which are categorized under Level 1 of the fair value hierarchy. The fair value of unquoted preferred equity shares with no available published prices in an active market are determined using DDM which incorporates unobservable data (Level 3).

Movements of financial assets at FVOCI are as follows:

	2025	2024
Balance at beginning of year	₱1,424,208,332	₱1,229,178,128
Unrealized gain on fair value changes	135,370,863	195,030,204
Balance at end of year	₱1,559,579,195	₱1,424,208,332

Movement of the cumulative gain on fair value changes of financial assets at FVOCI are as follows:

	2025	2024
Balance at beginning of year	₱897,640,400	₱706,019,713
Unrealized gain on fair value changes	135,370,863	195,030,204
Tax effect	(1,203,126)	(3,409,517)
Balance at end of year	₱1,031,808,137	₱897,640,400

Financial Assets at FVPL

This account consists of:

	2025	2024
Foreign currency-denominated government debt securities	₱312,414,274	₱296,445,855
Listed equity securities	94,000,434	208,602,347
	₱406,414,708	₱505,048,202

The fair values of these investments are based on published closing rates from active markets, which are categorized as Level 1.

Movements of financial assets at FVPL are as follows:

	Note	2025	2024
Balance at beginning of year		₱505,048,202	₱401,636,742
Disposals of listed equity securities		(179,240,265)	(156,321,205)
Additions		76,046,183	251,473,067
Unrealized foreign exchange gain		4,914,000	10,508,000
Unrealized loss on fair value changes	23	(353,412)	(2,248,402)
Balance at end of year		₱406,414,708	₱505,048,202

The Company sold its listed equity securities at FVPL for ₱139.0 million and ₱148.1 million in 2025 and 2024, respectively which resulted to a loss amounting to ₱40.2 million in 2025 and ₱8.3 million in 2024 (see Note 23).

Interest income from foreign currency-denominated government debt securities at FVPL and dividend income from listed equity securities at FVPL in 2025 and 2024 are disclosed in Note 23.

8. Accrued Income and Other Receivables

Accrued Income

This account consists of:

	2025	2024
Interest receivable	₱49,332,344	₱58,093,965
Rent receivable	169,326	146,042
Dividends receivable	41,040	845,980
	₱49,542,710	₱59,085,987

Other Receivables

This account consists of:

	Note	2025	2024
Accounts receivable		₱39,210,306	₱32,810,487
Due from related parties	28	173,051,818	168,691,153
Chattel mortgage loans		48,104,898	49,375,635
Accountable cash advances		6,730,255	6,392,458
		267,097,277	257,269,733
Less allowance for ECL	28	(140,440,000)	(140,440,000)
		₱126,657,277	₱116,829,733

Accounts receivable pertain to amounts due from various third parties and collection agents representing premiums collected on behalf of the Company, which are subsequently remitted on the following business day. This also includes receivables from confiscated bonds, representing outstanding premiums related to bond policies for which claims have been reported and paid. These are due and demandable.

Amounts due from related parties, which are due and demandable, and noninterest-bearing receivables, pertain to reimbursement for various common expenses totaling ₱32.6 million and ₱28.3 million as at December 31, 2025 and 2024, respectively, and advances to an associate amounting to ₱140.4 million as at December 31, 2025 and 2024, which was provided with full allowance.

Chattel mortgage loans consist mainly of loans extended to employees which are settled through payroll deduction. Chattel mortgage loans earn interest at 6% per annum with maturities of four to seven years. Interest income from chattel mortgage loans in 2025 and 2024 are disclosed in Note 23.

Accountable cash advances of employees are collected through expense liquidation.

The Company fully collected a loan receivable from a third party amounting to ₱227.0 million in February 2024. Said loan receivable is collectible on demand and earns interest at 2.75% per annum. Interest income from loan receivables is nil in 2025 and ₱5.8 million in 2024 (see Note 23).

9. Statutory Deposits

The following are deposited with the IC and Insurance Authority of Hong Kong in compliance with insurance laws and requirements:

	2025	2024
Investment in debt securities at amortized cost	₱325,500,000	₱325,500,000
Short-term investments	81,029,494	76,420,322
	₱406,529,494	₱401,920,322

Certain government debt securities, included as part of investment in debt securities at amortized cost (see Note 7) are deposited with the IC in accordance with the provisions of the Insurance Code (the "Code") for the benefit and security of policyholders and creditors of the Company. The face value of government debt securities deposited with the Bureau of Treasury amounted to ₱325.5 million as at December 31, 2025 and 2024.

The Company's short-term investments include placements by the Company's Hong Kong Branch to a bank amounting to ₱81.0 million (HK\$10.7 million) and ₱76.4 million (HK\$10.2 million) as at December 31, 2025 and 2024, respectively, which are held in trust for the beneficiary title of the Insurance Authority of Hong Kong. These deposits earn interest at 3.92% and 4.6% in 2025 and 2024, respectively. Interest income from these deposits amounting to ₱3.4 million and ₱4.2 million in 2025 and 2024, respectively, is included as part of interest income from short-term investments.

10. Deferred Acquisition Costs and Deferred Reinsurance Commissions

Deferred Acquisition Costs

Movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱608,135,427	₱344,354,576
Cost deferred	1,692,990,116	1,595,731,836
Commission expense	(1,595,112,210)	(1,331,950,985)
Balance at end of year	₱706,013,333	₱608,135,427

Deferred acquisition costs refer to the portion of commission expense that relates to the unexpired periods of the policies from direct and assumed business as of the reporting date using the 24th method.

Deferred Reinsurance Commissions

Movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱126,477,238	₱88,977,121
Income deferred	417,424,720	490,035,119
Commission income	(438,317,725)	(452,535,002)
Balance at end of year	₱105,584,233	₱126,477,238

Deferred reinsurance commissions refer to the portion of commission income that relates to the unexpired periods of the policies from ceded business as of the reporting date using the 24th method.

11. Reinsurance Assets

This account consists of:

	Note	2025	2024
Reinsurance recoverable on unpaid losses	16	₱12,883,013,534	₱14,431,922,433
Deferred reinsurance premiums	16	4,535,679,210	4,204,914,665
		₱17,418,692,744	₱18,636,837,098

The Company cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets include balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Deferred reinsurance premiums are reinsurance premiums that pertain to the unexpired periods as of the reporting date using the 24th method.

12. Investment Properties

Movements in this account are as follows:

		2025			
Note	Land	Building	Condominium	Total	
Balances at beginning of year	₱2,376,801,160	₱474,159,519	₱336,078,000	₱3,187,038,679	
Fair value gains (losses)	23 93,150,610	(9,426,209)	(59,013,600)	24,710,801	
Translation adjustment	–	–	2,950,875	2,950,875	
Balances at end of year	₱2,469,951,770	₱464,733,310	₱280,015,275	₱3,214,700,355	

		2024			
Note	Land	Building	Condominium	Total	
Balances at beginning of year	₱2,346,234,450	₱287,036,418	₱384,053,400	₱3,017,324,268	
Fair value gains (losses)	23 30,566,710	186,138,553	(66,081,600)	150,623,663	
Additions	–	984,548	–	984,548	
Translation adjustment	–	–	18,106,200	18,106,200	
Balances at end of year	₱2,376,801,160	₱474,159,519	₱336,078,000	₱3,187,038,679	

The fair value of investment properties are based on a valuation made by independent qualified appraisers as at December 31, 2025 and 2024.

The land and building located in the Philippines were valued at ₱2,934.7 million and ₱2,851.0 million as at December 31, 2025 and 2024, respectively. The condominium unit located in Hong is on a 50-year lease contract and was valued at HK\$37.0 million or ₱280.0 million and HK\$45.0 million or ₱336.1 million as at December 31, 2025 and 2024, respectively.

The valuation for the land and condominium units was derived through market approach based on prices per square meter or foot in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant increases (decreases) in estimated price per square meter/foot would result in a significantly higher (lower) fair value of the properties.

The valuation for building was determined using the cost approach which estimates value based on the reproduction or replacement cost of the property, less total accumulated depreciation, plus the prices per square meter for land. The cost approach for building is based on the value of a property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay.

The valuation for investment properties was derived based on their highest and best use which is to be used as commercial utility which is also its current use. The valuation through the fair value is categorized as Level 3. There was no transfer between levels of fair value measurement in 2025 and 2024.

There were no transfers between levels of fair value measurement in 2025 and 2024. As at December 31, 2025 and 2024, no property has been pledged as collateral or security for any of the Company's liabilities and the Company has no restrictions on the realizability of its investment properties and no contractual obligation to purchase, construct or develop such property or for repairs, maintenance and enhancements.

Foreign exchange adjustment pertains to the effect of translation of investment property of the Hong Kong Branch to its Philippine Peso equivalent.

Description of the valuation techniques used and key inputs to valuation on investment properties follow:

Location	Valuation Techniques	Unobservable Inputs Used (Level 2)	2025	2024
1. Southeast corner of Ramon Magsaysay and Pioneer Avenue, within Barangay Dadaingas South, General Santos City	Market approach for land	Price per square meter	₱36,398 to 56,000 (46,199)	₱35,000 to 53,191 (44,096)
2. Cebu Business Park, Barangay Hipodromo (former Barangay Mabolo), Cebu City	Market approach for land and cost approach for building	Price per square meter for land and reproduction cost less accumulated depreciation for building	324,374 to 450,000 (387,187)	250,000 to 450,000 (350,000)
3. Cardinal Rosales Avenue and Panglao Road, within Cebu Business Park, Barangay Hipodromo (former Barangay Mabolo), Cebu City	Market approach for land	Price per square meter	324,374 to 450,000 (387,187)	250,000 to 450,000 (350,000)
4. Forest Hills Avenue, located within Barangay Inarawan (formerly Barrio Pinagbarilan), Antipolo City	Market approach for land	Price per square meter	4,090, to 6,441 (5,266)	4,915 to 5,400 (5,158)
5. Barangay Malayong, Gloria (formerly Barangay Balate, Pinamalayan), Oriental Mindoro	Market approach for land	Price per square meter	63 to 101 (82)	65 to 124 (95)

(Forward)

Location	Valuation Techniques	Unobservable Inputs Used (Level 2)	2025	2024
6. Northeast Corner of Mahagnao and Danao Streets, within Lakeside Evozone South, Barangay Sto. Domingo, Sta. Rosa City	Market approach for land	Price per square meter	₱150,000 to 150,800 (150,400)	₱150,000 to 152,000 (151,000)
7. East Corner of Lacson Street and 9 th Street, within Barangay 7, Zone 1 (Poblacion) Bacolod City, Negros Occidental	Market approach for land	Price per square meter	50,000 to 90,000 (70,000)	50,000 to 65,000 (58,000)
8. Northeast Corner of General Luna Street and road right-of-way, within Barangay Inday, City Proper, Iloilo City	Market approach for land	Price per square meter	42,092 to 65,728 (53,910)	50,000 to 60,017 (55,009)
9. 27th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	Market approach for condominium unit	Price per square foot	HK\$17,413 to HK\$21,714 (HK\$19,564)	HK\$20,563 to HK\$28,577 (HK\$24,570)

Rental income and direct operating expenses included in the separate statements of comprehensive income from the investment properties follow:

	Note	2025	2024
Rental income	23	₱84,698,361	₱91,941,491
Direct operating expenses		(2,973,964)	(4,554,606)

13. Property and Equipment

This account consists of:

	2025	2024
At revalued amount	₱6,609,483,055	₱6,378,800,052
At cost	2,875,818,399	1,897,847,962
	₱9,485,301,454	₱8,276,648,014

Property and equipment carried at revalued amounts follow:

