

**UTMOST WORLDWIDE LIMITED SWITZERLAND BRANCH**

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**FINANCIAL CONDITION REPORT**

**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

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## BUSINESS ACTIVITIES

### Strategy, objectives and key business segments

Utmost Worldwide Limited, a licensed insurer with its headquarters in Guernsey, Channel Island (herein the "**Company**"), specialises in offering sophisticated life insurance-based wealth management and employee benefit solutions to a global audience, including multinational organisations, international expatriates and local resident populations in the territories where it is additionally licensed.

Its Switzerland Branch (the "**Branch**") holds a Swiss insurance license (class A2) to conduct unit-linked life insurance business in Switzerland since August 2018 and effectively carries out life insurance business of categories A2.1 (fund unit-linked capital insurance with death or disability protection) and A2.4. (Life insurance linked to an internal investment portfolio or other reference values with death or disability benefit) since then.

The principal activity of the Branch is administration of its policies issued in Switzerland, with a view to issuing new policies in the future via intermediaries to expatriates and high net worth individuals. There are currently three different products administered by the Branch: two unit-linked products, one single and one regular premium (category A2.1), and a single premium open architecture product that allows for a wider range of investments (category A2.4). The Branch is currently not underwriting any new business.

### Group and shareholding structure, main locations of business

The Branch is part of the Utmost Group of Companies. The Utmost Group of Companies is a specialist life assurance group with its head office in London employing over 1000 people. The core business lines are Utmost Wealth Solutions, Utmost Corporate Solutions and Utmost Life and Pensions. Utmost Wealth Solutions is located in Ireland, the Isle of Man and Guernsey; Utmost Corporate Solutions is located in Ireland and Guernsey, and Utmost Life and Pensions is located in the UK.

### Related party transactions

The Branch has outsourced most of its business units to the Company, such as Finance, Investment and IT.

### Auditor

The Branch's auditor is PricewaterhouseCoopers, Switzerland.

### Significant unusual events

On 1 October 2020, there was a group restructure of the wider Utmost Group of Companies (Life Company Consolidation Group (No 2) Limited to be renamed Topco Limited and its subsidiaries), which resulted in Utmost International and UK businesses becoming part of the same group structure under Utmost Topco Limited (formerly named Life Company Consolidation Group (No 2) Limited). The end impact on the Company and the Branch of the restructuring was that its immediate parent is now Utmost International Group Holdings Limited (formerly named UIG Holdings (No 4) Ltd.); the former immediate parent was Utmost Holdings (Guernsey) Limited (formerly named UIG Holdings (No 6) Limited).

## PERFORMANCE

In addition to the below and in particular for quantitative information, we refer to the quantitative template "Performance Life Solo" and our financial statements for the financial year ended 31 December 2020 ("reporting year"), both attached to this report. Where deemed helpful reference to the position in the quantitative template has been made by citing the relevant row therein.

### Underwriting Performance

*Gross written premium* amounted to CHF13.2M for the reporting year and derived largely from the unit-linked life insurance business (category A2.1) with regular ("Vision") and single ("Choice") premiums. Only CHF0.1M was due to top-ups on the A2.4 product ("Portfolio Bond"). Comparing the currency premium amounts for the reporting year to the results for the previous year, the premiums received have reduced by CHF2.1M. The reduction of approximately CHF0.6M is due to foreign exchange differences over the relevant years with CHF1.5M due to the portfolio being in run-off.

*Net claims and claim expenses paid* (equals to "expenses for insurance claims for own account, row 14) amounted to CHF27.4M. Compared to the previous year (CHF32.4M), this reflects a change of approx. CHF5M. CHF5.3M of the movement relates to an increase in technical provisions due to the annual update of expense and economic assumptions (2019: CHF2.2M) whilst the technical provisions for unit-linked life insurance have increased by CHF10M mainly due to positive investment return (2019: CHF18.3M), in combination a year on year difference in the movement in the total technical provisions of CHF5.2M. Payments for insurance claims (row 9) as can be seen remained largely stable with a slight increase of CHF0.2M. Claims are purely client led and will reflect their circumstances.

*Costs* (equals to "acquisition and administration expenses", row 17) remained at CHF2.3M. As these are mostly internal and reoccurring costs, it is anticipated that they will remain stable in line with this amount for the reporting year moving forward.

### Financial Performance

*Income from investments* amounted to CHF1.7M (row 20), whereas expenses from investments came to CHF1.9M (row 21). This led to a net investment loss of CHF0.2M (row 22), which relates to the Branch own held bond portfolio returns over the year and is a reduction of CHF0.3M from the small amount of income in the prior year.

