



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

ANNUAL REPORT
For the financial year ended 31 December 2025

MS FIRST CAPITAL INSURANCE LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2025

Contents

	Page
Directors' Statement	1
Independent Auditors' Report	4
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

MS FIRST CAPITAL INSURANCE LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 December 2025.

In the opinion of the directors,

- (a) the financial statements set out on pages 8 to 84 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2025, 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:

Dileep Nair
Graham Nicholas Lee (appointed on 27 June 2025)
Lee Ai Ming (appointed on 30 June 2025)
Daniel Neo (appointed on 27 June 2025)
Tetsuya Adachi (resigned on 31 March 2026)
Clemens Philippi
Hiroshi Hagiuda
Vikas Shukla
Atsuhiko Saeki
Ajit Nair (resigned on 26 June 2025)
Lee Kwong Foo, Edward (resigned on 26 June 2025)
Arumugam Muthu (resigned on 29 June 2025)

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 2025

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
Tetsuya Adachi		
MS&AD Insurance Company Holdings, Inc.		
- Ordinary shares		
- Interest held	8,400	8,400
- Deemed interests	2,593.097	1,441.893
BPI/MS Insurance Corporation		
- Ordinary shares		
- Interests held	-	1
Clemens Philippi		
MS&AD Insurance Company Holding, Inc.		
- Ordinary shares		
- Interest held	1,100	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
MSIG Insurance (Thailand) Public Company Limited		
- Ordinary shares		
- Deemed interests	100	-
Atsuhiko Saeki		
MS&AD Insurance Company Holdings, Inc.		
- Ordinary Shares		
- Deemed interests	3,573.986	3,286.433

MS FIRST CAPITAL INSURANCE LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

Name of director and corporation in which interests are held	Holdings at end of the year	Holdings at beginning of the year
Hiroshi Hagluda MS&AD Insurance Company Holdings, Inc.		
- Ordinary Shares		
- Deemed interests	4,468.638	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



VIKAS SHUKLA
Director



ATSUHIRO SAEKI
Director

30 April 2026



KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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 2025, the statement of profit and loss and other 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 84.

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 2025 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'), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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.


KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 April 2026

MS FIRST CAPITAL INSURANCE LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2025

	Note	2025 \$	Restated* 2024 \$
Insurance revenue	4	991,997,875	1,120,199,625
Insurance service expenses	7/15(A)	(1,190,428,845)	(944,634,555)
Net income/(expenses) from reinsurance contracts	15(A)	346,037,534	(55,557,497)
Insurance service result		147,606,564	120,007,573
Interest revenue calculated using the effective interest method	5(B)	77,905,272	93,107,830
Other investment (expenses)/revenue	5(C)	(51,748,744)	29,292,265
Investment expenses	5	(341,763)	(135,295)
Write back of net impairment loss on financial assets	5	235,021	445,195
Investment return		26,049,786	122,709,995
Net finance expenses from insurance contracts	5(A)	(32,566,466)	(81,978,134)
Net finance income from reinsurance contracts	5(A)	35,059,582	52,575,577
Net financial result		28,542,902	93,307,438
Other income	6	5,464,873	5,512,079
Other finance (costs)/income	8	(4,100,320)	1,361,830
Profit before tax		177,514,019	220,188,920
Income tax expense	9	(23,328,000)	(25,397,577)
Profit for the year		154,186,019	194,791,343

* Refer to the restatement disclosure in Note 21

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 2025*

	<i>Note</i>	2025 \$	Restated* 2024 \$
Profit for the year		154,186,019	194,791,343
Items that are or may be reclassified subsequently to profit or loss			
Debt investments at FVOCI			
Net change in fair value	16	20,903,221	11,311,721
Net amount reclassified to profit or loss	16	775,150	94,995
Related income tax		(2,690,000)	(2,688,408)
Other comprehensive income for the year, net of tax		18,988,371	8,718,308
Total comprehensive income for the year		173,174,390	203,509,651

* Refer to the restatement disclosure in Note 21

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

MS FIRST CAPITAL INSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 \$	Restated* 31/12/2024 \$	Restated* 01/01/2024 \$
Assets				
Cash and cash equivalents	10	1,130,346,280	1,695,133,344	1,405,797,024
Financial investments	11			
- Measured at FVTPL		254,980,711	67,217,821	–
- Measured at FVOCI		1,018,521,267	663,735,288	626,184,809
- Measured at amortised cost		15,301,726	14,638,298	12,320,597
Derivative assets	11	2,038,889	9,693,848	1,978,916
Other receivables	12	24,953,230	28,487,214	28,236,778
Insurance contract assets	15	552,944,976	566,239,176	561,746,625
Reinsurance contract assets	15	2,323,139,473	1,884,531,342	1,570,263,351
Right-of-use assets	17	3,951,320	3,149,330	4,375,778
Property and equipment	13	9,575,517	9,668,705	9,862,379
Deferred tax assets	9	3,446,000	8,344,000	11,027,200
Total assets		5,339,199,389	4,950,838,366	4,231,793,457
Liabilities				
Other payables	14	15,581,606	17,257,676	15,576,393
Derivative liabilities	11	–	661,960	2,294,949
Current tax liabilities		23,971,228	32,197,568	24,957,898
Insurance contract liabilities	15	3,257,795,588	2,751,527,142	2,298,936,796
Reinsurance contract liabilities	15	608,269,946	699,724,885	644,173,508
Lease liabilities	17	4,109,879	3,372,383	4,655,220
Total liabilities		3,909,728,247	3,504,741,614	2,990,594,764
Equity				
Share capital		26,500,000	26,500,000	26,500,000
Retained earnings	16	1,397,192,376	1,432,806,357	1,236,626,606
Fair value reserve	16	5,528,766	(13,459,605)	(22,177,913)
General reserves		250,000	250,000	250,000
Total equity		1,429,471,142	1,446,096,752	1,241,198,693
Total liabilities and equity		5,339,199,389	4,950,838,366	4,231,793,457

* Refer to the restatement disclosure in Note 21

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 2025

Note	Share capital	General reserve	Fair value reserve	Retained earnings	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2024 (Restated)*	26,500,000	250,000	(22,177,913)	1,236,626,606	1,241,198,693
Total comprehensive income for the year					
Profit for the year (Restated)*	–	–	–	194,791,343	194,791,343
Other comprehensive income for the year (Restated)*	–	–	8,718,308	–	8,718,308
Total comprehensive income for the year (Restated)*	–	–	8,718,308	194,791,343	203,509,651
Transfer of tax effect on FVOCI (#)	–	–	–	1,388,408	1,388,408
Transactions with owners of the Company					
Contributions and distributions					
Dividends	–	–	–	–	–
Restated balance at 31 December 2024	26,500,000	250,000	(13,459,605)	1,432,806,357	1,446,096,752

* Refer to restatement disclosure in Note 21

(#) The amount pertains to the transfer of the overprovision of tax impact on FVOCI instrument directly to retained earnings

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 2025

<i>Note</i>	Share capital	General reserve	Fair value reserve	Retained earnings	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2025	26,500,000	250,000	(13,459,605)	1,432,806,357	1,446,096,752
Total comprehensive income for the year					
Profit for the year	–	–	–	154,186,019	154,186,019
Other comprehensive income for the year	–	–	18,988,371	–	18,988,371
Total comprehensive income for the year	–	–	18,988,371	154,186,019	173,174,390
Transactions with owners of the Company					
Contributions and distributions					
Dividends	–	–	–	(189,800,000)	(189,800,000)
Balance at 31 December 2025	26,500,000	250,000	5,528,766	1,397,192,376	1,429,471,142