	2025			Total
	Land	Building	Building Machinery and Equipment	
Revalued Amounts				
Balances at beginning of year	₱5,644,421,200	₱782,683,167	₱194,088,690	₱6,621,193,057
Additions	–	–	719,201	719,201
Appraisal increase (decrease)	313,412,000	(51,636,119)	(7,965,495)	253,810,386
Retirements	–	(3,481,636)	(3,493,509)	(6,975,145)
Translation adjustment	–	31,431,155	–	31,431,155
Balances at end of year	5,957,833,200	758,996,567	183,348,887	6,900,178,654
Accumulated Depreciation				
Balances at beginning of year	–	188,539,475	53,853,530	242,393,005
Retirements	–	(3,481,636)	(3,493,509)	(6,975,145)
Depreciation	–	42,175,071	13,102,668	55,277,739
Balances at end of year	–	227,232,910	63,462,689	290,695,599
Carrying Amounts	₱5,957,833,200	₱531,763,657	₱119,886,198	₱6,609,483,055

	2024			Total
	Land	Building	Building Machinery and Equipment	
Revalued Amounts				
Balances at beginning of year	₱5,499,830,400	₱994,358,420	₱217,158,327	₱6,711,347,147
Additions	–	3,287,393	195,610	3,483,003
Appraisal increase (decrease)	144,590,800	(182,840,755)	(20,779,525)	(59,029,480)
Retirements	–	(9,486,630)	(2,485,722)	(11,972,352)
Translation adjustment	–	(22,635,261)	–	(22,635,261)
Balances at end of year	5,644,421,200	782,683,167	194,088,690	6,621,193,057
Accumulated Depreciation				
Balances at beginning of year	–	150,016,368	45,266,159	195,282,527
Retirements	–	(9,486,630)	(2,485,722)	(11,972,352)
Depreciation	–	48,009,737	11,073,093	59,082,830
Balances at end of year	–	188,539,475	53,853,530	242,393,005
Carrying Amounts	₱5,644,421,200	₱594,143,692	₱140,235,160	₱6,378,800,052

The reconciliation of revaluation reserve on property and equipment is as follows:

	2025		
	Revaluation Reserve	Deferred Tax Liability (see Note 27)	Net
Balance at beginning of year	₱5,738,966,913	₱1,434,741,728	₱4,304,225,185
Revaluation changes	253,810,386	63,452,597	190,357,789
Transfer to retained earnings	(11,311,529)	(2,827,882)	(8,483,647)
Balance at end of year	₱5,981,465,770	₱1,495,366,443	₱4,486,099,327

	2024		
	Revaluation Reserve	Deferred Tax Liability (see Note 27)	Net
Balance at beginning of year	₱5,867,282,173	₱1,466,820,543	₱4,400,461,630
Revaluation changes	(59,029,480)	(14,757,370)	(44,272,110)
Reclassification	(57,771,816)	(14,442,954)	(43,328,862)
Transfer to retained earnings	(11,513,964)	(2,878,491)	(8,635,473)
Balance at end of year	₱5,738,966,913	₱1,434,741,728	₱4,304,225,185

The changes in revaluation reserve recognized directly in other comprehensive income, net of tax amounted to ₱190.4 million and ₱44.3 million in 2025 and 2024, respectively.

Revaluation reserve corresponding to the depreciation of property and equipment carried at revalued amount net of tax amounting to ₱8.5 million and ₱8.6 million in 2025 and 2024, respectively, was transferred to retained earnings. In 2024, portion of revaluation reserve amounting to ₱43.3 million representing accumulated depreciation in prior years was reclassified to retained earnings.

Property and equipment stated at revalued amounts are based on the latest independent property revaluation performed by independent appraisers as at December 31, 2025 and 2024.

The valuation for the land and condominium units was derived through market approach based on prices per square meter or foot in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant increases (decreases) in estimated price per square meter/foot would result in a significantly higher (lower) fair value of the properties.

The valuation for building was determined using the cost approach which estimates value based on the reproduction or replacement cost of the property, less total accumulated depreciation, plus the prices per square meter for land. The cost approach for building is based on the value of a property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay.

The valuation for property and equipment was derived based on their highest and best use which is to be used as commercial utility which is also its current use. The valuation through the fair value is categorized as Level 3. There was no transfer between levels of fair value measurement in 2025 and 2024.

Description of the valuation techniques used and key inputs to valuation on property and equipment follow:

Location	Valuation Techniques	Unobservable Inputs Used (Level 3)	Range (Weighted Average)	
			2025	2024
Don A. Velez Street and Mabini Streets, within Barangay 14, Cagayan de Oro City	Market approach for land and cost approach for building and building machinery and equipment	Price per square meter for land and reproduction cost less accumulated depreciation for building and building machinery and equipment	₱50,000 to ₱61,224 (₱55,612)	₱48,780 to ₱60,000 (₱54,390)
South corner of 5th Avenue and 26 th Streets (with FAR 12), within Fort Bonifacio, Global City, Taguig City, Metro Manila	Market approach for land	Price per square meter for land and reproduction cost less accumulated depreciation for building and building machinery and equipment	1,309,504 to 1,812,585 (1,408,493)	1,425,000 to 1,614,990 (1,519,995)
Cebu Business Park, Barangay Hipodromo (former Barangay Mabolo), Cebu City	Market approach for land and cost approach for building and building machinery and equipment	Price per square meter for land and reproduction cost less accumulated depreciation for building and building machinery and equipment	324,374 to 494,654 (409,514)	250,000 to 450,000 (350,000)
Southeast corner of Paseo de Roxas and Gallardo Streets, and extending to the northeast corner of Paseo de Roxas and Legaspi Streets, within Legaspi Village, Makati City, Metro Manila	Market approach for land and cost approach for building and building machinery and equipment	Price per square meter for land and reproduction cost less accumulated depreciation for building and building machinery and equipment	1,236,012 to 1,428,000 (1,332,006)	996,875 to 1,255,423 (1,126,149)
Northeast corner of Yuchengco Street and Escolta Street, within Barangay 291, Zone 97, Binondo, City of Manila	Market approach for land and cost approach for building and building machinery and equipment	Price per square meter for land and reproduction cost less accumulated depreciation for building and building machinery and equipment	420,000 to 515,000 (467,500)	403,397 to 550,000 (476,699)
27th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	Market approach for condominium unit	Price per square meter	HK\$ 17,413 to HK\$21,714 (HK\$19,564)	HK\$20,563 to HK\$ 28,577 (HK\$24,570)

Property and equipment located in the Philippines that are carried at revalued amount amounted to ₱6,310.5 million and ₱6,012.8 million as at December 31, 2025 and 2024. The condominium unit in Hong Kong was valued at HK\$41.0 million equivalent to ₱310.3 million as at December 31, 2025 and HK\$49.0 million equivalent to ₱366.0 million as at December 31, 2024.

If land, buildings, and building machinery and equipment were carried at cost less accumulated depreciation, the amounts would be as follow:

	2025	2024
Cost	₱786,931,839	₱793,187,783
Accumulated depreciation and amortization	(158,914,554)	(153,354,644)
Net book value	₱628,017,285	₱639,833,139

Foreign exchange adjustment pertains to the effect of translation of property and equipment of the Hong Kong Branch to their Philippine Peso equivalent.

Property and equipment carried at cost follows:

	2025					
	Leasehold and Building Improvements	Computer Equipment and Mobile Phones	Transportation Equipment	Furniture, Fixtures and Equipment	Building CIP	Total
Cost						
Balances at beginning of year	₱58,012,872	₱156,926,355	₱55,153,043	₱65,244,826	₱1,739,338,543	₱2,074,675,639
Additions	6,498,319	88,800,754	25,170,473	234,714	917,651,929	1,038,356,189
Disposals and retirements	(4,711,215)	(59,169,242)	(13,403,605)	(12,265,412)	-	(89,549,474)
Balance at end of year	59,799,976	186,557,867	66,919,911	53,214,128	2,656,990,472	3,023,482,354
Accumulated Depreciation and Amortization						
Balances at beginning of year	33,180,629	81,245,105	27,135,907	35,266,036	-	176,827,677
Depreciation and amortization	8,626,086	32,241,790	12,652,005	3,835,438	-	57,355,319
Disposals/retirements	(4,711,212)	(58,375,057)	(11,219,406)	(12,213,366)	-	(86,519,041)
Balance at end of year	37,095,503	55,111,838	28,568,506	26,888,108	-	147,663,955
Net Book Value	₱22,704,473	₱131,446,029	₱38,351,405	₱26,326,020	₱2,656,990,472	₱2,875,818,399

	2024					
	Leasehold and Building Improvements	Computer Equipment and Mobile Phones	Transportation Equipment	Furniture, Fixtures and Equipment	Building CIP	Total
Cost						
Balances at beginning of year	₱70,048,992	₱143,786,299	₱62,483,308	₱76,382,086	₱945,310,968	₱1,298,011,653
Additions	7,405,746	30,760,994	6,900,054	2,355,276	794,027,575	841,449,645
Disposals and retirements	(19,441,866)	(17,620,938)	(14,230,319)	(13,492,536)	-	(64,785,659)
Balance at end of year	58,012,872	156,926,355	55,153,043	65,244,826	1,739,338,543	2,074,675,639
Accumulated Depreciation and Amortization						
Balances at beginning of year	41,854,679	67,683,269	28,115,128	43,192,687	-	180,845,763
Depreciation and amortization	10,498,087	30,769,830	11,506,920	5,543,246	-	58,318,083
Disposals/retirements	(19,172,137)	(17,207,994)	(12,486,141)	(13,469,897)	-	(62,336,169)
Balance at end of year	33,180,629	81,245,105	27,135,907	35,266,036	-	176,827,677
Net Book Value	₱24,832,243	₱75,681,250	₱28,017,136	₱29,978,790	₱1,739,338,543	₱1,897,847,962

The Company sold certain equipment for ₱3.0 million and ₱2.4 million in 2025 and 2024, respectively.

Depreciation and amortization arise from the following:

	Note	2025	2024
Property and equipment:			
At cost		₱57,355,319	₱58,318,083
At revalued amount		55,277,739	59,082,830
ROU asset	26	11,844,011	14,635,660
	25	₱124,477,069	₱132,036,573

Building CIP pertain to the construction of a new Pioneer House building in BGC with total contract price of ₱2,691.7 million which is expected to be completed within 2026. As at December 31, 2025, the remaining contractual commitment for the CIP amounted to ₱34.7 million. Advances to contractors amounting to ₱49.3 million and ₱230.8 million as at December 31, 2025 and 2024, respectively, is included under “Other assets” account which will be applied against the contractor’s future billings (see Note 15).

Interest capitalized to CIP amounted to ₱65.4 million and ₱32.9 million in 2025 and 2024, respectively (see Note 19).

The cost of fully depreciated property and equipment still being used in operations amounted to ₱78.1 million and ₱59.6 million as at December 31, 2025 and 2024, respectively.

14. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries, associates, and a joint venture consist of investments in the following entities, which are all incorporated and operating in the Philippines, as at December 31, 2025 and 2024:

	Date of Incorporation	Principal Activity
Subsidiaries:		
PIIC	February 24, 1966	Nonlife insurance
CARD Pioneer Microinsurance Inc. (CPMI)	August 16, 1963	Nonlife insurance
Associates:		
Pilipinas Autogroup, Inc. (PAI)	April 10, 2012	Purchase and sale of motor vehicles
Philippine Trust Company (PTC)	October 21, 1916	Universal banking
Pioneer Hollard Inc. (PHI)	February 17, 2022	Business process outsourcing
Joint Venture –		
M Pioneer Insurance Inc. (MPHI)	July 8, 1948	Nonlife insurance

Details of the Company’s percentage of ownership in the shares of stock of its investees and the carrying amount of investments are follows:

	Effective Percentage of Ownership		Carrying Amount of Investment	
	2025	2024	2025	2024
Investment in subsidiaries				
PIIC	97.53%	97.53%	₱597,541,577	₱597,541,577
CPMI	47.88%	47.88%	315,995,839	358,620,731
			913,537,416	956,162,308
Investment in associates				
PAI*	35.45%	35.45%	–	–
PTC*	7.60%	7.60%	8,742,180,284	8,742,180,284
PHI	25.00%	25.00%	12,500,000	12,500,000
			8,754,680,284	8,754,680,284
Investment in joint ventures				
MPHI	65.00%	65.00%	1,112,925,368	1,112,925,368
Total			₱10,781,143,068	₱10,823,767,960

*Net of allowance for impairment

Movements in investment in subsidiaries are as follow:

	2025		
	PIIC	CPMI	Total
Cost			
Balance at beginning of year	₱597,541,577	₱358,620,731	₱956,162,308
Return of contributed surplus	–	(42,624,892)	(42,624,892)
Balance at end of year	₱597,541,577	₱315,995,839	₱913,537,416

	2024		
	PIIC	CPMI	Total
Cost			
Balance at beginning of year	₱596,741,644	₱358,620,731	₱955,362,375
Additions	799,933	–	799,933
Balance at end of year	₱597,541,577	₱358,620,731	₱956,162,308

- a. *PIIC*. In 2024, the Company purchased additional 2,463 shares for ₱0.8 million. As discussed in Note 2, on December 27, 2024, the BOD of PIIC approved the merger of PIIC and the Company, with the Company as the surviving entity and PIIC as the absorbed entity. As at reporting date, the application for merger has been endorsed by IC and submitted to SEC awaiting approval.

