



**MS FIRST CAPITAL INSURANCE LIMITED**  
*(Incorporated in Singapore. Registration No. 195000106C)*

**ANNUAL REPORT**  
*For the financial year ended 31 December 2024*

**MS FIRST CAPITAL INSURANCE LIMITED**  
*(Incorporated in Singapore)*

**ANNUAL REPORT**  
*For the financial year ended 31 December 2024*

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## **MS FIRST CAPITAL INSURANCE LIMITED**

### **DIRECTORS' STATEMENT**

*For the financial year ended 31 December 2024*

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The directors present their statement to the members together with the audited financial statements for the financial year ended 31 December 2024.

In the opinion of the directors,

- (a) the financial statements set out on pages 8 to 81 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024, and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

#### **Directors**

The directors of the Company in office at the date of this statement are as follows:

Ajit Nair  
Arumugam Muthu  
Lee Kwong Foo, Edward  
Tetsuya Adachi  
Dileep Nair  
Clemens Philippi  
Hiroshi Hagiuda  
Vikas Shukla (appointed on 1 July 2024)  
Atsuhiko Saeki  
Akio Takai (resigned on 1 April 2024)  
Ramaswamy Athappan (passed on 22 May 2024)

#### **Arrangements to enable directors to acquire shares and debentures**

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## MS FIRST CAPITAL INSURANCE LIMITED

### DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

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#### Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at end of the year	Holdings at beginning of the year
<b>Tetsuya Adachi</b>		
MS&AD Insurance Company Holdings, Inc.		
- Ordinary shares		
- Interest held	8,400	2,800
- Deemed interests	1,441.893	220
BPI/MS Insurance Corporation		
- Ordinary shares		
- Interests held	1	1
Ueang Mai Co., Ltd		
- Ordinary shares		
- Interests held	-	1
Yardhimar Company Limited		
- Ordinary shares		
- Interests held	-	1
<b>Clemens Philippi</b>		
MS&AD Insurance Company Holding, Inc.		
- Ordinary shares		
- Interest held	1,100	-
BPI/MS Insurance Corporation		
- Ordinary shares		
- Interests held	1	1
Ueang Mai Co., Ltd		
- Ordinary shares		
- Interests held	1	1
Yardhimar Company Limited		
- Ordinary shares		
- Interests held	1	1
<b>Atsuhiko Saeki</b>		
MS&AD Insurance Company Holdings, Inc.		
- Ordinary Shares		
- Deemed interests	3,286.433	-

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## MS FIRST CAPITAL INSURANCE LIMITED

### DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

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Name of director and corporation in which interests are held	Holdings at end of the year	Holdings at beginning of the year
<b>Hiroshi Hagluda</b> MS&AD Insurance Company Holdings, Inc. - Ordinary Shares - Deemed interests	4,263.512	-

#### Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

#### Independent auditor

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the directors



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VIKAS SHUKLA  
Director



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ATSUHIRO SAEKI  
Director

28 April 2025



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## INDEPENDENT AUDITORS' REPORT

Members of the Company  
MS First Capital Insurance Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of MS First Capital Insurance Limited ('the Company'), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 81.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' Statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

A handwritten signature in black ink, appearing to read 'K. Manoj', written over the printed name 'KPMG LLP'.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
28 April 2025

**MS FIRST CAPITAL INSURANCE LIMITED****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME***For the financial year ended 31 December 2024*

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	Note	2024 \$	2023 \$
Insurance revenue	4	1,120,199,625	1,012,775,229
Insurance service expenses	7/15(A)	(944,634,555)	(661,886,196)
Net expenses from reinsurance contracts	15(A)	(55,557,497)	(234,004,781)
<b>Insurance service result</b>		<b>120,007,573</b>	<b>116,884,252</b>
Interest revenue calculated using the effective interest method	5(B)	93,107,830	73,036,464
Other investment revenue/(expenses)	5(C)	29,292,265	(17,022,175)
Investment expenses	5	(135,295)	(464,956)
Write back of / (Provision for) net impairment loss on financial assets	5	445,195	169,249
<b>Investment return</b>		<b>122,709,995</b>	<b>55,718,582</b>
Net finance expenses from insurance contracts	5(A)	(81,978,134)	(53,438,547)
Net finance income from reinsurance contracts	5(A)	52,575,577	40,722,133
<b>Net financial result</b>		<b>93,307,438</b>	<b>43,002,168</b>
Other income	6	5,512,079	7,007,106
Other finance income/(costs)	8	1,361,830	(5,410,850)
<b>Profit before tax</b>		<b>220,188,920</b>	<b>161,482,676</b>
Income tax expense	9	(30,387,577)	(21,960,324)
<b>Profit for the year</b>		<b>189,801,343</b>	<b>139,522,352</b>

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*The accompanying notes form an integral part of these financial statements.*

**MS FIRST CAPITAL INSURANCE LIMITED**

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

*For the financial year ended 31 December 2024*

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	<i>Note</i>	<b>2024</b> \$	<b>2023</b> \$
<b>Profit for the year</b>		<b>189,801,343</b>	139,522,352
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Debt investments at FVOCI			
Net change in fair value	16	<b>11,311,721</b>	20,722,341
Net amount reclassified to profit or loss	16	<b>94,995</b>	4,748,119
Related income tax	9(C)	<b>1,300,000</b>	(4,328,700)
<b>Other comprehensive income for the year, net of tax</b>		<b>12,706,716</b>	21,141,760
<b>Total comprehensive income for the year</b>		<b>202,508,059</b>	160,664,112

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*The accompanying notes form an integral part of these financial statements.*

**MS FIRST CAPITAL INSURANCE LIMITED**

**STATEMENT OF FINANCIAL POSITION**

*For the financial year ended 31 December 2024*

	<i>Note</i>	2024 \$	2023 \$
<b>Assets</b>			
Cash and cash equivalents	10	1,695,133,344	1,405,797,024
Financial investments	11		
- Measured at FVTPL		67,217,821	–
- Measured at FVOCI		663,735,288	626,184,809
- Measured at amortised cost		14,638,298	12,320,597
Derivative assets	11	9,693,848	1,978,916
Other receivables	12	28,487,214	28,236,778
Insurance contract assets	15	566,239,176	561,746,625
Reinsurance contract assets	15	1,884,531,342	1,570,263,351
Right-of-use assets	17	3,149,330	4,375,778
Property and equipment	13	9,668,705	9,862,379
Deferred tax assets	9	–	2,957,200
<b>Total assets</b>		<b>4,942,494,366</b>	<b>4,223,723,457</b>
<b>Liabilities</b>			
Other payables	14	17,257,676	15,576,393
Derivative liabilities	11	661,960	2,294,949
Current tax liabilities		32,197,568	24,957,898
Insurance contract liabilities	15	2,751,527,142	2,298,936,796
Reinsurance contract liabilities	15	699,724,885	644,173,508
Lease liabilities		3,372,383	4,655,220
Deferred tax liabilities	9	3,416,000	–
<b>Total liabilities</b>		<b>3,508,157,614</b>	<b>2,990,594,764</b>
<b>Equity</b>			
Share capital		26,500,000	26,500,000
Retained earnings	16	1,422,901,149	1,228,556,606
Fair value reserve	16	(15,314,397)	(22,177,913)
General reserves		250,000	250,000
<b>Total equity</b>		<b>1,434,336,752</b>	<b>1,233,128,693</b>
<b>Total liabilities and equity</b>		<b>4,942,494,366</b>	<b>4,223,723,457</b>

*The accompanying notes form an integral part of these financial statements.*

**MS FIRST CAPITAL INSURANCE LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 December 2024*

<i>Note</i>	<b>Share capital</b>	<b>General reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2023</b>	<b>26,500,000</b>	<b>250,000</b>	<b>(43,319,673)</b>	<b>1,089,034,254</b>	<b>1,072,464,581</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	—	—	—	139,522,352	139,522,352
Other comprehensive income for the year	—	—	21,141,760	—	21,141,760
<b>Total comprehensive income for the year</b>	—	—	21,141,760	139,522,352	160,664,112
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Dividends	—	—	—	—	—
<b>Balance at 31 December 2023</b>	<b>26,500,000</b>	<b>250,000</b>	<b>(22,177,913)</b>	<b>1,228,556,606</b>	<b>1,233,128,693</b>

*The accompanying notes form an integral part of these financial statements.*

**MS FIRST CAPITAL INSURANCE LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 December 2024*

<i>Note</i>	<b>Share capital</b>	<b>General reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance at 1 January 2024	<b>26,500,000</b>	<b>250,000</b>	<b>(22,177,913)</b>	<b>1,228,556,606</b>	<b>1,233,128,693</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	--	--	--	189,801,343	189,801,343
Reclassification to retained earnings-FRS 109	--	--	--	4,543,200	4,543,200
Other comprehensive income for the year	--	--	6,863,516	--	6,863,516
<b>Total comprehensive income for the year</b>	<b>--</b>	<b>--</b>	<b>6,863,516</b>	<b>194,344,543</b>	<b>201,208,059</b>
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Dividends	--	--	--	--	--
<b>Balance at 31 December 2024</b>	<b>26,500,000</b>	<b>250,000</b>	<b>(15,314,397)</b>	<b>1,422,901,149</b>	<b>1,434,336,752</b>

*The accompanying notes form an integral part of these financial statements.*

## MS FIRST CAPITAL INSURANCE LIMITED

### STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Profit for the year		189,801,343	139,522,352
Adjustments for:			
- Loss on disposal of financial assets	5C	94,995	4,748,119
- Loss on disposal of property and equipment	6	132	663
Depreciation expense on property, plant & equipment	13	522,271	547,953
- Depreciation expense on right of use assets	17	1,892,927	1,841,146
- Reversal of impairment loss on financial assets	5	(445,195)	(169,249)
- Other finance costs	8	141,560	192,823
- Interest revenue		(96,836,851)	(78,060,030)
- Dividend income		(697,256)	—
- Amortisation on FVOCI Bonds		3,729,021	5,023,566
- Fair value (loss)/gain on financial assets, at fair value through profit or loss		(9,227,802)	950,704
- Unrealised currency translation losses on financial investments		(5,498,994)	887,813
- Unrealised currency translation losses on cash & cash equivalents		(11,686,597)	8,024,528
- Income tax expense	9	30,387,577	21,960,324
		<u>102,177,131</u>	<u>105,470,712</u>
Changes in:			
- Insurance and reinsurance contracts		189,381,183	135,605,378
- Receivables		(412,119)	2,553,636
- Payables		147,889	(498,348)
<b>Cash from operating activities</b>		<u>291,294,084</u>	<u>243,131,378</u>
Interest received		76,301,233	37,941,080
Interest payment of lease liabilities	17	(141,560)	(192,823)
Dividends received		697,256	—
Income taxes paid		(16,774,706)	(19,373,100)
<b>Net cash from operating activities</b>		<u>351,376,307</u>	<u>261,506,535</u>

The accompanying notes form an integral part of these financial statements.

**MS FIRST CAPITAL INSURANCE LIMITED****STATEMENT OF CASH FLOWS***For the financial year ended 31 December 2024*

	<i>Note</i>	<b>2024</b> \$	<b>2023</b> \$
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	13	(328,729)	(854,145)
Purchases of financial investments		(209,513,778)	(137,080,825)
Proceeds from sale/redemption of financial investments		119,705,188	277,136,134
Proceeds from cash collateral on derivatives		–	(4,603,862)
Mortgage loans granted		(2,350,000)	(5,450,000)
Mortgage loan repayments received		32,299	128,427
Interest received		20,697,301	22,921,942
Derivative financial instruments		947,058	7,715,327
<b>Net cash from investing activities</b>		<b>(70,810,661)</b>	<b>159,912,998</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	17	(1,949,317)	(1,840,954)
<b>Net cash used in financing activities</b>		<b>(1,949,317)</b>	<b>(1,840,954)</b>
<b>Net increase in cash and cash equivalents</b>		<b>278,616,329</b>	<b>419,578,579</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,401,307,721</b>	<b>989,753,670</b>
<b>Cash collateral at end of the financial year</b>		<b>3,522,697</b>	<b>4,489,303</b>
Effect of movements in exchange rates on cash and cash equivalents held		11,686,597	(8,024,528)
<b>Cash and cash equivalents at 31 December</b>	10	<b>1,695,133,344</b>	<b>1,405,797,024</b>

*The accompanying notes form an integral part of these financial statements.*

## **MS FIRST CAPITAL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

The Company is incorporated and domiciled in Singapore. The address of its registered office is 6 Raffles Quay, #21-00, Singapore 048580.