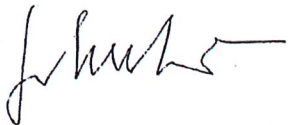
*Total Equity* (i.e. the head office account) has reduced from CHF20.3M to CHF17.1M, and is reflective of the losses in the Branch in the current period.

### Other material income and expenses

*Net capital and interest gains from unit-linked business* came to CHF16.3M (row 23), compared with CHF12.9M in the previous year. This reflects the net increase between premiums paid into the unit-linked fund and claims paid out along with the net increases made in investments during the year, despite earlier volatility linked to the COVID-19 pandemic. 2020 was an extremely volatile year for financial assets as markets tried to price the uncertainty associated

with COVID. Despite significant market corrections in Q1, most major markets subsequently recovered in the latter half of the year.

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Gabriel Zucker

General Representative



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Charles Bangor-Jones  
Chief Financial Officer

Adliswil, 30st April 2021





Currency: CHF or annual report currency  
Amounts stated in millions

	Total		Swiss business						Non-Swiss business			
	Previous year	Reporting year	Individual life		Group life		Unit-linked life insurance		Other forms of life insurance		Total	
			Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1 Gross premiums	15.3	13.2					15.3	13.1	0.0	0.1		
2 Reinsurers' share of gross premiums												
3 Premiums for own account (1 + 2)	15.3	13.2					15.3	13.1	0.0	0.1		
4 Change in unearned premium reserves												
5 Reinsurers' share of change in unearned premium reserves												
6 Premiums earned for own account (3 + 4 + 5)	15.3	13.2					15.3	13.1	0.0	0.1		
7 Other income from insurance business	15.3	13.2					15.3	13.1	0.0	0.1		
8 Total income from underwriting business (6 + 7)	-11.9	-12.1					-11.5	-11.4	-0.4	-0.7		
9 Payments for insurance claims (gross)												
10 Reinsurers' share of payments for insurance claims	-2.2	-5.3					-1.7	-3.7	-0.5	-1.6		
11 Change in technical provisions												
12 Reinsurers' share of change in technical provisions	-18.3	-10					-18.1	-10.2	-0.2	0.2		
13 Change in technical provisions for unit-linked life insurance												
14 Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-32.4	-27.4					-31.3	-25.3	-1.1	-2.1		
15 Acquisition and administration expenses	-2.3	-2.3					-2.3	-2.3	0.0	0.0		
16 Reinsurers' share of acquisition and administration expenses												
17 Acquisition and administration expenses for own account (15 + 16)	-2.3	-2.3					-2.3	-2.3	0.0	0.0		
18 Other underwriting expenses for own account												
19 Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)												
20 Investment income	1.7	1.7					-0.2	1.7	1.9	0.0		
21 Investment expenses	-1.8	-1.9					-1.3	-1.9	-0.2	0.0		
22 Net investment income (20 + 21)	0.1	-0.2					-1.3	-0.2	1.7	0.0		
23 Capital and interest income from unit-linked life insurance	12.9	16.3					0.3	0.7	12.6	15.6		
24 Other financial income												
25 Other financial expenses												
26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	-6.3	-0.4					-19.4	-14.0	13.2	13.6		
27 Interest expenses for interest-bearing liabilities												
28 Other income	3.7	1.4										
29 Other expenses	-0.1	-7.4										
30 Extraordinary income/expenses												
31 Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	-2.7	-6.4										
32 Direct taxes	0.1	0										
33 Profit / loss (31 + 32)	-2.7	-6.4										

Utmost Worldwide Limited,  
St Peter Port, Zweigniederlassung  
Schweiz, Adliswil

Zurich

Report of the independent auditor  
to the General Manager  
on the financial statements 2020

# Report of the independent auditor

to the General Manager of Utmost Worldwide Limited, St Peter Port,  
Zweigniederlassung Schweiz, Adliswil

Zurich

## Report on the audit of the financial statements

As a federally-supervised audit firm, we have audited the accompanying financial statements of Utmost Worldwide Limited, St Peter Port, Zweigniederlassung Schweiz, Adliswil (the 'Branch'), which comprise of the statement of financial position, income statement and notes for the year ended 31 December 2020, in line with Article 28 para. 2 of the Insurance Supervision Act ('ISA') and with reference to the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies ('WNL')".

The financial statements have been prepared by the General Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.

### General Manager's Responsibility for the Financial Statements

The General Manager is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law – in particular the Financial Market Supervision Act ('FINMASA'), the ISA, the Insurance Supervision Ordinance ('ISO') and the FINMA Insurance Supervision Ordinance ('ISO-FINMA') as well as with the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies ('WNL')" –, and for such internal controls as the General Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulatory requirements set out in Article 28 para. 2 ISA, the WNL and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Branch office's preparation of the financial statements 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 Branch office's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of the Branch for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements of supervision law (in particular FINMASA, ISA, ISO and ISO-FINMA) and with the WNL.