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 2025

	Note	2025 \$	Restated* 2024 \$
Cash flows from operating activities			
Profit for the year		154,186,019	194,791,343
Adjustments for:			
- Loss on disposal of financial assets	5C	775,150	94,995
- Loss on disposal of property and equipment	6	–	132
- Depreciation expense on property, plant & equipment	13	659,904	522,271
- Depreciation expense on right of use assets	17	2,028,248	1,892,927
- Reversal of impairment loss on financial assets	5	(235,021)	(445,195)
- Other finance costs	8	122,309	141,560
- Interest revenue		(81,139,688)	(96,836,851)
- Dividend income		(2,766,341)	(697,256)
- Amortisation on FVOCI Bonds		3,234,416	3,729,021
- Fair value gain on financial assets, at fair value through profit or loss		4,094,628	(9,227,802)
- Unrealised currency translation losses/(gains) on financial investments		9,988,593	(5,498,994)
- Unrealised currency translation losses/(gains) on cash & cash equivalents		16,162,261	(11,686,597)
- Income tax expense	9	23,328,000	25,397,577
		130,438,478	102,177,131
Changes in:			
- Insurance and reinsurance contracts		(10,500,424)	189,381,183
- Receivables		(2,141,025)	(412,119)
- Payables		(3,844,859)	147,889
Cash from operating activities		113,952,170	291,294,084
Interest received		57,269,537	76,301,233
Interest payment of lease liabilities	17	(122,309)	(141,560)
Income taxes paid		(29,346,340)	(16,774,706)
Net cash from operating activities		141,753,058	350,679,051

* Refer to restatement disclosure in Note 21

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 2025

	<i>Note</i>	2025 \$	Restated* 2024 \$
Cash flows from investing activities			
Acquisition of property and equipment	13	(566,716)	(328,729)
Purchases of financial investments		(930,128,412)	(209,513,778)
Proceeds from sale/redemption of financial investments		396,054,055	119,705,188
Mortgage loans granted		(700,000)	(2,350,000)
Mortgage loan repayments received		36,572	32,299
Interest received		29,545,160	20,697,301
Dividends received		2,766,341	697,256
Derivative financial instruments		4,460,037	947,058
Net cash used in investing activities		(498,532,963)	(70,113,405)
Cash flows from financing activities			
Payment of lease liabilities	17	(2,092,742)	(1,949,317)
Dividends paid	16	(189,800,000)	-
Net cash used in financing activities		(191,892,742)	(1,949,317)
Net (decrease)/increase in cash and cash equivalents		(548,672,647)	278,616,329
Cash and cash equivalents at 1 January		1,691,610,647	1,401,307,721
Cash collateral at end of the financial year		3,570,541	3,522,697
Effect of movements in exchange rates on cash and cash equivalents held	14	(16,162,261)	11,686,597
Cash and cash equivalents at 31 December	10	1,130,346,280	1,695,133,344

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 the 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 2025

2. Material accounting policies (continued)

2.2 Changes in material accounting policies

New standards and amendments

The Company has applied Amendments to FRS 21, *Lack of Exchangeability* for the first time for the annual period beginning on 1 January 2025.

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 2025

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.

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.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Material accounting policies (continued)

2.5 Contract boundaries (continued)

Reinsurance Contracts (continued)

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

The company measures groups of insurance contracts issued and reinsurance contracts held in accordance with FRS 117 paragraph 55 and 69 if the criteria in paragraph 53, 54, 69 and 70 are met.

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 2025

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 (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 2025

2. Material accounting policies (continued)

2.7 Presentation (continued)

Insurance service result (continued)

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

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

The Company elected not to apply FRS117 paragraph 88 for liability for claims incurred.

2.8 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recorded at cost. No depreciation is provided on freehold land; however the carrying value is adjusted for any impairment losses. Buildings 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 2025

2. Material accounting policies (continued)

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

Items of 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 a 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 2025

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 a 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 2025

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 2025

2. Material accounting policies (continued)

2.10 Financial assets (continued)

(c) *Subsequent measurement*

Financial assets, both FVOCI and at 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 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 and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of the equity investment.

(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 2025

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

Financial instruments for which lifetime ECL's 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's are the ECL's that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which a lifetime ECL is 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 except for FVOCI equity securities.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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.

A deferred tax liability is recognised on temporary differences arising on an investment in a 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.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Material accounting policies (continued)

2.13 Tax (continued)

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.

The Qualifying Domestic Minimum Top-up Tax (QDMTT)—referred to as Domestic Top-up Tax (DTT) in Singapore, is a direct implementation of the OECD's Pillar Two Global Anti-Base Erosion (GloBE) rules, is effective for financial years starting on or after 1 January 2025. It applies to large multinational enterprise (MNE) groups with annual revenues of at least €750 million in at least two of the four preceding financial years. The Company is one of the constituent entities of MS&AD Insurance Group Holdings, Inc., which is an in-scope MNE. Pillar Two related top-up tax expenses are recognised and disclosed separately from other current income tax expenses. Qualified domestic top-up tax expenses are recognised and presented as current income tax expenses.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Material accounting policies (continued)

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 a finance expense.

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.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Material accounting policies (continued)

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.

(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 instead, to 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 2025

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 2025

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 recognised 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 recognised 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 2025

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 Company maintains separate insurance funds – Singapore Insurance Fund (“SIF”) and Offshore Insurance Fund (“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.

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.

Claims paid and incurred claims net of reinsurance recoveries were obtained for each of the last 12 years, as well as for 2013 and prior, and shown in a triangular form by accident/underwriting year and development year. Ratios of claim amounts 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 2022 and prior accident/underwriting years, as the actual claims experience in these periods are generally more stable. For more recent periods (i.e. 2023 to 2025 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 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(i) 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 2020 to 2025 underwriting years. For 2019 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 14%. 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 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(i) 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 2025 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 2025.
- For OIF Misc and OIF Motor Treaties classes, we have used the Malaysian Government Securities (“MGS”) yield curve as at 2025.
- For OIF GA Treaties and OIF Fire Treaties classes, we have used the Clearing Corporation of India Limited (“CCIL”) zero rates yield curve as at 2025.

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 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

(i) 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.

	2025			
	1 year	5 years	10 years	15 years
SGD	1.37%	1.84%	2.22%	2.22%
USD	3.48%	3.73%	4.18%	4.18%
MYR	2.85%	3.25%	3.51%	3.51%
INR	5.58%	6.24%	6.80%	6.80%
IDR	4.81%	5.68%	6.17%	6.17%
HKD	2.63%	2.72%	3.10%	3.10%
THB	1.11%	1.28%	1.66%	1.66%
PHP	5.50%	5.98%	6.17%	6.17%

	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%
INR	6.52%	6.65%	6.79%	6.79%
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%

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).

The risk adjustment applied to the best estimates of claims and premium liabilities results in an overall probability of sufficiency of 85 per cent at the SIF and OIF fund levels. This is in accordance with the Company's reserving risk appetite statement as approved by the Company's management and Board of Directors.

The variability around the best estimate is estimated using an actuarial internal model based on the Company's internal historical data. For incurred claims liabilities, the 85th percentile level of sufficiency is derived using a bootstrap methodology. Bootstrapping procedures are useful when the theoretical distribution of a statistic of interest is complicated or unknown.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

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

The risk adjustment loading for incurred claims liabilities is determined based on the ratio of the 85th percentile estimate to the mean estimate of total claims reserves produced by the model. The risk adjustment loading for incurred claims liabilities is selected based on the model output and actuarial judgement.

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.