The principal activity of the Company consists of the acceptance of general insurance and reinsurance business and performance of investment functions incidental thereto. There have been no significant changes in the nature of these activities during the year.

#### **2. Material accounting policies**

##### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The related changes to material accounting policies are described in Note 2.2.

The assets and liabilities of the Company which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act 1966. Such assets and liabilities are accounted for in the books of the respective insurance funds established under Section 16 of the Insurance Act. The net assets of the Company held in the insurance funds must be sufficient to meet the solvency requirements stipulated in Section 17 of the Insurance Act at all times. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 16 and the Company continues to be able to meet the solvency requirements of Section 17 of the Insurance Act. All other assets and liabilities are accounted for in the books of the "shareholders' fund".

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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## 2. Material accounting policies (continued)

### 2.2 Changes in material accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2024:

- Amendment to FRS 16: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants*
- Amendments to FRS 7: *Supplier Finance Arrangements*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

### 2.3 Insurance and reinsurance contracts - Identification and Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

When identifying contracts, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard.

### 2.4 Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different lines of business are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.4 Aggregation and recognition of insurance and reinsurance contracts (continued)

The level of aggregation requirements of FRS 117 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contract Service Margin ("CSM"), against losses on groups of onerous contracts, which are recognised immediately.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added.

##### 2.5 Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. The period covered by the premiums within the contract boundary is the 'coverage period'.

###### *Insurance Contract*

For insurance contracts, cash flows are within the contract boundary if they arise from: -

- i) Substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or
- ii) the Company has a substantive obligation to provide services.

The contract boundary will be determined by considering whichever of (i) or (ii) will result to the longest boundary. For the Company, usually the latter case (ii) applies.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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## 2. Material accounting policies (continued)

### 2.5 Contract boundaries (continued)

#### *Reinsurance Contracts*

The assessment of whether a cash flow is within the contract boundary of the reinsurance contract will be similar to that of the underlying direct contracts.

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

Some of the Company's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Company and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date.

### 2.6 Measurement

At initial recognition, for groups of contracts measured under the Premium Allocation Approach ("PAA") that are not onerous, the liability for remaining coverage is measured at the premiums received on initial recognition.

The Company does not elect to recognise insurance acquisition cash flows as expenses when they are incurred, except for directly attributable acquisition cost allocated from expenses. Accordingly, insurance acquisition cash flows will be amortised over time, in the same proportions as premium is earned.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided.

The Company expects that the time between providing each part of the services and the related premium due date will be predominantly no more than a year. Accordingly, as permitted under FRS 117, the Company does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 2. Material accounting policies (continued)

##### 2.6 Measurement (continued)

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in "profit or loss" and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted.

The Company recognises the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

##### 2.7 Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Amounts recognised in the statement of profit or loss and OCI are disaggregated into:

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

##### *Insurance service result*

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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## 2. Material accounting policies (continued)

### 2.7 Presentation (continued)

#### *Insurance service result (continued)*

Expenses that relate directly to the fulfilment of contracts is recognized in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts is presented outside the insurance service result.

Amounts recovered from reinsurers and reinsurance expenses is not presented separately in profit or loss and is presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these is included in the disclosures.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss is included in the insurance service result.

### 2.8 Property, plant and equipment

#### (a) *Measurement*

##### (i) *Land and building*

Land and building are initially recorded at cost. No depreciation is provided on freehold land; however the carrying value is adjusted for any impairment losses. Building are subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

#### (b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Motor vehicles	8 years
Office equipment	5 years
Furniture and fittings	5 years
Building on freehold land	40 years

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2.8 Property, plant and equipment (continued)

##### (b) *Depreciation (continued)*

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

##### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. All other repair and maintenance expense is recognised in profit or loss when incurred.

##### (d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

#### 2.9 Impairment of non-financial assets

##### *Property, plant and equipment*

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease to the extent of any previously recorded revaluation.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.9 Impairment of non-financial assets (continued)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

##### 2.10 Financial assets

###### (a) *Recognition and initial measurement*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

###### (b) *Classification*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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## 2. Material accounting policies (continued)

### 2.10 Financial assets (continued)

#### (b) *Classification* (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an instrument-by-instrument basis.

Derivatives embedded in contracts where the host is a financial asset are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.10 Financial assets (continued)

###### (c) *Subsequent measurement*

Financial assets, both fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL") are subsequently carried at fair value. Financial assets at amortised cost are carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets, at FVTPL are recognised in profit or loss when the changes arise. The effects of currency translation, interest and dividend income are recognised separately in profit or loss.

Interest and dividend income on financial assets, at FVOCI are recognised separately in profit or loss. Changes in the fair values of at FVOCI debt securities denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

Changes in fair values of FVOCI equity securities are recognised in the fair value reserve, together with the related currency translation differences.

###### (d) *Impairment*

The Company measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised will be 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date, which the Company considers to be the case when the security's credit risk rating is equivalent to the globally understood definition of 'investment grade'; and
- debt securities for which credit risk has not increased significantly since initial recognition.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.10 Financial assets (continued)

###### (d) *Impairment* (continue)

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, reasonable and supportable information that is relevant and available without undue cost or effort will be considered. This will include both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

###### *Credit-impaired financial assets*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit impaired and recognises an allowance for impairment when such evidence exists.

###### (e) *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024*

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#### **2. Material accounting policies (continued)**

##### **2.11 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

##### **2.12 Derivative financial instruments**

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

##### **2.13 Tax**

Current tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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## 2. Material accounting policies (continued)

### 2.13 Tax (continued)

A deferred tax liability is recognised on temporary differences arising on investment in subsidiary, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.14 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**2. Material accounting policies (continued)**

**2.14 Provisions (continued)**

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

*Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

**2.15 Employee compensation**

*Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions are recognised as employee compensation expense when they are due.

*Annual Leave*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

**2.16 Currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the Singapore dollar.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**2. Material accounting policies (continued)**

2.16 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.18 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.19 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS 116.

***As a lessee***

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.19 Leases (continued)

###### **As a lessee (continued)**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 2. Material accounting policies (continued)

##### 2.19 Leases (continued)

###### *As a lessee (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities in the statement of financial position.

###### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### 2.20 Government Grants

Government grants related to assets are initially recognized as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are recognized as an offset against staff cost in profit or loss under 'Employee benefit expenses' on a systematic basis over the useful life of the asset.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024*

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#### 3. Critical accounting estimates and judgements

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

##### (a) Insurance liabilities

###### Assumptions and sensitivities

###### (i) Process used to decide on assumptions

The major classes of general insurance written by the Company include property, motor, work injury compensation, professional indemnity, marine hull and cargo, and miscellaneous. For general insurance contracts, claims provisions (comprising provision for claims reported by policyholders and claims incurred but not reported ("IBNR")) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The best estimates of the liabilities for incurred claims have been determined from the projected ultimate claims based on different methods, including the incurred loss development, the paid loss development, the Bornhuetter-Ferguson method and/or the expected loss ratio method.

###### (ii) Process used to decide on assumptions

Claims paid and incurred claims net of reinsurance recoveries were obtained for each of the last 12 years, as well as for 2012 and prior, and shown in a triangular form by accident/underwriting year and development year. Ratios of claim amount at successive development years were calculated to build loss development factor triangles.

For direct and facultative business, the incurred loss development method has mainly been used to select the ultimate best estimates for 2021 and prior accident/underwriting years, as the actual claims experience in these periods are generally more stable. For more recent periods (i.e. 2022 to 2024 accident/underwriting years) where there is greater uncertainty, a combination of the claims experience and loss ratio assumptions, such as the Bornhuetter-Ferguson method and the expected loss ratio method, are used. In addition, allowance for late reported large losses based on information provided by the Company and the reporting and development patterns of historical large losses are applied where relevant.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024*

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#### 3. Critical accounting estimates and judgements (continued)

##### (a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

##### (ii) Process used to decide on assumptions (continued)

For treaty business where little claim information was available as of the valuation date, greater reliance is placed on the expected loss ratio method for the 2019 to 2024 underwriting years. For 2018 and prior underwriting years where claims experience is generally more stable, a combination of methods, such as the IBNR to case estimates ratios and factor-to-ultimate ratios, are used in selecting the ultimate best estimates.

The claims data includes external claims handling expenses but does not include internal claims handling expenses. A provision for internal claims expenses ("CHE") has been determined for the direct and facultative business, based on the ratio of paid CHE to net average of paid and incurred losses of 13.5%. This CHE percentage was applied to one half of the total of the case reserves plus the IBNR.

Acquisition expenses are assumed to have been incurred at the date of writing the policy and hence do not form parts of the loss reserving exercise.

Non-reinsurance recoveries, including salvage and subrogation, were not specifically analysed in this valuation. However, they would implicitly be allowed for in the valuation method, where past recovery patterns are assumed to continue into the projected future years.

Inflation of claim amounts payable in the future is implicitly allowed for in the valuation method, where past inflation patterns are assumed to continue into the projected future years. Where appropriate, subjective implicit allowance based on consumer and producer price indices has been made for the potential impact from higher-than-expected future inflation in the assumptions, in particular for Hull and Motor classes.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process in respect to its insurance contracts. Certain assumptions can be expected to impact the actuarial liabilities more than others, and consequently a greater degree of sensitivity to these variables may be expected.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 3. Critical accounting estimates and judgements (continued)

##### (a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

##### (ii) Process used to decide on assumptions (continued)

The liabilities for remaining coverage (“LFRC”) are determined at the profitability grouping level, which is consistent with Statutory class definitions. The LFRC is determined such that the total provision at the profitability grouping level would be sufficient to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

The Company uses the bottom-up approach for computation of discount rate consistent with the position taken by the general insurance industry. The bottom-up discount rate comprises of a risk-free discount rate and an illiquidity premium.

The Company determines risk-free discount rates using the government bond risk free yield curve. The government bond yield curves will be extracted from the relevant source, and linearly interpolated as necessary to reflect the required time intervals. The Company has used the Singapore Government Securities (“SGS”) Benchmark Issues yield curve as at 2024 for all classes except for the classes listed below where foreign currency exposure is deemed material and the relevant yield curves are used instead:

- For SIF Hull, OIF Fire, OIF Cargo, OIF Hull and OIF Hull Treaties classes, we have used the United States Treasury yield curve as at 2024.
- For OIF Misc and OIF Motor Treaties classes, we have used the Malaysian Government Securities (“MGS”) yield curve as at 2024.

The Company has elected to not hold an illiquidity premium. General insurance contracts have very variable, unpredictable cashflows. Therefore, to generate a yield curve that reflects these cashflows would require a very liquid asset to be selected, so that it can be sold at any point in time in order to meet the liabilities. Given this, using government bond curves to derive the discount rate is an appropriate match for the cashflows in terms of both duration and timing.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 3. Critical accounting estimates and judgements (continued)

##### (a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

##### (ii) Process used to decide on assumptions (continued)

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	2024			
	1 year	5 years	10 years	15 years
SGD	2.78%	2.82%	2.86%	2.86%
USD	4.16%	4.38%	4.58%	4.58%
MYR	3.28%	3.62%	3.81%	3.81%
IDR	6.88%	7.00%	7.07%	7.07%
HKD	3.88%	3.60%	3.65%	3.65%
THB	1.98%	2.10%	2.30%	2.30%
PHP	5.58%	5.65%	5.86%	5.86%

	2023			
	1 year	5 years	10 years	15 years
SGD	3.75%	2.68%	2.71%	2.71%
USD	4.79%	3.84%	3.88%	3.88%
MYR	3.30%	3.57%	3.73%	3.73%
IDR	6.37%	6.48%	6.60%	6.60%
HKD	3.99%	2.94%	3.02%	3.02%
THB	2.37%	2.45%	2.70%	2.70%
PHP	6.29%	6.45%	6.63%	6.63%

The risk adjustment provision allows for inherent uncertainty of the best estimate of the insurance liabilities. It takes into consideration the variability of claim experience within a class of business (risk adjustment before diversification) and also the diversification between classes of business (diversification allowance).

