Public Disclosure

Utmost Worldwide Limited Singapore Branch (the 'Branch')

This document has been prepared to fulfil the mandatory requirements of MAS Notice 124 'Public DisclosureRequirements' for the financial year ended 31 December 2020.

Branch Profile

The Branch is registered and domiciled in Singapore. The address of the Branch's registered office is #06-02 CapitaGreen, 138 Market Street Singapore, 048946.

The Singapore Branch is a branch of Utmost Worldwide Limited (the 'Company') incorporated in Guernsey, Channel Islands, and is not a separate incorporated legal entity. The Company is incorporated in Guernsey, and forms part of the Utmost Group. The ultimate parent company which maintains a majority controlling interest in the Utmost Group is OCM Utmost Holdings Limited, a Cayman incorporated entity. OCM Utmost 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.

The principal activity of the Branch is the sale and servicing of insurance and investment products via intermediaries to expatriates and high net worth individuals.

Products

The Branch services a range of investment-linked savings plans with both regular premium payments (Vision and Focus) and single premium payment (Choice). The Branch also services Professional Portfolio plans which are open-architecture saving plans with a single premium aimed at high net worth individuals.

Corporate Governance Structure

The establishment and effective operation of the Branch's corporate governance, internal control and risk management frameworks is ultimately the responsibility of the Chief Executive of the Branch. Several key functions and activities are outsourced to the Company's Head Office in Guernsey and its operations in Ireland. These services include accounting and actuarial reporting, IT system provision, in-life policy servicing, product development, and investment management and administration. The Branch undertakes regular monitoring of these activities and remains responsible for the services delivered.

The Company as a whole operates under the requirements of its home country regulatory regime, managed under the auspices of the Guernsey Financial Service Commission. Under this regime, the Company is required to comply with the Finance Sector Code of Corporate Governance.

In addition, the Branch is required to comply with regulatory requirements in Singapore. The Monetary Authority of Singapore is the supervisor and regulator of Singapore's financial services sector.

As a subsidiary within the Utmost Group, the Company also operates under an internal control and risk management system prescribed by its ultimate parent in order to comply with the requirements of the European Solvency II Directive.

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This system sets out that there shall be a Board of Directors, an Audit and Risk Committee of the Board, a Chief Executive Officer with senior management and management committees as support to the Chief Executive Officer in matters relating to risk.

The internal control system requires that the Company establish three lines of defence:

1. the operating functions (the **"Risk Owners"**), which represent the first line of defence and have ultimate responsibility for risks relating to their area of expertise;
2. actuarial, compliance and risk management functions, which represent the second line of defence;
3. internal audit, which represents the third line of defence (together with actuarial, compliance and risk management functions they form the **"Control Functions")**.

The internal control and risk management system is integrated into the organisational structure and the decision-making processes. As well as the need to comply with applicable laws and regulations, the system requires that risks are identified, assessed, managed, monitored and reported. An Own Risk and Solvency Assessment (ORSA) is carried out by the Company and forms part of the risk management system.

Key Role	Description
Board of Directors	The Board ensures that the risk management system identifies, evaluates and controls the most significant company risks. Within the scope of its typical duties and responsibilities, the Board is ultimately responsible for setting strategies and policies in the area of risk management and internal control and ensuring their adequacy and sustainability over time, in terms of completeness, functioning and effectiveness.
Audit Committee	The Audit Committee is composed of non-executive directors; its mission is to advise the Board, to put forward proposals regarding the internal control and risk management system and oversee Internal and External audit processes.
CEO and Management	The CEO is responsible for the implementation, maintenance and monitoring of the system of internal controls and risk management, including risks arising from non-compliance with regulations, in accordance with the policies adopted by the Board of Directors. The senior management support the CEO.
Risk and Compliance Committee	The Risk and Compliance Committee is composed of non-executive directors; its mission is to advise the Board in the implementation, maintenance and monitoring of the internal controls and risk management system.
Actuarial Function	The Actuarial Function is responsible for the determination of the liabilities. The Head of Actuarial functionally reports to the Board of Directors. The Actuarial department provides the quantification of the risk-based capital requirements and provides recommendations on asset-liability management, underwriting and reinsurance strategy and data quality.
Compliance Function	The Compliance function is responsible for advice on compliance with laws, regulations and internal policies. The Head of Compliance functionally reports to the Board of Directors.

