

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

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Form Type

	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, if applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

jessie.miguel@activelinkbenefits.com

Company's Telephone Number(s)

8817-4606

Mobile Number

N/A

No. of Stockholders

5

Annual Meeting (Month/Day)

April 30

Fiscal Year (Month/Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ariosto Dela Cruz

Email Address

ariosto.delacruz@activelinkbmb.com

Telephone Number(s)

7576-3033

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

7F, Electra House Building, Esteban Street, Legazpi Village, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-out. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies

Independent Auditor's Report

To the Board of Directors and Shareholder of
BMB Insurance Brokers, Inc.

7th Floor, Electra House Building
Esteban, Legazpi Village, Makati City

Report on the Audits of the Financial Statements

Our Opinion

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

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of total comprehensive income for the years ended December 31, 2025 and 2024;
- the statements of changes in equity for the years ended December 31, 2025 and 2024;
- the statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
+63 (2) 8845 2728

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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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Insurance Commission under Circular No. 2021-65 and by the Bureau of Internal Revenue (BIR) under Revenue Regulations Nos. 15-2010 and 34-2020 as disclosed in Notes 12 and 13, respectively, to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.



Dexter DJ V. Toledaña

Partner

CPA Cert. No. 0121827

P.T.R. No. 0032961; issued on January 8, 2026 at Makati City

SEC A.N. (individual) as general auditors 121827-SEC, Category A;

valid to audit 2022 to 2026 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 255-979-765

BIR A.N. 08-000745-241-2026, issued on January 16, 2026; effective until January 15, 2029

BOA/PRC Reg. No. 0142/P-031, effective until November 14, 2028

Makati City

May 19, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
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Isla Lipana & Co.

Statement Required by Revised Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of

BMB Insurance Brokers, Inc.

7th Floor, Electra House Building

Esteban, Legazpi Village, Makati City

We have audited the accompanying separate financial statements of BMB Insurance Brokers, Inc. (the "Company") as at and for the year ended December 31, 2025, on which we have rendered the attached report dated May 19, 2026.

In compliance with Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of the work we performed, the Company has five (5) shareholders, each owning one hundred (100) or more shares as at December 31, 2025.

Isla Lipana & Co.

Dexter DJ V. Toledaña

Partner

CPA Cert. No. 0121827

P.T.R. No. 0032961; issued on January 8, 2026 at Makati City

SEC A.N. (individual) as general auditors 121827-SEC, Category A;

valid to audit 2022 to 2026 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 255-979-765

BIR A.N. 08-000745-241-2026, issued on January 16, 2026; effective until January 15, 2029

BOA/PRC Reg. No. 0142/P-031, effective until November 14, 2028

Makati City

May 19, 2026

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BMB Insurance Brokers, Inc.

Statements of Financial Position
As at December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Assets			
Current assets			
Cash in bank	2	16,865,793	5,516,499
Receivable	3	2,739,120	609,960
Financial assets at amortized cost	4	11,000,000	8,000,000
Prepayments		156,761	186,704
Total current assets		30,761,674	14,313,163
Non-current assets			
Financial assets at amortized cost	4	-	7,000,000
Total assets		30,761,674	21,313,163
Liabilities and Equity			
Current liabilities			
Due to a related party	5	1,607,465	125,235
Income tax payable	8	-	4,101
Other payables	6	1,449,359	77,322
Total liabilities		3,056,824	206,658
Equity			
Share capital	9	30,000,000	30,000,000
Subscription receivable	9	(9,000,000)	(9,000,000)
Retained earnings		6,704,850	106,505
Total equity		27,704,850	21,106,505
Total liabilities and equity		30,761,674	21,313,163

The notes are integral part of these financial statements.