To estimate the variability around the best estimate, an actuarial internal model based on internal company data was used. In deriving the 75th percentile level of sufficiency for the liabilities for incurred claims, a Bootstrap method was used. Bootstrapping procedures are useful when the theoretical distribution of a statistic of interest is complicated or unknown.

The indicated risk adjustment loading for the liabilities for incurred claims is based on the ratio of the 75% estimate to the mean estimate of the total claims reserves from the model. Based on the model output and judgement, the risk adjustment loading is selected for the liabilities for incurred claims.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(ii) Process used to decide on assumptions (continued)

There are various factors like market circumstances which could significantly increase claims cost, particularly lead time extension for certain machinery, continued logistical bottlenecks and supply chain disruptions caused by the geo-political conflicts in various regions around the world, and the increasing threat of trade wars, which could impact the cost, supply time and availability of spares, replacements for damaged machinery/ property. These are not captured within the actuarial internal model used as mentioned above.

To address this, the Insurance Contract Liabilities included in the statement of financial position is higher than the Insurance Contract Liabilities included in the actuarial valuation by \$105.8 million.

An assessment by an external actuarial team based on a range of possible assumptions and statistical methods used to derive the 75<sup>th</sup> percentile sufficiency level demonstrates that the Insurance Contract Liabilities included in the statement of financial position remain within the range of 75<sup>th</sup> percentile sufficiency level for the liabilities for incurred claims.

Whilst there is inherent uncertainty attached to risks in respect to the liabilities for incurred claims, the corresponding risk adjustment for the liabilities for remaining coverage would be subject to a higher level of uncertainty as the claim events relating to unexpired policies have yet to occur. The Company has assumed that the risk adjustment loading for liabilities for remaining coverage is a multiple of the selected risk adjustment loading for liabilities for incurred claims.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies the confidence level technique on both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

(iii) Change in assumptions and sensitivity analysis

The Company maintains separate insurance funds – SIF and OIF – for each class of insurance business carried on by the Company that relates to Singapore policies and offshore policies, respectively. The Company's insurance liabilities are analysed on a fund level basis i.e. SIF and OIF and not at Company level.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(iii) Change in assumptions and sensitivity analysis (continued)

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process in respect to its insurance contracts. Certain assumptions can be expected to impact the actuarial liabilities more than others, and consequently a greater degree of sensitivity to these variables may be expected.

The following analyses have been prepared for a change in one variable with all other variables remaining constant and ignore changes in values of related assets. The Company recognised that some of the assumptions are interdependent but it will be difficult to analyse such dependencies.

The key assumptions considered in the sensitivity analysis are as follow:

- Initial Expected Loss Ratio ("IELR") for accident/underwriting year 2024; and
- Selected Ultimate Loss Ratio ("ULR") for accident/underwriting year 2024.

The result of the sensitivity analysis (net of reinsurance) and the impact on the liabilities for remaining coverage and incurred claims as at 31 December 2024 are as follows:

#### **Singapore Insurance Fund ("SIF")**

	IELR		ULR	
	+15% \$'000	-15% \$'000	+15% \$'000	-15% \$'000
<b>2024</b>				
Liabilities for Remaining Coverage	–	–	2,884	(2,138)
Liabilities for Incurred Claims	8,192	(8,192)	12,192	(12,192)
<b>Total</b>	<b>8,192</b>	<b>(8,192)</b>	<b>15,076</b>	<b>(14,330)</b>
<b>2023</b>				
Liabilities for Remaining Coverage	–	–	2,103	(3,449)
Liabilities for Incurred Claims	7,024	(7,024)	8,984	(8,984)
<b>Total</b>	<b>7,024</b>	<b>(7,024)</b>	<b>11,087</b>	<b>(12,433)</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**3. Critical accounting estimates and judgements (continued)**

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(iii) Change in assumptions and sensitivity analysis (continued)

***Offshore Insurance Fund ("OIF")***

	IELR		ULR	
	+15% \$'000	-15% \$'000	+15% \$'000	-15% \$'000
<b>2024</b>				
Liabilities for Remaining Coverage	–	–	6,672	(6,482)
Liabilities for Incurred Claims	17,042	(17,044)	20,588	(20,588)
<b>Total</b>	<b>17,042</b>	<b>(17,044)</b>	<b>27,260</b>	<b>(27,070)</b>
<b>2023</b>				
Liabilities for Remaining Coverage	–	–	3,568	(9,237)
Liabilities for Incurred Claims	15,878	(15,878)	19,399	(19,399)
<b>Total</b>	<b>15,878</b>	<b>(15,878)</b>	<b>22,967</b>	<b>(28,636)</b>

The actual loss development on SIF direct and facultative business reserved on an accident year basis was better than expected by \$16.6 million (2023: \$16.0 million). Actual loss development on SIF direct and facultative business reserved on an underwriting year basis was better than expected by \$9.8 million (2023: \$8.1 million). Overall, SIF direct and facultative business reported loss development of \$4.9 million (2023: \$9.4 million), which was better than the expected loss development of \$31.3 million by \$26.5 million (2023: \$33.5 million by \$24.1 million). For more homogenous grouping of business, specific motor fleet programs, as well as Law Society professional indemnity direct business, are separated out from Motor and Miscellaneous lines respectively and analysed on an underwriting year basis. For SIF Inward Treaties and Runoff business, ultimate loss estimates are lower by \$2.5 million (2023: \$15.5 million).

The ultimate loss estimates on SIF business for this year's valuation are lower than last year's by \$23.4 million (2023: \$32.9 million), stemming from decreases in most prior years.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 3. Critical accounting estimates and judgements (continued)

##### (a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

##### (iii) Change in assumptions and sensitivity analysis (continued)

The actual loss development on OIF direct and facultative business was \$9.1 million (2023: savings of \$1.2 million), which was better than expected loss development of \$33.7 million by \$24.6 million (2023: \$30.1 million by \$31.3 million). For OIF Inward Treaties and Runoff Business, ultimate loss estimates are lower by \$3.7 million (2023: \$3.6 million).

The ultimate loss estimates on OIF business for this year's valuation are lower than last year's by \$20.8 million (2023: \$26.0 million), also stemming from decreases in most of prior years.

##### (b) Investments in financial assets

*Impairment of financial assets*

The determination of impairment requires significant judgment. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### (c) Taxes

The Company is subject to Singapore income tax laws. Judgment is involved in determining the Company's provision for income taxes. The Company recognises liabilities for tax based on estimates. For these estimates the ultimate tax determination is based on the final assessment. Where the final assessment is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### 4. Insurance revenue

The Company's insurance revenue of \$1,120,199,625 (2023: \$1,012,775,229) is measured under the Premium Allocation Approach ("PAA").

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**5. Net financial result**

The following tables analyses the Company's financial results in profit or loss and OCI.

	<b>Note</b>	<b>2024</b> \$	<b>2023</b> \$
<b>Investment return</b>			
Interest revenue calculated using the effective interest method	(B)	<b>93,107,830</b>	73,036,464
Other investment revenue	(C)	<b>29,292,265</b>	(17,022,175)
Write back impairment loss on financial assets		<b>445,195</b>	169,249
Investment expenses		<b>(135,295)</b>	(464,956)
Amounts recognised in OCI		<b>11,406,716</b>	25,470,460
<b>Total investment return</b>		<b>134,116,711</b>	81,189,042
<b>Net finance expenses from insurance contracts</b>			
Interest accreted	15(A)	<b>(69,082,534)</b>	(59,351,994)
Net foreign exchange gain / (loss)	15(A)	<b>(12,895,600)</b>	5,913,447
<b>Total net finance expenses from insurance contracts</b>	(A)	<b>(81,978,134)</b>	(53,438,547)
<b>Net finance income from reinsurance contracts</b>			
Interest accreted	15(A)	<b>50,216,199</b>	41,921,288
Net foreign exchange gain / (loss)	15(A)	<b>2,359,378</b>	(1,199,155)
<b>Total net finance income from reinsurance contracts</b>	(A)	<b>52,575,577</b>	40,722,133
<b>Total</b>		<b>104,714,154</b>	68,472,628
<b>Represented by:</b>			
Amounts recognised in profit or loss		<b>93,307,438</b>	43,002,168
Amounts recognised in OCI		<b>11,406,716</b>	25,470,460
		<b>104,714,154</b>	68,472,628

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**5. Net financial result (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>A. Insurance finance income and expenses</b>		
<i>Net finance expenses from insurance contracts</i>		
Recognised in profit or loss	<u><b>(81,978,134)</b></u>	<u><b>(53,438,547)</b></u>
<i>Net finance income from reinsurance contracts</i>		
Recognised in profit or loss	<u><b>52,575,577</b></u>	<u><b>40,722,133</b></u>
<b>B. Interest revenue calculated using the effective interest method</b>		
<b>Debt investments measured at FVOCI</b>		
Government bonds	<b>2,802,220</b>	<b>3,500,577</b>
Other debt securities	<u><b>14,602,663</b></u>	<u><b>12,860,815</b></u>
	<u><b>17,404,883</b></u>	<u><b>16,361,392</b></u>
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	<b>74,858,823</b>	<b>56,098,850</b>
Other debt securities	<u><b>844,124</b></u>	<u><b>576,222</b></u>
	<u><b>75,702,947</b></u>	<u><b>56,675,072</b></u>
	<u><b>93,107,830</b></u>	<u><b>73,036,464</b></u>

**MS FIRST CAPITAL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

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**5. Net financial result (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>C. Other investment revenue/(expenses)</b>		
<i>Net (losses)/gains on financial instruments mandatorily measured at FVTPL</i>		
Collective investment schemes	(1,067,177)	–
Derivatives	10,294,979	(950,704)
Interest expense cash collateral on derivatives	–	(1,872)
Net loss on sale of debt securities measured at FVOCI	(94,995)	(4,748,119)
Net foreign exchange gain/(loss) on financial investments not measured at FVTPL	19,462,202	(11,321,480)
Dividends on investment in Collective investment schemes	697,256	–
	<u>29,292,265</u>	<u>(17,022,175)</u>

**6. Other income**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Brokerage income	<b>886,201</b>	923,050
(Loss) on disposal of property, plant & equipment	<b>(132)</b>	(663)
Allowance for impairment of receivables	<b>(37,004)</b>	(8,454)
Service fee income	<b>1,815,189</b>	1,668,139
Miscellaneous income	<b>2,847,825</b>	4,425,034
	<u><b>5,512,079</b></u>	<u>7,007,106</u>

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**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**7. Expenses**

	Note	2024 \$	2023 \$
Claims and benefits		<b>778,114,868</b>	491,021,076
Fees and commissions		<b>134,947,057</b>	160,791,537
Reversal of losses on onerous insurance contracts	15(A)	<b>(8,543,430)</b>	(7,049,653)
Employee benefits	7(A)	<b>24,302,652</b>	25,138,827
Depreciation expense on property, plant & equipment	13	<b>522,271</b>	547,953
Depreciation expense on right of use assets	17	<b>1,892,927</b>	1,841,146
Other expenses	7(B)	<b>3,122,354</b>	3,229,965
		<b>934,358,699</b>	675,520,851
Amounts attributed to insurance acquisition cash flows incurred during the year	15(A)	<b>(139,118,357)</b>	(165,444,650)
Amortisation of insurance acquisition cash flows	15(A)	<b>149,394,213</b>	151,809,995
		<b>944,634,555</b>	661,886,196
<b>Represented by:</b>			
Insurance service expenses	15(A)	<b>944,634,555</b>	661,886,196
		<b>944,634,555</b>	661,886,196

**A. Employee benefit expenses**

	2024 \$	2023 \$
Wages and salaries	<b>20,707,269</b>	22,334,119
Other benefits	<b>1,426,207</b>	1,155,390
Government grants	<b>(85,588)</b>	(94,230)
Employer's contribution to defined contribution plans including Central Provident Fund	<b>2,254,764</b>	1,743,548
	<b>24,302,652</b>	25,138,827

**MS FIRST CAPITAL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

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**7. Expenses (continued)****B. Other expenses**