In compliance with the IC's required minimum net worth of ₱1,300.0 million, the Company infused additional ₱50.0 million to PIIC in 2023. No dividend was declared in 2025 and 2024.

- b. *CPMI*. On February 10, 2025, the IC approved the withdrawal and distribution of CPMI's contributed surplus. Accordingly, contributed surplus of CPMI amounting to ₱42.6 million was returned to the Company. Dividend income from investments in CPMI are disclosed in Note 23.

Movements in investment in associates are as follow:

	Note	2025			Total
		PAI	PTC	PHI	
Cost					
Balance at beginning and end of year		₱78,406,459	₱10,642,654,260	₱12,500,000	₱10,733,560,719
Allowance for Impairment Losses					
Balance at beginning and end of year		78,406,459	1,900,473,976	–	1,978,880,435
Carrying Amount		₱–	₱8,742,180,284	₱12,500,000	₱8,754,680,284

	Note	2024			Total
		PAI	PTC	PHI	
Cost					
Balance at beginning and end of year		₱78,406,459	₱10,642,654,260	₱12,500,000	₱10,733,560,719
Allowance for Impairment Losses					
Balance at beginning of year		78,406,459	1,672,417,099	–	1,750,823,558
Impairment	25	–	228,056,877	–	228,056,877
Balance at end of year		78,406,459	1,900,473,976	–	1,978,880,435
Carrying Amount		₱–	₱8,742,180,284	₱12,500,000	₱8,754,680,284

- c. *PAI*. The Company assessed that the investment in PAI is no longer recoverable. Consequently, full impairment of ₱78.4 million was recognized on the investment in 2022. The Company also has advances to PAI amounting to ₱140.4 million which was provided with full allowance (see Note 7).

- d. *PTC*. The Company has a significant influence over PTC because the Company together with other entities within the Pioneer Group with an aggregate ownership of 9.86% have two representatives in PTC's board of directors' equivalent to 16.67% of the voting power.

In 2024, the Company recognized additional allowance for impairment losses amounting to ₱228.1 million included under "Operating expenses" account as the recoverable amount which is based on fair value less cost to sell is lower than its carrying amount (see Note 25).

- e. *PHI*. The Company, together with Pioneer Life, Inc. entered into a joint venture with Hollard International Proprietary Limited ("HINT") to form PHI. PHI was established primarily to develop and provide a customer relationship management services through various media including, but not limited to, telephone, facsimile, email, web chat and voice-over internet and any and all allied or related business.
- f. *MPII*. The Company owns 65% of MPII, the investment includes additional infusion of ₱811.1 million so MPII can comply with the IC's required minimum net worth of ₱1,300.0 million. There were no changes in the joint venture agreement in consideration of the cash infusion. Accordingly, the Company still cannot make unilateral decision without Meralco. Hence, the Investment in MPII remain to be accounted for as a joint venture (see Note 3).

The summarized financial information of the subsidiaries, associates, and joint venture follow:

	2025 (in millions)				
	Subsidiaries		Associates		Joint Venture
	PIIC	CPMI	PTC	PHI	MPII
Total assets	₱3,645,784,765	₱4,766,621,780	₱171,354,030,000	₱14,882,474	₱5,153,818,246
Total liabilities	1,728,661,233	1,800,236,319	147,504,624,000	136,162,294	3,113,236,977
Total equity	1,917,123,532	2,966,385,461	23,849,406,000	(121,279,820)	2,040,581,269
Revenue	355,612,968	1,978,459,251	3,417,915,000	50,320,000	744,634,761
Net income (loss)	137,976,734	425,203,215	269,918,000	(19,362,137)	310,233,606

	2024 (in millions)				
	Subsidiaries		Associates		Joint Venture
	PIIC	CPMI	PTC	PHI	MPII
Total assets	₱3,188,322,990	₱4,389,430,092	₱175,471,176,000	₱32,664,434	₱4,835,162,819
Total liabilities	1,477,118,001	1,687,879,223	152,794,997,000	134,582,117	3,109,418,117
Total equity	1,711,204,989	2,701,550,869	22,676,179,000	(101,917,683)	1,725,744,702
Revenue	326,965,549	1,657,486,717	4,069,061,000	14,340,000	744,453,065
Net income (loss)	98,595,312	313,282,761	614,013,000	(45,059,232)	211,470,536

15. Other Assets

This account consists of:

	Note	2025	2024
CWT		₱545,938,453	₱528,316,764
Prepayments		78,191,542	61,706,132
Advances to contractors	13	49,311,325	230,796,697
Claims and security fund		19,987,307	12,499,014
Others		7,191,540	39,929,352
		700,620,167	873,247,959
Allowance for impairment loss on CWT		(56,323,061)	(56,323,061)
		₱644,297,106	₱816,924,898

The Company applied CWT amounting to ₱291.9 million and ₱169.5 million in 2025 and 2024, respectively, against regular corporate income tax due. CWT includes amounts already applied for refund amounting to ₱140.8 million as at December 31, 2025 and 2024. In 2024, the Company recognized a provision for impairment loss of ₱56.3 million on CWT for which application for refund is still pending decision as of to date (see Note 25).

Prepayments include deposits for utility services, and funds set aside for the payment of documentary stamps tax.

Advances to contractors pertain to advance payments made to contractors related to building CIP (see Note 13).

Claims fund refers to the deposits made for payment of possible future claims related to various policies.

Security fund pertain to the fund which will be used for payment of allowed claims against insolvent insurance companies as required under Section 378 of the Amended Insurance Code.

16. Insurance Contract Liabilities

Insurance contract liabilities consist of:

	Note	2025		
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities (see Note 11)	Net
Provision for:				
Claims reported		₱10,983,137,859	₱8,110,891,952	₱2,872,245,907
Claims IBNR and MfAD		6,195,740,985	4,772,121,582	1,423,619,403
	30	17,178,878,844	12,883,013,534	4,295,865,310
Provision for unearned premiums		7,371,748,369	4,535,679,210	2,836,069,159
		₱24,550,627,213	₱17,418,692,744	₱7,131,934,469

	Note	2024		Net
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities (see Note 11)	
Provision for:				
Claims reported		₱12,510,715,107	₱9,664,270,688	₱2,846,444,419
Claims IBNR and MfAD		5,680,839,330	4,767,651,745	913,187,585
	30	18,191,554,437	14,431,922,433	3,759,632,004
Provision for unearned premiums		6,595,861,920	4,204,914,665	2,390,947,255
		₱24,787,416,357	₱18,636,837,098	₱6,150,579,259

Movements of outstanding claims provision follow:

	Note	2025		Net
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities	
Balance at beginning of year		₱18,191,554,437	₱14,431,922,433	₱3,759,632,004
Claims incurred		4,012,508,187	1,117,660,527	2,894,847,660
Claims paid	24	(5,529,923,634)	(2,671,879,023)	(2,858,044,611)
Increase in claims IBNR and MfAD	24	514,901,656	4,469,837	510,431,819
		17,189,040,646	12,882,173,774	4,306,866,872
Effect of foreign exchange on outstanding claims		(10,161,802)	839,760	(11,001,562)
Balance at end of year		₱17,178,878,844	₱12,883,013,534	₱4,295,865,310

	Note	2024		Net
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities	
Balance at beginning of year		₱18,736,052,168	₱15,601,015,446	₱3,135,036,722
Claims incurred		5,636,861,454	2,871,955,702	2,764,905,752
Claims paid	24	(5,392,753,196)	(3,234,718,056)	(2,158,035,140)
Increase (decrease) in claims IBNR and MfAD	24	(799,117,366)	(803,209,970)	4,092,604
		18,181,043,060	14,435,043,122	3,745,999,938
Effect of foreign exchange on outstanding claims		10,511,377	(3,120,689)	13,632,066
Balance at end of year		₱18,191,554,437	₱14,431,922,433	₱3,759,632,004

Movements of provision for unearned premiums follow:

	Note	2025		Net
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities	
Balance at beginning of year		₱6,595,861,919	₱4,204,914,665	₱2,390,947,254
Premiums written	22	20,699,885,313	13,632,155,630	7,067,729,683
Premiums earned	22	(19,923,998,863)	(13,301,391,085)	(6,622,607,778)
Balance at end of year		₱7,371,748,369	₱4,535,679,210	₱2,836,069,159

	Note	2024		Net
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities	
Balance at beginning of year		₱4,497,545,400	₱2,992,343,989	₱1,505,201,411
Premiums written	22	20,214,275,851	13,924,373,161	6,289,902,690
Premiums earned	22	(18,115,959,332)	(12,711,802,485)	(5,404,156,847)
Balance at end of year		₱6,595,861,919	₱4,204,914,665	₱2,390,947,254

17. Insurance Payables

This account consists of:

	2025	2024
Due to reinsurers	₱8,781,907,036	₱8,576,400,957
Funds held for reinsurers	570,092,507	563,676,301
	₱9,351,999,543	₱9,140,077,258

Movements in due to reinsurers are as follows:

	Note	2025	2024
Balance at beginning of year		₱8,576,400,957	₱9,038,298,223
Arising during the year	16	13,632,155,630	13,924,373,161
Paid during the year		(13,426,649,551)	(14,386,270,427)
Balance at end of year		₱8,781,907,036	₱8,576,400,957

Due to reinsurers represent premiums payable held for one year by the ceding company based on treaty reinsurance contracts.

Movements in funds held for reinsurers are as follows:

	2025	2024
Balance at beginning of year	₱563,676,301	₱576,018,401
Arising during the year	312,800,092	304,903,196
Paid during the year	(306,383,866)	(317,245,296)
Balance at end of year	₱570,092,527	₱563,676,301

Funds held for reinsurers pertain to amounts retained by the Company computed as a certain percentage of reinsurance premiums ceded out in accordance with reinsurance agreements. Interest expense on funds held for reinsurers are disclosed in Note 19.

18. Accounts and Other Payables

This account consists of:

	Note	2025	2024
Accounts payable		₱271,216,393	₱184,595,094
Output VAT payable		467,207,031	580,165,520
Commissions payable		455,298,028	372,558,195
Taxes payable		232,268,310	223,185,807
Deposit surety bond		146,047,810	55,813,649
Due to related parties	28	70,558,145	52,801,672
Security deposits	26	58,921,049	24,721,626
Accrued employee benefits		46,958,728	46,428,287
Unearned rent income	26	27,348,484	–
Accrued expenses		14,005,216	10,062,041
Others		1,286,320	1,286,320
		₱1,791,115,514	₱1,551,618,211

Accounts payable consists of advance premium payments from various brokers and suppliers and the retention payable representing amounts withheld by the Company from progress billings of contractors in accordance with the terms of construction contracts. Retention payable are generally released to the contractors after one year.