(ii) Change in assumptions and sensitivity analysis

As noted, the risk adjustment applied to the best estimates of claims and premium liabilities results in an overall probability of sufficiency of 85 per cent at the SIF and OIF fund levels. This represents an increase from an overall probability of sufficiency of 75 per cent at the SIF and OIF fund levels in the previous year. The higher level of sufficiency is consistent with the Company's updated reserving risk appetite, as approved by the Company's management and Board of Directors.

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.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

Assumptions and sensitivities (continued)

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

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

- Initial Expected Loss Ratio (“IELR”) for accident/underwriting year 2025; and
- Selected Ultimate Loss Ratio (“ULR”) for accident/underwriting year 2025.

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 2025 are as follows:

Singapore Insurance Fund (“SIF”)

	IELR		ULR	
	+15% \$'000	-15% \$'000	+15% \$'000	-15% \$'000
2025				
Liabilities for Remaining Coverage	–	–	3,302	(2,823)
Liabilities for Incurred Claims	13,445	(13,368)	13,443	(13,443)
Total	13,445	(13,368)	16,745	(16,266)

2024

Liabilities for Remaining Coverage	–	–	2,884	(2,138)
Liabilities for Incurred Claims	8,192	(8,192)	12,192	(12,192)
Total	8,192	(8,192)	15,076	(14,330)

Offshore Insurance Fund (“OIF”)

	IELR		ULR	
	+15% \$'000	-15% \$'000	+15% \$'000	-15% \$'000
2025				
Liabilities for Remaining Coverage	–	–	16,174	(15,317)
Liabilities for Incurred Claims	26,085	(26,087)	26,053	(26,053)
Total	26,085	(26,087)	42,227	(41,370)

2024

Liabilities for Remaining Coverage	–	–	6,672	(6,482)
Liabilities for Incurred Claims	17,042	(17,044)	20,588	(20,588)
Total	17,042	(17,044)	27,260	(27,070)

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(a) Insurance liabilities (continued)

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

The actual loss development on SIF direct and facultative business reserved on an accident year basis was better than expected by \$16.4 million (2024: \$16.6 million). Actual loss development on SIF direct and facultative business reserved on an underwriting year basis was better than expected by \$7.7 million (2024: \$9.8 million). Overall, SIF direct and facultative business reported loss development of \$10.2 million (2024: \$4.9 million), which was better than the expected loss development of \$34.2 million by \$24.0 million (2024: \$31.3 million by \$26.5 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 \$3.3 million (2024: \$2.5 million).

The ultimate loss estimates on SIF business for this year's valuation are lower than last year's by \$20.2 million (2024: \$23.4 million), stemming from decreases in most prior years.

The actual loss development on OIF direct and facultative business was \$1.5 million (2024: savings of \$9.1million), which was better than expected loss development of \$34.7 million by \$33.2 million (2024: \$33.7 million by \$24.6 million). For OIF Inward Treaties and Runoff Business, ultimate loss estimates are lower by \$5.3 million (2024: \$3.7 million).

The ultimate loss estimates on OIF business for this year's valuation are lower than last year's by \$27.7 million (2024: \$20.8 million), also stemming from decreases in most of prior years.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(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 \$991,997,875 (2024: \$1,120,199,625) 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 2025

5. Net financial result

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

	Note	2025 \$	2024 \$
Investment return			
Interest revenue calculated using the effective interest method	(B)	77,905,272	93,107,830
Other investment (expense)/revenue	(C)	(51,748,744)	29,292,265
Write back impairment loss on financial assets		235,021	445,195
Investment expenses		(341,763)	(135,295)
Amounts recognised in OCI		21,678,371	11,406,716
Total investment return		47,728,157	134,116,711
Net finance expenses from insurance contracts			
Interest accreted	15(A)	(88,986,639)	(69,082,534)
Net foreign exchange gain / (loss)	15(A)	56,420,173	(12,895,600)
Total net finance expenses from insurance contracts	(A)	(32,566,466)	(81,978,134)
Net finance income from reinsurance contracts			
Interest accreted	15(A)	64,520,676	50,216,199
Net foreign exchange (loss) / gain	15(A)	(29,461,094)	2,359,378
Total net finance income from reinsurance contracts	(A)	35,059,582	52,575,577
Total		50,221,273	104,714,154
Represented by:			
Amounts recognised in profit or loss		28,542,902	93,307,438
Amounts recognised in OCI		21,678,371	11,406,716
		50,221,273	104,714,154

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

5. Net financial result (continued)

	2025	2024
	\$	\$
A. Insurance finance income and expenses		
<i>Net finance expenses from insurance contracts</i>		
Recognised in profit or loss	<u>(32,566,466)</u>	<u>(81,978,134)</u>
<i>Net finance income from reinsurance contracts</i>		
Recognised in profit or loss	<u>35,059,582</u>	<u>52,575,577</u>
B. Interest revenue calculated using the effective interest method		
Debt investments measured at FVOCI		
Government bonds	2,362,082	2,802,220
Other debt securities	<u>27,103,442</u>	<u>14,602,663</u>
	<u>29,465,524</u>	<u>17,404,883</u>
Financial assets measured at amortised cost		
Cash and cash equivalents	47,728,257	74,858,823
Other debt securities	<u>711,491</u>	<u>844,124</u>
	<u>48,439,748</u>	<u>75,702,947</u>
	<u>77,905,272</u>	<u>93,107,830</u>

MS FIRST CAPITAL INSURANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2025*

5. Net financial result (continued)

	2025	2024
	\$	\$
C. Other investment (expenses)/ revenue		
<i>Net losses on financial instruments mandatorily measured at FVTPL</i>		
Collective investment schemes	(1,534,976)	(1,067,177)
Derivatives	(2,532,963)	10,294,979
Net loss on sale of debt securities measured at FVOCI	(775,150)	(94,995)
Net foreign exchange (loss)/gain on financial investments not measured at FVTPL	(49,671,996)	19,462,202
Dividends on investment in Collective Investment Schemes	2,766,341	697,256
	(51,748,744)	29,292,265

6. Other income

	2025	2024
	\$	\$
Brokerage income	696,488	886,201
Loss on disposal of property, plant & equipment	–	(132)
Allowance for impairment of receivables	(5,804)	(37,004)
Service fee income	1,658,450	1,815,189
Miscellaneous income	3,115,739	2,847,825
	5,464,873	5,512,079

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

7. Expenses

	Note	2025 \$	2024 \$
Claims and benefits		908,146,709	778,114,868
Fees and commissions		188,078,622	134,947,057
Losses / (Reversal of losses) on onerous insurance contracts	15(A)	78,529,704	(8,543,430)
Employee benefits	7(A)	27,149,825	24,302,652
Depreciation expense on property, plant & equipment	13	659,904	522,271
Depreciation expense on right of use assets	17	2,028,248	1,892,927
Other expenses	7(B)	4,008,441	3,122,354
		1,208,601,453	934,358,699
Amounts attributed to insurance acquisition cash flows incurred during the year	15(A)	(192,597,947)	(139,118,357)
Amortisation of insurance acquisition cash flows	15(A)	174,425,339	149,394,213
		1,190,428,845	944,634,555
Represented by:			
Insurance service expenses	15(A)	1,190,428,845	944,634,555
		1,190,428,845	944,634,555

A. Employee benefit expenses

	2025 \$	2024 \$
Wages and salaries	23,359,187	20,707,269
Other benefits	1,347,751	1,426,207
Government grants	(27,408)	(85,588)
Employer's contribution to defined contribution plans including Central Provident Fund	2,470,295	2,254,764
	27,149,825	24,302,652

MS FIRST CAPITAL INSURANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2025***7. Expenses (continued)****B. Other expenses**