Other expenses include the following: -

	<b>2024</b>	2023
	\$	\$
a) Audit fee paid to auditor of the Company	<b>370,000</b>	501,350
b) Non-audit fees paid to: - - auditor of the Company and other firms affiliated with KPMG International Limited	-	-
c) Directors' Fee	<b>300,000</b>	225,000
	<hr/>	<hr/>

**8. Other finance cost**

	<b>2024</b>	2023
	\$	\$
Interest expenses on lease liabilities	<b>(141,560)</b>	(192,823)
Net foreign exchange gain/(loss) on financial assets and liabilities	<b>1,503,390</b>	(5,218,027)
	<hr/>	<hr/>
	<b>1,361,830</b>	(5,410,850)

**9. Tax expense****A. Amount recognised in profit or loss**

	<b>2024</b>	2023
	\$	\$
Tax expense attributable to profit is made up of:		
<b>Current tax expense</b>		
Current income tax – Singapore	<b>30,600,000</b>	20,950,000
Over-provision in prior financial year	<b>(2,042,423)</b>	(63,676)
	<hr/>	<hr/>
	<b>28,557,577</b>	20,886,324
<b>Deferred tax expense</b>		
Tax on profit accounted under FRS 117/109	<b>1,830,000</b>	1,074,000
<b>Total income tax expense</b>	<hr/> <b>30,387,577</b>	<hr/> 21,960,324

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

#### 9. Tax expense (continued)

##### B. Reconciliation of effective tax rate

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	2024 \$	2023 Restated \$
Profit before tax	<b>220,188,920</b>	161,482,676
Tax calculated at a tax rate of 17% (2023: 17%)	<b>37,432,116</b>	27,452,055
Effects of:		
- Expense not allowable for tax purposes	<b>79,154</b>	51,515
- Additional IBNR not allowable for tax purposes	<b>7,102,600</b>	4,601,900
- Effect of income taxed at rate of 10% (2023: 10%)	<b>(12,682,092)</b>	(10,084,245)
- Singapore statutory stepped income exemption	<b>(17,425)</b>	(17,425)
- Over-provision in prior financial year	<b>(2,042,423)</b>	(63,676)
- Others	<b>515,647</b>	20,200
	<b>30,387,577</b>	21,960,324

Pursuant to Section 43C of the Singapore Income Tax Act 1947, qualifying income is subject to the tax concessionary rate of 10% instead of the standard rate of 17%.

The Company's tax liabilities have been measured based on the corporate tax rate and tax laws prevailing at reporting date. Up till year 2022, income tax assessed by the Inland Revenue Authority of Singapore ("IRAS") was based on insurer's audited financial statements prepared under FRS 104 for the accounting of insurance contracts. Arising from the implementation of new accounting standard FRS 117 which replaces FRS 104 with effect from 1 January 2023, the IRAS has announced that insurers in Singapore are to use financial results prepared on the basis of MAS Insurance Regulations as the basis for tax computation, i.e. based on MAS Statutory Returns.

The Company expects that income tax assessed based on the MAS Statutory Returns will result in provision of deferred tax expense.

##### *Global minimum top up tax*

The Company is in the process of assessing the exposure to the Pillar Two income taxes arising from OECD Base Erosion and Profit Shifting (BEPS 2.0) framework. MS&AD Insurance Group Holdings, Inc is the Ultimate Parent Entity (UPE) for the purposes of Pillar Two. The Company's effective tax rate under Pillar Two on preliminary assessment is estimated to be around 15%. The Company continues to assess the impact of Pillar Two legislation on its financial statements.

**MS FIRST CAPITAL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***9. Tax expense (continued)****C. Movement in deferred tax balances**

	Accelerated tax depreciation	Fair value gains	Tax on profit under FRS 117/109	Total
<b>2024</b>				
Beginning of financial year	(170,000)	4,543,200	(1,416,000)	2,957,200
Adjustment in respect of ECL under FRS 109	–	(4,543,200)	–	(4,543,200)
Credited to:				
- Profit and loss	–	–	(3,130,000)	(3,130,000)
- OCI	–	1,300,000	–	1,300,000
End of financial year	<u>(170,000)</u>	<u>1,300,000</u>	<u>(4,546,000)</u>	<u>(3,416,000)</u>
<b>2023</b>				
Beginning of financial year	(170,000)	8,871,900	(394,000)	8,307,900
Adjustment in respect of ECL under FRS 109 and FRS 117	–	–	52,000	52,000
Credited to:				
- Profit and loss	–	–	(1,074,000)	(1,074,000)
- OCI	–	(4,328,700)	–	(4,328,700)
End of financial year	<u>(170,000)</u>	<u>4,543,200</u>	<u>(1,416,000)</u>	<u>2,957,200</u>

The Company had removed the deferred tax asset of \$4,543,200 on fair value losses recognised in accumulated other comprehensive income (AOCI) in prior periods. Under MAS Insurance Regulations, fair value movements are recognised in profit and loss and is subject to tax. The tax on the accumulated fair value losses had been utilised in prior tax year and accordingly the Company had to remove the deferred tax recognised in prior year against retained earnings.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**10. Cash and cash equivalents**

	<b>2024</b>	2023
	<b>\$</b>	\$
Cash at bank and on hand	<b>12,385,907</b>	13,340,279
Short-term bank deposits	<b>1,682,747,437</b>	1,392,456,745
	<b>1,695,133,344</b>	1,405,797,024

Included in the Company's cash at bank and on hand is \$3,522,697 (2023: \$4,489,303) of cash collateral collected from policy holders as required under the terms of the insurance contracts.

Short-term bank deposits at the reporting date had maturity ranging between 1 – 12 months (2023: 1 – 12 months) from the end of the financial year with the following weighted average effective interest rates:

	<b>2024</b>	2023
Singapore Dollar	<b>3.70%</b>	4.12%
United States Dollar	<b>5.10%</b>	5.94%
Others	<b>3.08%</b>	3.42%

**MS FIRST CAPITAL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024*

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**11. Financial investments and derivatives**

Financial investments are analysed as follows:

	2024	2023
	\$	\$
<b>Financial investments</b>		
- Derivatives assets	9,693,848	1,978,916
- Government bonds at FVOCI	163,209,730	204,164,415
- Corporate bonds at FVOCI	500,525,558	422,020,394
- Mortgage loans at amortised cost	14,638,298	12,320,597
- Collective investment scheme designated at FVTPL	67,217,821	-
Total	<u>755,285,255</u>	<u>640,484,322</u>
Derivative liabilities	<u>661,960</u>	<u>2,294,949</u>

The following table sets out the carrying amounts of financial investments and derivatives expected to be recovered or settled more than 12 months after the reporting date.

	2024	2023
	\$	\$
Measured at FVTPL	67,217,821	-
Measured at FVOCI	550,705,174	527,106,176
Measured at amortised cost	14,638,298	4,070,597
Total	<u>632,561,293</u>	<u>531,176,773</u>

**12. Other receivables**

	2024	2023
	\$	\$
Deposits	755,684	728,399
Accrued interest	25,281,406	25,443,089
Prepayments	264,858	337,185
Other receivables due from holding company	165,409	76,288
Other receivables	2,019,857	1,651,817
	<u>28,487,214</u>	<u>28,236,778</u>

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**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**13. Property, plant and equipment**

	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Building</u>	<u>Land</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At 1 January 2023	429,999	2,764,527	1,383,244	2,350,000	7,264,164	14,191,934
Additions	–	412,084	442,061	–	–	854,145
Disposals	–	(1,153,359)	(502,128)	–	–	(1,655,487)
At 31 December 2023	<b>429,999</b>	<b>2,023,252</b>	<b>1,323,177</b>	<b>2,350,000</b>	<b>7,264,164</b>	<b>13,390,592</b>
At 1 January 2024	<b>429,999</b>	<b>2,023,252</b>	<b>1,323,177</b>	<b>2,350,000</b>	<b>7,264,164</b>	<b>13,390,592</b>
Additions	–	303,953	24,776	–	–	328,729
Disposals	–	(327,164)	–	–	–	(327,164)
At 31 December 2024	<b>429,999</b>	<b>2,000,041</b>	<b>1,347,953</b>	<b>2,350,000</b>	<b>7,264,164</b>	<b>13,392,157</b>
<b>Accumulated depreciation</b>						
At 1 January 2023	230,134	2,354,428	875,522	1,175,000	–	4,635,084
Depreciation for the year	45,273	320,380	123,550	58,750	–	547,953
Disposals	–	(1,152,696)	(502,128)	–	–	(1,654,824)
At 31 December 2023	<b>275,407</b>	<b>1,522,112</b>	<b>496,944</b>	<b>1,233,750</b>	<b>–</b>	<b>3,528,213</b>
At 1 January 2024	<b>275,407</b>	<b>1,522,112</b>	<b>496,944</b>	<b>1,233,750</b>	<b>–</b>	<b>3,528,213</b>
Depreciation for the year	45,273	221,668	196,580	58,750	–	522,271
Disposals	–	(327,032)	–	–	–	(327,032)
At 31 December 2024	<b>320,680</b>	<b>1,416,748</b>	<b>693,524</b>	<b>1,292,500</b>	<b>–</b>	<b>3,723,452</b>
<b>Carrying amount</b>						
At 1 January 2023	199,865	410,099	507,722	1,175,000	7,264,164	9,556,850
At 31 December 2023	154,592	501,140	826,233	1,116,250	7,264,164	9,862,379
At 31 December 2024	<b>109,319</b>	<b>583,293</b>	<b>654,429</b>	<b>1,057,500</b>	<b>7,264,164</b>	<b>9,668,705</b>

The fair value of the office building for the Company as at 31 December 2024 was approximately \$30,500,000 (2023: \$30,500,000). The property of the Company was valued by an independent professional valuer based on the property highest-and-best use using the sales comparison approach as at 31 December 2023. Under the sales comparison approach, the recent sale prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location, condition of the properties. The most significant input into this valuation approach is selling price per square foot.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**14. Other payables**

	2024 \$	2023 \$
Payables for investment purchases	2,500,000	–
Cash collateral	3,522,697	4,489,303
Cash collateral pledged by counterparties of derivative assets	–	–
Accrued operating expenses	3,041,147	3,543,801
Amount due to related companies	575,936	639,656
Other creditors	7,617,896	6,903,633
	<u>17,257,676</u>	<u>15,576,393</u>

**15. Insurance and reinsurance contracts**

	Note	2024 \$	2023 \$
<b>Insurance contracts</b>			
- Insurance contract liabilities <sup>1</sup>	(A)	2,751,527,142	2,298,936,796
- Insurance contract assets <sup>2</sup>	(A)	(566,239,176)	(561,746,625)
<b>Reinsurance contracts</b>			
- Reinsurance contract assets <sup>3</sup>	(A)	1,884,531,342	1,570,263,351
- Reinsurance contract liabilities <sup>4</sup>	(A)	(699,724,885)	(644,173,508)

**A. Movements in insurance and reinsurance contract balances**

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

*1 – This number represents a 'Liability'. Presentation is consistent with that in table under 15(A)*  
*2 – This number represents an 'Asset'. Presentation is consistent with that in table under 15(A)*  
*3 – This number represents an 'Asset'. Presentation is consistent with that in table under 15(A)*  
*4 – This number represents a 'Liability'. Presentation is consistent with that in table under 15(A)*

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**A. Movements in insurance and reinsurance contract balances (continued)**