Output VAT payable is net of input VAT.

Commissions payable represent unpaid commissions to agents and brokers arising from policy issuances. Commission rates vary depending on the product line and coverage of the policy. These are noninterest-bearing and are due upon receipt of premium payments.

Taxes payable consist of documentary stamps, business tax, fire service tax, premium tax, and withholding tax. These are subsequently remitted within one month after the reporting date.

Deposit surety bond pertains to bond deposits which will be refunded by the Company upon the performance of the contractual obligations set forth in the surety bond agreement.

Due to related parties represent the premium cessions and acceptances in accordance with agreed terms and are due and demandable (see Note 28).

Security deposits represent advance payments from tenants which are refunded upon termination of the related lease contracts (see Note 26).

Accrued employee benefits include service award liability and accruals for productivity incentives granted to the Company's employees except those under contractual employment. Productivity incentives are due on or before 15th of May of the following year.

Accrued expenses include unpaid utility, contracted services and professional fees, among others. These are settled within one year after the reporting date.

Others are noninterest-bearing and are normally settled within one year.

19. Loans Payable

This account consists of:

Ten-year Long-Term Loan

On November 11, 2022, the Company entered into a 10-year loan credit facility for ₱2,400.0 million with a local bank to exclusively finance the construction of Pioneer House BGC for which drawdowns were made as follows:

	Outstanding Balances as of	
	December 31	
	2025	2024
<i>Year Availed</i>		
2022	₱447,000,000	₱447,000,000
2024	250,000,000	250,000,000
2025	880,800,000	–
	₱1,577,800,000	₱697,000,000

During 2025 and 2024, the Company made drawdowns amounting to ₱880.8 million and ₱250.0 million, respectively. The interest rate is based on the quarterly floating rate which is equivalent to the higher of: 1) the applicable 3-month php BVAL + 0.75%; and (2) a floor rate of 4%; payable and repriced quarterly. Interest rates ranged from 5.6073% to 5.6200% in 2025 and from 5.8947% to 6.5900% in 2024. Interest capitalized to building CIP amounted to ₱65.4 million and ₱32.9 million in 2025 and 2024, respectively (see Note 13).

The loan is subject to a financial covenant that requires the Company to maintain an RBC ratio of 100% or the minimum prescribed RBC ratio by the IC. The Company complied with this covenant as at December 31, 2025 and 2024.

The maturity profile of the Company's loans payable are as follows

	2025	2024
Within one year	₱–	₱–
One to five years	–	–
Beyond five years	1,577,800,000	697,000,000
	₱1,577,800,000	₱697,000,000

The first quarterly principal repayment is not due until November 2032 while the first quarterly interest payments is due in February 2026.

Six-year Long-Term Loan

In 2024, the Company fully repaid its 6 year loan amounting to ₱392.0 million availed in 2018 to be used for working capital requirements. Nominal interest ranged from 5.84% to 6.59% in 2024. Interest expense recognized amounted to ₱21.2 million in 2024.

Interest expense arise from the following:

	Note	2025	2024
Funds held for reinsurers	17	₱5,783,280	₱6,452,200
Lease liabilities	26	2,088,963	1,839,190
Loans payable		–	21,190,600
		₱7,872,243	₱29,481,990

Interest paid on funds held for reinsurers, previously classified under financing activities in the 2024 statements of cash flows, was reclassified to operating activities in the 2025 statements of cash flows to reflect its relation to reinsurance operations.

Changes in Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	2025					Balance at end of year
	Balance at beginning of year	Financing cash flows			Interest expense	
		Payments	Additions	Dividends paid		
Loans payable	₱697,000,000	₱–	₱880,800,000	₱–	₱–	₱1,577,800,000
Lease liabilities (see Note 26)	31,997,097	(13,251,562)	8,969,351	–	2,088,963	29,803,849
Dividends payable	–	–	105,000,000	(105,000,000)	–	–
	₱728,997,097	(₱13,251,562)	₱994,769,351	(₱105,000,000)	₱2,088,963	₱1,607,603,849

	2024					Balance at end of year
	Balance at beginning of year	Financing cash flows			Interest expense	
		Payments	Additions	Dividends paid		
Loans payable	₱839,000,000	(₱392,000,000)	₱250,000,000	₱–	₱21,190,600	₱718,190,600
Lease liabilities (see Note 26)	26,379,774	(15,783,257)	19,561,390	–	1,839,190	31,997,097
Dividends payable	–	–	161,880,000	(161,880,000)	–	–
	₱865,379,774	(₱407,783,257)	₱431,441,390	(₱161,880,000)	₱23,029,790	₱750,187,697

20. Retirement Benefits

The Company has a funded, noncontributory and defined benefit plan for its qualified employees. The benefits are based on the employee's years of service and final plan salary. The Board of Trustees of the plan is responsible for setting investment strategies. The Retirement Plan is considered a "reasonable private benefit plan" within the contemplation of Republic Act No. 4917. The latest actuarial valuation report was as at December 31, 2025.

The retirement plan of the Company is being administered by Pioneer Group of Insurance Companies Staff Retirement Benefit Plan.

The components of retirement benefit expense, included as part of “Salaries, allowances and benefits” under “Operating expenses” account are as follows:

	Note	2025	2024
Defined benefit plan			
Current service cost		₱32,237,204	₱28,211,436
Net interest cost		(12,006,479)	(11,512,377)
Defined contribution plan			
Contributions to the retirement plan of Hong Kong branch		2,246,609	3,297,111
	25	₱22,477,334	₱19,996,170

Retirement benefit expense includes payments to the defined contribution retirement plan of employees of the Company’s Hong Kong branch amounting to ₱2.2 million and ₱3.3 million in 2025 and 2024, respectively.

The net retirement plan asset recognized in the separate statements of financial position is as follows:

	2025	2024
Fair value of plan assets	₱529,633,361	₱516,526,645
Present value of defined benefit obligation	392,978,338	319,375,931
	₱136,655,023	₱197,150,714

Changes in fair value of retirement plan assets are as follows:

	2025	2024
Balance at beginning of year	₱516,526,645	₱490,029,744
Interest income	31,142,763	29,294,969
Benefits paid	(10,302,457)	(20,848,442)
Remeasurement loss	(7,733,590)	(71,949,626)
Contributions	–	90,000,000
Balance at end of year	₱529,633,361	₱516,526,645

Changes in present value of defined benefits obligation are as follows:

	Note	2025	2024
Balance at beginning of year		₱319,375,931	₱301,919,022
Current service cost		32,237,204	28,211,436
Interest cost		19,136,284	17,782,592
Benefits paid		(10,302,457)	(20,848,442)
Remeasurement loss (gain)		32,427,866	(6,402,358)
Transfer of retirement liability	28	103,510	(1,286,319)
Balance at end of year		₱392,978,338	₱319,375,931

The cumulative remeasurement gain (loss) on net retirement plan asset recognized in OCI as at December 31 follows:

2025			
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	(P63,504,963)	(P15,876,241)	(P47,628,722)
Remeasurement loss	(40,161,456)	(10,040,364)	(30,121,092)
Balance at end of year	(P103,666,419)	(P25,916,605)	(P77,749,814)

2024			
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	P2,042,305	P510,576	P1,531,729
Remeasurement loss	(65,547,268)	(16,386,817)	(49,160,451)
Balance at end of year	(P63,504,963)	(P15,876,241)	(P47,628,722)

The distribution of the plan assets of the Pioneer Group, of which 70.95% and 69.28% is attributed to the Company as at December 31, 2025 and 2024, respectively.

	2025	2024
Investment in quoted equity securities	P379,184,203	P355,762,246
Cash and cash equivalents	148,000,468	157,516,156
Accounts receivable	2,448,690	3,248,243
Total plan assets	P529,633,361	P516,526,645

Investment in quoted equity securities include the investment in shares in associate amounting to P138.4 million and P135.2 million as at December 31, 2025 and 2024, respectively. The carrying value of retirement plan assets approximates its fair value as of December 31, 2025 and 2024. All investments have quoted prices in active markets. Also, the plan assets have diverse investments and do not have any concentration risk.

The plan exposes the Company to the following risks:

- *Salary risk* - any increase in the retirement plan participants' salary will increase the retirement plan's liability.
- *Longevity risk* - any increase in the plan participants' life expectancy will increase the retirement plan's liability.
- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets.
- *Investment risk* - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise. However, the compositions of plan assets are balanced enough not to expose the Company to significant concentrations of investment risk.

The Company does not expect to contribute to the retirement fund in 2026.

The principal assumptions used in determining pension obligation for the Company's plan are shown below:

	2025	2024
Discount rates*	6.41%	6.09%
Salary increase rates	4.00%	7.5%
Average years of service	7.20	7.27
Mortality rate**	2017 PICM	2017 PICM
Disability rate	1952 Disability Study, Period 2, Benefit 5	1952 Disability Study, Period 2, Benefit 5

* This is the single weighted average discount rate which is based on the bootstrapped PHP-BVAL rates at various tenors as of December 29, 2025. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

** Philippine Intercompany Mortality

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2025 and 2024, assuming all other assumptions were held constant. The impacts on present value of defined benefit obligation follow:

	Change in Assumptions	Impact on present value of defined benefit obligation	
		2025	2024
Discount rates	+1%	(P29,115,695)	(P29,852,151)
	-1%	21,260,128	35,504,785
Salary increase rates	+1%	19,648,917	36,104,893
	-1%	(11,789,350)	(30,943,205)

The maturity analysis of the undiscounted benefit payments follows:

	2025	2024
Less than 1 year	P63,857,880	P18,497,671
1 to less than 5 years	158,881,283	110,103,799
5 to less than 10 years	219,755,368	189,085,782
10 to less than 15 years	238,075,925	215,554,678
15 to less than 20 years	169,657,650	212,614,113
20 years and above	992,976,152	1,879,095,505

21. Retained Earnings

Dividends

The BOD approved the following cash dividends:

Date of Declaration	Date of Record	Amount of Dividends	
		Per Share	Total
April 10, 2026	December 31, 2025	₱40.00	₱120,000,000
April 8, 2025	December 31, 2024	35.00	105,000,000
April 4, 2024	December 29, 2023	53.96	161,880,000

Under the Revised Corporation Code of the Philippines, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid-up capital. The Company's retained earnings amounting to ₱14,436.7 million and ₱13,727.8 million as at December 31, 2025 and 2024, respectively, is in excess of its paid-up capital. The retention of excess retained earnings is mainly due to the IC requirements for minimum statutory net worth and risk-based capital (see Note 29).