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### Basis of Accounting

Without modifying our opinion, we note that the financial statements of the Branch are prepared on the basis of the accounting principles specified above. The financial statements are prepared to comply with the requirements of Article 25 para. 4 ISA. As a result, the financial statements may not be suitable for another purpose.

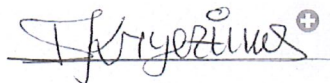
PricewaterhouseCoopers AG



Qualified electronic signature · Swiss law

Nebojsa Baratovic

Audit expert  
Auditor in charge



Ilir Kryeziu

Audit expert

Zurich, 9 April 2021

Enclosure:

- Financial statements (statement of financial position, income statement and notes)

UTMOST WORLDWIDE LIMITED  
 SWITZERLAND BRANCH  
 STATEMENT OF FINANCIAL POSITION  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 CHF	2019 CHF
<b>Assets</b>			
Investments	3	42,591,874	40,983,545
Investments for unit-linked business	4	152,359,886	140,970,399
Cash and cash equivalents	5	5,426,188	6,652,049
Property and equipment	6	-	9,525
Accrued income and prepaid expenses	7	280,612	260,968
<b>Total assets</b>		<b>200,658,560</b>	<b>188,876,486</b>
<b>Liabilities</b>			
Technical provisions	8	40,969,524	35,635,073
Technical provisions for unit-linked business	9	141,656,202	131,710,419
Insurance payables	10	627,250	1,115,838
Other liabilities	11	278,951	145,081
<b>Total Liabilities</b>		<b>183,531,927</b>	<b>168,606,411</b>
<b>Head Office Account</b>	12	<b>17,126,633</b>	<b>20,270,075</b>
<b>Total Liabilities and Head Office Account</b>		<b>200,658,560</b>	<b>188,876,486</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**UTMOST WORLDWIDE LIMITED**  
**SWITZERLAND BRANCH**  
**INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR TO 31 DECEMBER 2020**

	Note	2020 CHF	2019 CHF
Gross premium written	15	13,274,825	15,342,723
<b>Net premiums written</b>		<b>13,274,825</b>	<b>15,342,723</b>
Change in unearned premium reserves		-	-
<b>Net premiums earned</b>		<b>13,274,825</b>	<b>15,342,723</b>
<b>Total technical income</b>		<b>13,274,825</b>	<b>15,342,723</b>
Gross claims and claim expenses paid to policyholders	16	(12,117,189)	(11,899,800)
Change in technical provisions	17	(5,334,451)	(2,186,786)
Change in technical provisions for unit-linked business	18	(9,945,783)	(18,338,341)
<b>Net claims and claim expenses incurred</b>		<b>(27,397,423)</b>	<b>(32,424,927)</b>
Acquisition costs and administrative expenses	19	(2,348,821)	(2,276,448)
<b>Net acquisition costs and administrative expenses</b>		<b>(2,348,821)</b>	<b>(2,276,448)</b>
<b>Total technical expenses</b>		<b>(29,746,244)</b>	<b>(34,701,375)</b>
Income from investments	20	1,830,609	1,678,556
Expenses from investments	21	(1,935,199)	(1,592,202)
<b>Net income / (expenses) from investments</b>		<b>(104,590)</b>	<b>86,354</b>
Capital and interest gains from unit-linked business	22	18,888,994	21,389,738
Capital and interest losses from unit-linked business	23	(2,568,374)	(8,463,883)
<b>Net capital and interest gains from unit- linked business</b>		<b>16,320,620</b>	<b>12,925,855</b>
<b>Operating result</b>		<b>(255,389)</b>	<b>(6,346,443)</b>
Other income	24	1,350,316	3,722,325
Other expenses	25	(7,441,985)	(120,397)
<b>Loss before tax for the year</b>		<b>(6,347,058)</b>	<b>(2,744,515)</b>
Income tax credit / (expense)	26	(47,938)	90,691
<b>Loss for the year</b>		<b>(6,394,996)</b>	<b>(2,653,824)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Adliswil (the "Branch") is a branch of Utmost Worldwide Limited (the "Head Office" or the "Company") incorporated in Guernsey, Channel Islands with company registration number 27151. The Branch is not a separately incorporated legal entity.

The Branch is registered in Switzerland - registration number CHE-477.079.694. The registered office address of the Branch is at Soodmattenstrasse 4, 8134 Adliswil.