<b>Insurance Contracts 2024</b>	<b>Note</b>	<b>Liabilities for remaining coverage</b>		<b>Liabilities for Incurred claims*</b>	<b>Total</b>
		<b>Excluding Loss component</b>	<b>Loss component</b>		
		<b>\$</b>	<b>\$</b>		
<b>Opening Assets</b>		<b>(558,316,959)</b>	<b>–</b>	<b>(3,429,666)</b>	<b>(561,746,625)</b>
<b>Opening liabilities</b>		<b>600,620,340</b>	<b>43,827,443</b>	<b>1,654,489,013</b>	<b>2,298,936,796</b>
<b>Changes in the statement of profit or loss</b>					
<b>Insurance revenue</b>	4	<b>1,120,199,625</b>	<b>–</b>	<b>–</b>	<b>1,120,199,625</b>
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses		<b>–</b>	<b>–</b>	<b>803,783,772</b>	<b>803,783,772</b>
Amortisation of insurance acquisition cash flows	7	<b>149,394,213</b>	<b>–</b>	<b>–</b>	<b>149,394,213</b>
Losses and reversals of losses on onerous contracts	7	<b>–</b>	<b>(8,543,430)</b>	<b>–</b>	<b>(8,543,430)</b>
<b>Net Insurance service expenses</b>		<b>149,394,213</b>	<b>(8,543,430)</b>	<b>803,783,772</b>	<b>944,634,555</b>
<b>Insurance service result</b>		<b>970,805,412</b>	<b>8,543,430</b>	<b>(803,783,772)</b>	<b>175,565,070</b>
Net finance expenses from insurance contracts	5	<b>–</b>	<b>–</b>	<b>(69,082,534)</b>	<b>(69,082,534)</b>
Effect of movements in exchange rates	5	<b>(11,418,456)</b>	<b>(1,477,144)</b>	<b>–</b>	<b>(12,895,600)</b>
<b>Total changes in the statement of profit and loss</b>		<b>959,386,956</b>	<b>7,066,286</b>	<b>(872,866,306)</b>	<b>93,586,936</b>
<b>Cash flows</b>					
Premiums received (net of commission)		<b>1,045,575,459</b>	<b>–</b>	<b>–</b>	<b>1,045,575,459</b>
Claims and other insurance service expenses paid		<b>–</b>	<b>–</b>	<b>(364,772,371)</b>	<b>(364,772,371)</b>
Investment components		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Insurance acquisition cash flows	7	<b>(139,118,357)</b>	<b>–</b>	<b>–</b>	<b>(139,118,357)</b>
<b>Total cash flows</b>		<b>906,457,102</b>	<b>–</b>	<b>(364,772,371)</b>	<b>541,684,731</b>
<b>Net Closing Balance</b>		<b>(10,626,473)</b>	<b>36,761,157</b>	<b>2,159,153,282</b>	<b>2,185,287,966</b>
<b>Closing Assets</b>		<b>(564,313,848)</b>	<b>–</b>	<b>(1,925,328)</b>	<b>(566,239,176)</b>
<b>Closing liabilities</b>		<b>553,687,374</b>	<b>36,761,158</b>	<b>2,161,078,610</b>	<b>2,751,527,142</b>
<b>Net closing balance</b>		<b>(10,626,474)</b>	<b>36,761,158</b>	<b>2,159,153,282</b>	<b>2,185,287,966</b>

\* Includes risk adjustment for non-financial risk

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**A. Movements in insurance and reinsurance contract balances (continued)**

<b>Insurance Contracts 2023</b>	<b>Note</b>	<b>Liabilities for remaining coverage</b>		<b>Liabilities for Incurred claims*</b>	<b>Total</b>
		<b>Excluding Loss component</b>	<b>Loss component</b>		
		<b>\$</b>	<b>\$</b>		
<b>Opening Assets</b>		<b>(398,828,545)</b>	<b>–</b>	<b>(3,068,661)</b>	<b>(401,897,206)</b>
<b>Opening liabilities</b>		<b>438,224,027</b>	<b>51,429,200</b>	<b>1,437,273,620</b>	<b>1,926,926,847</b>
<b>Changes in the statement of profit or loss</b>					
<b>Insurance revenue</b>	4	<b>1,012,775,229</b>	<b>–</b>	<b>–</b>	<b>1,012,775,229</b>
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses		<b>–</b>	<b>–</b>	<b>517,125,854</b>	<b>517,125,854</b>
Amortisation of insurance acquisition cash flows	7	<b>151,809,995</b>	<b>–</b>	<b>–</b>	<b>151,809,995</b>
Losses and reversals of losses on onerous contracts	7	<b>–</b>	<b>(7,049,653)</b>	<b>–</b>	<b>(7,049,653)</b>
<b>Net Insurance service expenses</b>		<b>151,809,995</b>	<b>(7,049,653)</b>	<b>517,125,854</b>	<b>661,886,196</b>
<b>Insurance service result</b>		<b>860,965,234</b>	<b>7,049,653</b>	<b>(517,125,854)</b>	<b>350,889,033</b>
Net finance expenses from insurance contracts	5	<b>–</b>	<b>–</b>	<b>(59,351,994)</b>	<b>(59,351,994)</b>
Effect of movements in exchange rates	5	<b>5,361,343</b>	<b>552,104</b>	<b>–</b>	<b>5,913,447</b>
<b>Total changes in the statement of profit and loss</b>		<b>866,326,577</b>	<b>7,601,757</b>	<b>(576,477,848)</b>	<b>297,450,486</b>
<b>Cash flows</b>					
Premiums received (net of commission)		<b>1,034,679,126</b>	<b>–</b>	<b>–</b>	<b>1,034,679,126</b>
Claims and other insurance service expenses paid		<b>–</b>	<b>–</b>	<b>(359,623,460)</b>	<b>(359,623,460)</b>
Insurance acquisition cash flows	7	<b>(165,444,650)</b>	<b>–</b>	<b>–</b>	<b>(165,444,650)</b>
<b>Total cash flows</b>		<b>869,234,476</b>	<b>–</b>	<b>(359,623,460)</b>	<b>509,611,016</b>
<b>Net Closing Balance</b>		<b>42,303,381</b>	<b>43,827,443</b>	<b>1,651,059,347</b>	<b>1,737,190,171</b>
<b>Closing Assets</b>		<b>(558,316,959)</b>	<b>–</b>	<b>(3,429,666)</b>	<b>(561,746,625)</b>
<b>Closing liabilities</b>		<b>600,620,340</b>	<b>43,827,443</b>	<b>1,654,489,013</b>	<b>2,298,936,796</b>
<b>Net closing balance</b>		<b>42,303,381</b>	<b>43,827,443</b>	<b>1,651,059,347</b>	<b>1,737,190,171</b>

\* Includes risk adjustment for non-financial risk

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

Reinsurance Contracts 2024	Note	Assets for remaining coverage		Asset for Incurred claims*	Total
		Excluding Loss Recovery	Loss Recovery		
		\$	\$		
<b>Opening Assets</b>		<b>417,800,677</b>	<b>25,696,893</b>	<b>1,126,765,781</b>	<b>1,570,263,351</b>
<b>Opening liabilities</b>		<b>(644,173,508)</b>	<b>–</b>	<b>–</b>	<b>(644,173,508)</b>
<b>Changes in the statement of profit or loss</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Allocation of reinsurance premiums paid</b>		<b>851,447,704</b>	<b>–</b>	<b>–</b>	<b>851,447,704</b>
<b>Amounts recoverable from reinsurers</b>					
Recoveries of incurred claims and other insurance service expenses		–	–	580,681,107	580,681,107
Amortisation of insurance acquisition cash flows		218,435,209	–	–	218,435,209
Losses and reversals of losses on onerous contracts		–	(3,226,109)	–	(3,226,109)
		218,435,209	(3,226,109)	580,681,107	795,890,207
<b>Net expenses from reinsurance contracts</b>		<b>633,012,495</b>	<b>3,226,109</b>	<b>(580,681,107)</b>	<b>55,557,497</b>
Net finance income from reinsurance contracts	5	–	–	(50,216,199)	(50,216,199)
Effect of movements in exchange rates	5	(2,359,378)	–	–	(2,359,378)
<b>Total changes in the statement of profit and loss</b>		<b>630,653,117</b>	<b>3,226,109</b>	<b>(630,897,306)</b>	<b>2,981,920</b>
<b>Cash flows</b>					
Premiums paid		750,360,807	–	–	750,360,807
Amounts received		(200,881,615)	–	(287,780,657)	(488,662,272)
<b>Total cash flows</b>		<b>549,479,192</b>	<b>–</b>	<b>(287,780,657)</b>	<b>261,698,535</b>
<b>Net Closing Balance</b>		<b>(307,546,756)</b>	<b>22,470,784</b>	<b>1,469,882,430</b>	<b>1,184,806,458</b>
<b>Closing Assets</b>		<b>381,209,143</b>	<b>22,470,784</b>	<b>1,480,851,415</b>	<b>1,884,531,342</b>
<b>Closing liabilities</b>		<b>(688,755,900)</b>	<b>–</b>	<b>(10,968,985)</b>	<b>(699,724,885)</b>
<b>Net closing balance</b>		<b>(307,546,757)</b>	<b>22,470,784</b>	<b>1,469,882,430</b>	<b>1,184,806,457</b>

\* Includes risk adjustment for non-financial risk

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**A. Movements in insurance and reinsurance contract balances (continued)**

<b>Reinsurance Contracts</b> <b>2023</b>	<b>Note</b>	<b>Assets for remaining coverage</b>		<b>Asset for Incurred claims*</b>	<b>Total</b>
		<b>Excluding Loss Recovery</b>	<b>Loss Recovery</b>		
		<b>\$</b>	<b>\$</b>		
<b>Opening Assets</b>		<b>308,877,913</b>	<b>36,098,184</b>	<b>959,441,059</b>	<b>1,304,417,156</b>
<b>Opening liabilities</b>		<b>(454,882,467)</b>	<b>–</b>	<b>–</b>	<b>(454,882,467)</b>
<b>Changes in the statement of profit or loss</b>					
<b>Allocation of reinsurance premiums paid</b>		<b>809,827,248</b>	<b>–</b>	<b>–</b>	<b>809,827,248</b>
<b>Amounts recoverable from reinsurers</b>					
Recoveries of incurred claims and other insurance service expenses		–	–	362,135,308	362,135,308
Amortisation of insurance acquisition cash flows		224,088,450	–	–	224,088,450
Losses and reversals of losses on onerous contracts		–	(10,401,291)	–	(10,401,291)
		<b>224,088,450</b>	<b>(10,401,291)</b>	<b>362,135,308</b>	<b>575,822,467</b>
<b>Net expenses from reinsurance contracts</b>		<b>585,738,798</b>	<b>10,401,291</b>	<b>(362,135,308)</b>	<b>234,004,781</b>
Net finance income from reinsurance contracts	5	–	–	(41,921,288)	(41,921,288)
Effect of movements in exchange rates	5	1,199,155	–	–	1,199,155
<b>Total changes in the statement of profit and loss</b>		<b>586,937,953</b>	<b>10,401,291</b>	<b>(404,056,596)</b>	<b>193,282,648</b>
<b>Cash flows</b>					
Premiums paid		751,818,033	–	–	751,818,033
Amounts received		(245,248,357)	–	(236,731,874)	(481,980,231)
<b>Total cash flows</b>		<b>506,569,676</b>	<b>–</b>	<b>(236,731,874)</b>	<b>269,837,802</b>
<b>Net Closing Balance</b>		<b>(226,372,831)</b>	<b>25,696,893</b>	<b>1,126,765,781</b>	<b>926,089,843</b>
<b>Closing Assets</b>		<b>417,800,677</b>	<b>25,696,893</b>	<b>1,126,765,781</b>	<b>1,570,263,351</b>
<b>Closing liabilities</b>		<b>(644,173,508)</b>	<b>–</b>	<b>–</b>	<b>(644,173,508)</b>
<b>Net closing balance</b>		<b>(226,372,831)</b>	<b>25,696,893</b>	<b>1,126,765,781</b>	<b>926,089,843</b>

\* Includes risk adjustment for non-financial risk

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**15. Insurance and reinsurance contracts (continued)**

**B. Movements in risk adjustment for non-financial risk**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b><u>Insurance Contracts</u></b>		
<b>Opening liabilities</b>	<b>194,744,845</b>	<b>163,950,985</b>
Incurring claims and other insurance service expenses	45,016,508	23,964,864
Net finance expenses from insurance contracts	8,391,966	6,828,995
<b>Closing liabilities</b>	<b><u>248,153,319</u></b>	<b><u>194,744,844</u></b>
<b><u>Reinsurance Contracts</u></b>		
<b>Opening assets</b>	<b>141,508,792</b>	<b>110,751,452</b>
Incurring claims and other insurance service expenses	35,884,812	25,975,902
Net finance expenses from insurance contracts	6,281,497	4,781,438
<b>Closing assets</b>	<b><u>183,675,101</u></b>	<b><u>141,508,792</u></b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**B. Movements in risk adjustment for non-financial risk (continued)**

The table below illustrates how estimates of cumulative claims have developed over time on a gross and net of reinsurance basis. Each table separately shows how the Company's estimates of total claims for each accident and underwriting year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