22. Net Insurance Premiums Earned

Gross premiums earned on insurance contracts follow:

	Note	2025	2024
Gross premiums on insurance contracts:			
Direct insurance		₱19,707,921,062	₱18,978,642,765
Assumed reinsurance		991,964,251	1,235,633,086
Total gross premiums on insurance contracts	16	20,699,885,313	20,214,275,851
Gross change in provision for unearned premiums		(775,886,450)	(2,098,316,519)
Gross premiums earned	16	₱19,923,998,863	₱18,115,959,332

Reinsurers' share of gross premiums earned on insurance contracts follow:

	Note	2025	2024
Reinsurers' share of gross premiums on direct insurance contracts	16	₱13,632,155,630	₱13,924,373,161
Reinsurers' share of gross change in provision for unearned premiums		(330,764,545)	(1,212,570,676)
Reinsurer's share of gross premiums earned	16	₱13,301,391,085	₱12,711,802,485

23. Investment Income (Loss) - Net

This account consists of:

	Note	2025	2024
Interest income arising from:			
Cash and cash equivalents	4	₱221,298,769	₱310,065,214
Investment debt securities at amortized cost	7	113,680,886	93,605,588
Short-term investments	5	61,538,567	58,248,521
Financial assets at FVPL	7	31,355,315	14,042,200
Chattel mortgage loans	8	3,031,703	2,960,446
Funds held by ceding companies	6	725,676	593,142
Other receivables	8	–	5,763,623
Rental income	12, 26	84,698,361	91,941,491
Dividend income arising from:			
Investment in subsidiaries	14	37,408,263	42,567,610
Financial assets at FVPL	7	3,200,565	3,125,152
Loss on disposal of financial assets at FVPL	7	(40,193,971)	(8,258,100)
Fair value gains on investment properties	12	24,710,801	150,623,663
Unrealized loss on fair value changes of financial assets at FVPL	7	(353,412)	(2,248,402)
		₱541,101,523	₱763,030,148

24. Net Insurance Benefits and Claims

This account consists of:

	2025	2024
Gross benefits and claims on insurance contracts	₱4,527,409,844	₱4,837,744,088
Reinsurers' share of benefits and claims on insurance contracts	(1,122,130,364)	(2,068,745,732)
Net insurance benefits and claims	₱3,405,279,480	₱2,768,998,356

Gross benefits and claims on insurance contracts consist of the following:

	Note	2025	2024
Insurance contract benefits and claims paid	16	₱5,529,923,634	₱5,392,753,196
Gross change in:			
Provision for claims reported		(1,517,415,446)	244,108,258
Provision for claims IBNR and MfAD	16	514,901,656	(799,117,366)
Gross benefits and claims on insurance contracts		₱4,527,409,844	₱4,837,744,088

Reinsurers' share of benefits and claims on insurance contracts:

	Note	2025	2024
Reinsurers' share of paid benefits and claims on insurance contracts	16	₱2,671,879,023	₱3,234,718,056
Reinsurers' share of gross change in:			
Provision for claims reported		(1,554,218,496)	(362,762,354)
Provision for claims IBNR and MfAD	16	4,469,837	(803,209,970)
Reinsurer's share of benefits and claims on insurance contracts		₱1,122,130,364	₱2,068,745,732

25. Operating Expenses

This account consists of:

	Note	2025	2024
Salaries, allowances and benefits		₱861,665,608	₱663,806,258
Security, janitorial, and contractual services		135,774,442	116,439,863
Depreciation and amortization	13	124,477,069	132,036,573
Repairs and maintenance		98,646,190	70,315,344
Professional fees		74,135,455	70,232,398
Communication, light, and water		46,873,115	35,686,089
Taxes and licenses		31,775,396	25,392,685
Entertainment, amusement, and recreation		25,871,674	23,096,857
Advertising		25,323,795	22,822,109
Transportation and travel		24,348,231	16,999,284
Seminar and training		21,546,243	12,757,041
Office supplies, printing, and stationery		13,851,582	15,890,389
Membership and subscription dues		9,348,810	9,325,129
Donation and charitable contribution		6,060,664	9,433,029
Insurance		2,551,074	2,202,064
Provisions for (reversal of allowance for) impairment losses on:			
Insurance receivables	6	(4,554,111)	37,693,257
Investment in associates	14	–	228,056,877
CWT	15	–	56,323,061
Others		62,350,330	41,433,086
		₱1,560,045,567	₱1,589,941,393

Salaries, allowances, and benefits consist of:

	Note	2025	2024
Salaries and wages		₱646,338,256	₱495,084,196
Employee welfare and allowances		143,268,304	110,350,033
Social security costs		47,648,213	36,606,614
Retirement benefit expense	20	22,477,334	19,996,170
Others		1,933,501	1,769,245
		₱861,665,608	₱663,806,258

26. Leases

Lease Commitments - The Company as a Lessee

The Company has lease contracts for various items office spaces used in its operations. Leases of office spaces generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Movements in ROU assets are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		₱92,321,951	₱72,760,561
Additions		8,969,351	19,561,390
Balance at end of year		101,291,302	92,321,951
Accumulated Depreciation			
Balance at beginning of year		60,981,627	46,345,967
Depreciation	13	11,844,011	14,635,660
Balance at end of year		72,825,638	60,981,627
Carrying Amount		₱28,465,664	₱31,340,324

Movements in lease liabilities are as follows:

	Note	2025	2024
Balance at beginning of year		₱31,997,097	₱26,379,774
Additions	19	8,969,351	19,561,390
Lease payments	19	(13,251,562)	(15,783,257)
Interest expense	19	2,088,963	1,839,190
Balance at end of year		₱29,803,849	₱31,997,097

The maturity analysis of the undiscounted lease payments follows:

	2025	2024
Within one year	₱16,077,996	₱12,749,507
More than one year to two years	11,188,042	11,598,125
More than two years to three years	6,328,444	6,969,754
More than three years to four years	3,477,057	4,181,104
More than four years to five years	325,884	1,557,016
	₱37,397,423	₱37,055,506

The Company also has certain leases of office spaces with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the “short-term lease” and “lease of low value assets” recognition exemptions for these leases.

The following are the amounts recognized in separate statements of comprehensive income:

	Note	2025	2024
Depreciation of ROU assets	13	₱11,844,011	₱14,635,660
Interest expense on lease liabilities	19	2,088,963	1,839,190
Rent expense relating to short-term leases		3,916,710	576,071

Depreciation of ROU assets and rent expense are included under “Operating expenses” account in separate statements of comprehensive income.

Lease Commitments - The Company as a Lessor

The Company has entered into various leases for its investment properties and office spaces with the related and third parties. These leases have terms ranging from one to fifteen years. Some of these lease agreements include clauses for annual escalation in rental fees.

Security deposits received from lease agreements are disclosed in Note 18. In 2025, the Company received advance rental payments for lease contracts effective in the succeeding year, lodged under “Unearned rent income” line item and included under “Accounts and other payables” account amounting to ₱27.3 million (see Note 18).

Rental income earned in 2025 and 2024 are disclosed in Note 23. Rental income from the related parties amounted to ₱20.0 million and ₱18.9 million in 2025 and 2024, respectively (see Note 28).

The future minimum rentals receivable under noncancellable operating leases on its investment properties are as follows:

	2025	2024
Within one year	₱53,535,529	₱73,889,870
More than one year to two years	49,426,435	53,857,527
More than two to three years	24,863,856	36,224,373
More than three years to four years	1,967,050	16,404,738
More than four years to five years	-	659,345
	₱129,792,870	₱181,035,853

27. Income Tax

The provision for current income tax consists of:

	2025	2024
Regular corporate income tax (RCIT)	₱291,873,505	₱169,254,796
Gross income tax (GIT)	2,857	251,738
	₱291,876,362	₱169,506,534

Final tax on interest income included as part of "Provision for income tax" account amounted to ₱74.1 million and ₱83.7 million in 2025 and 2024, respectively.

The Company's net deferred tax liabilities relate to the tax effects of the following:

	2025	2024
Deferred tax liabilities:		
Revaluation surplus on property and equipment	₱1,495,366,443	₱1,434,741,728
Cumulative fair value gains of unquoted equity securities at FVOCI	40,570,224	39,367,098
Unrealized foreign exchange gain and others	11,387,387	4,953,673
Net retirement plan asset	34,163,756	49,287,679
Lease liability, net of ROU asset	334,546	164,193
	1,581,822,356	1,528,514,371
Deferred tax assets:		
Provision for IBNR	355,904,850	228,296,896
Allowance for impairment losses on:		
Insurance receivables	43,254,972	44,393,500
Nonfinancial assets	28,484,070	42,564,835
Other receivables	35,375,000	35,375,000
Unamortized past service cost	34,755,493	45,180,063
Unearned rent income	6,837,121	-
Accrued service award and bonuses	2,307,409	2,174,799
	506,918,915	397,985,093
Net deferred tax liabilities	₱1,074,903,441	₱1,130,529,278

The reconciliation of income tax computed at statutory income tax rate to the provision for income tax reported in the separate statements of comprehensive income is shown below:

	2025	2024
Income tax at statutory income tax rate	₱265,282,541	₱232,347,459
Income tax effects of:		
Nondeductible expenses	69,061,098	44,076,103
Interest income already subjected to final tax	(40,858,315)	(22,350,888)
Tax exempt income	(37,778,219)	(35,014,767)
Income subjected to lower tax rate	-	(107,570)
	₱255,707,105	₱218,950,337

The components of provision for deferred tax as reported in the statements of comprehensive income are recognized in the following:

	Note	2025	2024
In profit or loss		(₱110,241,196)	(₱34,265,404)
In OCI	18	54,615,359	(51,518,335)
		(₱55,625,837)	(₱85,783,739)

Registration with PEZA

On April 23, 2007, the Company was registered with the PEZA to establish, develop, construct, administer, manage, and operate an Information Technology (IT) Center known as Pioneer House Cebu. Under the terms and conditions of its registration, the Company is entitled to the option to pay a special 5% tax on gross income earned from IT Locator enterprises, in lieu of all national and local taxes, except real property taxes on land owned by the Company. Accordingly, the Company took the option to pay 5% tax on gross income earned as IT locator enterprise, of which 2% was remitted to the Local Government Unit (LGU) and 3% to the national government. The Company incurred gross income tax amounting to ₱2,857 and ₱0.3 million in 2025 and 2024, respectively, included under “Current income tax” account in the separate statements of comprehensive income.

28. Related Party Transactions

In the normal course of business, the Company has transactions with its related parties as follows:

	Note	2025		2024	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Parent					
Due from related parties	b	(₱25,085)	₱-	(₱51,997,300)	₱25,085
Due to related parties	b	-	-	22,385	-
Subsidiaries					
Due to reinsurer	a	91,526,096	493,758,420	105,962,082	402,232,324
Insurance recoverable on paid losses	a	73,389,258	242,635,269	75,924,427	169,246,011
Funds held by ceding companies	a	(71,597,073)	109,715,464	73,611,824	181,312,537
Insurance recoverable on unpaid losses	a	(1,344,007)	120,240,082	1,318,495	121,584,090
Due from ceding company	a	25,847,476	34,431,247	(4,313,018)	8,583,771
Funds held for reinsurers	a	(1,546,603)	4,838,707	425,116	6,385,310
Due to related parties	b	30,375,776	33,576,152	2,731,639	3,461,538
Due from related parties	b	(284,876)	-	284,876	284,876
Security deposit	c		261,163		
Rental income	c	1,506,626	-	1,481,227	-

(Forward)

	Note	2025		2024	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Associates					
Due from related parties*	b	₱5,785,481	₱172,462,254	₱9,156,194	₱166,676,773
Security deposit		5,376,000	5,376,000	–	–
Cash and cash equivalents	d	1,302,081,796	3,405,498,943	(2,892,625,637)	2,103,417,147
Short term investments	d	(616,741,155)	1,095,000	49,770,239	617,836,155
Premiums receivable	a	84,033	9,160,431	44,997	9,076,398
Rental income	c	5,929,967	–	5,620,739	–
Entities under common control					
Due to related parties	b	(11,547,970)	36,981,993	18,833,408	49,340,133
Due from related parties	b	(1,028,586)	256,929	(50,733,740)	1,481,281
Security deposit		–	810,169	–	–
Rental income	c	10,869,142	–	11,411,637	–
Joint Venture					
Due to reinsurer	a	₱51,008,023	₱370,878,340	₱82,355,828	₱319,870,317
Insurance recoverable on unpaid losses	a	(111,004,903)	147,393,791	(1,219,488)	258,164,062
Insurance recoverable on paid losses	a	58,542,153	192,895,384	(21,851,644)	134,353,231
Due from ceding company	a	116,309,702	243,053,683	59,669,125	126,743,981
Funds held for reinsurers	a	6,103,235	94,277,068	42,335,208	88,173,833
Security deposit	c	(3,388,757)	72,782	3,461,538	3,461,538
Funds held by ceding company	a	(119,665)	279,399	26,688	399,064
Due from related parties	b	109,497	332,635	(168,384)	223,138
Rental income	c	1,677,779	–	380,823	–

The Company's related party transactions pertain to the following:

- a. In the ordinary course of business, the Company accepts and cedes insurance business under various reinsurance contracts with PIIC and CPMI and joint venture, MPIL (see Notes 22 and 24).
- b. The Company has due from (due to) its parent company PI, its subsidiaries, associate, and entity under common control, for their advances for various expenses and transfers of retirement liability. The Companies agreed that there will be no break in service due to the transfer and that the retirement benefit liability pertaining to the employees will be transferred with no corresponding asset transfers. Present value of retirement liability amounted to ₱0.1 million transferred in in 2025 and ₱1.3 million transferred out in 2024 (see Note 20).