Other expenses include the following: -

	2025	2024
	\$	\$
a) Audit fee paid to auditor of the Company	533,000	370,000
b) Non-audit fees paid to: -		
- auditor of the Company and other firms	-	-
affiliated with KPMG International Limited		
c) Directors' fees	302,692	300,000

8. Other finance (cost)/income

	2025	2024
	\$	\$
Interest expenses on lease liabilities	(122,309)	(141,560)
Net foreign exchange (loss)/gain on financial assets and liabilities	(3,978,011)	1,503,390
	(4,100,320)	1,361,830

9. Tax expense**A. Amount recognised in profit or loss and other comprehensive income**

	2025	Restated 2024
	\$	\$
Tax expense attributable to profit is made up of:		
Current tax expense		
- Current income tax – Singapore	18,120,000	30,600,000
- Qualified Domestic Minimum Top-up Tax	3,000,000	-
Over-provision in prior financial year	-	(2,042,423)
	21,120,000	28,557,577
Deferred tax expense / (income)		
Tax on profit accounted under FRS 117/109	(2,500,000)	3,130,000
Additional IBNR not allowable for tax purposes	7,398,000	(4,990,000)
	4,898,000	(1,860,000)
Tax on fair value reserves through other comprehensive income	(2,690,000)	(1,300,000)
Total income tax expense	23,328,000	25,397,577

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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:

	2025 \$	Restated 2024 \$
Profit before tax	177,514,019	220,188,920
Tax calculated at a tax rate of 17% (2024: 17%)	30,177,383	37,432,116
Exempt income	(456,699)	–
Effects of:		
- (Income)/Expense not allowable for tax purposes	(47,582)	79,154
- Effect of income taxed at rate of 10% (2024: 10%)	(10,961,878)	(10,569,492)
- Singapore statutory stepped income exemption	(17,425)	(17,425)
- Over-provision in prior financial year	–	(2,042,423)
Others	1,634,201	515,647
Qualified Domestic Minimum Top up tax	3,000,000	–
	23,328,000	25,397,577

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 the 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 the new accounting standard FRS 117 which replaces FRS 104 with effect from 1 January 2023, IRAS has announced that insurers in Singapore are to use their financial results prepared on the basis of MAS Insurance Regulations as the basis for their 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.

Domestic Minimum Top-up Tax

The Company has assessed the exposure to the Pillar Two income taxes arising from the OECD Base Erosion and Profit Shifting (BEPS 2.0) framework. Accordingly, the Company has provided for top-up tax of S\$3 million as the effective tax rate under Pillar Two on preliminary assessment is estimated to be lower than minimum tax rate of 15%.

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

9. Tax expense (continued)

C. Movement in deferred tax balances

	Accelerated tax depreciation	Fair value gains	Tax on profit under FRS 117/109	Tax on additional IBNR	Total
2025					
Beginning of financial year	(170,000)	–	(4,546,000)	13,060,000	8,344,000
Debited/(Credited) to:					
- Profit and loss	–	–	2,500,000	(7,398,000)	(4,898,000)
End of financial year	(170,000)	–	(2,046,000)	5,662,000	3,446,000
Restated 2024					
Beginning of financial year	(170,000)	4,543,200	(1,416,000)	8,070,000	11,027,200
Adjustment of deferred tax	–	(4,543,200)	–	–	(4,543,200)
Debited/(Credited) to:					
- Profit and loss	–	–	(3,130,000)	4,990,000	1,860,000
End of financial year	(170,000)	–	(4,546,000)	13,060,000	8,344,000

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

10. Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank and on hand	12,143,763	12,385,907
Short-term bank deposits	1,118,202,517	1,682,747,437
	<u>1,130,346,280</u>	<u>1,695,133,344</u>

Included in the Company's cash at bank and on hand is \$3,570,541 (2024: \$3,522,697) 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 maturities ranging between 1 – 12 months (2024: 1 – 12 months) from the end of the financial year with the following weighted average effective interest rates:

	2025	2024
Singapore Dollar	1.73%	3.70%
United States Dollar	4.41%	5.10%
Others	2.97%	3.08%

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

11. Financial investments and derivatives

Financial investments are analysed as follows:

	2025	2024
	\$	\$
Financial investments		
- Derivatives assets	2,038,889	9,693,848
- Government bonds at FVOCI	19,524,457	163,209,730
- Corporate bonds at FVOCI	998,996,810	500,525,558
- Mortgage loans at amortised cost	15,301,726	14,638,298
- Collective investment scheme designated as FVTPL	254,980,711	67,217,821
Total	<u>1,290,842,593</u>	<u>755,285,255</u>
Derivative liabilities	–	661,960

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.

	2025	2024
	\$	\$
Measured at FVTPL	254,980,711	67,217,821
Measured at FVOCI	934,754,994	550,705,174
Measured at amortised cost	751,726	14,638,298
Total	<u>1,190,487,431</u>	<u>632,561,293</u>

12. Other receivables

	2025	2024
	\$	\$
Deposits	519,934	755,684
Accrued interest	19,606,397	25,281,406
Prepayments	369,812	264,858
Other receivables due from holding company	229,511	165,409
Other receivables	4,227,576	2,019,857
	<u>24,953,230</u>	<u>28,487,214</u>

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

13. Property, plant and equipment

	Motor vehicles	Office equipment	Furniture and fittings	Building	Land	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
At 1 January 2024	429,999	2,023,252	1,323,177	2,350,000	7,264,164	13,390,592
Additions	–	303,953	24,776	–	–	328,729
Disposals	–	(327,164)	–	–	–	(327,164)
At 31 December 2024	429,999	2,000,041	1,347,953	2,350,000	7,264,164	13,392,157
At 1 January 2025	429,999	2,000,041	1,347,953	2,350,000	7,264,164	13,392,157
Additions	–	554,846	11,870	–	–	566,716
Disposals	–	(177,184)	–	–	–	(177,184)
At 31 December 2025	429,999	2,377,703	1,359,823	2,350,000	7,264,164	13,781,689
<u>Accumulated depreciation</u>						
At 1 January 2024	275,407	1,522,112	496,944	1,233,750	–	3,528,213
Depreciation for the year	45,273	221,668	196,580	58,750	–	522,271
Disposals	–	(327,032)	–	–	–	(327,032)
At 31 December 2024	320,680	1,416,748	693,524	1,292,500	–	3,723,452
At 1 January 2025	320,680	1,416,748	693,524	1,292,500	–	3,723,452
Depreciation for the year	41,500	360,229	199,425	58,750	–	659,904
Disposals	–	(177,184)	–	–	–	(177,184)
At 31 December 2025	362,180	1,599,793	892,949	1,351,250	–	4,206,172
<u>Carrying amount</u>						
At 1 January 2024	154,592	501,140	826,233	1,116,250	7,264,164	9,862,379
At 31 December 2024	109,319	583,293	654,429	1,057,500	7,264,164	9,668,705
At 31 December 2025	67,819	777,910	466,874	998,750	7,264,164	9,575,517

The fair value of the office building for the Company as at 31 December 2025 was approximately \$30,500,000 (2024: \$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 and 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 2025

14. Other payables

	2025	2024
	\$	\$
Payables for investment purchases	4,620,945	2,500,000
Cash collateral	3,570,541	3,522,697
Accrued operating expenses	1,296,150	3,041,147
Amount due to related companies	484,003	575,936
Other creditors	5,609,967	7,617,896
	<u>15,581,606</u>	<u>17,257,676</u>