**31 December 2024**

**Gross (before reinsurance)**

<b>Accident Year</b>	<b>Direct &amp; Facultative Lines Accident Year Basis</b>					<b>Total</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
<b>Estimates of undiscounted gross cumulative claims</b>						
At end of accident year	367,579,220	515,990,299	476,300,869	511,719,985	593,869,368	
One year later	342,817,898	441,237,113	441,135,662	467,357,237		
Two years later	297,724,634	381,663,892	368,081,094			
Three years later	267,669,417	346,287,355				
Four years later	260,468,980					
<b>Cumulative gross claims paid</b>	<b>(191,249,497)</b>	<b>(216,261,211)</b>	<b>(169,121,523)</b>	<b>(141,246,980)</b>	<b>(45,895,467)</b>	<b>(763,774,678)</b>
Gross liabilities – accident years from 2020 to 2024	69,219,483	130,026,144	198,959,571	326,110,257	547,973,901	1,272,289,356

<b>Underwriting Year</b>	<b>Direct &amp; Treaty Lines Underwriting Year Basis</b>					<b>Total</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
<b>Estimates of undiscounted gross cumulative claims</b>						
At end of underwriting year	62,729,053	45,541,505	48,902,482	119,721,319	172,984,333	
One year later	110,110,668	126,207,640	86,956,702	253,522,624		
Two years later	130,463,408	195,144,984	132,230,806			
Three years later	131,387,376	204,654,736				
Four years later	122,789,673					
<b>Cumulative gross claims paid</b>	<b>(68,999,810)</b>	<b>(95,808,054)</b>	<b>(38,650,802)</b>	<b>(21,230,822)</b>	<b>(527,060)</b>	<b>(225,216,548)</b>
Gross liabilities – underwriting years from 2020 to 2024	53,789,863	108,846,682	93,580,004	232,291,802	172,457,273	660,965,624

Gross liabilities – accident and underwriting years from 2019 and before

Effect of discounting

**Total Insurance Contract liabilities included in actuarial valuation**

**Additional IBNR**

**Total Insurance Contract liabilities included in the statement of financial position \***

\* - Total LIC including additional IBNR is assessed to be within the range of 75th percentile sufficiency level

220,073,063
(119,234,028)
<u>2,034,094,015</u>
<u>105,793,351</u>
<u>2,139,887,366</u>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**B. Movements in risk adjustment for non-financial risk (continued)**

**31 December 2024**

**Net (before reinsurance)**

<b>Accident Year</b>	<b>Direct &amp; Facultative Lines Accident Year Basis</b>					<b>Total</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
<b>Estimates of undiscounted net cumulative claims</b>						
At end of accident year	113,221,137	125,541,734	120,473,016	132,182,037	130,119,843	
One year later	95,128,536	109,078,476	117,203,949	120,645,186		
Two years later	84,272,040	92,981,894	102,451,391			
Three years later	75,337,331	80,737,877				
Four years later	69,469,783					
<b>Cumulative net claims paid</b>	<b>(53,857,770)</b>	<b>(55,747,421)</b>	<b>(48,604,306)</b>	<b>(43,350,574)</b>	<b>(12,545,392)</b>	<b>(214,105,463)</b>
Net liabilities – accident years from 2020 to 2024	15,612,013	24,990,456	53,847,085	77,294,612	117,574,451	289,318,617
<b>Underwriting Year</b>	<b>Direct &amp; Treaty Lines Underwriting Year Basis</b>					<b>Total</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
<b>Estimates of undiscounted net cumulative claims</b>						
At end of underwriting year	34,410,390	20,038,904	25,476,484	56,164,960	86,767,203	
One year later	52,917,642	48,734,647	39,012,065	99,860,383		
Two years later	55,722,851	59,730,357	45,293,761			
Three years later	53,478,316	56,739,710				
Four years later	49,564,047					
<b>Cumulative net claims paid</b>	<b>(29,241,183)</b>	<b>(31,160,225)</b>	<b>(17,287,330)</b>	<b>(11,328,706)</b>	<b>140,191</b>	<b>(88,877,253)</b>
Net liabilities – underwriting years from 2020 to 2024	20,322,864	25,579,485	28,006,431	88,531,677	86,907,394	249,347,851
Net liabilities – accident and underwriting years from 2019 and before						47,425,6304
Effect of discounting						(30,721,332)
<b>Total Insurance Contract liabilities included in actuarial valuation</b>						<b>555,370,766</b>
<b>Additional IBNR</b>						<b>105,793,351</b>
<b>Total Insurance Contract liabilities included in the statement of financial position</b>						<b>661,164,117</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**B. Movements in risk adjustment for non-financial risk (continued)**

**31 December 2023**

**Gross (before reinsurance)**

<b>Accident Year</b>	<b>Direct &amp; Facultative Lines Accident Year Basis</b>					<b>Total</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Estimates of undiscounted gross cumulative claims</b>						
At end of accident year	375,199,091	367,579,220	515,990,299	476,300,869	511,719,985	
One year later	371,322,165	342,817,898	441,237,113	441,135,662		
Two years later	355,718,721	297,724,634	381,663,892			
Three years later	337,976,482	267,669,417				
Four years later	327,975,756					
<b>Cumulative gross claims paid</b>	<b>(289,517,916)</b>	<b>(167,591,726)</b>	<b>(174,762,246)</b>	<b>(111,358,872)</b>	<b>(43,609,566)</b>	<b>(786,840,326)</b>
Gross liabilities – accident years from 2019 to 2023	<u>38,457,840</u>	<u>100,077,691</u>	<u>206,901,646</u>	<u>329,776,790</u>	<u>468,110,419</u>	<u>1,143,324,386</u>

<b>Underwriting Year</b>	<b>Direct &amp; Treaty Lines Underwriting Year Basis</b>					<b>Total</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Estimates of undiscounted gross cumulative claims</b>						
At end of underwriting year	130,303,790	62,729,053	45,541,505	48,902,482	119,721,319	
One year later	190,043,545	110,110,668	126,207,640	86,956,702		
Two years later	235,175,180	130,463,408	195,144,984			
Three years later	221,121,583	131,387,376				
Four years later	202,983,513					
<b>Cumulative gross claims paid</b>	<b>(157,138,121)</b>	<b>(63,302,457)</b>	<b>(73,195,944)</b>	<b>(9,816,088)</b>	<b>(1,582,452)</b>	<b>(305,035,062)</b>
Gross liabilities – underwriting years from 2019 to 2023	<u>45,845,392</u>	<u>68,084,919</u>	<u>121,949,040</u>	<u>77,140,614</u>	<u>118,138,867</u>	<u>431,158,832</u>

Gross liabilities – accident and underwriting years from 2018 and before						101,913,589
Effect of discounting						(98,775,654)
<b>Total Insurance Contract liabilities included in actuarial valuation</b>						<u>1,577,621,153</u>
<b>Additional IBNR</b>						<u>64,013,351</u>
<b>Total Insurance Contract liabilities included in the statement of financial position</b>						<u>1,641,634,504</u>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**15. Insurance and reinsurance contracts (continued)**

**B. Movements in risk adjustment for non-financial risk (continued)**

**31 December 2023**  
**Net of reinsurance**

<b>Accident Year</b>	<b>Direct &amp; Facultative Lines Accident Year Basis</b>					<b>Total</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Estimates of undiscounted net cumulative claims</b>						
At end of accident year	95,479,683	113,221,137	125,541,734	120,473,016	132,182,037	
One year later	89,951,739	95,128,536	109,078,476	117,203,949		
Two years later	83,901,477	84,272,040	92,981,894			
Three years later	75,962,892	75,337,331				
Four years later	71,763,053					
<b>Cumulative net claims paid</b>	<b>(61,137,930)</b>	<b>(50,134,682)</b>	<b>(49,434,934)</b>	<b>(36,001,537)</b>	<b>(14,839,837)</b>	<b>(211,548,920)</b>
Net liabilities – accident years from 2019 to 2023	10,625,123	25,202,649	43,546,960	81,202,412	117,342,200	277,919,344
<b>Underwriting Year</b>	<b>Direct &amp; Treaty Lines Underwriting Year Basis</b>					<b>Total</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Estimates of undiscounted net cumulative claims</b>						
At end of underwriting year	83,431,165	34,410,390	20,038,904	25,476,484	56,164,960	
One year later	111,013,993	52,917,642	48,734,647	39,012,065		
Two years later	130,249,838	55,722,851	59,730,357			
Three years later	128,066,734	53,478,316				
Four years later	112,634,287					
<b>Cumulative net claims paid</b>	<b>(93,408,124)</b>	<b>(27,879,453)</b>	<b>(28,197,622)</b>	<b>(5,615,418)</b>	<b>(590,821)</b>	<b>(155,691,438)</b>
Net liabilities – underwriting years from 2019 to 2023	19,226,163	25,598,863	31,532,735	33,396,647	55,574,139	165,328,547
Net liabilities – accident and underwriting years from 2018 and before						39,418,446
Effect of discounting						(26,978,339)
<b>Total Net liabilities included in actuarial valuation</b>						<b>455,687,997</b>
<b>Additional IBNR</b>						<b>64,013,351</b>
<b>Total Net liabilities included in the statement of financial position</b>						<b>519,701,348</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**16. Capital and Reserves**

**A. Share Capital**

The share capital comprises of fully paid-up 25,000,000 (2023: 25,000,000) ordinary shares with no par value, amounting to a total of \$26,500,000 (2023: \$26,500,000).

The holder of ordinary shares are entitled to receive dividend as declared from time to time, and are entitled to one vote per share at the meeting of the Company.

**B. Fair value reserves**

	2024 \$	2023 \$
<b>Beginning of financial year</b>	<b>(22,177,913)</b>	<b>(43,319,673)</b>
Debt investments at FVOCI		
- Net change in fair value	11,311,721	20,722,341
- Tax on fair value changes	(4,527,051)	(3,521,500)
	6,784,670	17,200,841
Net amount reclassified to profit or loss	94,995	4,748,119
Tax effect	(16,149)	(807,200)
	78,846	3,940,919
<b>End of financial year</b>	<b>(15,314,397)</b>	<b>(22,177,913)</b>

**C. Dividends**

There was no dividend declared and paid in the year 2024 (2023: Nil) per share). After the reporting date, the Company declared and paid an interim dividend of \$115.0 million in March 2025.

**D. Retained earnings**

	2024 \$	2023 \$
<b>Beginning of financial year</b>	<b>1,228,556,606</b>	<b>1,089,359,969</b>
Reclassification to retained earnings	4,543,200	(325,715)
Current year profit	189,801,343	139,522,352
<b>End of financial year</b>	<b>1,422,901,149</b>	<b>1,228,556,606</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**17. Leases**

**Leases as lessee (FRS 116)**

The Company leases properties consisting of office premises and expatriates' housing. The leases typically runs for a period of 2 to 3 years, with an option to renew the lease after that date. Lease payments are renegotiated every 2 to 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Company is restricted from entering into any sub-lease arrangements.

Information about leases for which the Company is a lessee is presented below.

***Right-of-use assets***

Right-of-use assets relates to leased properties that do not meet the definition of investment property.

	Leased premises	
	2024	2023
	\$	\$
Balance at 1 January	<b>4,375,778</b>	<b>6,023,296</b>
Depreciation charge for the year	(1,892,927)	(1,841,146)
Additions to right-of-use assets	666,479	193,628
<b>Balance at 31 December</b>	<b>3,149,330</b>	<b>4,375,778</b>

***Lease liabilities***

When measuring lease liabilities for leases that were entered during the year, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 4.0% (2023: 3.8%).

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**17. Leases (continued)**

***Amounts recognised in profit or loss***

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Interest on lease liabilities	<u><b>141,560</b></u>	<u>192,823</u>

***Amounts recognised in statement of cash flows***

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Total cash outflow for leases</b>	<u><b>2,090,877</b></u>	<u>2,033,777</u>

Future minimum rental payments under non-cancellable operating leases are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Within one year	<b>1,722,133</b>	1,932,577
After one year but not more than five years	<b>1,786,658</b>	2,966,291
	<u><b>3,508,791</b></u>	<u>4,898,868</u>

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 18. Management of insurance and financial risk

Exposure to underwriting, credit, market, liquidity and capital risks arise in the normal course of business. The management of these risks is discussed below:

The Company is a Singapore based direct insurer. The table below sets out the composition of insurance revenue for the current year by class of business.