The Company has advances to PAI, its associate amounting to ₱140.4 million as at December 31, 2025 and 2024 which was provided with full allowance (see Note 14).

- c. The Company earns rentals from its buildings and condominium units under lease agreements with its subsidiaries PIIC and CPMI, an entity under common control PLI and a joint venture (see Note 26).
- d. The Company has cash equivalents and short-term investments in PTC which earns interest at annual interest rates ranging from 4.69% to 5.38% in 2025 and 5.375% to 6.0% in 2024.

- e. Key management personnel of the Company include all personnel having a position of Assistant Vice President and above. The summary of compensation of key management personnel is shown below:

	2025	2024
Salaries and other short-term employee benefits	₱189,882,962	₱159,097,922
Retirement benefits	6,317,913	2,746,183
	₱196,200,875	₱161,844,105

Transactions with related parties are based on terms agreed to by the parties. Outstanding balances as of the end of the period are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties in 2025 and 2024. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

29. Capital Management

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the Risk-Based Capital (RBC) Model.

To ensure compliance with these externally imposed capital requirements, it is the Company's policy to monitor the paid-up capital, net worth and RBC requirements on a quarterly basis as part of the Company's internal financial reporting process.

As of December 31, 2025 and 2024, the Company fully complied with the externally-imposed capital requirements during the reported financial periods. These are the fixed capitalization requirement and RBC requirement.

Fixed Capitalization Requirements

The Code provided the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022.

The minimum required net worth for the Company starting December 31, 2022 amounted to ₱1,300.0 million.

Pursuant to Section 202 of the Code, the Company's estimated net worth as at December 31, 2025 and the actual net worth as at December 31, 2024 based on the examination of IC follows:

	2025 (Estimated)	2024 (Actual)
Total assets	₱59,161,640,150	₱57,100,793,901
Less: Total liabilities	38,481,833,793	37,489,364,155
Total equity	20,679,806,357	19,611,429,746
Less: Non-admitted assets	2,081,501,474	3,573,572,555
Net worth	18,598,304,883	16,037,857,191
Less: Net worth requirements	1,300,000,000	1,300,000,000
Excess over net worth requirements	₱17,298,304,883	₱14,737,857,191

The Company is compliant with the minimum net worth requirement. The final amount of the net worth as at December 31, 2025 can be determined only after the accounts of the Company have been examined by the IC.

RBC Requirements

Pursuant to IC CL No. 2017-15, Regulatory Requirements and Actions for the New Regulatory Framework, effective January 1, 2017, nonlife insurance companies are required to maintain minimum RBC2 requirement as prescribed under IC CL No. 2016-68, Amended Risk-Based Capital (RBC2) Framework. Under the RBC2 Framework, the RBC ratio shall be calculated as total available capital divided by the RBC2 requirement.

The following table shows the estimated RBC ratio as of December 31 as determined by the Company based on the RBC2 Framework:

	2025 (Estimated)	2024 (Actual)
Total available capital	₱22,062,085,283	₱20,570,771,988
RBC2 requirement	5,371,461,205	5,440,504,255
RBC2 ratio	411%	389%

The Company is compliant with the minimum RBC2 requirement. The final amount of the 2025 RBC ratio can only be determined after the accounts of the Company have been examined by the IC.

The total available capital shall be the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis. This capital is considered to be the highest quality capital available to the insurer. Tier 2 capital does not have the same high quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer. Tier 2 capital shall not exceed 50% of Tier 1 capital.

The RBC requirement shall be the capital that is required to be held appropriately to the risks an insurance company is exposed to, computed using the formula as prescribed under IC CL No. 2016-68.

Financial Reporting Framework

IC CL No. 2016-65, *Financial Reporting Framework under Section 189 of the Amended Insurance Code*, prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting effective January 1, 2017. This also includes rules and regulations concerning all other accounts not discussed in the Code but are used in accounting of insurance and reinsurance companies.

IC CL No. 2016-67, *Valuation Standards for Non-Life Insurance Policy Reserves*, prescribes valuation methodology for the non-life insurance companies. In addition to the unearned premiums reserves, the concept of unexpired risk reserves (URR) is also included in the calculation of the premiums liability. The IBNR claims reserves are computed using actuarial projection techniques such as but not limited to the Chain ladder method, Expected loss ratio method and Bornheutter-Ferguson method. MFAD is computed at least on an annual basis based on standard projections techniques, such as but not limited to the Mack method, Bootstrapping method, Stochastic Chain Ladder method to bring the actuarial estimate of Policy Liabilities at the 75% level of sufficiency and shall be incorporated on both premiums and claims liability valuation. Discount rates to be used shall be based on the latest BVAL and the Bloomberg IYC Curve for Php and USD-denominated policies, respectively.

URR refers to the amount of reserve required to cover future claims, commission and expenses at a designated level of confidence, that are expected to emerge from an unexpired period of cover. Starting 2018, the premiums liabilities shall be determined in accordance with the valuation standards prescribed under IC CL No. 2018-18, which is the higher between the UPR and URR.

On March 9, 2018 the IC issued Circular Letter No. 2018-19, *Amendment to Circular Letter No.2016-69 "Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-based Capital (RBC2) Framework"*, which provides that MfAD was amended such that companies shall be allowed to set the MfAD at 100% starting 2019.

The Company complied with the aforementioned regulation and recognized MfAD of ₱514.0 million and ₱458.2 million in 2025 and 2024, respectively within "insurance contract liabilities". The Company used 100% in 2025 and 2024 of the company-specific MfAD.

30. Management of Insurance and Financial Risks

Insurance Risk

The risk under an insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of the resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims and if actual benefits paid is greater than originally estimated.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The variability of risks can also be improved by careful selection and implementation of underwriting strategies and guidelines.

The majority of reinsurance business ceded is placed on a quota share basis with retention limits. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the separate statements of financial position as "Reinsurance assets".

Although the Company has reinsurance agreements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The business of the Company mainly comprises of nonlife insurance contracts.

The Company principally issues the following types of general insurance contracts: fire, aviation, engineering, marine hull, motor car, marine cargo, general accident and and miscellaneous casualty.

The following table sets out the concentration of the claims liabilities as of December 31, 2025 and 2024 by type of contract (see Note 16).

	2025			2024		
	Gross Claims Liabilities	Reinsurers' Share of Claims Liabilities	Net	Gross Claims Liabilities	Reinsurers' Share of Claims Liabilities	Net
Fire	₱9,661,967,202	₱7,430,934,407	₱2,231,032,795	₱11,369,776,677	₱9,362,723,993	₱2,007,052,684
Aviation	2,119,846,783	2,056,382,962	63,463,821	2,458,542,265	2,408,803,327	49,738,938
Engineering	1,910,388,363	1,834,665,917	75,722,446	972,086,599	886,624,724	85,461,875
Marine hull	1,410,311,208	863,543,207	546,768,001	1,276,776,458	972,804,991	303,971,467
Motor car	837,858,773	71,946,224	765,912,549	729,136,964	88,764,449	640,372,515
Marine Cargo	562,852,943	358,009,858	204,843,085	633,709,930	381,083,041	252,626,889
General accident	491,426,483	203,138,814	288,287,669	590,560,326	278,306,911	312,253,415
Others	184,227,089	64,392,145	119,834,944	3,253,217,413	2,842,697,365	410,520,048
	₱17,178,878,844	₱12,883,013,534	₱4,295,865,310	₱21,283,806,632	₱17,221,808,801	₱4,061,997,831

The geographical concentration of the Company's insurance contract liabilities is noted below. The disclosures are based on the countries where the business is written.

	2025			2024		
	Gross Claims Liabilities	Reinsurers' Share of Claims Liabilities	Net	Gross Claims Liabilities	Reinsurers' Share of Claims Liabilities	Net
Philippines	₱16,918,674,352	₱12,881,768,814	₱4,036,905,538	₱17,885,892,936	₱14,430,746,947	₱3,455,145,989
Hong Kong	260,204,492	1,244,720	258,959,772	305,661,501	1,175,486	304,486,015
	₱17,178,878,844	₱12,883,013,534	₱4,295,865,310	₱18,191,554,437	₱14,431,922,433	₱3,759,632,004

Key Assumptions. The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and number of claims for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variations in interest, delays in settlement and changes in foreign currency rates.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and income before income tax.

	2025			
	Change in Assumptions	Impact on Gross Insurance Contract Liabilities	Impact on Net Insurance Contract Liabilities	Impact on Income Before Income Tax
Average claim costs	5% increase	₱881,473,553	₱308,515,743	(₱310,058,322)
Average number of claims	5% increase	866,264,774	303,192,671	(304,708,634)

	2024			
	Change in Assumptions	Impact on Gross Insurance Contract Liabilities	Impact on Net Insurance Contract Liabilities	Impact on Income Before Income Tax
Average claim costs	5% increase	₱908,923,335	₱154,516,967	(₱155,289,552)
Average number of claims	5% increase	920,330,421	156,456,172	(157,238,452)

Average claim costs and number of claims used for valuation are selected with consideration for statutory requirements, as specified in the Code.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Claims Development Table. The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims become more certain, adverse claims experiences are eliminated which results in the release of reserves from earlier accident years. In order to maintain strong reserves, the Company transfers much of this release to current accident year reserves when the development of claims is less mature and there is much greater uncertainty attaching to the ultimate cost of claims.

The following tables reflect the cumulative incurred claims, including both claims notified and claim IBNR, for each successive accident year at each reporting date, together with cumulative payments to date:

Gross Insurance Contract Liabilities for 2025						
Accident year	2021 and prior years	2022	2023	2024	2025	Total
Estimate of ultimate claim costs						
At the end of accident year						
year	₱5,494,414,528	₱10,859,055,996	₱9,376,842,721	₱10,291,732,247	₱9,889,969,794	₱9,889,969,794
One year later	7,895,746,664	2,563,275,814	3,646,128,832	4,857,750,261	-	4,857,750,261
Two years later	5,043,778,260	1,156,020,600	1,659,445,767	-	-	1,659,445,767
Three years later	3,491,728,158	406,786,079	-	-	-	406,786,079
Four years later	5,894,850,577	-	-	-	-	5,894,850,577
Current estimate of cumulative claims						
	5,894,850,577	406,786,079	1,659,445,767	4,857,750,261	9,889,969,794	22,708,802,478
Cumulative payments to date						
	1,188,993,676	158,070,215	754,916,740	2,294,201,174	1,133,741,829	5,529,923,634
Liability recognized in the separate statement of financial position						
	₱4,705,856,901	₱248,715,864	₱904,529,027	₱2,563,549,087	₱8,756,227,965	₱17,178,878,844

Gross Insurance Contract Liabilities for 2024						
Accident year	2020 and prior years	2021	2022	2023	2024	Total
Estimate of ultimate claim costs						
At the end of accident year						
year	₱5,955,562,248	₱5,494,414,528	₱10,859,055,996	₱9,376,842,721	₱10,291,732,247	₱10,291,732,247
One year later	5,126,757,932	7,895,746,664	2,563,275,814	3,646,128,832	-	3,646,128,832
Two years later	3,853,835,741	5,043,778,260	1,156,020,600	-	-	1,156,020,600
Three years later	1,772,859,090	3,491,728,158	-	-	-	3,491,728,158
Four years later	4,998,697,793	-	-	-	-	4,998,697,793
Current estimate of cumulative claims						
	4,998,697,793	3,491,728,158	1,156,020,600	3,646,128,832	10,291,732,247	23,584,307,630
Cumulative payments to date						
	684,084,745	1,050,756,020	632,424,753	1,940,505,216	1,084,982,459	5,392,753,193
Liability recognized in the statement of financial position						
	₱4,314,613,048	₱2,440,972,138	₱523,595,847	₱1,705,623,616	₱9,206,749,788	₱18,191,554,437