BMB Insurance Brokers, Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Revenues			
Commission income	7	10,162,472	273,378
Interest income	2,4	588,055	1,175,724
		10,750,527	1,449,102
Costs and expenses			
Referral fees	5	1,506,913	-
Consulting and other professional fees		764,000	686,371
Taxes and licenses		125,722	93,062
Insurance		50,160	19,007
Others		131,978	27,410
Total costs and expenses		2,578,773	825,850
Net income before income tax		8,171,754	623,252
Provision for income tax	8	(1,573,409)	(4,101)
Net income for the year		6,598,345	619,151
Other comprehensive income		-	-
Total comprehensive income for the year		6,598,345	619,151

The notes are integral part of these financial statements.

BMB Insurance Brokers, Inc.

Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Share capital (Note 9)	Subscription receivables (Note 9)	Deficit	Total
Balances at January 1, 2024	30,000,000	(9,000,000)	(512,646)	20,487,354
Comprehensive income				
Net income for the year	-	-	619,151	619,151
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	619,151	619,151
Balances at December 31, 2024	30,000,000	(9,000,000)	106,505	21,106,505
Comprehensive income				
Net income for the year	-	-	6,598,345	6,598,345
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	6,598,345	6,598,345
Balances at December 31, 2025	30,000,000	(9,000,000)	6,704,850	27,704,850

The notes are integral part of these financial statements.

BMB Insurance Brokers, Inc.

Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Cash flows from operating activities			
Income before income tax		8,171,754	623,252
Adjustment for interest income	2,4	(588,055)	(1,175,724)
Operating income (loss) before working capital changes		7,583,699	(552,472)
Changes in working capital:			
(Increase) decrease in:			
Receivable		(2,300,000)	-
Prepayments		29,943	(13,972)
Increase (decrease) in:			
Due to a related party		1,482,230	29,028
Other payables		1,372,037	33,668
Cash generated from (used in) operations		8,167,909	(503,748)
Interest received	2,4	758,895	608,844
Income taxes paid		(1,577,510)	(1,999)
Net cash from operating activities		7,349,294	103,097
Cash flows from investing activities			
Acquisition of debt instruments at amortized cost	4	(4,000,000)	(7,000,000)
Proceeds from matured debt instruments at amortized cost	4	8,000,000	-
Net increase (decrease) in cash in bank		11,349,294	(6,896,903)
Cash in bank			
At January 1	2	5,516,499	12,413,402
At December 31		16,865,793	5,516,499

The notes are integral part of these financial statements.

BMB Insurance Brokers, Inc.

Notes to the Financial Statements

As at and for the years ended December 31, 2025 and 2024

(All amounts are shown in Philippine Peso, unless otherwise stated)

1 General information

BMB Insurance Brokers, Inc. (the "Company") was incorporated on May 18, 2017, primarily to engage in the business of insurance brokerage, consultancy and management, including as insurance brokers for any life and non-life insurance entity doing and authorized to do business in the Philippines.

The Insurance Commission (IC) granted the Company a license to operate as an insurance broker on October 24, 2017 which is valid until December 31, 2019. On January 17, 2020, the Company renewed its license with a validity period of until December 31, 2022. On December 27, 2022, the Company renewed its license valid until December 31, 2025. On December 17, 2025, the Company renewed its license which shall remain valid until December 31, 2028.

The Company is owned by various individual shareholders domiciled in the Philippines.

The Company's registered office address, which is also its principal place of business, is located at 7th Floor, Electra House Building, Esteban St. Legaspi Village, Makati City. The Company has no regular employee and its administrative function is handled by Active Link Employee Benefits Consulting, Inc. (formerly Active Link Insurance Brokers, Inc.), a related party.

Approval of financial statements

These financial statements have been approved and authorized for issuance by the Company's Board of Directors on May 18, 2026. There are no material events from the date of approval of these financial statements up to May 19, 2026.

2 Cash in bank

Details of the account at December 31 follow:

	2025	2024
Savings deposits	16,865,793	5,516,499
	16,865,793	5,516,499

Cash in bank earns interest at prevailing bank deposit rates.