On 1 October 2020, there was a group restructure of the wider Utmost Group of Companies (Topco Limited and its subsidiaries) which resulted in Utmost International and UK businesses becoming part of the same group structure under Utmost Topco Limited (formerly named Life Company Consolidation Group (No 2) Limited). The end impact on the Company of the restructuring was that its immediate parent is now Utmost International Group Holdings Limited (formerly named UIG Holdings (No 4) Ltd); the former immediate parent was Utmost Holdings (Guernsey) Limited (formerly named UIG Holdings (No 6) Ltd.).

The ultimate parent company which maintains a majority controlling interest in the Group is recognised by the directors as OCM Holdings Limited (formerly OCM LCCG2 Holdings Limited), a Cayman incorporated entity. OCM Holdings Limited is an investment vehicle owned by funds which, are managed and advised by Oaktree Capital Management, L.P., a subsidiary of the ultimate controlling party Oaktree Capital Group LLC.

These financial statements are prepared from the records of the Branch and reflect only transactions relating to operations in Switzerland. The Branch obtained a license to conduct unit-linked life assurance business in Switzerland on 22 August 2018.

**2. Summary of valuation principles and significant accounting policies**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art. 957-963b CO, applicable as of 1 January 2013). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5-6a AVO-FINMA, applicable as of 15 December 2015) have been applied.

The financial statements have been drawn up under the going concern assumption. Transactions and other events are recognised at their occurrence under the periodic accrual principle.



**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**2. Summary of valuation principles and significant accounting policies (continued)**

**2.2 Foreign currency translation**

These financial statements are presented in Swiss Francs ("CHF") which is the Branch's functional currency. Transactions in a currency other than CHF ("foreign currency") are translated into CHF using the exchange rates at the dates of the transactions. Currency translation differences resulting 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 the income statement.

The year-end exchange rates used are presented below:

	<b>2020</b>	<b>2019</b>
EUR	0.9241	0.9213
GBP	0.8276	0.7800
USD	1.1298	1.0345

**2.3 Investments**

All securities quoted on a stock exchange or with an observable market price in an active market are valued at that price, as of the statement of financial position date, even if this price exceeds the acquisition value or nominal value, with the exception of fixed interest securities.

The investments in fixed income securities are held at the lower of amortised cost and fair market value. Where the fixed income securities are carried at amortised cost, amortisation is recognised as an adjustment to Income from Investments - Fixed-income and debt securities in the income statement.

Amortisation of the fixed income securities is calculated using the linear cost amortisation method whereby the difference between acquisition value and the repayment value is distributed in equal amounts on the statement of financial position date as amortisation over the remaining term. The acquisition costs do not include accrued interest.

The investments in note 3, relating to 1.1 Art 5a para. 1, AVO FINMA minimum requirements of the balance sheet include all Branch attributed tied asset cash.

Purchases and sales of investments are recognised on the trade date, the date on which the Branch commits to purchase or sell the asset. The financial assets carried at fair value through profit and loss are initially recognised at fair value including transaction costs.

The valuation of investments is in accordance with article 93a ISO. Changes in market value are recognised in the income statement under 'income or expenses for investments'.

**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**2. Summary of valuation principles and significant accounting policies (continued)**

**2.4 Investments for unit-linked business**

Securities quoted on a stock exchange or with an observable market price in an active market are valued at that price as of the statement of financial position date, even if this price exceeds the acquisition value or nominal value. Units in collective investment schemes are considered to have an observable market price in an active market if the Branch could have redeemed the units at the statement of financial position date without significant delay.

Where an observable price in an active market is not available, the securities are valued at no more than acquisition cost less an allowance for impairment.

The valuation of investments for unit-linked business is in accordance with article 93a ISO. Changes in market value are booked through the income statement.

The investments for unit-linked business in note 4, relating to 1.1 Art 5a para. 1, AVO FINMA minimum requirements of the balance sheet include all policyholder attributed tied asset cash.

Purchases and sales of investments for unit-linked business are recognised on the trade date, the date on which the Branch commits to purchase or sell the asset. The financial assets carried at fair value through profit and loss are initially recognised at fair value including transaction costs.

The valuation of investments is in accordance with article 93a ISO. Changes in market value are recognised in the income statement under 'Capital and interest gains or losses from unit-linked business'.

**2.5 Receivables**

Receivables are presented at par value less allowances for impairment. The allowances for significant receivables are considered individually, and the allowances for the other receivables are made using a common set of assumptions. Currently no allowance has been made for impairment based on the nature of the receivables and the empirical experience of the Branch. Please refer to note 7 for detail of any receivables.

**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**2. Summary of valuation principles and significant accounting policies (continued)**

**2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash is presented at face value less any allowance for impairment.

**2.7 Property and equipment**

**(a) Measurement**

All fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of fixed assets includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**(b) Depreciation**

Depreciation on fixed assets is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Useful economic lives

Computers	3 years
Fixtures and fittings	3 years

The residual values and estimated useful lives of fixed assets are reviewed and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the income statement when the changes arise. Fully depreciated fixed assets still in use are retained in the financial statements.