15. Insurance and reinsurance contracts

	Note	2025	2024
		\$	\$
Insurance contracts			
- Insurance contract liabilities ¹	(A)	3,257,795,588	2,751,527,142
- Insurance contract assets ²	(A)	(552,944,976)	(566,239,176)
Reinsurance contracts			
- Reinsurance contract assets ³	(A)	2,323,139,473	1,884,531,342
- Reinsurance contract liabilities ⁴	(A)	(608,269,946)	(699,724,885)

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 2025

15. Insurance and reinsurance contracts (continued)

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

<u>Insurance Contracts</u> <u>2025</u>	Note	<u>Liabilities for remaining coverage</u>		<u>Liabilities for</u> <u>Incurred claims*</u>	<u>Total</u>
		<u>Excluding Loss</u> <u>component</u>	<u>Loss component</u>		
		\$	\$		
Opening Assets		(564,313,848)	–	(1,925,328)	(566,239,176)
Opening liabilities		553,687,374	36,761,158	2,161,078,610	2,751,527,142
Changes in the statement of profit or loss					
Insurance revenue	4	991,997,875	–	–	991,997,875
Insurance service expenses					
Incurred claims and other insurance service expenses		–	–	937,473,802	937,473,802
Amortisation of insurance acquisition cash flows	7	174,425,339	–	–	174,425,339
Losses and reversals of losses on onerous contracts	7	–	78,529,704	–	78,529,704
Net Insurance service expenses		174,425,339	78,529,704	937,473,802	1,190,428,845
Insurance service result		817,572,536	(78,529,704)	(937,473,802)	(198,430,970)
Net finance expenses from insurance contracts	5	–	–	(88,986,639)	(88,986,639)
Effect of movements in exchange rates	5	21,662,028	1,735,274	33,022,871	56,420,173
Total changes in the statement of profit and loss		839,234,564	(76,794,430)	(993,437,570)	(230,997,436)
Cash flows					
Premiums received (net of commission)		1,014,942,497	–	–	1,014,942,497
Claims and other insurance service expenses paid, including investment components		–	–	(533,779,340)	(533,779,340)
Insurance acquisition cash flows	7	(192,597,947)	–	–	(192,597,947)
Total cash flows		822,344,550	–	(533,779,340)	288,565,210
Net Closing Balance		(27,516,488)	113,555,588	2,618,811,512	2,704,850,612
Closing Assets		(549,541,822)	–	(3,403,154)	(552,944,976)
Closing liabilities		522,025,334	113,555,588	2,622,214,666	3,257,795,588
Net closing balance		(27,516,488)	113,555,588	2,618,811,512	2,704,850,612

* Includes risk adjustment for non-financial risk

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

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

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

* Includes risk adjustment for non-financial risk

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

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

Reinsurance Contracts 2025	Note	Assets for remaining coverage		Asset for Incurred claims*	Total
		Excluding Loss Recovery	Loss Recovery		
		\$	\$		
Opening Assets		381,209,143	22,470,784	1,480,851,415	1,884,531,342
Opening liabilities		(688,755,900)	–	(10,968,985)	(699,724,885)
Changes in the statement of profit or loss					
Allocation of reinsurance premiums paid		731,914,939	–	–	731,914,939
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		–	–	802,392,198	802,392,198
Amortisation of insurance acquisition cash flows		226,286,078	–	–	226,286,078
Losses and reversals of losses on onerous contracts		–	49,274,197	–	49,274,197
		226,286,078	49,274,197	802,392,198	1,077,952,473
Net expenses from reinsurance contracts		505,628,861	(49,274,197)	(802,392,198)	(346,037,534)
Net finance income from reinsurance contracts	5	–	–	(64,520,676)	(64,520,676)
Effect of movements in exchange rates	5	6,461,843	–	22,999,251	29,461,094
Total changes in the statement of profit and loss		512,090,704	(49,274,197)	(843,913,623)	(381,097,116)
Cash flows					
Premiums paid		799,624,780	–	–	799,624,780
Amounts received		(240,815,258)	–	(409,843,568)	(650,658,826)
Total cash flows		558,809,522	–	(409,843,568)	148,965,954
Net Closing Balance		(260,827,939)	71,744,981	1,903,952,485	1,714,869,527
Closing Assets		337,292,492	71,744,981	1,914,102,000	2,323,139,473
Closing liabilities		(598,120,431)	–	(10,149,515)	(608,269,946)
Net closing balance		(260,827,939)	71,744,981	1,903,952,485	1,714,869,527

* Includes risk adjustment for non-financial risk

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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		
		\$	\$		
Opening Assets		417,800,677	25,696,893	1,126,765,781	1,570,263,351
Opening liabilities		(644,173,508)	–	–	(644,173,508)
Changes in the statement of profit or loss		–	–	–	–
Allocation of reinsurance premiums paid		851,447,704	–	–	851,447,704
Amounts recoverable from reinsurers					
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
Net expenses from reinsurance contracts		633,012,495	3,226,109	(580,681,107)	55,557,497
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)
Total changes in the statement of profit and loss		630,653,117	3,226,109	(630,897,306)	2,981,920
Cash flows					
Premiums paid		750,360,807	–	–	750,360,807
Amounts received		(200,881,615)	–	(287,780,657)	(488,662,272)
Total cash flows		549,479,192	–	(287,780,657)	261,698,535
Net Closing Balance		(307,546,756)	22,470,784	1,469,882,430	1,184,806,458
Closing Assets		381,209,143	22,470,784	1,480,851,415	1,884,531,342
Closing liabilities		(688,755,900)	–	(10,968,985)	(699,724,885)
Net closing balance		(307,546,757)	22,470,784	1,469,882,430	1,184,806,457

* Includes risk adjustment for non-financial risk

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

B. Movements in risk adjustment for non-financial risk

	2025	2024
	\$	\$
<u>Insurance Contracts</u>		
Opening liabilities	248,153,319	194,744,845
Incurring claims and other insurance service expenses	297,408,997	45,016,508
Net finance expenses from insurance contracts	10,730,008	8,391,966
Closing liabilities	<u>556,292,324</u>	<u>248,153,319</u>
<u>Reinsurance Contracts</u>		
Opening assets	183,675,101	141,508,792
Incurring claims and other insurance service expenses	228,141,638	35,884,812
Net finance expenses from insurance contracts	7,991,826	6,281,497
Closing assets	<u>419,808,565</u>	<u>183,675,101</u>

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 2025

Gross (before reinsurance)

Accident Year	Direct & Facultative Lines Accident Year Basis					Total
	2021	2022	2023	2024	2025	
Estimates of undiscounted gross cumulative claims						
At end of accident year	515,990,299	476,300,869	511,719,985	593,869,368	814,633,098	
One year later	441,237,113	441,135,662	467,357,237	639,015,386		
Two years later	381,663,892	368,081,094	467,815,408			
Three years later	346,287,355	317,530,352				
Four years later	296,104,132					
Cumulative gross claims paid	(233,145,612)	(196,074,362)	(210,430,290)	(156,502,620)	(54,490,088)	(850,642,972)
Gross liabilities – accident years from 2021 to 2025	62,958,520	121,455,990	257,385,118	482,512,766	760,143,010	1,684,455,404

Underwriting Year	Direct & Treaty Lines Underwriting Year Basis					Total
	2021	2022	2023	2024	2025	
Estimates of undiscounted gross cumulative claims						
At end of underwriting year	45,541,505	48,902,482	119,721,319	172,984,333	223,774,422	
One year later	126,207,640	86,956,702	253,522,624	329,345,902		
Two years later	195,144,984	132,230,806	274,262,067			
Three years later	204,654,736	152,905,864				
Four years later	201,544,394					
Cumulative gross claims paid	(107,518,305)	(61,296,479)	(77,224,126)	(45,804,447)	(1,073,639)	(292,916,996)
Gross liabilities – underwriting years from 2021 to 2025	94,026,089	91,609,385	197,037,941	283,541,455	222,700,783	888,915,653