Interest income earned for the year ended December 31, 2025 amounts to P10,496 (2024 - P574,564).

3 Receivable

The account as at December 31 consists of:

	2025	2024
Advances	2,300,000	-
Interest receivable on Investment	439,120	609,960
	2,739,120	609,960

Advances to represent non-interest-bearing advances stockholders or officers that are recoverable through salary deductions by offsetting against dividends declared to officers.

4 Financial assets at amortized cost

The account as at December 31 consists of money market securities as follows.

Year of acquisition	Year of maturity	Interest rate	2025	2024
2023	2026	6.68%	4,000,000	4,000,000
2023	2025	6.42%	-	4,000,000
2024	2025	6.02%	-	4,000,000
2024	2026	6.20%	3,000,000	3,000,000
2025	2026	5.88%	4,000,000	-
			11,000,000	15,000,000
Current portion			11,000,000	8,000,000
Non-current portion			-	7,000,000

For the year ended December 31, 2025, interest income earned from corporate Money Market securities amount to P577,559 (2024 - P601,160) and interest receivable amounting to P439,120 (2024 - P609,960).

5 Related party transactions and balances

Related party transactions primarily consist of advances from Active Link Employee Benefits Consulting, Inc., a related party, which are generally intended to support working capital requirements of the Company.

The Company's balances and transactions with its related party as at and for the year-ended December 31 are summarized below:

	2025		2024	
	Transactions recognized in profit or loss	Outstanding balance receivable (payable)	Transactions recognized in profit or loss	Outstanding balance receivable (payable)
Entity under common control				
Referral fees	(1,506,913)	(1,476,774)	-	-
Advances	(5,456)	(130,691)	(29,028)	125,235

Referral fees pertain to fees paid by the Company relating to the transfer of a customer by Active Link, based on 15% of the commission income earned.

The outstanding payable balances are unguaranteed, unsecured and non-interest bearing, which are due on demand and payable in cash, at gross amount unless deferred by both parties.

The Company's key management personnel are employees of Active Link. The compensation of the said employees are paid by Active Link.

6 Other payables

The account as at December 31 consists of:

	2025	2024
Output VAT	1,220,536	33,765
Withholding tax payable	44,933	43,557
Others	183,890	-
	1,449,359	77,322

Others consist of unpaid professional and audit fees.

7 Commission income

Commission income amounting to P10,162,472 as at December 31, 2025 (2024 - P273,378) pertains to commissions earned from insurance brokerage transactions with third parties.

8 Taxation

The reconciliation of the income tax expense calculated at the statutory rate to the effective income tax expense shown in the statement of total comprehensive income follows:

	2025	%	2024	%
Statutory income tax at 25%	2,042,939	25	124,650	20
Adjustments for tax effects of				
Interest income subject to final tax	(147,014)	(2)	(235,145)	(38)
Applied net operating loss carry over (NOLCO)	(258,013)	(3)	-	-
Effect of change in tax rate	(64,503)	(1)	-	-
Unrecognized deferred tax on NOLCO	-	-	110,495	18
Unrecognized MCIT	-	-	4,101	1
Income tax expense	1,573,409	19	4,101	1

Deferred income tax (DIT) assets are recognized only to the extent that taxable income will be available against which the DIT assets can be used. The management assesses the Company's unrecognized DIT tax asset at each reporting period and will only recognize a previously unrecognized DIT asset to the extent that it has become probable that future taxable income will allow the DIT asset to be recovered.

DIT asset from the Company's NOLCO has not been recognized as the management believes that the Company may not have sufficient future taxable profits available to allow all or part of DIT to be utilized in the near future.