Net Insurance Contract Liabilities for 2025						
Accident year	2021 and prior years	2022	2023	2024	2025	Total
Estimate of ultimate claim costs						
At the end of accident year						
year	₱1,467,774,030	₱1,985,591,640	₱2,244,714,310	₱2,306,279,939	₱3,591,213,334	₱3,591,213,334
One year later	1,467,774,030	1,182,522,470	1,081,202,674	2,426,612,041	-	2,426,612,041
Two years later	589,076,614	400,411,058	541,370,918	-	-	541,370,918
Three years later	296,298,887	242,431,741	-	-	-	242,431,741
Four years later	352,281,884	-	-	-	-	352,281,884
Current estimate of cumulative claims						
	352,281,884	242,431,741	541,370,918	2,426,612,041	3,591,213,334	7,153,909,918
Cumulative payments to date						
	102,604,664	81,537,588	223,801,773	1,547,693,157	902,407,426	2,858,044,608
Liability recognized in the statement of financial position						
	₱249,677,220	₱160,894,153	₱317,569,145	₱878,918,884	₱2,688,805,908	₱4,295,865,310

Accident year	Net Insurance Contract Liabilities for 2024					
	2020 and prior years	2021	2022	2023	2024	Total
Estimate of ultimate claim costs						
At the end of accident year	₱1,467,774,030	₱1,985,591,640	₱2,244,714,310	₱2,306,279,939	₱3,410,599,370	₱3,410,599,370
One year later	1,467,774,030	1,182,522,470	1,081,202,674	1,253,757,464	–	1,253,757,464
Two years later	589,076,614	400,411,058	505,454,543	–	–	505,454,543
Three years later	296,298,887	262,122,819	–	–	–	262,122,819
Four years later	485,732,947	–	–	–	–	485,732,947
Current estimate of cumulative claims	485,732,947	262,122,819	505,454,543	1,253,757,464	3,410,599,370	5,917,667,143
Cumulative payments to date	112,457,044	143,070,440	218,407,028	788,994,142	895,106,485	2,158,035,139
Liability recognized in the statement of financial position	₱373,275,903	₱119,052,379	₱287,047,515	₱464,763,322	₱2,515,492,885	₱3,759,632,004

Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing group-wide policies on credit, liquidity and market risk. It also supports the effective implementation of policies at the overall group and the individual business unit levels.

The policies define the Company's identification of risk and its interpretation, its limit structure to ensure the appropriate quality and diversification of assets, the alignment of underwriting and reinsurance strategy to the corporate goals and the specification of reporting requirements.

Fair Value of Financial Instruments

Due to short-term nature of cash and cash equivalents, short-term investments, other receivables, accrued income, accounts and other payables and other liabilities and loans payable, the carrying values reasonably approximate fair values as of the reporting date.

The fair values of quoted financial assets at FVPL and FVOCI were determined using quoted market prices.

The table below shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost:				
Petty cash fund	₱699,862	₱699,862	₱424,354	₱424,354
Cash in banks	720,935,843	₱720,935,843	711,455,890	711,455,890
Cash equivalents	5,571,611,895	5,571,611,895	4,548,150,952	4,548,150,952
Short-term investment	1,112,252,108	1,112,252,108	1,020,007,097	1,020,007,097
Other receivables*	119,927,022	119,927,022	110,437,275	110,437,275
Accrued income	49,542,710	49,542,710	59,085,987	59,085,987
Investments in debt securities at amortized cost	1,667,709,422	1,414,791,526	2,129,855,060	1,706,709,711
Financial assets at FVPL:				
Government debt securities	312,414,274	312,414,274	296,445,855	296,445,855
Listed equity securities	94,000,434	94,000,434	208,602,347	208,602,347
Financial assets at FVOCI:				
Golf club shares	888,921,925	888,921,925	761,641,901	761,641,901
Unquoted equity securities	670,587,270	670,587,270	662,566,431	662,566,431
	₱11,208,602,765	₱10,955,684,869	₱10,508,673,149	₱10,085,527,800

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Accounts and other payables**	₱1,064,291,689	₱1,064,291,689	₱748,266,884	₱748,266,884
Lease liabilities	29,803,849	29,803,849	31,997,097	31,997,097
	₱1,094,095,538	₱1,094,095,538	₱780,263,981	₱780,263,981

*Excluding accountable cash advances amounting to ₱6.7 million and ₱6.4 million as at December 31, 2025 and 2024, respectively.

**Excluding output VAT payable amounting to ₱467.2 million and ₱580.2 million, taxes payable amounting to ₱232.3 million and ₱223.2 million and unearned income amounting to ₱27.3 million and nil, as at December 31, 2025 and 2024, respectively.

Cash in Banks, Cash Equivalents, Short-term Investments, Other Receivables (Excluding Accountable Cash Advances), Accrued Income, Accounts and Other Payables (Excluding Output VAT Payable, Taxes Payable and Unearned Income). The carrying amounts of these instruments approximate their fair values due at the end of the reporting date due to their short-term maturity.

Investments in Debt Securities at Amortized Cost. Due to the long-term nature of the investments in debt securities at amortized cost, its carrying value differs from its fair value. The fair value of investments in debt financial assets at amortized cost, categorized as Level 3.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of financial assets at FVPL and quoted financial assets at FVOCI were determined using quoted market prices at the reporting date (Level 1).

The Company has investments in PLHI's preferred shares of stock which are not quoted in the market as of December 31, 2025 and 2024. In 2025 and 2024, PLHI's preference shares were valued using DDM which calculates the intrinsic value of a stock, exclusive of current market conditions. DDM equates this value to the present value of a stock's future dividends.

PLHI did not distribute any dividend in 2025 and 2024. However, for valuation purposes, management assumed projected dividend payouts based on the 6% cumulative dividend rate.

In accordance with the Company's fair value calculation using the DDM, the following fair value adjustments and consequential deferred tax impact were determined:

	2025	2024
Financial assets at FVOCI - at cost	₱662,447,319	₱639,717,207
Unrealized gain on fair value change of unquoted equity securities at FVOCI	9,223,965	26,139,629
Deferred tax effect	(1,203,126)	(3,409,517)
Financial assets at FVOCI - at fair value	₱670,468,158	₱662,447,319

In 2025 and 2024, the following assumptions were performed to determine the fair value of investment in a holding company using DDM:

- The expected dividend was determined in accordance with the dividend provisions set out in the investee's by-laws.
- The discount rate was established to reflect the required rate of return, considering the time value of money and risks specific to the investment.
- The long-term growth rate was estimated based on management's assessment of sustainable dividend growth, considering historical performance, industry trends, and prevailing economic conditions.

The analysis of the fair market value of PLHI’s preferred shares below is performed for the reasonably possible movement in future dividend payments with all other variables held constant, showing the impact on the other comprehensive income:

	Significant unobservable input	Level at yearend	Sensitivity of the input to fair value
2025	Dividend per share	₱6.00 per share	5% increase (decrease) in the dividend per share of the investee holding company would result in the decrease (increase) in fair value by ₱11 million
2024	Dividend per share	₱6.00 per share	5% increase (decrease) in the dividend per share of the investee holding company would result in the decrease (increase) in fair value by ₱11.8 million

Financial Risk Management Objectives

The Company’s principal financial instruments consist of cash in banks and cash equivalents, short-term investments, investments in debt securities at amortized cost, financial assets at FVPL and financial assets at FVOCI. The Company also has various other financial assets and liabilities such as other receivables (excluding accountable cash advances), accounts and other payables (excluding statutory liabilities), loans payable and lease liabilities which arise directly from its operations. Financial assets investments arise from the Company’s investing activities. The Company also have insurance assets and liabilities such as insurance receivables, reinsurance recoverable on unpaid losses (included under “Reinsurance assets” account), provisions for claims reported (included under “Insurance contract liabilities” account) and insurance payables which are subject to financial risk.

The Company is exposed to financial risk through its financial assets and liabilities and insurance assets and liabilities, particularly, credit risk, liquidity risk, and market risk (foreign exchange, interest rate, and equity price risks). The BOD reviews and amends policies for managing each of these risks. The Company’s risk management policies and practices are documented in the subsequent paragraphs.

Credit risk. Credit risk is the risk that the Company will incur a loss arising from its counterparties that fail to discharge their contractual obligations.

Prior to extending credit, the Company manages its credit risk by assessing the credit quality of its counterparty. The Company has a credit policy group that reviews all information about the counterparty which may include its separate statements of financial position, separate statements of comprehensive income and other market information, and implements the internal rating system of the Company. The nature of the obligation is likewise considered. Based on this analysis, the credit analyst assigns the counterparty a credit rating to determine whether or not credit may be provided.

Credit risk limits are also used to manage credit exposure specific to each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience. The Company has significant concentration of credit risk in relation to its cash and cash equivalents and short-term investment with approximately 51% deposits and placements in PTC, its associate, which is a listed entity, in the banking and finance sector. Management monitors this exposure and evaluates the associate’s credit standing regularly. No other single counterparty represents more than 10% of total cash and cash equivalents as of December 31, 2025 and 2024.

As at December 31, 2025 and 2024, the carrying values of the Company’s financial instruments represent maximum exposure to credit risk as reporting date. The Company does not enter into collateral or credit enhancements.

The following table below provides information regarding the credit risk exposure of the Company by classifying financial assets and insurance receivables according to credit ratings of the counterparties.

	2025			Total
	Investment Grade/ High Grade	Below Investment Grade	Impaired	
Financial assets (12-month ECL):				
Cash and cash equivalents*	₱6,292,547,738	₱–	₱–	6,292,547,738
Short-term investments	1,112,252,108	–	–	1,112,252,108
Accrued income	49,542,710	–	–	49,542,710
Other receivables**	119,927,022	–	140,440,000	260,367,022
Foreign currency-denominated government debt securities	312,414,274	–	–	312,414,274
Investments in debt securities at amortized cost	1,667,709,422	–	–	1,667,709,422
Insurance assets:				
Insurance receivables	5,029,914,459	501,053,924	173,005,281	5,703,973,664
Reinsurance recoverable on unpaid losses***	12,883,013,534	–	–	12,883,013,534
	₱27,467,321,267	₱501,053,924	₱313,445,281	₱28,281,820,472

	2024			Total
	Investment Grade/ High Grade	Below Investment Grade	Impaired	
Financial assets (12-month ECL):				
Cash and cash equivalents*	₱5,259,606,842	₱–	₱–	₱5,259,606,842
Short-term investments	1,020,007,097	–	–	1,020,007,097
Accrued income	59,085,987	–	–	59,085,987
Other receivables**	110,437,275	–	140,440,000	250,877,275
Foreign currency-denominated government debt securities	296,445,855	–	–	296,445,855
Investments in debt securities	2,129,855,060	–	–	2,129,855,060
Insurance assets:				
Insurance receivables	2,850,735,066	1,157,150,114	177,559,392	4,185,444,572
Reinsurance recoverable on unpaid losses***	14,431,922,433	–	–	14,431,922,433
	₱26,158,095,615	₱1,157,150,114	₱317,999,392	₱27,633,245,121

Investment grade financial assets and insurance assets are assets which have strong capacity to meet the Company's financial commitments and are unsusceptible to adverse effects of changes in economic conditions. Below investment grade includes receivables that are collected in their due dates even without an effort from the Company to follow them up.

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents and short-term investments. These are classified as investment grade. These are deposited, placed or invested in foreign and local banks belonging to the top banks in the Philippines in terms of resources and profitability.