Gross liabilities – accident and underwriting years from 2020 and before

Effect of discounting

Total Insurance Contract liabilities included in actuarial valuation

Total Insurance Contract liabilities included in the statement of financial position

181,517,361
(149,877,258)
<u>2,605,011,160</u>
<u>2,605,011,160</u>

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

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

31 December 2025

Net of reinsurance

Accident Year	Direct & Facultative Lines Accident Year Basis					Total
	2021	2022	2023	2024	2025	
Estimates of undiscounted net cumulative claims						
At end of accident year	125,541,734	120,473,016	132,182,037	130,119,843	164,507,730	
One year later	109,078,476	117,203,949	120,645,186	131,054,973		
Two years later	92,981,894	102,451,391	116,047,126			
Three years later	80,737,877	87,994,659				
Four years later	70,366,533					
Cumulative net claims paid	(58,491,042)	(53,052,049)	(56,980,454)	(34,690,191)	(19,955,054)	(223,168,790)
Net liabilities – accident years from 2021 to 2025	11,875,491	34,942,610	59,066,672	96,364,782	144,552,676	346,802,231

Underwriting Year	Direct & Treaty Lines Underwriting Year Basis					Total
	2021	2022	2023	2024	2025	
Estimates of undiscounted net cumulative claims						
At end of underwriting year	20,038,904	25,476,484	56,164,960	86,767,203	99,275,167	
One year later	48,734,647	39,012,065	99,860,383	135,244,357		
Two years later	59,730,357	45,293,761	105,145,247			
Three years later	56,739,710	46,190,822				
Four years later	55,487,788					
Cumulative net claims paid	(33,082,834)	(21,617,179)	(38,107,974)	20,458,030)	179,170	(113,086,847)
Net liabilities – underwriting years from 2021 to 2025	22,404,954	24,573,643	67,037,273	114,786,327	99,454,337	328,256,534

Net liabilities – accident and underwriting years from 2020 and before						62,503,741
Effect of discounting						(41,493,229)
Total Insurance Contract liabilities included in actuarial valuation						696,069,277
Total Insurance Contract liabilities included in the statement of financial position						696,069,277

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

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

31 December 2024

Gross (before reinsurance)

Accident Year	Direct & Facultative Lines Accident Year Basis					Total
	2020	2021	2022	2023	2024	
Estimates of undiscounted gross cumulative claims						
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					
Cumulative gross claims paid	(191,249,497)	(216,261,211)	(169,121,523)	(141,246,980)	(45,895,467)	(763,774,678)
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
Underwriting Year'''	Direct & Treaty Lines Underwriting Year Basis					Total
	2020	2021	2022	2023	2024	
Estimates of undiscounted gross cumulative claims						
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					
Cumulative gross claims paid	(68,999,810)	(95,808,054)	(38,650,802)	(21,230,822)	(527,060)	(225,216,548)
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						220,073,063
Effect of discounting						(119,234,028)
Total Insurance Contract liabilities included in actuarial valuation						2,034,094,015
Additional IBNR						105,793,351
Total Insurance Contract liabilities included in the statement of financial position						2,139,887,366

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15. Insurance and reinsurance contracts (continued)

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

31 December 2024

Net of reinsurance

Accident Year	Direct & Facultative Lines Accident Year Basis					Total
	2020	2021	2022	2023	2024	
Estimates of undiscounted net cumulative claims						
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					
Cumulative net claims paid	(53,857,770)	(55,747,421)	(48,604,306)	(43,350,574)	(12,545,392)	(214,105,463)
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
Underwriting Year	Direct & Treaty Lines Underwriting Year Basis					Total
	2020	2021	2022	2023	2024	
Estimates of undiscounted net cumulative claims						
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					
Cumulative net claims paid	(29,241,183)	(31,160,225)	(17,287,330)	(11,328,706)	140,191	(88,877,253)
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						47,425,630
Effect of discounting						(30,721,332)
Total Net liabilities included in actuarial valuation						555,370,766
Additional IBNR						105,793,351
Total Net liabilities included in the statement of financial position						661,164,117

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

16. Capital and Reserves

A. Share Capital

The share capital comprises of fully paid-up 25,000,000 (2024: 25,000,000) ordinary shares with no par value, amounting to a total of \$26,500,000 (2024: \$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

	2025 \$	Restated 2024 \$
Beginning of financial year	(13,459,605)	(22,177,913)
Debt investments at FVOCI		
- Net change in fair value	20,903,221	11,311,721
- Tax on fair value changes	(2,589,031)	(2,672,259)
	18,314,190	8,639,462
Net amount reclassified to profit or loss	775,150	94,995
Tax effect	(100,969)	(16,149)
	674,181	78,846
End of financial year	5,528,766	(13,459,605)

C. Dividends

There was \$189,800,000 dividend declared and paid in the year 2025 (2024: Nil).

D. Retained earnings

	2025 \$	Restated 2024 \$
Beginning of financial year	1,432,806,357	1,236,626,606
Reclassification to retained earnings	–	1,388,408
Current year profit	154,186,019	194,791,343
Dividend paid	(189,800,000)	–
End of financial year	1,397,192,376	1,432,806,357

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

17. Leases

Leases as lessee (FRS 116)

The Company leases properties consisting of office premises and expatriates' housing. The leases typically run for a period of 2 to 3 years, with an option to renew the leases 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	
	2025	2024
	\$	\$
Balance at 1 January	3,149,330	4,375,778
Depreciation charge for the year	(2,028,248)	(1,892,927)
Additions to right-of-use assets	2,897,209	666,479
Expired/Written off	(66,971)	–
Balance at 31 December	3,951,320	3,149,330

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 3.29% (2024: 4.0%).

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

17. Leases (continued)

Amounts recognised in profit or loss

	2025	2024
	\$	\$
Interest on lease liabilities	122,309	141,560

Amounts recognised in statement of cash flows

	2025	2024
	\$	\$
Total cash outflow for leases	2,215,051	2,090,877

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

	2025	2024
	\$	\$
Within one year	2,066,461	1,722,133
After one year but not more than five years	2,175,072	1,786,658
	4,241,533	3,508,791

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 %
2025		
Marine Cargo	3	1
Marine Hull & Aviation	8	9
Property	31	72
Motor	18	2
Engineering	9	9
Employer's Liability	11	0
Miscellaneous others	20	7
	100	100
2024		
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
	100	100

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 2025

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 %
2025				
Marine Cargo	3	2	1	1
Marine Hull & Aviation	10	16	8	12
Property	53	36	45	44
Motor	6	16	5	10
Engineering	14	6	31	20
Employer's Liability	2	6	1	3
Miscellaneous others	12	18	9	10
	100	100	100	100

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 %
2024				
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
	100	100	100	100

(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 2025

18. Management of insurance and financial risk (continued)

(b) Credit risk (continued)

	AAA \$	AA \$	A \$	BBB \$	BB and below \$	Not rated / analysed \$	Total \$
2025							
Cash and cash equivalents	–	17,877,745	932,777,782	179,690,753	–	–	1,130,346,280
Financial investments:							
- Measured at FVTPL	89,294,202	20,804,302	60,322,524	40,763,162	–	43,796,521	254,980,711
- Measured at FVOCI	44,625,271	71,506,097	552,050,973	286,776,650	–	63,562,276	1,018,521,267
- Measured at amortised cost	–	–	–	–	–	15,301,726	15,301,726
Derivative assets	–	–	2,038,889	–	–	–	2,038,889
Insurance contract assets	–	22,765,773	196,918,421	17,088,930	3,140,944	313,030,908	552,944,976
Reinsurance Contract assets	375,752	705,952,211	1,560,362,718	14,425,102	–	42,023,690	2,323,139,473
Receivables*	259,158	532,658	16,245,231	6,487,966	–	1,058,405	24,583,418
	134,554,383	839,438,786	3,320,716,538	545,232,563	3,140,944	478,773,526	5,321,856,740
2024							
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
	215,767,654	569,034,613	3,078,313,462	693,094,818	12,938,381	360,262,545	4,929,411,473

* 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 2025

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).