The details of the Company's unrecognized NOLCO as at December 31 are as follows:

Years of payment	Year of expiry	2025	2024
2024	2027	552,472	552,472
2023	2026	299,576	299,576
2022	2027	155,714	155,714
2021	2026	92,692	92,692
2020	2025	189,610	189,610
		1,290,064	1,290,064
Applied NOLCO		(1,290,064)	-
Expired NOLCO		-	-
		-	1,290,064
		25%	20%
Unrecognized NOLCO		-	258,013

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020, Rules and Regulations Implementing Section 4 (b) of Republic Act No. 11494 (Bayanihan to Recover as One Act) relative to NOLCO under Section 34 (D)(3) of the National Internal Revenue Code, as amended, allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2022 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

9 Share capital

Details of the share capital at December 31, 2025 and 2024 follow:

	Number of shares	Amount
Authorized common shares (at P100 par value per share)	500,000	50,000,000
Subscribed common shares		
Balance at beginning of the year	300,000	30,000,000
Less: Subscription receivable	(90,000)	(9,000,000)
Issued and outstanding common shares	210,000	21,000,000

All issued shares are fully paid and have equal rights to vote at general meetings and to receive dividends.

10 Financial risk management and capital management

10.1 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Management is responsible for financial risk management which includes establishment of risk strategies and policies and monitoring and evaluation of risk in line with the set policies and strategies. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market Risk

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

As at December 31, 2025 and 2024 the Company is not exposed to significant market risks as there are no financial assets and liabilities measured using quoted prices or valuations dependent on market fluctuations (prices and interest rates). The Company's financial assets at amortized cost are not exposed to interest rate risk in fair value and cash flow as these are based on fixed interest rates and carried at amortized cost.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's exposure to credit risk arises from the following financial assets at December 31:

	2025	2024
Cash in bank	16,865,793	5,516,499
Financial assets at amortized cost	11,000,000	15,000,000
Receivable	2,739,120	609,960
	30,604,913	21,126,459

Credit quality of financial assets

(i) Cash in bank

Cash in bank is deposited with a universal bank to minimize credit risk exposure. Universal banks, as defined by the Philippine Banking System, represent the largest single group, resource-wise, of financial institution in the country that has a good credit rating. Accordingly, management has assessed that credit risk is deemed minimal.

(ii) Receivables

The credit exposure on receivables are considered to be minimal as there is no history of defaults and collections are expected to be made within 30 days. The maximum amount exposed to credit risk on receivables is equal to the carrying amount in the statements of financial position.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid assets and internal and external funding of related parties, the Company has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

(iii) Financial assets at amortized cost

The Company used the credit ratings published by reputable external rating agency such as Standard & Poor's, Moody's and Fitch ratings. These instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The credit risk related to the Company's debt securities is assessed to be low, as the counterparties hold investment grade ratings of BBB and BBB+ based on ratings provided by reputable rating agencies. These counterparties are assessed to possess strong capacity to meet their obligations.

Cash in bank is maintained with a reputable financial institution in the Philippines based on its established operating history and regulated status, notwithstanding the absence of a publicly available external credit rating.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations when due. The Company manages its liquidity by close monitoring of cash flows to ensure that the operation maintains optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due.

It is also the Company's policy to maintain adequate liquidity to meet its cash flow requirements. Accordingly, each financial asset and liability is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The amounts disclosed in the table below are the expected undiscounted cash flows of financial assets and liabilities at December 31, which the Company uses to manage the liquidity risk.

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2025				
Financial assets				
Cash in bank	16,865,793	-	-	16,865,793
Receivable	2,739,120	-	-	2,739,120
Financial assets at amortized cost	11,000,000	-	-	11,000,000
Total financial assets	30,604,913	-	-	30,604,913
Financial liabilities				
Due to a related party	1,607,465	-	-	1,607,465
Other payables	110	-	-	110
Total financial liabilities	1,607,575	-	-	1,607,575
	28,997,338	-	-	28,997,338

	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
2024				
Financial assets				
Cash in bank	5,516,499	-	-	5,516,499
Receivable	609,960	-	-	609,960
Financial assets at amortized cost	8,000,000	7,000,000	-	15,000,000
Total financial assets	14,126,459	7,000,000	-	21,126,459
Financial liabilities				
Due to a related party	125,235	-	-	125,235
Other payables	110	-	-	110
Total financial liabilities	125,345	-	-	125,345
	14,001,114	7,000,000	-	21,001,114

Other payables exclude any tax-related payable.