The credit risk for cash and cash equivalents and short-term investments are considered negligible or the probability of default from these reputable banks is remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱1.0 million per depositor per banking institution, as provided for under RA No. 9576, Amendment to Charter of PDIC.

Investment in Debt Securities at Amortized Cost. These are classified as investment grade. The government debt securities are issued by the Philippine Government and are considered as risk-free debt securities.

As of December 31, 2025 and 2024, no allowance for impairment losses has been recognized for the foregoing balances.

Insurance Receivables, Other Receivables, Accrued Income, and Reinsurance recoverable on Unpaid Losses. For insurance receivables, other receivables, accrued income, and reinsurance recoverable on unpaid losses, the Company uses a credit rating concept based on the borrowers and counterparties' overall creditworthiness. Investment grade is given to borrowers and counterparties who possess strong to very strong capacity to meet its obligations and that are consistently collected before the maturity date. Below investment grade is given to those financial assets outstanding beyond their due date but still collectible.

Liquidity risk. Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments as they fall due. Liquidity risks may result from either the inability to sell financial assets quickly at their fair values, the counterparty failing to repay a contractual obligation, insurance liabilities falling due for payment earlier than expected, or inability to generate cash inflows as anticipated.

An institution may suffer from a liquidity problem when its credit standing falls. The Company is also exposed to liquidity risk if the market on which it depends on is subject to loss of liquidity. The major liquidity risk confronting the Company is the potential daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company, specifies minimum proportion of funds to meet emergency calls, sets up policies on contingency funding plans, specifies the sources of funding and the events that would trigger the plan as well as concentration of funding sources, requires reporting of liquidity risk exposures and breaches to the monitoring authority, and calls for monitoring of compliance with liquidity risk policy and review of liquidity risk policy.

The tables below summarize the maturity profile of the Company's financial liabilities and insurance liabilities as at December 31 based on contractual maturities or expected repayment dates:

	2025					Total
	Due on Demand	1-3 years	3-5 years	Over 5 years	No Maturity Date	
Financial liabilities:						
Accounts and other payables**	₱1,091,640,172	₱-	₱-	₱-	₱-	₱1,091,640,172
Loans payable*	88,505,313	177,010,626	177,010,626	1,754,810,626	-	2,197,337,191
Lease liability	12,470,805	17,333,044	-	-	-	29,803,849
Insurance liabilities:						
Provision for claims reported***	10,983,137,859	-	-	-	-	10,983,137,859
Insurance payables	9,351,999,543	-	-	-	-	9,351,999,543
	₱21,527,753,692	₱194,343,670	₱177,010,626	₱1,754,810,626	-	₱23,653,918,614

*Includes future interest

**Accounts and other payables exclude output VAT payable, taxes payable and unearned rent income

***Included under "Insurance contract liabilities" account.

	2024					No Maturity Date	Total
	Due on Demand	1-3 years	3-5 years	Over 5 years			
Financial liabilities:							
Accounts and other payables**	₱748,266,884	₱-	₱-	₱-	₱-	₱-	₱748,266,884
Loans payable*	43,823,800	87,647,600	87,647,600	828,471,400	-	-	1,047,590,400
Lease liability	11,478,586	20,518,511	-	-	-	-	31,997,097
Insurance liabilities:							
Provisions for claims reported***	12,510,715,107	-	-	-	-	-	12,510,715,107
Insurance payables	9,140,077,258	-	-	-	-	-	9,140,077,258
	₱22,454,361,635	₱108,166,111	₱87,647,600	₱828,471,400	₱-	₱-	₱23,478,646,746

*Includes future interest

**Accounts and other payables exclude output VAT payable and taxes payable.

***Included under "Insurance contract liabilities" account.

It is unusual for a Company in the insurance industry to predict the requirements of funding with absolute certainty since the theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are, thus, based on management's best estimated timing of net cash outflows.

Market risk. Market risk is the risk of changes in fair value of financial instruments from fluctuations in foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (equity price risk), whether such changes is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company manages market risk by evenly distributing capital among investment instruments, sectors, and geographical areas.

The Company structures levels of market risk it accepts through a sound market risk policy based on specific guidelines set by the Investment Committee. This policy sets certain limits on exposure to investments mostly with top-rated banks, which are selected on the basis of the banks' credit ratings, capitalization and quality servicing being rendered to the Company. Also, the said policy includes diversification benchmarks of investment portfolio to different investment types duly approved by the IC, asset allocation and portfolio limit structure. Moreover, control of relevant market risks can be addressed through compliance reporting of market risk exposures to the IC, regular monitoring and review of the Company's investment performance and upcoming investment opportunities for pertinence and changing environment.

Currency risk. Currency risk is the risk that the value of the financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions in the Philippines and Hong Kong - Branch are carried out in Philippine Peso and HK Dollar, respectively. Other foreign currency-denominated transactions are primarily in terms of the US Dollar and Euro.

The tables below show the Company's exposure to currency risk.

	2025		
	US Dollar	Euro	Total
Financial assets at amortized cost:			
Cash and cash equivalents	₱2,121,553,418	₱-	₱2,121,553,418
Short-term investments	352,379,825	-	352,379,825
Accrued interest	9,664,988	-	9,664,988
Financial assets at FVPL -			
Government debt securities	312,414,274	₱-	312,414,274
Insurance assets			
Insurance receivables	208,621,214	44,032	208,665,246
	3,004,633,719	44,032	3,004,677,751
Insurance liabilities			
Insurance payables	1,076,586,678	117,349	1,076,704,027
Net currency exposure	₱1,928,047,041	(₱73,317)	₱1,927,973,724
	2024		
	US Dollar	Euro	Total
Financial assets at amortized cost:			
Cash and cash equivalents	3,038,765,093	-	3,038,765,093
Short-term investments	441,626,768	-	441,626,768
Accrued interest	11,962,325	-	11,962,325
Financial assets at FVPL -			
Government debt securities	₱296,445,855	₱-	₱296,445,855
Insurance assets			
Insurance receivables	276,630,437	-	276,630,437
	4,065,430,478	-	4,065,430,478
Insurance liabilities			
Insurance payables	3,189,463,807	1,163,696	3,190,627,503
Net currency exposure	₱875,966,671	(₱1,163,696)	₱874,802,975

The exchange rates used were ₱57.845 to US\$1; and ₱60.4738 to EUR.

The table below shows the effect of the increase or decrease in applicable foreign exchange rates:

	2025		2024	
	Change in Variable	Impact on Income Before Tax	Change in Variable	Impact on Income Before Tax
Currency				
US Dollar	+3.1%	₱55,604,109	+1.9%	₱15,687,239
	-3.1%	(55,604,109)	-1.9%	(15,687,239)
Euro	+6.5%	4,138	+0.8%	8,845
	-6.5%	(4,138)	-0.8%	(8,845)

Reasonably possible movements in foreign exchange rates are computed based on average percentage changes in closing rate for 2 years.

Interest rate risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk primarily arising from its long-term loans payable that bear interest at floating rates. Floating interest rates expose the Company to variability in future cash flows due to changes in market interest rates.

The interest rate is payable and repriceable quarterly, resulting in periodic adjustments to interest expense based on movements in the underlying reference rate, subject to the contractual floor. Due to the floor feature, the Company is protected against downward movements in market interest rates below 4.0%; however, increases in the reference rate above the floor will result in higher interest expense and increased cash outflows. Accordingly, the Company remains exposed to upward interest rate movements.

Management monitors movements in the Philippine Peso BVAL rates and evaluates the impact on the Company's projected cash flows. The Company has not entered into interest rate hedging arrangements as at December 31, 2025 and 2024.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's loans payable through the impact of changes in interest rate:

2025		
Increase (Decrease)	Effect on Income before Tax	Effect on Equity
1.00%	(P15,778,000)	(P11,833,500)
(1.00%)	P15,778,000	11,833,500
2024		
Increase (Decrease)	Effect on Income before Tax	Effect on Equity
1.00%	(P6,970,000)	(P5,227,500)
(1.00%)	6,970,000	5,227,500

Equity price risk. The Company's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, limits on investment in each sector and market.

The analysis below is performed for reasonably possible movements in the Philippine Stock Exchange index (PSEi) with all other variables held constant, showing the impact on profit before tax for financial assets at FVPL:

	2025	
	Change in Variable	Impact on profit before tax
PSEi	+4.81%	₱3,304,604
PSEi	-4.81%	(3,304,604)
	2024	
	Change in Variable	Impact on profit before tax
PSEi	+0.21%	₱309,395
PSEi	-0.21%	(309,395)

The impact on profit before tax and other comprehensive income is arrived at using the reasonably possible change of PSEi and the specific adjusted beta of each stock the Company holds. The possible change of PSEi is determined by obtaining expected movement of PSEi based on a 3-year data of its annual historical movements. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

31. Contingencies

The Company has various contingent liabilities arising in the ordinary conduct of business, which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Company's operations.

32. Classification of Assets and Liabilities

The following tables present the carrying amount of assets and liabilities classified as either current or noncurrent as at December 31:

	Note	2025			2024		
		Current	Noncurrent	Total	Current	Noncurrent	Total
Cash and cash equivalents	4	₱6,293,247,600	₱-	₱6,293,247,600	₱5,260,031,196	₱-	₱5,260,031,196
Short-term investments	5	1,112,252,108	-	1,112,252,108	1,020,007,097	-	1,020,007,097
Insurance receivables	6	5,530,968,383	-	5,530,968,383	4,007,885,180	-	4,007,885,180
Investment in debt securities at amortized cost	7	327,259,767	1,340,449,655	1,667,709,422	509,537,515	1,620,317,545	2,129,855,060
Financial assets at fair value through other comprehensive income	7	-	1,559,579,195	1,559,579,195	-	1,424,208,332	1,424,208,332
Financial assets at fair value through profit or loss	7	406,414,708	-	406,414,708	505,048,202	-	505,048,202
Accrued income	8	49,542,710	-	49,542,710	59,085,987	-	59,085,987
Other receivables	7	126,657,277	-	126,657,277	116,829,733	-	116,829,733
Deferred acquisition costs	10	706,013,333	-	706,013,333	608,135,427	-	608,135,427
Reinsurance assets	11	17,418,692,744	-	17,418,692,744	18,636,837,098	-	18,636,837,098
Investment properties	12	-	3,214,700,355	3,214,700,355	-	3,187,038,679	3,187,038,679
Property and equipment	13	-	9,485,301,454	9,485,301,454	-	8,276,648,014	8,276,648,014
Investment in subsidiaries, associates and a joint venture	14	-	10,781,143,068	10,781,143,068	-	10,823,767,960	10,823,767,960
Net retirement plan asset	20	-	136,655,023	136,655,023	-	197,150,714	197,150,714
Right-of-use asset	26	-	28,465,664	28,465,664	-	31,340,324	31,340,324
Other assets	15	644,297,106	-	644,297,106	816,924,898	-	816,924,898
		₱32,615,345,736	₱26,546,294,414	₱59,161,640,150	₱31,540,322,333	₱25,560,471,568	₱57,100,793,901
Insurance contract liabilities	16	₱24,550,627,213	₱-	₱24,550,627,213	₱24,787,416,357	₱-	₱24,787,416,357
Insurance payables	17	9,351,999,543	-	9,351,999,543	9,140,077,258	-	9,140,077,258
Accounts and other payables	18	1,791,115,514	-	1,791,115,514	1,551,618,211	-	1,551,618,211
Loans payable	19	-	1,577,800,000	1,577,800,000	-	697,000,000	697,000,000
Deferred reinsurance commissions	10	105,584,233	-	105,584,233	126,477,238	-	126,477,238
Lease liabilities	26	12,470,805	17,333,044	29,803,849	11,478,586	20,518,511	31,997,097
Net deferred tax liabilities	27	-	1,074,903,441	1,074,903,441	-	1,130,529,278	1,130,529,278
		₱35,811,797,308	₱2,670,036,485	₱38,481,833,793	₱35,617,067,650	₱1,848,047,789	₱36,334,586,161