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Balance at 1 January	302,295	177,519	4,317,931	4,797,745
Remeasurement on application of FRS109				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(52,257)	52,257	–	–
Transfer to Stage 3	–	–	–	–
Net remeasurement of loss allowance	102,155	(49,326)	(565,386)	(512,557)
New financial assets acquired	387,309	–	–	387,309
Financial assets derecognised	(109,772)	–	–	(109,772)
Balance at 31 December	629,730	180,450	3,752,545	4,562,725

	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)
Balance at 31 December	302,295	177,519	4,317,931	4,797,745

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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.

To mitigate the foreign currency risk arising from long position on US Dollar net assets, the Company purchased put options. These options provide a floor rate, ensuring that if the USD weakens against the SGD below the strike price, the foreign currency loss on USD net assets is offset by the gain on the option.

The table below summarises the Company's exposures to foreign currency exchange rate movements as at 31 December 2024 and 2025. 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 \$
2025				
Cash and cash equivalents	940,533,117	177,890,264	11,922,899	1,130,346,280
Financial investments:				
Measured at FVTPL	163,756,070	91,224,641	–	254,980,711
- Measured at FVOCI	820,393,943	198,127,324	–	1,018,521,267
- Measured at amortised cost	15,301,726	–	–	15,301,726
Receivables	15,805,195	9,086,034	62,001	24,953,230
Derivative assets	–	2,038,889	–	2,038,889
Insurance contract assets	98,247,266	140,819,368	313,878,342	552,944,976
Reinsurance contract assets	841,244,559	675,738,826	806,156,088	2,323,139,473
	<u>2,895,281,876</u>	<u>1,294,925,346</u>	<u>1,132,019,330</u>	<u>5,322,226,552</u>
Payables	(15,270,670)	(310,936)	–	(15,581,606)
Insurance contract liabilities	(1,022,271,061)	(989,254,202)	(1,246,270,325)	(3,257,795,588)
Reinsurance contract liabilities	(512,553,181)	(29,768,286)	(65,948,479)	(608,269,946)
Derivatives liabilities	–	–	–	–
	<u>(1,550,094,912)</u>	<u>(1,019,333,424)</u>	<u>(1,312,218,804)</u>	<u>(3,881,647,140)</u>
Net exposure	<u>1,345,186,964</u>	<u>275,591,922</u>	<u>(180,199,474)</u>	<u>1,440,579,412</u>

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18. Management of insurance and financial risk (continued)

(c) *Market risk (continued)*

(i) *Currency risk (continued)*

	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>

If the foreign currencies exchange rate change against the Singapore dollar by 5% (2024: 5%), with all other variables including tax rate being held constant, the effects arising from the net position will be as follows:

	2025 <u>Profit after tax</u>	Increase /(Decrease) 2025 <u>Equity</u>	2024 Profit after tax	2024 <u>Equity</u>
Foreign currencies against SGD	5%	5%	5%	5%
- Strengthened	<u>3,958,786</u>	<u>3,958,786</u>	17,877,332	17,877,332
- Weakened	<u>(3,958,786)</u>	<u>(3,958,786)</u>	(17,877,332)	(17,877,332)

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18. Management of insurance and financial risk (continued)

(c) *Market risk* (continued)

(ii) Price risk

The Company is exposed to equity securities price risk arising from the investment in equity fund held by the Company which are classified on the balance sheet as financial investments, measured at fair value through profit or loss. The equity fund is managed by fund manager who is responsible for selection of the underlying securities, which consists of developed and emerging market equities and are diversified by sector, geography and exposure limit to single equity. To further manage its price risk arising from investments in equity securities, the Company sets limit on the investment.

If prices for listed equity securities change by 10% (2024: Nil) with all other variables including tax rate being held constant, the effects on equity will be:

	Change in <u>variables</u>	<u>2025</u> Profit after tax	<u>2024</u> Profit after tax
Listed	+10%	2,149,510	–
Listed	-10%	(2,149,510)	–

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instruments 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 2025

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 \$	Over 5 years \$		
2025							
Cash and cash equivalents	–	799,023,996	314,036,921	5,141,600	–	12,143,763	1,130,346,280
Financial investments:							
- Measured at FVTPL	229,083,003	–	–	–	–	25,897,708	254,980,711
- Measured at FVOCI	365,264,191	48,967,360	34,798,914	203,950,551	365,540,251	–	1,018,521,267
- Measured at amortised cost	14,625,623	–	–	–	676,103	–	15,301,726
Derivative assets	–	–	–	–	–	2,038,889	2,038,889
Insurance contract assets – Premium receivable balance	–	–	–	–	–	549,541,822	549,541,822
Reinsurance contract assets – Claim recoverable balance	–	–	–	–	–	3,403,154	3,403,154
Receivables	–	–	–	–	–	24,953,230	24,953,230

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 \$		
2024							
Cash and cash equivalents	–	1,336,497,275	340,787,361	5,462,800	–	12,385,908	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	–	–	–	–	–	564,313,848	564,313,848
Reinsurance contract assets – Claim recoverable balance	–	–	–	–	–	1,925,328	1,925,328
Receivables	–	–	–	–	–	28,487,214	28,487,214

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 \$13,672,332 (2024: \$7,510,007). A 200 bp decrease will have an equal but opposite effect on profit after tax.

Other comprehensive income would have been higher/lower by \$57,851,206 (2024: \$23,687,883) 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 2025

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 \$
2025						
Payables	15,581,606	15,581,606	15,581,606	–	–	–
Lease liabilities #	4,109,879	4,241,533	2,066,461	1,664,579	510,493	–
Insurance contracts - liabilities for incurred claims	2,622,214,666	2,622,214,666	1,121,286,621	722,359,920	676,405,152	102,162,973
Insurance contract assets	(552,944,976)	(552,944,976)	(345,536,832)	(161,514,624)	(41,899,519)	(3,994,001)
Net	<u>2,069,269,690</u>	<u>2,069,269,690</u>	<u>775,749,789</u>	<u>560,845,296</u>	<u>634,505,633</u>	<u>98,168,972</u>
Reinsurance contract - asset for incurred claims	(1,914,102,000)	(1,914,102,000)	(798,890,225)	(532,321,428)	(505,953,250)	(76,937,097)
Reinsurance contract liabilities	608,269,946	608,269,946	472,330,529	101,925,474	30,757,081	3,256,862
Net	<u>(1,305,832,054)</u>	<u>(1,305,832,054)</u>	<u>(326,559,696)</u>	<u>(430,395,954)</u>	<u>(475,196,169)</u>	<u>(73,680,235)</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 2025

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 \$
2024						
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

(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 2025

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.

	2025	2024
Capital Adequacy Ratio Held	466%	547%
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 2025 and 31 December 2024.