	Singapore %	Overseas %
<b>2024</b>		
Marine Cargo	2	1
Marine Hull & Aviation	6	8
Property	45	74
Motor	16	1
Engineering	8	7
Employer's Liability	9	0
Miscellaneous others	14	9
	<b>100</b>	<b>100</b>
<b>2023</b>		
Marine Cargo	5	1
Marine Hull & Aviation	8	10
Property	48	75
Motor	6	1
Engineering	7	6
Employer's Liability	10	0
Miscellaneous others	16	7
	<b>100</b>	<b>100</b>

The Company's overall business strategy, its tolerance of risks and its general risk management philosophy are determined by management in accordance with prevailing economic and operating conditions.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 18. Management of insurance and financial risk (continued)

(a) *Underwriting risk*

Underwriting risks include the risk of incurring higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting insurance pricing and conditions of insurance or reinsurance cover. This may result in the Company having either received insufficient premiums for the risks it has agreed to underwrite and hence not having adequate funds to invest and pay claims. The Company seeks to minimise underwriting risks with a balanced mix and spread of classes of business and by observing underwriting guidelines and limits, and high standards applied to the security of reinsurers.

The table below sets out the concentration of the liability for incurred claims and liability for remaining coverage (in percentage terms) at the reporting date:

	Liability for incurred claims - Gross %	Liability for incurred claims - Net %	Liability for remaining coverage (excl. loss component) - Gross %	Liability for remaining coverage (excl. loss component) - Net %
<b>2024</b>				
Marine Cargo	2	1	1	1
Marine Hull & Aviation	16	17	6	8
Property	52	34	53	53
Motor	7	15	2	3
Engineering	8	4	23	13
Employer's Liability	3	8	2	4
Miscellaneous others	12	21	13	18
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(a) Underwriting risk (continued)*

	Liability for incurred claims - Gross %	Liability for incurred claims - Net %	Liability for remaining coverage (excl. loss component) - Gross %	Liability for remaining coverage (excl. loss component) - Net %
<b>2023</b>				
Marine Cargo	2	1	1	1
Marine Hull & Aviation	15	19	6	9
Property	53	31	60	55
Motor	7	16	1	3
Engineering	8	3	20	11
Employer's Liability	4	10	1	3
Miscellaneous others	11	20	11	18
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

*(b) Credit risk*

Credit risk represents the loss that would be recognised if counterparties to insurance, reinsurance and investment transactions failed to perform as contracted. Credit evaluations are performed on all new brokers, reinsurers, financial institutions and other counterparties by reviewing credit grades provided by rating agencies and other publicly available financial information. The exposure to individual counterparties is managed by monitoring the payment history for significant contract holders with whom the Company regularly transacts. The exposure to individual counterparties is also managed by other mechanisms, such as, withholding premiums deposits and the right to offset where counterparties are both debtors and creditors of the Company.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(b) Credit risk (continued)*

	AAA \$	AA \$	A \$	BBB \$	BB \$	Not rated / analysed \$	Total \$
<b>2024</b>							
Cash and cash equivalents	-	20,034,501	1,198,794,294	470,978,318	-	5,326,231	1,695,133,344
Financial investments:							
- Measured at FVTPL	641,874	7,469,811	22,346,335	36,759,801	-	-	67,217,821
- Measured at FVOCI	207,029,827	40,384,241	203,313,217	149,946,348	8,925,750	54,135,905	663,735,288
- Measured at amortised cost	-	-	-	-	-	14,638,298	14,638,298
Derivative assets	-	-	9,693,848	-	-	-	9,693,848
Insurance contract assets	548	8,657,821	266,723,619	16,474,191	3,961,097	270,421,900	566,239,176
Reinsurance Contract assets	6,765,380	492,168,063	1,358,620,196	12,565,271	-	14,412,432	1,884,531,342
Receivables*	1,330,025	320,176	18,821,953	6,370,889	51,534	1,327,779	28,222,356
	<u>215,767,654</u>	<u>569,034,613</u>	<u>3,078,313,462</u>	<u>693,094,818</u>	<u>12,938,381</u>	<u>360,262,545</u>	<u>4,929,411,473</u>
<b>2023</b>							
Cash and cash equivalents	-	32,519,335	1,129,851,419	238,273,899	-	5,152,371	1,405,797,024
Financial investments:							
- Measured at FVOCI	273,159,181	40,973,444	100,758,203	136,860,470	8,488,620	66,456,415	626,696,333
- Measured at amortised cost	-	-	-	-	-	12,320,597	12,320,597
Derivative assets	-	-	1,978,916	-	-	-	1,978,916
Insurance contract assets	2,917	19,620,667	251,760,463	19,130,869	4,025,837	267,205,872	561,746,625
Reinsurance Contract assets	41,250	362,157,836	1,166,940,682	25,176,134	-	15,947,449	1,570,263,351
Receivables*	1,881,443	410,448	20,713,059	3,611,817	51,534	1,231,292	27,899,593
	<u>275,084,791</u>	<u>455,681,730</u>	<u>2,672,002,742</u>	<u>423,053,189</u>	<u>12,565,991</u>	<u>368,313,996</u>	<u>4,206,702,439</u>

\* Excludes prepayments

**Financial assets**

- (i) Bank deposits that are mainly deposits with banks which have credit-ratings as determined by international credit-rating agencies. There is no loss allowance on Bank deposits as the Company considers Bank deposits to have very low risk or probability of credit loss.
- (ii) Mortgage loans are not exposed to credit risk as these loans are fully collateralised.
- (iii) Debt securities are exposed to credit risk and the Company measures loss allowances on debt securities in accordance with the accounting policy set out in Note 2.12(d).

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(b) Credit risk (continued)*

Financial assets (continued)

The following table shows the reconciliations from the opening balance to the closing balance of the loss allowance for debt securities. Transfers due to changes in credit risk are determined in accordance with the accounting policy set out in Note 2.12(d).

	2024				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$	
Balance at 1 January	361,035	150,490	4,731,416	5,242,941	
Remeasurement on application of FRS109					
Transfer to Stage 1	–	–	–	–	
Transfer to Stage 2	(57,674)	57,674	–	–	
Transfer to Stage 3	–	–	–	–	
Net remeasurement of loss allowance	40,293	(30,645)	(413,485)	(403,837)	
New financial assets acquired	49,379	–	–	49,379	
Financial assets derecognised	(90,738)	–	–	(90,738)	
<b>Balance at 31 December</b>	<b>302,295</b>	<b>177,519</b>	<b>4,317,931</b>	<b>4,797,745</b>	

  

	2023				2022 – FRS 39 Restated \$
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$	
Balance at 1 January	–	–	–	–	2,558,549
Remeasurement on application of FRS109	377,715	–	5,034,474	5,412,189	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	(6,347)	6,347	–	–	–
Transfer to Stage 3	–	–	–	–	–
Net remeasurement of loss allowance	48,178	144,143	(303,058)	(110,737)	2,475,925
New financial assets acquired	30,141	–	–	30,141	–
Financial assets derecognised	(88,652)	–	–	(88,652)	–
<b>Balance at 31 December</b>	<b>361,035</b>	<b>150,490</b>	<b>4,731,416</b>	<b>5,242,941</b>	<b>5,034,474</b>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

(c) *Market risk*

(i) *Currency risk*

The Company is exposed to foreign exchange rate fluctuations because of its foreign currency denominated investments, bank deposits and insurance policies. Exposures to foreign currency risks on investments and bank deposits are monitored on an ongoing basis. The exposures to foreign currency risks on insurance policies are reviewed annually. The currency giving rise to this foreign currency risk is primarily the US Dollar.

The table below summarises the Company's exposures to foreign currency exchange rate movements as at 31 December 2023 and 2024. The Company's assets and liabilities at carrying amounts are included in the table, categorised by currency denomination at their carrying amounts. All the amounts are presented in Singapore Dollars.

	SGD \$	Denominated in: USD \$	Others \$	Total \$
2024				
Cash and cash equivalents	948,946,830	717,223,986	28,962,528	1,695,133,344
Financial investments:				
- Measured at FVTPL	–	67,217,821	–	67,217,821
- Measured at FVOCI	592,028,112	71,707,176	–	663,735,288
- Measured at amortised cost	14,638,298	–	–	14,638,298
Receivables	18,166,026	10,226,362	94,826	28,487,214
Derivative assets	9,376,407	317,441	–	9,693,848
Insurance contract assets	288,871,958	126,396,345	150,970,873	566,239,176
Reinsurance contract assets	779,778,792	529,229,506	575,523,044	1,884,531,342
	<u>2,651,806,423</u>	<u>1,522,318,637</u>	<u>755,551,271</u>	<u>4,929,676,331</u>
Payables	(16,897,426)	(310,937)	(49,313)	(17,257,676)
Insurance contract liabilities	(987,387,917)	(861,927,332)	(902,211,893)	(2,751,527,142)
Reinsurance contract liabilities	(606,997,548)	(45,404,824)	(47,322,513)	(699,724,885)
Derivatives liabilities	(661,960)	–	–	(661,960)
	<u>(1,611,944,851)</u>	<u>(907,643,093)</u>	<u>(949,583,719)</u>	<u>(3,469,171,663)</u>
Net exposure	<u>1,039,861,572</u>	<u>614,675,544</u>	<u>(194,032,448)</u>	<u>1,460,504,668</u>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

(c) *Market risk (continued)*

(i) *Currency risk (continued)*

	SGD \$	Denominated in: USD \$	Others \$	Total \$
2023				
Cash and cash equivalents	531,383,783	582,053,766	292,359,475	1,405,797,024
Financial investments:				
- Measured at FVOCI	557,925,624	68,770,709	-	626,696,333
- Measured at amortised cost	12,320,597	-	-	12,320,597
Receivables	16,624,563	11,442,165	170,050	28,236,778
Derivative assets	1,978,916	-	-	1,978,916
Insurance contract assets	241,343,023	161,568,490	158,835,112	561,746,625
Reinsurance contract assets	684,813,830	461,519,447	423,930,074	1,570,263,351
	<u>2,046,390,336</u>	<u>1,285,354,577</u>	<u>875,294,711</u>	<u>4,207,039,624</u>
Payables	(15,395,010)	(132,070)	(49,313)	(15,576,393)
Insurance contract liabilities	(893,853,953)	(753,742,428)	(651,340,415)	(2,298,936,796)
Reinsurance contract liabilities	(553,825,827)	(49,227,660)	(41,120,021)	(644,173,508)
Derivatives liabilities	(2,294,949)	-	-	(2,294,949)
	<u>(1,465,369,739)</u>	<u>(803,102,158)</u>	<u>(692,509,749)</u>	<u>(2,960,981,646)</u>
Net exposure	<u>581,020,597</u>	<u>482,252,419</u>	<u>182,784,962</u>	<u>1,246,057,978</u>

If the foreign currencies exchange rate change against the Singapore dollar by 5% (2023: 5%), with all other variables including tax rate being held constant, the effects arising from the net position will be as follows:

	2024 <b>Profit after tax</b>	Increase /(Decrease) 2024 <b>Equity</b>	2023 Profit after tax	2023 Equity
Foreign currencies against SGD	5%	5%	5%	5%
- Strengthened	17,877,332	17,877,332	28,264,089	28,264,089
- Weakened	<u>(17,877,332)</u>	<u>(17,877,332)</u>	<u>(28,264,089)</u>	<u>(28,264,089)</u>

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**18. Management of insurance and financial risk (continued)**

(c) *Market risk (continued)*

(ii) Price risk

The Company is not exposed to equity price risk as all investments are debt securities.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk primarily arising from its interest-bearing short-term bank deposits, interest-bearing debt securities and interest-bearing loans. Strict investment guidelines are used to monitor the risks in the Company's investments.

The Company manages interest rate risk by matching, where possible, the durations of insurance contracts with fixed term assets and monitors its interest rate risk exposure through periodic reviews of asset and liability positions.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

(c) *Market risk (continued)*

(iii) *Interest rate risk (continued)*

The tables below set out the Company's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the maturity date.