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Risk Management Function	The Risk Management function is in charge of implementing and overseeing the risk management system. Moreover, the Risk Management function is responsible for coordinating the risk management policies, executing risk controlling activities, and developing risk evaluation methodologies. The Chief Risk Officer functionally reports to the Board of Directors.
Internal Audit Function	The Internal Audit function is responsible for evaluating the effectiveness and efficiency of the system of internal controls and the need for improvement through support and advice to other business functions. The Chief Internal Auditor reports directly to the Board's Audit Committee.

The Company has also established various other committees and forums with remits such as monitoring investment activity, monitoring distribution activities, and product development.

Risk and Capital Management Framework

The Branch's objectives while managing capital are as follows:

- To comply with the capital requirements under the Insurance Act, Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133 (Valuation and Capital Framework for Insurers);
- To safeguard the Branch's ability to provide future benefits for policyholders; and
- To maintain a strong capital base to support the development of its business.

The Branch is currently meeting all of these objectives.

Due to the investment-linked nature of the business written by the Branch, the liabilities mainly consist of unit reserves that are matched with the assets held for the policyholder funds, hence the asset/liability mismatch arising from the fund is minimal.

Determination of technical reserves

Actuarial liabilities are valued in compliance with the valuation methodology as specified in the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133.

Policy liabilities are determined for each plan separately, and these are summed together to form the total policy liabilities. The policy liability of each plan is the sum of the unit reserve and the non-unit reserve. The non-unit reserve is derived using the discounted prospective cash-flow method on best estimate assumptions plus provisions for adverse deviation ("PADs").

Reserves – Method

The actuarial liability comprised the unit reserves, which are calculated as the bid value of the units or other investments attaching to the policies, together with non-unit policy reserves.

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Reserves – Basis

- The unit growth rate and the discount rate used in the non-unit reserves are calculated in accordancewith the methodologies prescribed in MAS Notice 133.
- Inflation is set by referencing the currencies in which the Branch's expenses are incurred and calculatinga weighted assumption based on this.
- Tax is in accordance with the tax rate set out by Inland Revenue Authority Singapore.
- Exchange rates are set as per the prevailing rates at the valuation date.
- The Company performs extensive experience analysis on its entire book of business to investigate the lapse, paid up and mortality rates of the Company. These are used to set the best estimate assumptions.
- Expense investigations are also carried out to produce the expense assumptions.

Capital Adequacy

An insurer carrying on life insurance business in Singapore is required to maintain the fund solvency margin and capital adequacy ratio as stipulated in the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133. The Company maintains a Singapore Insurance Fund, for which it is required to maintain the financial resources at all times not less than the total risk requirement of the fund, as modified by any additional requirement imposed by the MAS. The capital adequacy requirement of a registered insurer shall at all times be such that the financial resources of the insurer are not less than the sum of the aggregate of the total risk requirement of all insurance funds (except for an insurance fund in respect of offshore policies) established and maintained by the insurer under the Insurance Act; and Minimum amount of SGD5 million, whichever is the higher.

The Branch defines capital as regulatory capital. Regulatory capital is the minimum amount of assets that must be held to meet statutory solvency requirements. The Branch monitors its capital position to ensure that the statutory solvency requirements are met at all times.

The financial instruments held within the Branch to cover the capital requirements are mainly cash and government bonds. These instruments have limited sensitivity to market variables and thereby stabilise the solvency position. Financial resource restrictions arising from asset concentrations are monitored closely. The Branch complied with all capital requirements during the financial year ended 31 December 2020.

The Capital Adequacy Ratio of 208% and Financial Resources of SGD 22.9M as at 31 December 2020 were higher than the regulatory minimum requirements of 110% and SGD 5M respectively.

Investment Policy and Management

The key objectives of investment and asset management activities are:

- Improving investment risk management;
- Enhancing investment performance;
- Optimizing investment management costs;
- Maintaining liquidity in normal and stressed operating environments.

Investment activities are carried out in a sound and prudent manner to ensure that the company meets its contractual liabilities to policyholders, and in compliance with principles set out in Solvency II Directive and related relevant implementation measures. Through portfolio diversification and a prudent liability-driven investment strategy, the company aims at maximizing the investment returns for a given Risk Appetite and to achieve its business objectives.

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The standard processes, procedures and responsibilities prescribed in this Policy are aimed at establishing a sound management of Liquidity Risk to preserve the stability and solvency of the group under extreme conditions, and at leveraging synergies, best practices, and specialized competences in complex activities undertaken within the group for the benefit of the group and of its single companies.