**(c) Subsequent expenditure**

Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.



**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**2. Summary of valuation principles and significant accounting policies (continued)**

**(d) Disposal**

On disposal of a fixed asset, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

**2.8 Income taxes**

Income tax is recognised as an expense in the profit or loss for the period at the amount expected to be paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

**2.9 Technical provisions**

The Branch only issues unit-linked life insurance policies. The technical provisions for this business are recommended / determined by the Responsible Actuary based on generally accepted actuarial principles and are in accordance with the business plan as approved by FINMA. The provisions can be split into the unit reserves and the non-unit reserves. The provisions for the unit reserves are based on the valuation of the assets associated with each policy.

The provision for the non-unit reserves are made up of several components.

The non-unit reserves include the insurance elements of the contracts and the net position resulting from the change in the liabilities due to product fees considered in combination with the expenses incurred by the Branch in operating its administration systems. The insurance elements include enhancement of policy benefits when paid on the death of the policyholder and / or the refund on death of a proportion of any initial charges that would otherwise accrue wholly to the Branch.

The non-unit reserves also include the enhancement of future benefits should certain conditions be satisfied. Enhancements include features such as loyalty bonuses, retention bonus and enhanced allocation rates, being past contractual commitments that the Branch would be obliged to honour in the future.

In addition to the non-unit reserve, an additional expense reserve is held as a prudent measure to ensure all future expenses are met.

There is also an allowance for the impact of the Minimum Surrender value relative to the Technical Provisions, as the Technical Provisions must always exceed the Minimum Surrender Value at a plan level.



**UTMOST WORLDWIDE LIMITED  
SWITZERLAND BRANCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**2. Summary of valuation principles and significant accounting policies (continued)**

**2.10 Provisions for other liabilities and charges**

Provisions for other liabilities and charges, other than those relating to insurance contracts, are recognised when the Branch has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are increased, preserved or released according to reappraisals that take place at least yearly.

**2.11 Gross and net premiums**

Gross recurring and single premiums are recognised as revenue when payable by the policyholder. See note 15.

**2.12 Gross claims and claim expenses paid**

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. See note 16.

**2.13 Head office account**

The head office account represents the amounts contributed by the Company into the Branch in the form of cash contributions and payments of expenses on its behalf. This also includes current and prior period results of operations as reported in the income statement, reduced by the amounts of any repatriation of funds to the Company as the head office. Refer to note 12.

**2.14 Insurance receivables and payables**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the statement of comprehensive income. See note 7.

**2.15 Acquisition costs and administrative expenses**

The acquisition costs and administration expenses are charged directly to the income statement in the period for which they relate. The breakdown of the acquisition costs and administration expenses can be found in note 19.

**UTMOST WORLDWIDE LIMITED**  
**SWITZERLAND BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**2. Summary of valuation principles and significant accounting policies (continued)**

**2.16 Value Added Tax (VAT)**

VAT is paid annually at the standard rate of 7.7% on the amount of expenses charged by the Head Office to the Branch for services provided in administering the Swiss policies outside of Switzerland.

**3. Investments**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Fixed income and debt securities	39,871,592	38,516,637
Valuation adjustment – investment expense – amortised cost (AC) to market value (MV)	(152,574)	(235,657)
	<u>39,719,018</u>	<u>38,280,980</u>
Tied asset cash – Branch	2,872,856	2,702,565
<b>Total Investments</b>	<u>42,591,874</u>	<u>40,983,545</u>

**4. Investments for unit-linked business**

Investments held to back the unit-linked insurance policies include the following:

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Equities	499,203	368,191
Structured investment products	123,540	376,676
Money market investment funds	6,757,066	10,290,230
Collective investment schemes	140,527,818	125,161,091
	<u>147,907,627</u>	<u>136,196,188</u>
Tied asset cash – Policyholder	4,452,259	4,774,211
<b>Total investments for unit-linked business</b>	<u>152,359,886</u>	<u>140,970,399</u>

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5. Cash and cash equivalents

	31 December 2020	31 December 2019
	CHF	CHF
Cash held at non-tied asset bank accounts	1,832,363	3,052,129
Cash held in organisational fund bank account	2,993,825	2,999,920
Cash held in surety bank account	600,000	600,000
<b>Total cash and cash equivalents</b>	<b>5,426,188</b>	<b>6,652,049</b>

Based on the credit rating and standing of the Branch's banking counterparties, no allowance was considered necessary at the statement of financial position date.