The Company expects to settle its financial obligations in accordance with their maturity dates.

10.2 Capital risk management

The Company's objectives when managing capital are:

- to comply with the minimum capitalization requirement set by the IC for insurance and reinsurance brokers;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholder and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

In November 2021, the IC issued Insurance Memorandum Circular No.65-2021 requiring insurance and reinsurance brokers to be sufficiently capitalized. Effective November 5, 2021, any new entrant intending to do business either as an insurance broker or reinsurance broker must have a paid-up capitalization of P20 million and thereon must maintain a net worth of at least P20 million. Insurance and reinsurance brokers will be subjected to the corresponding regulatory intervention upon its failure to meet the minimum capitalization requirement.

As at December 31, 2025 and 2024, the Company is in compliance with the minimum capitalization requirements of the IC.

Required bond for insurance brokers

Pursuant to RA No. 10607 enacted on August 15, 2013, every applicant for insurance broker's license shall file with the application and shall thereafter maintain in force while so licensed, a bond in favor of the people of the Republic of the Philippines executed by a company authorized to become surety upon official recognizances, stipulations, bonds and undertakings.

The bond shall be in such amount as may be fixed by the Commissioner, but in no case less than one million pesos (P1,000,000) and shall be conditioned upon full accounting and due payment to the person entitled thereto of funds coming into the broker's possession through insurance transactions under license.

The Company has complied with the above requirement as at December 31, 2025 and 2024.

11 Summary of material accounting policies

The material information of the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

11.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC):

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee, Philippine Interpretations Committee, and Standing Interpretations Committee

On December 13, 2017, the FRSC has approved the adoption of the Framework for use by small entities as defined by the Philippine SEC. Small entities should adopt the Framework for annual periods beginning on or after January 1, 2019 where earlier adoption is permitted.

Small entities as defined as by SEC Memorandum Circular No. 5 of 2018, are those entities that meet all of the following criteria:

- Total assets of between P3 Million to P100 Million or total liabilities between P3 Million to P100 Million. If the entity is a parent company, the said amounts shall be based on the consolidated figures;
- Are not required to file financial statements under Part II of SRC Rule 68;
- Are not the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
- Are not holders of secondary licenses issued by regulatory agencies.

Although the Company qualified as a small entity, it is exempted from the mandatory adoption of the Framework since the Company is a holder of secondary license issued by the IC. The Company has applied full PFRS Accounting Standards instead.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements is disclosed in note below:

Recoverability of deferred tax assets (Note 8)

The recognition of deferred income tax asset depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied.

The Company reviews the carrying amounts of deferred income tax asset at the end of each reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax asset to be utilized.

Where the outcome of these judgments differ based on actual experience, changes in those estimates and judgments could have a significant effect on the carrying value of deferred tax asset and the amount and timing of recorded provision for any period.

Based on management assessment, the Company will not generate sufficient taxable income to allow full recoverability of its deferred income tax on NOLCO.

Recoverability of financial assets at amortized cost

The Company assesses the expected credit losses (ECL) associated with its debt instruments carried at amortized cost, such as cash in bank, receivable and financial asset at amortized cost, based on the current information affecting the ability of the customer to settle the receivable. The impairment methodology applied also considers any significant increase in credit risk. The Company applies the simplified approach permitted by PFRS Accounting Standards, which used lifetime ECL.

The Company's debt instruments carried at amortized costs are fully recoverable, and the related ECL is considered minimal.

11.2 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations to existing standards effective January 1, 2025 and adopted by the Company

There are no new standards, interpretations and amendments to existing standards effective January 1, 2025 that are considered to be relevant or have a material impact on the Company's financial statements.