(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 2025

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 \$
2025									
Financial assets									
FVOCI debt securities	11	1,018,521,267	–	–	–	1,018,521,267	–	–	–
Derivative financial instruments		–	2,038,889	–	–	2,038,889	–	–	–
Investments designated at FVTPL		–	254,980,711	–	–	254,980,711	25,897,708	229,083,003	–
		1,018,521,267	257,019,600	–	–	1,275,540,867			
Financial assets not measured at fair value									
Mortgage loans	11	–	–	15,301,726	–	15,301,726	–	–	15,301,726
Other receivables*	12	–	–	24,583,418	–	24,583,418	–	–	–
Cash and cash equivalents	10	–	–	1,130,346,280	–	1,130,346,280	–	–	–
		–	–	1,170,231,424	–	1,170,231,424			
Financial liabilities not measured at fair value									
Other payables	14	–	–	–	(15,581,606)	(15,581,606)			

* Excludes prepayments

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

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 \$
2024										
Financial assets										
FVOCI debt securities	11	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>				
Financial assets not measured at fair value										
Mortgage loans	11	–	–	14,638,298	–	14,638,298	–	–	14,638,298	14,638,298
Other receivables*	12	–	–	28,222,356	–	28,222,356	–	–	–	–
Cash and cash equivalents	10	–	–	1,695,133,344	–	1,695,133,344	–	–	–	–
		<u>–</u>	<u>–</u>	<u>1,737,993,998</u>	<u>–</u>	<u>1,737,993,998</u>				
Financial liabilities not measured at fair value										
Other payables	14	–	–	–	(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 2025

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 2025

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>	2025 \$	2024 \$
<i>Immediate holding company</i>		
Premiums received/receivable	12,713,391	16,863,898
Reinsurance premiums paid/payable	(200,105)	(182,113)
Commissions received	27,977	36,423
Commissions paid	(1,121,488)	(1,568,642)
Claims paid	(5,691,611)	(2,246,751)
Claims recovered	959	-
<i>Other related companies</i>		
Premiums received/receivable	123,393,076	82,178,837
Reinsurance premiums paid/payable	(73,417,357)	(23,106,680)
Commissions received	20,944,998	5,391,500
Commissions paid	(20,363,155)	(12,442,704)
Claims paid	(21,625,197)	(15,552,638)
Claims recovered	4,536,447	-
Management fees	(382,737)	(250,000)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	2025 \$	2024 \$
Salaries, other short-term employee and post employment benefits	2,717,697	4,172,976
Directors' fees	302,692	300,000
Employer's contribution to defined contribution plans including Central Provident Fund	48,961	39,939
	3,069,350	4,512,915

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

21. Retrospective changes in Financial Statements

Adjustments for prior year errors

(a) Deferred tax on surplus claim reserves

The Company recognised claims reserves in excess of the IBNR certified by the Actuary. As the excess IBNR is deductible for tax purposes only upon actual utilisation, a temporary difference arises. Prior to 2025, deferred tax was not recognised on this excess due to misinterpretation of the accounting treatment. Accordingly, a deferred tax asset has been recognised to the extent it is probable that the Company will generate sufficient taxable profits against which the deductible temporary difference can be utilized.

(b) Income tax on MTM gains or losses in Fair Value Reserves

As disclosed in Note 9, upon adoption of FRS 117, the basis of income taxation changed such that MTM gains or losses on FVOCI investments are subject to tax when recognised under MAS Statutory Returns and are no longer deferred until disposal of the underlying investments. Accordingly, these MTM gains or losses do not give rise to temporary differences, and deferred tax should not be recognised in respect of such amounts.

The Company has restated the financial statements to correct the following errors:

- (i) In 2024, income tax relating to MTM gains or losses recognised in the other comprehensive income amounting to \$3.15 million was incorrectly derecognised and transferred to retained earnings on the basis that the related income tax had been paid.
- (ii) In 2024, the Company incorrectly recognised a deferred tax asset of \$1.3 million in respect of tax paid on MTM gains for the year, instead of recognising the tax in other comprehensive income.
- (iii) The related income tax line was incorrectly presented as an income of \$1.3 million, instead of an expense of \$4.5 million, in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024.

Accordingly, the Company has restated its Statement of Financial Position as at 1 January 2024 and 31 December 2024, Statement of Changes in Equity, Statement of Profit and Loss and Other Comprehensive Income and Statement of Cash Flows for Financial Year ended 31 December 2024.

MS FIRST CAPITAL INSURANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2025*

21. Retrospective changes in Financial Statements (continued)

Impact of the above changes are as follows:

Statement of Financial Position:

As at 1 January 2024

Line Item	As previously reported	Prior Period adjustment – (a)	As Restated
	\$	\$	\$
Deferred tax assets	2,957,200	8,070,000	11,027,200
Retained earnings	1,228,556,606	8,070,000	1,236,626,606

As at 31 December 2024

Line Item	As previously reported	Prior Period adjustment – (a)	Prior Period Adjustment – (b)(i)	Prior Period adjustment – (b)(ii)	As Restated
	\$	\$	\$	\$	\$
Deferred tax assets/ (liability)	(3,416,000)	13,060,000	–	(1,300,000)	8,344,000
Retained earnings	1,422,901,149	13,060,000	(3,154,792)	–	1,432,806,357
Fair value reserve	(15,314,397)	–	3,154,792	(1,300,000)	(13,459,605)

Statement of Changes in Equity:

As at 1 January 2024

Line Item	As previously reported	Prior Period adjustment – (a)	As Restated
	\$	\$	\$
Retained earnings	1,228,556,606	8,070,000	1,236,626,606

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

21. Retrospective changes in Financial Statements (continued)

Statement of Changes in Equity:

For the year ended 31 December 2024

Line Item	As previously reported	Prior Period adjustment – (a)	Prior Period adjustment – (b)(i)	Prior Period adjustment – (b)(ii)	As Restated
	\$	\$	\$	\$	\$
Fair Value Reserve	(15,314,397)	–	3,154,792	(1,300,000)	(13,459,605)
Retained earnings	1,422,901,149	13,060,000	(3,154,792)	–	1,432,806,357

Statement of profit or loss and other comprehensive income:

For the year ended 31 December 2024

Line Item	As previously reported	Prior Period adjustment – (a)	Prior Period adjustment – (b)(i)	Prior Period adjustment – (b)(ii)	Clerical Error b(iii)	Clerical Error b(iii)	As Restated
	\$	\$	\$	\$	\$	\$	\$
Income tax expense	(30,387,577)	4,990,000	–	–	–	–	(25,397,577)
Profit for the year	189,801,343	4,990,000	–	–	–	–	194,791,343
Related income tax	1,300,000	–	3,154,792	(1,300,000)	(1,300,000)	(4,543,200)	(2,688,408)
Other comprehensive income for the year, net of tax	12,706,716	–	3,154,792	(1,300,000)	(1,300,000)	(4,543,200)	8,718,308
Total comprehensive income for the year	202,508,059	4,990,000	3,154,792	(1,300,000)	(1,300,000)	(4,543,200)	203,509,651

MS FIRST CAPITAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

21. Retrospective changes in Financial Statements (continued)

Statement of Cash Flow:

For the year ended 31 December 2024

Line Item	As previously reported	Prior Period adjustment – (a)	As Restated
	\$	\$	\$
Profit for the year	189,801,343	4,990,0000	194,791,343
Adjustment for Income tax expense	30,387,577	(4,990,000)	25,397,577

22. 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 2025 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.

22. New standards and interpretations not adopted (continued)

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.

- Classification and Measurement of Financial Instruments (Amendments to FRS 109 and FRS 107)
- Annual Improvements to FRSs - Volume 11; and
- Contracts Referencing *Nature-dependent Electricity* (Amendments to FRS109 and FRS107).

23. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Directors on 30 April 2026.