6. Property and equipment

	Computers CHF	Furniture and fittings CHF	Total CHF
<b>31 December 2020</b>			
Opening net book amount	5,853	3,672	9,525
Depreciation charge	(5,853)	(3,672)	(9,525)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Computers CHF	Furniture and fittings CHF	Total CHF
<b>31 December 2019</b>			
Opening net book amount	16,639	9,768	26,407
Depreciation charge	(10,786)	(6,096)	(16,882)
<b>Closing net book amount</b>	<b>5,853</b>	<b>3,672</b>	<b>9,525</b>

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7. Accrued income and prepaid expenses

	31 December 2020 CHF	31 December 2019 CHF
Accrued income	231,554	217,280
Prepaid commission	39,533	14,001
Tax receivable	-	16,180
Other prepayments	9,525	13,507
	<u>280,612</u>	<u>260,968</u>

8. Technical Provisions

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	40,969,524	35,635,073	-	-	40,969,524	35,635,073
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
<b>Total</b>	<b>40,969,524</b>	<b>35,635,073</b>	<b>-</b>	<b>-</b>	<b>40,969,524</b>	<b>35,635,073</b>

In 2020, the actuarial modelling software system was changed to align with the Utmost Group. The reported Swiss Technical Provisions as at 31 December 2020 included above, have been calculated using this new system. The Technical Provisions at 31 December 2020 and 31 December 2019 have also been independently validated.

The new system provided the opportunity for increased accuracy of estimating the technical provisions. A parallel run of the new and old systems was performed for the technical provisions as at 31 December 2019, and this resulted in a reduction in the non-unit reserve (which forms a component of the Technical Provisions) of CHF3m. The total change to the new system was accounted for in the current year income statement. See table below for the impact assessment



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8. Technical Provisions (continued)

	CHF
Non-unit reserve – old software system	17,160,164
Regular premium Vision product administration modelling impact	(2,671,257)
Sequencing and timing of cash flow impact	(308,359)
<b>Total impact</b>	<b>(2,979,616)</b>
Non-unit reserve – new software system	14,180,548

The main change related to a more accurate recognition and quantification of the administration fees for the regular premium Vision product, which reduced the non-unit reserve by CHF2.7m. The remainder of the change was due to different sequencing and timing of cash flows.

9. Technical Provisions for unit linked business

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	141,656,202	131,710,419	-	-	141,656,202	131,710,419
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
<b>Total</b>	<b>141,656,202</b>	<b>131,710,419</b>	<b>-</b>	<b>-</b>	<b>141,656,202</b>	<b>131,710,419</b>

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**10. Insurance payables**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Policyholder	557,008	1,038,652
Agents and brokers	70,242	77,186
	<u>627,250</u>	<u>1,115,838</u>

**11. Other liabilities**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Accrued operating expenses	147,351	105,217
Tax payable	26,730	-
VAT	55,270	23,364
Other payables	49,600	16,500
	<u>278,951</u>	<u>145,081</u>

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12. Head office account

2020	Capital Reserves CHF	Organisational Fund CHF	Surety CHF	Total CHF
Balance at 1 January 2020	16,670,075	3,000,000	600,000	20,270,075
Contribution of cash from head office	2,398,807	-	-	2,398,807
*Non-cash contribution from head office	852,747	-	-	852,747
Loss for the year	(6,394,996)	-	-	(6,394,996)
<b>Balance at 31 December 2020</b>	<b>13,526,633</b>	<b>3,000,000</b>	<b>600,000</b>	<b>17,126,633</b>

2019	Capital Reserves CHF	Organisational Fund CHF	Surety CHF	Total CHF
Opening balance	22,319,027	3,000,000	600,000	25,919,027
Repatriation of cash to head office	(6,644,818)	-	-	(6,644,818)
*Non-cash contribution from head office	3,649,690	-	-	3,649,690
Loss for the year	(2,653,824)	-	-	(2,653,824)
<b>Balance at 31 December 2019</b>	<b>16,670,075</b>	<b>3,000,000</b>	<b>600,000</b>	<b>20,270,075</b>

\*Expenses paid by head office on behalf of the Branch and treated as a capital contribution.

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**13. Audit fees**

	31 December 2020 CHF	31 December 2019 CHF
Audit services to predecessor audit firm	-	73,217
Audit services to incumbent audit firm	85,241	71,793
	<u>85,241</u>	<u>145,010</u>

All audit fees are recognised in administrative expenses on the income statement.

**14. Personnel expenses**

	31 December 2020 CHF	31 December 2019 CHF
Wages, salaries and staff benefits	446,298	326,424
Employer's defined contribution payments	36,295	65,771
	<u>482,593</u>	<u>392,195</u>

All personnel expenses are recognised in administrative expenses on the income statement.