(b) New standards, amendments and interpretations to existing standards issued but not yet effective as at December 31, 2025 and not early adopted by the company

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Company. None of these are expected to be relevant and have a significant effect on the financial reporting of the Company, while the most relevant ones are set out as follows:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7 (Effective beginning on or after January 1, 2026)

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. In July 2024, the FSRSC adopted the targeted amendments to PFRS 9 and PFRS 7. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company except on the timing of derecognition of financial liability through electronic fund transfers and checks.

- PFRS 18 Presentation and Disclosure in Financial Statements (Effective for annual periods beginning on or after January 1, 2027)

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in PFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The new standards and amendments are effective for annual reporting periods beginning on or after January 1, 2026, and must be applied retrospectively.

The Company does not expect the amendments to have a significant impact on the Company's financial statements, except for PFRS 18.

There are no new standards, other interpretations and amendments to existing standards beginning on or after January 1, 2026 that are considered to be relevant or expected to have a material impact on the Company's financial statements.

11.3 Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- at fair value through profit or loss (FVTPL);
- at fair value through other comprehensive income (FVOCI); and
- at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company holds its financial assets solely to collect contractual cash flows from such assets. In the determination of the business model, the Company considers its past experience on how the cash flows for these assets were collected, how the assets' performance are evaluated and how risks are assessed and managed.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company does not have debt instruments that are subsequently measured at FVOCI and FVTPL.

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is computed using the effective interest rate method. Impairment losses, if any, are presented as part of Cost and expenses in the statement of total comprehensive income.

Current balances of the financial assets at amortized cost approximates its fair value as it was initially purchased at par value. Subsequently, no changes to the carrying amount.

Equity instruments

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company does not have equity instruments.

(b) Impairment and write-off

The Company assesses the expected credit losses (ECL) associated with its debt instruments carried at amortized cost, such as cash in bank, receivable and financial asset at amortized cost, based on the current information affecting the ability of the customer to settle the receivable. The impairment methodology applied also considers any significant increase in credit risk.

The Company applies the simplified approach under PFRS 9, which used lifetime ECL.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to pay in accordance with the credit terms and a failure to make contractual payments for a prolonged period despite the Company exerting aggressive collection efforts.

11.4 Financial liabilities

(a) Classification

The Company classifies its financial liabilities in the following categories: (a) at FVTPL; and (b) at amortized cost. The Company has only financial liabilities at amortized cost.

11.5 Share capital; Retained earnings

Share capital represents common shares issued and outstanding. Subscription receivable is presented as deduction to share capital when expected collection is more than twelve (12) months after the reporting period.

Retained earnings represents accumulated balance of net income or loss and effect of changes in the accounting policy, if any.

11.6 Revenue, cost and expense recognition

(a) Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities.

Revenue is recognized to the extent that it is as described below.

(i) Commission income

The Company earns commission from its insurance broking business with third parties.

The Company recognizes revenue at a point in time upon collection of the related premiums from the customers referred by the Company. An asset is transferred when (or as) the customer obtains control of that asset.

The Company has generally concluded that it is the principal in its revenue arrangement.

Commission income of the Company does not include variable considerations as the related fees are fixed and agreed with the customers. No element of significant financing is deemed present as the services are rendered and demanded for collection within the Company's credit terms, which is consistent with market practice.

There are no warranties and other similar obligation and refunds agreed with customers.

(ii) Interest income

Interest income in bank deposits, which is presented gross of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest rate method.

(b) Expenses

Operating expenses are charged to operations when incurred and presented in profit or loss according to their nature.

11.7 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

12 Supplementary information required by the Insurance Commission

Presented below are the additional information required by Circular Letter (CL) 2021-65 issued on November 5, 2021. This information is presented for purposes of filing with the IC and is not required part of the basic financial statements.

(i) Segregation of Clients' Money Account

As at December 31, 2025 and 2024, the Company did not hold client's money accounts.