	Variable rates	Fixed rates			Non-interest bearing	Total
	Amount \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$		
<b>2024</b>						
Cash and cash equivalents	–	1,336,497,275	340,787,361	5,462,800	–	1,695,133,344
Financial investments:						
- Measured at FVTPL	67,217,821	–	–	–	–	67,217,821
- Measured at FVOCI	99,642,215	49,202,410	63,827,704	270,636,168	180,426,791	663,735,288
- Measured at amortised cost	13,925,623	–	–	–	712,675	14,638,298
Derivative assets	–	–	–	–	9,693,848	9,693,848
Insurance contract assets – Premium receivable balance	–	–	–	–	566,239,176	566,239,176
Reinsurance contract assets – Claim recoverable balance	–	–	–	–	1,925,328	1,925,328
Receivables	–	–	–	–	28,487,214	28,487,214

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

(c) *Market risk* (continued)

(iii) Interest rate risk (continued)

	Variable rates	Fixed rates			Non-interest bearing	Total	
	Amount	Less than 6 months	6 to 12 months	1 to 5 years			Over 5 years
	\$	\$	\$	\$	\$	\$	
<b>2023</b>							
Cash and cash equivalents	–	1,108,229,800	284,226,944	–	–	13,340,280	1,405,797,024
Financial investments:							
- Measured at FVOCI	87,422,631	44,106,857	55,483,301	313,109,243	126,574,301	–	626,696,333
- Measured at amortised cost	11,575,623	–	–	–	744,974	–	12,320,597
Derivative assets	–	–	–	–	–	1,978,916	1,978,916
Insurance contract assets – Premium receivable balance	–	–	–	–	–	554,391,688	554,391,688
Reinsurance contract assets – Claim recoverable balance	–	–	–	–	–	4,832,625	4,832,625
Receivables	–	–	–	–	–	28,236,778	28,236,778

If interest rates increase by 200 basis points (“bp”), with all other variables including tax rate being held constant, the profit after tax will be higher by \$7,510,007 (2023: \$1,643,371). A 200 bp decrease will have an equal but opposite effect on profit after tax.

Other comprehensive income would have been higher/lower by \$23,687,883 (2023: \$29,458,452) as a result of market value fluctuations on the debt securities portfolio based on the above movements in interest rates.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(d) Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to meet normal operating commitments. The Company's cash management process assesses the liquidity of assets held to ensure that assets can be realised on a reasonably timely basis to settle insurance liabilities.

The Company is required to satisfy the solvency requirements prescribed by the Singapore Insurance Act. The Company will assess at each quarter as well as annually whether solvency requirements have been met as part of their reporting process to the Monetary Authority of Singapore, which is the regulatory body for insurance companies in Singapore. Appropriate actions are taken by management to ensure the Company maintains a sound financial position throughout the year and in the long term.

Management believes that the Company's liquid assets and net cash from operations will enable it to meet any foreseeable cash requirements.

The table below provides a maturity analysis of the Group's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. Liabilities for remaining coverage have been excluded from this analysis.

	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<b>2024</b>						
Payables	17,257,676	17,257,676	17,257,676	—	—	—
Lease liabilities #	3,372,383	3,508,791	1,722,133	1,049,110	737,548	—
Insurance contracts - liabilities for incurred claims	2,161,078,610	2,161,078,610	1,057,358,102	540,824,350	494,899,983	67,996,175
Insurance contract assets	(566,239,176)	(566,239,176)	(383,221,561)	(144,844,293)	(36,495,746)	(1,677,576)
Net	<u>1,594,839,434</u>	<u>1,594,839,434</u>	<u>674,136,541</u>	<u>395,980,057</u>	<u>458,404,237</u>	<u>66,318,599</u>
Reinsurance contract - asset for incurred claims	(1,480,851,415)	(1,480,851,415)	(678,887,593)	(396,568,480)	(358,263,215)	(47,132,127)
Reinsurance contract liabilities	699,724,885	699,724,885	558,853,170	102,716,398	34,113,771	4,041,546
Net	<u>(781,126,530)</u>	<u>(781,126,530)</u>	<u>(120,034,423)</u>	<u>(293,852,082)</u>	<u>(324,149,444)</u>	<u>(43,090,581)</u>

# - Contractual cash flow represents the Undiscounted cash flow

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(d) Liquidity risk (continued)*

	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<b>2023</b>						
Payables	15,576,393	15,576,393	15,576,393	-	-	-
Lease liabilities #	4,655,220	4,898,868	1,932,577	1,371,733	1,594,558	-
Insurance contracts - liabilities for incurred claims	1,654,489,013	1,654,489,013	791,696,578	440,399,654	367,367,584	55,025,197
Insurance contract assets	(561,746,625)	(561,746,625)	(508,656,628)	(22,740,557)	(26,239,029)	(4,110,411)
Net	<u>1,092,742,388</u>	<u>1,092,742,388</u>	<u>283,039,950</u>	<u>417,659,097</u>	<u>341,128,555</u>	<u>50,914,786</u>
Reinsurance contract - asset for incurred claims	(1,126,765,781)	(1,126,765,781)	(505,218,719)	(320,995,913)	(263,206,981)	(37,344,168)
Reinsurance contract liabilities	644,173,508	644,173,508	600,640,565	18,161,143	21,851,386	3,520,414
Net	<u>(482,592,273)</u>	<u>(482,592,273)</u>	<u>95,421,846</u>	<u>(302,834,770)</u>	<u>(241,355,595)</u>	<u>(33,823,754)</u>

# - Contractual cash flow represents the Undiscounted cash flow

*(e) Capital risk*

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to comply with capital adequacy requirements prescribed by the Singapore Insurance Act as an authorised insurer to carry on insurance business in or from Singapore, so that it can continue to provide returns for shareholders, by pricing products and services commensurate with the level of risk.

Regulatory capital requirements require the Company to hold assets sufficient to cover liabilities. The Company will assess at each quarter as well as annually whether the capital adequacy requirements as defined by the Singapore Insurance Act have been met as part of their reporting process to the Monetary Authority of Singapore.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 18. Management of insurance and financial risk (continued)

(e) *Capital risk (continued)*

The table below shows the minimum amount of capital that must be held by the Company in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year.

	2024	2023
Capital Adequacy Ratio Held	547%	573%
Minimum regulatory Capital Adequacy Ratio	100%	100%

In addition, MAS may prescribe different fund solvency requirements or capital adequacy requirements for different classes of insurance business and for different types of insurers from time to time. The Company is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2024 and 31 December 2023.

(f) *Accounting classifications and fair values*

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

(f) *Accounting classifications and fair values (continued)*

	Note	----- Carrying amount -----				----- Fair value -----				
		FVOCI \$	Fair value through profit or loss \$	Amortised Cost \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2024</b>										
<b>Financial assets</b>										
FVOCI debt securities	10	663,735,288	-	-	-	663,735,288	-	663,735,288	-	663,735,288
Derivative financial instruments		-	9,693,848	-	-	9,693,848	-	9,693,848	-	9,693,848
Investments designated at FVTPL		-	67,217,821	-	-	67,217,821	-	67,217,821	-	67,217,821
		<u>663,735,288</u>	<u>76,911,669</u>	<u>-</u>	<u>-</u>	<u>740,646,957</u>				
<b>Financial assets not measured at fair value</b>										
Mortgage loans	12	-	-	14,638,298	-	14,638,298	-	-	14,638,298	14,638,298
Other receivables*	11(b)	-	-	28,222,356	-	28,222,356	-	-	-	-
Cash and cash equivalents	9	-	-	1,695,133,343	-	1,695,133,343	-	-	-	-
		<u>-</u>	<u>-</u>	<u>1,737,993,997</u>	<u>-</u>	<u>1,737,993,997</u>				
<b>Financial liabilities not measured at fair value</b>										
Other payables	14(b)	-	-	-	(17,257,676)	(17,257,676)				

\* Excludes prepayments

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

**18. Management of insurance and financial risk (continued)**

*(f) Accounting classifications and fair values (continued)*

	Note	Carrying amount				Fair value				
		FVOCI \$	Fair value through profit or loss \$	Amortised Cost \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2023</b>										
<b>Financial assets</b>										
FVOCI debt securities	10	626,696,333	–	–	–	626,696,333	610,330,150	16,366,183	–	626,696,333
Derivative financial instruments		–	1,978,916	–	–	1,978,916	–	1,978,916	–	1,978,916
		<u>626,696,333</u>	<u>1,978,916</u>	<u>–</u>	<u>–</u>	<u>628,675,249</u>				
<b>Financial assets not measured at fair value</b>										
Mortgage loans	12	–	–	12,320,597	–	12,320,597	–	–	12,320,597	12,320,597
Other receivables*	11(b)	–	–	27,899,593	–	27,899,593				
Cash and cash equivalents	9	–	–	1,405,797,024	–	1,405,797,024				
		<u>–</u>	<u>–</u>	<u>1,446,017,213</u>	<u>–</u>	<u>1,446,017,213</u>				
<b>Financial liabilities not measured at fair value</b>										
Other payables	14(b)	–	–	–	(15,576,393)	(15,576,393)				

\* Excludes prepayments

As 31 December 2024, the Company's debt investments measured at FVOCI with a carrying amount of \$567,304,663 were transferred from Level 1 to Level 2 because quoted prices in the market for such debt investments were no longer regularly available. To determine the fair value of such debt investments, management used a valuation technique in which all significant inputs are based on observable market data. There were no transfers from Level 2 to Level 1 in 2024 and not transfers in either direction in 2023.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 18. Management of insurance and financial risk (continued)

(g) *Measurement of fair values*

(i) Financial instruments measured at fair value

*Debt securities*

The fair value of financial instruments traded in active markets (such as financial assets at fair value to other comprehensive income (“FVOCI”)) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of debt securities classified as financial assets at FVOCI, financial assets at fair value through profit or loss (“FVTPL”) and derivative financial instruments (total return swaps) are based on over-the-counter quotes at the reporting date. These are based on market observable inputs such as benchmark yields, reported trades and broker-dealer quotes available for these investments. These investments are included in Level 2.

*Derivative financial instruments*

The fair value of financial derivative instruments for disclosure purposes is estimated based on quoted market prices for dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(ii) Financial instruments not measured at fair value

The fair value of mortgage loans approximates their carrying amount.

#### 19. Immediate and ultimate holding companies

Mitsui Sumitomo Insurance Company, Limited and MS&AD Insurance Group Holdings, Inc. both incorporated in Japan, are the Company’s immediate and ultimate holding companies respectively.

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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#### 20. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a) <u>Transactions</u>	2024 \$	2023 \$
<b><i>Immediate holding company</i></b>		
Premiums received/receivable	16,863,898	12,301,640
Reinsurance premiums paid/payable	(182,113)	-
Commissions received	36,423	-
Commissions paid	(1,568,642)	(1,209,863)
Claims paid	(2,246,751)	(2,301,420)
<b><i>Other related companies</i></b>		
Premiums received/receivable	82,178,837	63,094,266
Reinsurance premiums paid/payable	(23,106,680)	(450,962)
Commissions received	5,391,500	75,806
Commissions paid	(12,442,704)	(9,942,561)
Claims paid	(15,552,638)	(1,720,513)
Claims recovered	-	26,647
Management fees	(250,000)	(250,000)

#### (b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	2024 \$	2023 \$
Salaries and other short-term employee benefits	4,172,976	5,759,076
Directors' fees	300,000	225,000
Employer's contribution to defined contribution plans including Central Provident Fund	39,939	41,351
	<b>4,512,915</b>	<b>6,025,427</b>

## MS FIRST CAPITAL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024*

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#### 21. New standards and interpretations not adopted

##### **New accounting standards and interpretations not adopted**

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended accounting standards in preparing these financial statements.

##### **(i) FRS 118 Presentation and Disclosure in Financial Statements**

FRS 118 will replace FRS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to company information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as other.

##### **(ii) Other accounting standards**

The following amendments to FRSs are not expected to have a significant impact on the Company's statement of financial position.

- Amendments to FRS 21: *Lack of Exchangeability*
- Classification and Measurement of Financial Instruments (Amendments to FRS 109 and FRS 107)
- Annual Improvements to FRSs - Volume 11
- FRS 119: *Subsidiaries without Public Accountability: Disclosures*

**MS FIRST CAPITAL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2024*

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**22. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Directors on 28 April 2025.