**15. Gross premium written**

	31 December 2020 CHF	31 December 2019 CHF
Gross written premium	13,274,825	15,342,723
Total gross premium written	<u>13,274,825</u>	<u>15,342,723</u>



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16. Gross claims and expenses paid

	31 December 2020 CHF	31 December 2019 CHF
Gross surrenders paid	12,117,189	11,899,800
Total gross claims and expenses paid	<u>12,117,189</u>	<u>11,899,800</u>

17. Change in Technical Provisions

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	5,334,451	2,186,786	-	-	5,334,451	2,186,786
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
Total	<u>5,334,451</u>	<u>2,186,786</u>	<u>-</u>	<u>-</u>	<u>5,334,451</u>	<u>2,186,786</u>

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18. Change in Technical Provisions for unit linked business

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	9,945,783	18,338,341	-	-	9,945,783	18,338,341
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
<b>Total</b>	<b>9,945,783</b>	<b>18,338,341</b>	<b>-</b>	<b>-</b>	<b>9,945,783</b>	<b>18,338,341</b>

19. Acquisition costs and administrative expenses

	31 December 2020 CHF	31 December 2019 CHF
Acquisition costs	652,314	941,029
Head office expenses allocated to the Branch	717,793	303,429
Administrative expenses	978,714	1,033,990
<b>Total acquisition costs and administrative expenses</b>	<b>2,348,821</b>	<b>2,276,448</b>

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**20. Income from investments**

<b>2020</b>	<b>Income</b>	<b>Unrealised gains</b>	<b>Realised gains</b>	<b>Total</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Income from Investments - fixed interest securities	254,934	1,482,147	10,447	1,747,528
Movement in change in valuation - market value to amortised cost - Fixed income and debt securities	-	83,081	-	83,081
	<b>254,934</b>	<b>1,565,228</b>	<b>10,447</b>	<b>1,830,609</b>
<b>2019</b>	<b>Income</b>	<b>Unrealised gains</b>	<b>Realised gains</b>	<b>Total</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Income from Investments - fixed interest securities	503,233	1,069,231	-	1,572,464
Movement in change in valuation - market value to amortised cost - Fixed income and debt securities	-	106,092	-	106,092
	<b>503,233</b>	<b>1,175,323</b>	<b>-</b>	<b>1,678,556</b>

**21. Expenses from investments**

<b>2020</b>	<b>Expenses</b>	<b>Unrealised (losses)</b>	<b>Realised (losses)</b>	<b>Total</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Expenses from Investments - Fixed income and debt securities	-	(228,291)	(1,706,908)	(1,935,199)
	<b>-</b>	<b>(228,291)</b>	<b>(1,706,908)</b>	<b>(1,935,199)</b>
<b>2019</b>	<b>Expenses</b>	<b>Unrealised (losses)</b>	<b>Realised (losses)</b>	<b>Total</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Expenses from Investments - Fixed income and debt securities	-	(476,378)	(1,115,824)	(1,592,202)
	<b>-</b>	<b>(476,378)</b>	<b>(1,115,824)</b>	<b>(1,592,202)</b>

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22. Capital and interest gains from unit linked business

2020	Income CHF	Unrealised gains CHF	Realised gains CHF	Total CHF
Capital and interest gains from unit linked business	300,562	17,104,582	1,483,850	18,888,994
	<u>300,562</u>	<u>17,104,582</u>	<u>1,483,850</u>	<u>18,888,994</u>

2019	Income CHF	Unrealised gains CHF	Realised gains CHF	Total CHF
Capital and interest gains from unit linked business	381,992	20,273,021	734,725	21,389,738
	<u>381,992</u>	<u>20,273,021</u>	<u>734,725</u>	<u>21,389,738</u>

23. Capital and interest losses from unit linked business

2020	Expenses CHF	Unrealised (losses) CHF	Realised (losses) CHF	Total CHF
Capital and interest expenses from unit linked business	-	(1,963,732)	(604,642)	(2,568,374)
	<u>-</u>	<u>(1,963,732)</u>	<u>(604,642)</u>	<u>(2,568,374)</u>

2019	Expenses CHF	Unrealised (losses) CHF	Realised (losses) CHF	Total CHF
Capital and interest expenses from unit linked business	-	(7,554,917)	(908,966)	(8,463,883)
	<u>-</u>	<u>(7,554,917)</u>	<u>(908,966)</u>	<u>(8,463,883)</u>



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**24. Other Income**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
FX revaluation gain	-	2,162,932
Fee and commission income	1,350,316	1,559,393
	<u>1,350,316</u>	<u>3,722,325</u>

**25. Other expenses**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Foreign exchange revaluation loss	6,270,717	-
Miscellaneous expense	1,029,210	-
Administration and service charge	52,967	74,153
Interest expenses	33,821	22,880
VAT expense	55,270	23,364
	<u>7,441,985</u>	<u>120,397</u>