Risk Exposures

Market risk

The Branch has exposure to market risk through the nature of the products offered and the investment strategy of Branch funds. The products are entirely investment linked savings, from which the Branch earns fee income on these policyholder funds, such that the Branch is exposed to secondary market risk through fluctuations in fund related fee income. The Branch surplus funds are invested in cash and government bonds, which have limited market risk.

Currency risk

The Branch is principally exposed to currency risk through mismatch between assets and liabilities denominated in currencies other than the Singapore Dollar, with the mismatch being an inherent feature of the business model. The Branch monitors the currency position and can, if appropriate, take action to modify the exposure to reduce the effect on financial resources arising from any restrictions applied under the requirements of MAS Notice 133.

The Branch's currency exposure based on the information provided to key management is as follows: Financial assets and liabilities exposed to currency risk as at 31 December 2020.

Figures expressed below in Singapore Dollars (SGD).

	USD	**SGD**	**GBP**	**Other**	**Total**
As at 31 December 2020					
Financial Assets	110,240,983	48,418,069	124,263,648	14,739,997	297,662,697
Financial Liabilities	-108,368,655	-33,089,703	-112,969,826	-13,944,954	-268,373,137
Net Financial Assets / (Liabilities)	1,872,328	15,328,366	11,293,822	795,043	29,289,560

As at 31 December 2020, if the Singapore Dollar strengthened/weakened by 5% against the USD and GBP with all other variables including tax rate being held constant, losses after tax would increase/decrease by SGD 93,616 & SGD 564,691 respectively.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Liabilities are valued using currency specific prevailing market interest rates.

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The Branch is primarily exposed to low interest rates, which increases the value of the liabilities. A further interest rate risk arises from short-term bank deposits held which at present attract no or minimal interest. Interest rates are at historic lows and are expected to remain as such for the short term. The Branch does not have significant exposure to interest rate risk.

Credit risk

The Branch has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Branch is exposed to credit risk are:

- Cash and cash equivalents
- Government bonds;
- Investment contract receivables; and
- Other current assets (excepting prepayments).

The Branch structures the levels of credit risk it accepts in respect of its cash holdings by placing limits on its exposure to a single counterparty, or groups of counterparty. Limits on the levels of credit risk are based on guidelines issued by the Chief Risk Officer of the company, with modification where appropriate to the circumstances of the Branch, and are ratified by the Board of Directors of the Company. The Investment Committee, under powers delegated by the Board, carries out monitoring of adherence to the guidelines.

Financial assets that are neither past due nor impaired mainly comprise of the following:

- Deposits with financial institutions with appropriate credit rating by international credit rating agencies;
- Government bonds; and
- Investment contract receivables from policyholders.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Branch manages its liquidity risk by maintaining sufficient cash and bank balances.

Any policy can be surrendered at any time, and all financial and insurance liabilities to contract holders are therefore shown with a minimum maturity of 0-1 years. In practice, this is extremely unlikely to happen. The Branch, under exceptional circumstances, has the right to delay any surrender or surrenders to protect the interest of other policyholders and, more specifically, the contractual ability to reflect the settlement terms achieved on the disposal of assets in the terms it offers on the settlement of liabilities backed by those assets.

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Underwriting risk

The Branch offers investment linked savings products, the value of which is determined by the underlying investment instruments as selected by the policyholder. As the Branch incurs expenses in the sale and administration of these policies, its primary risk exposures are related to policyholder options to discontinue the policy on part or in whole in one or more of the following ways:

(i) Full surrender where the policyholder elects to withdraw the full value of the policy. This is a particular risk at early durations before the expenses incurred in the sale of the policy have been fully recouped.
(ii) Partial withdrawal where the policyholder elects to withdraw some of the value of the policy, thereby reducing future fund related charges; or
(iii) Ceasing payment of future regular premiums due, reducing future fund value and therefore fund related charges.

While the Branch is exposed to mortality risk at early durations in a contracts life of the regular premium product, the exposure to mortality risk is not significant due to the nature of the products on offer.

There is also a risk that expenses incurred in managing and administering the business will increase.

Other risks

The Branch is also exposed to financial service industry risks such as operational, regulatory and cyber risk. These are monitored and managed under Utmost Group and Utmost Worldwide policies.

Financial Performance

Key balances from the audited annual MAS returns for the past three years.

	2020	**2019**	**2018**
	SGD	**SGD**	**SGD**
Premiums received	62,560,119	52,369,401	50,929,733
Claims made	(19,238,060)	(29,059,131)	-19,578,415
Policy liabilities	(265,924,259)	(201,416,629)	155,930,023
Profit/(loss) for year	4,843,537	588,794	-1,415,123

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