(ii) Minimum capital or net worth requirements

In compliance with Insurance Memorandum Circular No. 52-2018 issued by the IC, as a licensed insurance broker, the Company is required to maintain a net worth of P10 million. As at December 31, 2025, the Company has complied with the requirement with a net worth of P28 million (2024 - P21 million).

(iii) Fiduciary ratio requirements

In compliance with Section 315 of the Amended Insurance Code (Republic Act 10607), premiums collected by the Company from its customers as an insurance broker on behalf of its insurance partners shall be held by the Company in a fiduciary capacity and shall not be misappropriated or converted for its own use. To implement this requirement, the IC issued Circular Letter (CL) No. 2021-65, 'Revised On-Site Examination/Off-Site Verification Rules and Procedures', prescribing the fiduciary ratio requirement for licensed insurance brokers.

The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from policyholders, given that a broker is expected to be acting in a fiduciary capacity. The requirement is applicable to the Company considering that it maintains both credit and direct remittance agreement with its insurance partners. The fiduciary ratio is computed by dividing the total fiduciary assets over fiduciary liabilities. The fiduciary ratio to be maintained shall be 1:1. Amounts are gross of commissions, allowances for impairment, taxes, fees and other charges. The fiduciary assets and liabilities are in accordance with IC CL No. 2021-69 or the Revised Standard Chart of Accounts for Insurance Brokers.

As at December 31, 2025, the Company's fiduciary ratio is nil considering there are no assets nor liabilities held in a fiduciary capacity.

Determining whether the Company is acting as principal or an agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

The Company has determined it is acting as an agent in its revenue arrangements.

Generally, commission is recognized when services are rendered or accrued where there is a reasonable degree of certainty as to its collectability. Commissions are accrued based on premium billings prepared upon issuance of policies by the insurer.

The Company, as an insurance broker, may collect premium on behalf of insurance providers. The gross inflows of economic benefits include amounts collected on behalf of the insurance providers. Such amounts collected are not revenue. Instead, revenue is the amount of commission.

(iv) Offsetting arrangements

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

There are no financial assets and liabilities offset during and at the end of each reporting period.

13 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the information required by Revenue Regulation Nos. 15-2010 and 34-2020. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

RR No. 15-2010

(i) Output value-added tax (VAT)

For the year December 31, 2025, the Company recognized certain services amounting to P10,162,472, which are subject to VAT. Total output VAT for the year incurred for the year amounts to P1,219,497, of which the unpaid portion was presented in other payables in the statement of financial position.

(ii) Input VAT

For the year ended December 31, 2025, total input VAT from the rendering of services amounts to P11,805 which was presented under prepayments in the statement of financial position.

(iii) Documentary stamp tax

For the year ended December 31, 2025, the Company does not have any transaction that is subject to documentary stamp tax.

(iv) All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2025 consist of permits and licenses amounting to P125,722.

(v) Withholding taxes

For the year ended December 31, 2025, the Company paid and accrued withholding taxes amounting to P43,500 and P44,933 respectively. Accrued withholding taxes are presented in other payables in the statement of financial position. No withholding taxes on compensation were paid during the year.

(vi) Tax assessments

The Company does not have any deficiency tax assessment as at and for the year ended December 31, 2025.

(vii) Tax cases

The Company has no pending or outstanding tax cases under investigation, litigation or prosecution in courts or bodies outside the BIR as at and for the year ended December 31, 2025.

RR No. 34-2020

On December 18, 2020, the BIR issued RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the RPT Form, together with the annual income tax return.

The Company is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of the taxpayers prescribed in Section 2 of the RR.

BMB Insurance Brokers, Inc.
Supplementary Schedule of External Auditor Fee-Related Information
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	2025	2024
Total audit fees	180,000	84,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total non-audit fees	-	-
Total audit and non-audit fees	180,000	84,000

Audit and non-audit fees of other related entities

	2025	2024
Audit fees	-	-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	-	-