**26. Income taxes**

The Branch has a loss before tax of CHF 6,347,058 (2019: loss CHF 2,744,515)

Income tax expense/ (credit) is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Income tax	21,208	(122,616)
Tax on equity	26,730	31,925
	<u>47,938</u>	<u>(90,691)</u>

**27. Residual amount of operating lease obligations**

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>CHF</b>	<b>CHF</b>
Not later than one year	16,808	16,809
Later than one year but not later than five years	-	-
	<u>16,808</u>	<u>16,809</u>

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**28. Full-time equivalents**

The annual average number of full-time equivalent staff employed for the reporting year was 2.7 (2019: 2).

**29. Significant events**

**29.1 Group Restructuring**

On 1 October 2020, there was a group restructure of the wider Utmost Group of Companies (Topco Limited and its subsidiaries) which resulted in Utmost International and UK businesses becoming part of the same group structure under Utmost Topco Limited (formerly named Life Company Consolidation Group (No 2) Limited). The end impact on the Company of the restructuring was that its immediate parent is now Utmost International Group Holdings Limited (formerly named UIG Holdings (No 4) Ltd); the former immediate parent was Utmost Holdings (Guernsey) Limited (formerly named UIG Holdings (No 6) Ltd.).

**29.2 Coronavirus**

The COVID-19 outbreak developed rapidly at the end of 2019 and continued throughout 2020 into 2021. With a significant number of infections in all the jurisdictions in which the Branch and Company operates. Measures have been put in place to prevent transmission of the virus including limiting the movement of people restricting flights and other travel, temporarily closing businesses and schools and cancelling events. The Company and the Branch follows the latest advice from the World Health Organisation and national health agencies policies in which the Company and Branch operates.

The Company activities are classified as essential services which has allowed some staff to work from the office in specific jurisdictions. Due to the work completed by the business continuity teams the business continues to run smoothly during the pandemic and for the foreseeable future. The success of the program has allowed staff to work from home when necessary while maintaining service standards to clients during periods of lockdown. The Branch has been able to continue to operate with minimal visible impact whilst ensuring the safety of its staff, customers and partners.

Management have also been carefully considering the repercussions on the financial statements and the ongoing financial reporting. The implications considered include the indirect effects of lower economic activity.

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**29.2 Coronavirus (continued)**

Management are monitoring the situation and continuously considering the following:

- Client service standards - Client service standards are continuously monitored to ensure that remote working by staff does not negatively impact service standards.
- Safety - Measures taken to control COVID-19 ensuring the safety of its staff, customers and partners.
- Business activity indicators - KPI's including client activity and lost business were monitored to ascertain if any assumptions from earlier dates may need to be revised.
- Solvency - The solvency of the Company and the Branch was not threatened by the pandemic or the market volatility seen in 2020.
- Market impacts - Market movements can impact the fee income recognised in the income statement due to movements in funds under management. During the first quarter of 2020 there was a decline in the markets as a result of the COVID-19 pandemic, which reduced the Company's fee income. The impact was compounded by volatility in bond markets with credit spread widening and in the exchange rates experienced. The investment markets rebounded during the second quarter and continued to grow strongly in the fourth quarter, with average growth of 14% over 2020 for assets backing unit-linked policies.
- COVID-19 Provisions – There are no specific COVID-19 provisions within the branch financial statements as the risk exposure to COVID-19 claims on the Branch business is insignificant due to the nature of the unit-linked business with limited additional death benefits and the age profile of the policyholders.
- Impact on assumptions affecting liabilities
  - o Mortality & longevity - Whilst provisions have been made for shorter term impacts from the pandemic, the longer-term mortality rates are not expected to materially change hence has not been adjusted from the previous assumption;
  - o Inflation, exchange rates and economic reference data/expenses - The approach of using market consistent data is unchanged, generally using economic reference data with a long-term view, and using prevailing exchange rates. No adjustments were made due to COVID-19;
  - o Expenses - The Branch's expenses are closely managed and did not increase due to the pandemic in 2020;
  - o Interest rates - Interest rates reduced in 2020. The Company and therefore the Branch adopts asset liability management strategies in order to immunize itself from adverse impacts from interest rate fluctuations; and
  - o Lapse surrender rates - The COVID-19 pandemic had negligible impact on lapse rates in 2020 or upon future assumptions.

The Branch has seen no deterioration in payment regularity nor has the impact of Brexit had any noticeable effect. The rates of persistency have remained stable during the year.

Based on the above, the Directors consider that the Branch remains a going concern.

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**30 Events after the end of the reporting period**

There are no transactions or events subsequent to the reporting period which require adjustment in the financial statements.